

**JOURNAL**  
OF THE  
**SENATE**

STATE OF MINNESOTA

**SEVENTY-FOURTH LEGISLATURE**

**1986**

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# Introduction

The 1986 Session of the Seventy-Fourth Legislature continued with the same leadership as the 1985 Session.

Senator Roger D. Moe, Erskine, continued as Senate Majority Leader and Chairman of the Committee on Rules and Administration.

Senator Glen Taylor, Mankato, continued as Senate Minority Leader.

Senator Jerome M. Hughes, Maplewood, continued as President of the Senate.

Mr. Sven Lindquist was elected Sergeant at Arms.

Rev. Philip Weiler was elected Chaplain.

The remaining Officers of the Senate were the same as for the 1985 Session.

The political makeup of the 1986 Senate, Seventy-Fourth Legislature, was 42 DFL-ers, 24 Independent Republicans, and 1 Independent.

Senator Darrel L. Peterson resigned his Senate seat on April 29, 1986, the vacancy to be filled at the general election in November of 1986.

A Special Session was called by Governor Rudy Perpich for April 2, 1986 and lasted one day.

# Members of the Senate

Adkins, Betty A. (DFL)\*  
 Anderson, Don (IR)\*\*  
 Belanger, William V., Jr. (IR)  
 Benson, Duane D. (IR)  
 Berg, Charles A. (I)\*\*\*  
 Berglin, Linda (DFL)  
 Bernhagen, John (IR)  
 Bertram, Joe (DFL)  
 Brataas, Nancy (IR)  
 Chmielewski, Florian (DFL)  
 Dahl, Gregory L. (DFL)  
 Davis, Charles R. (DFL)  
 DeCramer, Gary M. (DFL)  
 Dicklich, Ronald R. (DFL)  
 Diessner, A. W. "Bill" (DFL)  
 Dieterich, Neil (DFL)  
 Frank, Don (DFL)  
 Frederick, Mel (IR)  
 Frederickson, Dennis R. (IR)  
 Freeman, Michael O. (DFL)  
 Gustafson, Jim (IR)  
 Hughes, Jerome M. (DFL)  
 Isackson, Doran L. (IR)  
 Johnson, Dean E. (IR)  
 Johnson, Douglas J. (DFL)  
 Jude, Tad (DFL)  
 Kamrath, Randy P. (IR)  
 Knaak, Fritz (IR)  
 Knutson, Howard A. (IR)  
 Kroening, Carl W. (DFL)  
 Kronebusch, Patricia Louise (IR)  
 Laidig, Gary W. (IR)  
 Langseth, Keith (DFL)  
 Lantry, Marilyn M. (DFL)

Lessard, Bob (DFL)  
 Luther, William P. (DFL)  
 McQuaid, Phyllis W. (IR)  
 Mehrkens, Lyle G. (IR)  
 Merriam, Gene (DFL)  
 Moe, Donald M. (DFL)  
 Moe, Roger D. (DFL)  
 Nelson, Tom A. (DFL)  
 Novak, Steven G. (DFL)  
 Olson, Gen (IR)  
 Pehler, James C. (DFL)  
 Peterson, Collin C. (DFL)  
 Peterson, Darrel L. (IR)  
 Peterson, Donna C. (DFL)  
 Peterson, Randolph W. (DFL)  
 Petty, Eric D. (DFL)  
 Pogemiller, Lawrence J. (DFL)  
 Purfeerst, Clarence M. (DFL)  
 Ramstad, Jim (IR)  
 Reichgott, Ember D. (DFL)  
 Renneke, Earl W. (IR)  
 Samuelson, Don (DFL)  
 Schmitz, Robert J. (DFL)  
 Sieloff, Ron (IR)  
 Solon, Sam G. (DFL)  
 Spear, Allan H. (DFL)  
 Storm, Donald A. (IR)  
 Stumpf, LeRoy A. (DFL)  
 Taylor, Glen (IR)  
 Vega, Conrad M. (DFL)  
 Waldorf, Gene (DFL)  
 Wegscheid, Darril (DFL)  
 Willet, Gerald L. (DFL)

\*DFL—Democratic-Farmer-Labor

\*\*IR—Independent Republican

\*\*\*I—Independent

## Senate Leaders

Roger D. Moe	Majority Leader
William P. Luther	Assistant Majority Leader
Gregory L. Dahl	Majority Whip
Marilyn M. Lantry	Majority Whip
Tom A. Nelson	Majority Whip
Glen Taylor	Minority Leader
Ron Sieloff	Assistant Minority Leader/Caucus Floor Leader
Gary W. Laidig	Assistant Minority Leader/Caucus Whip
Duane D. Benson	Assistant Minority Leader
Nancy Brataas	Assistant Minority Leader
Dean E. Johnson	Assistant Minority Leader
Jim Ramstad	Assistant Minority Leader

# Officers of the Senate

Jerome M. Hughes	President of the Senate
Patrick E. Flahaven	Secretary of the Senate
Janine Mattson	First Assistant Secretary
Patrice Dworak	Second Assistant Secretary
Sven Lindquist	Sergeant at Arms
Ralph C. Graham	Assistant Sergeant at Arms
Kay Ganje	Engrossing Secretary
Catherine Morrison	Engrossing and Appointments Clerk
Rev. Philip Weiler	Chaplain

## Desk Assistants to the Secretary of the Senate:

Colleen J. Barry	Third Assistant Secretary
Scott Magnuson	Fourth Assistant Secretary

## SIXTY-SIXTH DAY

St. Paul, Minnesota, Monday, February 3, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Rev. Philip Weiler.

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

Adkins	Diessner	Knaak	Nelson	Renneke
Anderson	Dieterich	Kroening	Novak	Samuelson
Belanger	Frank	Kronebusch	Olson	Stieloff
Benson	Frederick	Laidig	Pehler	Solon
Berg	Frederickson	Langseth	Peterson, C.C.	Spear
Berglin	Freeman	Lantry	Peterson, D.C.	Storm
Bernhagen	Gustafson	Lessard	Peterson, D.L.	Stumpf
Bertram	Hughes	Luther	Peterson, R.W.	Taylor
Chmielewski	Isackson	McQuaid	Petty	Vega
Dahl	Johnson, D.E.	Mehrkens	Pogemiller	Waldorf
Davis	Johnson, D.J.	Merriam	Purfeerst	Wegscheid
DeCramer	Jude	Moe, D.M.	Ramstad	Willet
Dicklich	Kamrath	Moe, R.D.	Reichgott	

The President declared a quorum present.

### ELECTION OF OFFICERS

Mr. Moe, R.D. moved that the election of the following officers be made on one roll call unless there should be more than one nomination for any office. The motion prevailed.

Mr. Moe, R.D. nominated Mr. Sven Lindquist for Sergeant at Arms. Mr. Taylor seconded the nomination of Mr. Sven Lindquist.

Mr. Moe, R.D. nominated Rev. Philip Weiler for Chaplain.

The question was taken on the election of the above named nominees. The roll was called. The following Senators voted for the nominees:

Adkins	Dieterich	Kroening	Novak	Samuelson
Anderson	Frank	Kronebusch	Olson	Sieloff
Belanger	Frederick	Laidig	Pehler	Solon
Benson	Frederickson	Langseth	Peterson, C.C.	Spear
Berg	Freeman	Lantry	Peterson, D.C.	Storm
Berglin	Gustafson	Lessard	Peterson, D.L.	Stumpf
Bernhagen	Hughes	Luther	Peterson, R.W.	Taylor
Bertram	Isackson	McQuaid	Petty	Vega
Chmielewski	Johnson, D.E.	Mehrkens	Pogemiller	Waldorf
Dahl	Johnson, D.J.	Merriam	Purfeerst	Wegscheid
Davis	Jude	Moe, D.M.	Ramstad	Willet
Dicklich	Kamrath	Moe, R.D.	Reichgott	
Diessner	Knaak	Nelson	Renneke	

The above named nominees, having received the majority vote of all members voting, were declared duly elected to their respective offices.

### OATH OF OFFICE

The Sergeant at Arms and the Chaplain advanced to the Bar of the Senate and subscribed to the oath of office as administered by the President.

### MOTIONS AND RESOLUTIONS

On the the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed 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 bills were read the first time and referred to the committees indicated.

Mr. Pogemiller introduced—

S.F. No. 1568: A bill for an act relating to insurance; providing for the establishment of an environment impairment liability assigned risk plan; proposing coding for new law in Minnesota Statutes, chapter 115B.

Referred to the Committee on Economic Development and Commerce.

Messrs. Mehrkens, Anderson, Ms. Olson and Mr. Ramstad introduced—

S.F. No. 1569: A bill for an act relating to taxation; changing the effective date of the repeal of the residential energy credit; amending Laws 1985, first special session chapter 14, article 1, section 61.

Referred to the Committee on Taxes and Tax Laws.

Mr. Schmitz introduced—

S.F. No. 1570: A bill for an act relating to commerce; real estate brokers and salespersons; continuing education exemption for certain persons; amending Minnesota Statutes 1984, section 82.22, subdivision 13.

Referred to the Committee on Economic Development and Commerce.

Mr. Schmitz introduced—

S.F. No. 1571: A bill for an act relating to criminal procedure; requiring a

person who has been arrested to be brought before a judge without unnecessary delay and in any event no later than 48 hours after arrest; proposing coding for new law in Minnesota Statutes, chapter 629.

Referred to the Committee on Judiciary.

Mr. Diessner introduced—

S.F. No. 1572: A bill for an act relating to workers' compensation; providing for expedited hearings; amending Minnesota Statutes 1984, sections 176.271, subdivision 2; 176.275; 176.291; 176.301, subdivision 1; 176.305; 176.306, by adding a subdivision; 176.312; 176.341; and 176.371.

Referred to the Committee on Employment.

Mr. Diessner introduced—

S.F. No. 1573: A bill for an act relating to liquor; increasing the age for licensing, consumption, furnishing, purchasing, or possessing liquor or entering a licensed establishment; requiring information on alcohol and driving; prohibiting certain promotional activities; providing increased penalties for underage offenders; amending Minnesota Statutes 1984, sections 171.06, subdivision 3; and 171.13, by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 340A.301, subdivision 2; 340A.402; 340A.503; 340A.507, by adding a subdivision; and 340A.702.

Referred to the Committee on Transportation.

Mr. Diessner introduced—

S.F. No. 1574: A bill for an act relating to counties; making optional a county building commission law; amending Minnesota Statutes 1984, section 394.01.

Referred to the Committee on Local and Urban Government.

Mr. Diessner introduced—

S.F. No. 1575: A bill for an act relating to local improvements; permitting counties to make certain improvements anywhere within their territory; amending Minnesota Statutes 1984, section 429.011, subdivision 5.

Referred to the Committee on Local and Urban Government.

Messrs. Frederickson and Kamrath introduced—

S.F. No. 1576: A bill for an act relating to taxation; exempting interest earned on certain loans secured under the family farm security program from the income tax; amending Minnesota Statutes 1984, section 41.58, by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Mr. Diessner introduced—

S.F. No. 1577: A bill for an act relating to workers' compensation; pro-

viding duties for the medical services review board and the office of administrative hearings; providing a method for calculating premiums; adjusting economic recovery compensation; providing for occupational disease findings; increasing impairment compensation; appropriating money; amending Minnesota Statutes 1984, sections 79.211, by adding subdivisions; 176.101, subdivisions 3b and 3q; 176.645, subdivision 1; Minnesota Statutes 1985 Supplement, sections 176.101, subdivision 3i; 176.103, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 176.

Referred to the Committee on Employment.

Mr. Anderson introduced—

S.F. No. 1578: A bill for an act relating to agriculture; moving Wadena county from area one to area four for purposes of potato industry promotion; amending Minnesota Statutes 1984, section 17.54, subdivision 9.

Referred to the Committee on Agriculture and Natural Resources.

Ms. Berglin introduced—

S.F. No. 1579: A bill for an act relating to human services; extending the deadline for permanent rules for nursing home reimbursement under the medical assistance program; amending Minnesota Statutes 1984, section 256B.431, subdivision 6.

Referred to the Committee on Health and Human Services.

Ms. Berglin introduced—

S.F. No. 1580: A bill for an act relating to human services; requiring adoption of the 1985 life safety code standards for intermediate care facilities for persons with mental retardation.

Referred to the Committee on Health and Human Services.

Ms. Berglin introduced—

S.F. No. 1581: A bill for an act relating to human services; prohibiting local governments from establishing special fire code requirements for small family day care homes; amending Minnesota Statutes 1984, section 299F.011, subdivision 4a.

Referred to the Committee on Health and Human Services.

Mr. Schmitz introduced—

S.F. No. 1582: A bill for an act relating to game and fish; prohibiting issuance of moose licenses to previously licensed applicants; amending Minnesota Statutes 1984, section 100.271, subdivision 3a.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Peterson, C.C. introduced—

S.F. No. 1583: A bill for an act relating to workers' compensation; pro-



viding an exclusion of coverage in certain instances; amending Minnesota Statutes 1984, section 176.041, subdivision 1.

Referred to the Committee on Employment.

Mr. Peterson, C.C. introduced—

S.F. No. 1584: A bill for an act relating to taxation; providing that nonresident entertainers are exempt from the income tax; amending Minnesota Statutes 1984, section 290.92, subdivision 4a; and Minnesota Statutes 1985 Supplement, sections 290.01, subdivision 20b; and 290.17, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Mr. Johnson, D.E. introduced—

S.F. No. 1585: A bill for an act relating to state lands; consideration for conveyance of a certain tract of department of natural resources land to the city of Melrose; amending Laws 1984, chapter 599, section 7.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Vega introduced—

S.F. No. 1586: A bill for an act relating to taxation; permitting school districts to levy property taxes to compensate for certain aid reductions; authorizing borrowing prior to receipt of proceeds of the levy.

Referred to the Committee on Education.

Mr. Diessner introduced—

S.F. No. 1587: A bill for an act relating to public indebtedness; permitting home rule charter and statutory cities to incur debt for warning systems; amending Minnesota Statutes 1984, section 475.52, subdivision 1.

Referred to the Committee on Local and Urban Government.

Mr. Diessner introduced—

S.F. No. 1588: A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

Referred to the Committee on Local and Urban Government.

Mr. Taylor introduced—

S.F. No. 1589: A bill for an act relating to education; expanding the definition of eligible institution in the post-secondary enrollment options act; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 3.

Referred to the Committee on Education.

Mr. Langseth introduced—

S.F. No. 1590: A bill for an act relating to agriculture; prohibiting defi-

ciency judgments against property used in agricultural production; amending Minnesota Statutes 1984, sections 336.9-502; 580.23, subdivision 1; and 581.09; proposing coding for new law in Minnesota Statutes, chapters 580 and 582.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Spear introduced—

S.F. No. 1591: A bill for an act relating to crimes; making it a felony to assault or injure a pregnant woman; expanding the crime of criminal vehicular operation; imposing penalties; amending Minnesota Statutes 1984, sections 609.035; and 609.21, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Ms. Reichgott introduced—

S.F. No. 1592: A bill for an act relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Mr. Luther introduced—

S.F. No. 1593: A bill for an act relating to insurance; providing deposit requirements for domestic companies; providing for the licensing of credit life and accident insurance agents; requiring annual reports of claims by insurers; providing for the form of the reports and the information to be included in them; requiring the commissioner of insurance to compile and review all reports and to publish a report; regulating covered claims of the insurance guarantee association; providing temporary joint underwriting of medical malpractice insurance; broadening the fair access to insurance provisions applicable to property insurance; regulating insurance rates and forms; authorizing the creation of assigned risk plans for casualty insurance; amending Minnesota Statutes 1984, sections 60A.13, by adding a subdivision; 60C.09, subdivision 1; 62F.06, subdivision 1; 62F.09; 65A.32; 65A.33; 65A.34, subdivision 1; 65A.35, subdivisions 1 and 2; 65A.37; 70A.04, subdivision 2, and by adding a subdivision; 70A.06, subdivision 1; 70A.08, subdivision 2; and 70A.09; Minnesota Statutes 1985 Supplement, sections 60A.10, subdivision 1; and 60A.17, subdivision 1a; repealing Minnesota Statutes 1984, section 70A.06, subdivision 4.

Referred to the Committee on Economic Development and Commerce.

Messrs. Berg, Merriam and Davis introduced—

S.F. No. 1594: A bill for an act relating to agriculture; delaying deficiency judgments for two years on real and personal agricultural production property secured prior to January 1, 1986; prohibiting deficiency judgments against real and personal agricultural production property secured after January 1, 1986; amending Minnesota Statutes 1984, sections 336.9-502; 580.23, subdivision 1; and 581.09; proposing coding for new law in Minnesota Statutes,

chapters 580 and 582.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Peterson, C.C. introduced—

S.F. No. 1595: A bill for an act relating to agriculture; providing a milk marketing and price stabilization plan; declaring state policy relating to milk; creating a milk stabilization board; authorizing the board to prescribe milk stabilization plans and maximum and minimum prices for marketing milk; requiring licenses for persons involved in milk marketing; prescribing milk marketing violations; authorizing enforcement of disruptive trade practices; authorizing entry, inspection, and investigation of milk marketing practices; requiring records and reports; providing remedies and penalties for milk marketing violations; prescribing judicial review of board decisions and rulemaking actions; authorizing local advisory boards; authorizing assessments on milk processors; establishing a milk stabilization fund; authorizing a referendum on continuance of stabilized prices; proposing coding for new law as Minnesota Statutes, chapter 32C.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Diessner introduced—

S.F. No. 1596: A bill for an act relating to crime; defining the justifiable use of force by certain crime victims; expanding the rights of crime victims to be notified of and involved in criminal proceedings; protecting victims and witnesses from employer retaliation; expanding victim's rights to restitution; amending Minnesota Statutes 1984, sections 609.065; 609.10; 609.115, subdivisions 1 and 1c; 609.125; 609.135, subdivision 6; 611A.01; 611A.03; 611A.06; 611A.68, subdivisions 2 and 5; Minnesota Statutes 1985 Supplement, section 609.135, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1984, section 611A.04, subdivisions 1 and 2; and Minnesota Statutes 1985 Supplement, sections 611A.04, subdivision 3; and 611A.045.

Referred to the Committee on Judiciary.

Mr. Berg introduced—

S.F. No. 1597: A bill for an act relating to agriculture; removing the liability of persons who buy farm products; repealing the notification and registration system for security interests in farm products; amending Minnesota Statutes 1985 Supplement, section 336.9-307; repealing Laws 1985, chapter 233, sections 1 to 6.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Berg introduced—

S.F. No. 1598: A bill for an act relating to agriculture; making legislative findings; defining terms; dedicating revenue attributable to short sales of agricultural commodities; authorizing rules; increasing federal adjusted gross income related to short sales of agricultural commodities; imposing a sales tax on the short sale of an agricultural commodity contract; providing

commodity transaction violations and providing exemptions; defining terms; prohibiting certain commodity trading activities; prohibiting fraudulent conduct; prescribing liability of principals; authorizing investigations, subpoenas, and enforcement actions; prescribing remedies and criminal penalties; authorizing cooperation with other agencies; authorizing rules; prescribing a procedure for orders and judicial review of orders; requiring licenses for persons dealing in commodities; prescribing license fees; authorizing examinations; requiring an annual report; prescribing postlicensing requirements; authorizing inspections; prescribing conditions to suspend or revoke a license; prohibiting enforcement of short sales of agricultural commodities; amending Minnesota Statutes 1984, section 297A.01, subdivisions 3 and 4; Minnesota Statutes 1985 Supplement, sections 290.01, subdivision 20a; and 297A.25, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 338.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Peterson, C.C. introduced—

S.F. No. 1599: A bill for an act relating to lakes; permitting the creation of the Pelican Lake conservation district in Otter Tail county with certain powers; providing penalties.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Sieloff introduced—

S.F. No. 1600: A bill for an act relating to courts; altering the responsibility for the procedure to be followed when filing a change of name with the county recorder; eliminating the limits on the amount of bond to be posted by the clerk of court; prohibiting employees of the clerk's office from practicing law in the court in which they are employed; amending Minnesota Statutes 1984, section 259.11; and Minnesota Statutes 1985 Supplement, section 485.01.

Referred to the Committee on Judiciary.

Messrs. Pogemiller, Merriam and Luther introduced—

S.F. No. 1601: A bill for an act relating to insurance; providing for the establishment of an environment impairment liability assigned risk plan; proposing coding for new law in Minnesota Statutes, chapter 115B.

Referred to the Committee on Economic Development and Commerce.

Mr. Frederickson introduced—

S.F. No. 1602: A bill for an act relating to commerce; eliminating the registration system for buyers of farm products; reinstating prior law; requiring the secretary of state to develop a plan for a statewide filing and notification system; amending Minnesota Statutes 1985 Supplement, sections 17A.04, subdivisions 2 and 5; 27.03; 336.9-307; 386.42; proposing coding for new law in Minnesota Statutes, chapter 386; repealing Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 223.17, subdivision 1a; and 223A.01.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Frederickson introduced—

S.F. No. 1603: A bill for an act relating to commerce; eliminating the registration system for buyers of farm products; reinstating prior law; limiting actions on security interests or liens on farm products in certain circumstances; establishing criminal penalties; amending Minnesota Statutes 1984, section 541.05, subdivision 1; Minnesota Statutes 1985 Supplement, sections 17A.04, subdivisions 2 and 5; 27.03; 336.9-307; 386.42; proposing coding for new law in Minnesota Statutes, chapters 386; 541; and 609; repealing Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 223.17, subdivision 1a; and 223A.01.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Frederickson introduced—

S.F. No. 1604: A bill for an act relating to agriculture; providing a method for the division of crops on land subject to foreclosure or execution; proposing coding for new law in Minnesota Statutes, chapter 561.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Anderson introduced—

S.F. No. 1605: A bill for an act relating to children; providing for grandparents' support of children of their minor dependent children; providing a penalty; amending Minnesota Statutes 1984, sections 256B.14; 256D.15; 609.375; and Minnesota Statutes 1985 Supplement, section 256.87, subdivisions 1, 1a, and 3; proposing coding for new law in Minnesota Statutes, chapter 257.

Referred to the Committee on Health and Human Services.

Mr. Lessard introduced—

S.F. No. 1606: A bill for an act relating to drivers' licenses; permitting limited license for homemaker; amending Minnesota Statutes 1984, section 171.30, subdivision 1.

Referred to the Committee on Transportation.

Mr. DeCramer introduced—

S.F. No. 1607: A bill for an act relating to taxation; rescinding the repeal of the income tax exclusion for interest earned on certain family farm security loans; amending Minnesota Statutes 1985 Supplement, sections 41.55; 290.01, subdivisions 20a and 20b; and Laws 1985, first special session chapter 14, article 1, section 59.

Referred to the Committee on Taxes and Tax Laws.

Mr. Ramstad introduced—

S.F. No. 1608: A bill for an act relating to education; allowing transporta-

tion aid for certain secondary pupils attending a remote district school for academic reasons; amending Minnesota Statutes 1985 Supplement, section 124.223.

Referred to the Committee on Education.

Mr. Isackson introduced—

S.F. No. 1609: A bill for an act relating to taxation; income; allowing a feedlot pollution control equipment credit for tax year 1983; amending Laws 1984, chapter 644, section 85.

Referred to the Committee on Taxes and Tax Laws.

Mr. Wegscheid introduced—

S.F. No. 1610: A bill for an act relating to agriculture; clarifying definitions; reducing the period that corporations and pension or investment funds may own agricultural land; restricting use of agricultural land after acquisition by enforcement of lien or security interest; authorizing the commissioners of agriculture and revenue to adopt rules; requiring registration of corporate agricultural landowners; prescribing penalties; requiring corporate agricultural land to be owned in compliance with soil and conservation laws; providing for enforcement of penalties; amending Minnesota Statutes 1984, section 500.24, subdivisions 2, 4, and 5, and by adding subdivisions; Minnesota Statutes 1985 Supplement, section 500.24, subdivision 3, as amended.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Wegscheid introduced—

S.F. No. 1611: A bill for an act relating to agriculture; requiring lender reviews with agricultural borrowers; restricting collateral taken for agricultural production property financing to the property being financed; prohibiting after acquired property clauses from attaching to agricultural production property; prohibiting deficiency judgments on real and personal agricultural production property; requiring a payment default before agricultural production property is foreclosed; requiring lenders to conduct borrower reviews before foreclosure of real or personal agricultural property; amending Minnesota Statutes 1984, sections 336.9-203; 336.9-204; 336.9-504; 580.02; 580.23, subdivision 1; 581.09; proposing coding for new law in Minnesota Statutes, chapters 47, 580, 581, and 582.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Wegscheid introduced—

S.F. No. 1612: A bill for an act relating to insurance; changing certain incorporation requirements for domestic insurance corporations; amending Minnesota Statutes 1984, section 60A.07, subdivision 1.

Referred to the Committee on Economic Development and Commerce.

Mr. Wegscheid introduced—

S.F. No. 1613: A bill for an act relating to agriculture; establishing filing

requirements, enforcement, and priority of veterinarian's lien; amending Minnesota Statutes 1984, section 514.92.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Davis, DeCramer and Wegscheid introduced—

S.F. No. 1614: A bill for an act relating to agriculture; requiring data collection and reports on the state's farmers' financial condition and farm ownership; requiring the farmers' percentage of food retail price to be labeled on foods; establishing a program to facilitate buyers and sellers of premium quality agricultural commodities; investigating feasibility of premium quality agricultural markets; requiring a report to the legislature; amending Minnesota Statutes 1984, section 31.12; proposing coding for new law in Minnesota Statutes, chapter 17.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Davis and DeCramer introduced—

S.F. No. 1615: A bill for an act relating to government operations; requiring policy on location of state buildings and facilities; requiring a study and report regarding the location and benefits of state jobs; proposing coding for new law in Minnesota Statutes, chapter 116K.

Referred to the Committee on Governmental Operations.

Messrs. Davis and DeCramer introduced—

S.F. No. 1616: A bill for an act relating to agriculture; increasing the amount of an agricultural or business loan subject to usury limits; modifying exemptions; requiring notices; providing remedies for failing to notify; exempting family farm corporations from usurious defense prohibitions; extending program to provide a mechanism to aid restructuring of existing farm loans and to provide for partial payment of interest on loans to farmers; amending Minnesota Statutes 1984, sections 334.01, subdivision 2; and 334.011; Minnesota Statutes 1985 Supplement, section 334.021; Laws 1985, chapter 4, sections 2; 6, subdivisions 2, 3, and 4, as amended; 8; 10; and 11.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Davis and Merriam introduced—

S.F. No. 1617: A bill for an act relating to conservation; requiring county soil loss ordinances to be adopted; requiring approval of soil loss ordinances by the commissioner of agriculture; prohibiting removal of conservation practices implemented with cost-sharing funds; authorizing remedies and penalties for removing certain conservation practices; making certain conservation practices easements on the land; prohibiting burning or tilling road right-of-ways unless vegetative cover is being established; requiring a report on road right-of-way mowing and grass strip maintenance on drainage ditches; amending Minnesota Statutes 1985 Supplement, sections 40.20; 40.21, subdivision 1; 40.26; 40.28; and 160.232; proposing coding for new law in Minnesota Statutes, chapter 40; repealing Minnesota Statutes 1984, section 40.27.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Sieloff, Mrs. McQuaid, Mr. Ramstad, Ms. Olson and Mr. Isackson introduced—

S.F. No. 1618: A bill for an act relating to taxation; individual income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Mr. Spear and Ms. Peterson, D.C. introduced—

S.F. No. 1619: A bill for an act relating to civil actions; providing a cause of action for sexual exploitation; proposing coding for new law as Minnesota Statutes, chapter 148A.

Referred to the Committee on Judiciary.

Mr. Purfeerst introduced—

S.F. No. 1620: A bill for an act relating to transportation; authorizing transportation to nonpublic schools outside school district boundary within certain limits; amending Minnesota Statutes 1984, section 123.78, subdivision 1a.

Referred to the Committee on Education.

Mr. Frederickson introduced—

S.F. No. 1621: A bill for an act relating to public indebtedness; permitting the investment of debt service funds in face amount certificates; amending Minnesota Statutes 1985 Supplement, section 475.66, subdivision 3.

Referred to the Committee on Local and Urban Government.

Mr. Frederickson introduced—

S.F. No. 1622: A bill for an act relating to taxation; changing the property tax payment, settlement, and distribution dates; amending Minnesota Statutes 1984, sections 276.09; 276.10; 278.03; 473F.08, subdivision 7a; Minnesota Statutes 1985 Supplement, sections 278.01, subdivisions 1 and 2; 278.05, subdivision 5; and 279.01, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Peterson, D.L.; Johnson, D.E.; Isackson; Benson and Taylor introduced—

S.F. No. 1623: A bill for an act relating to education; excluding certain income or gain from consideration for determining post-secondary education financial assistance; proposing coding for new law in Minnesota Statutes, chapter 136A.

Referred to the Committee on Education.



Messrs. Bernhagen; Peterson, D.L.; Isackson; Johnson, D.E. and Taylor introduced—

S.F. No. 1624: A bill for an act relating to taxation; changing the payment, settlement, and distribution dates for the second property tax installment; amending Minnesota Statutes 1984, sections 276.09; 276.10; 278.03; 473F.08, subdivision 7a; Minnesota Statutes 1985 Supplement, sections 278.05, subdivision 5; and 279.01, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Benson, Anderson, Isackson, Kamrath and Taylor introduced—

S.F. No. 1625: A bill for an act relating to certain taxation; income; continuing the subtraction for interest on certain seller-sponsored family farm security loans; amending Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Isackson; Kamrath; Bernhagen; Johnson, D.E. and Taylor introduced—

S.F. No. 1626: A bill for an act relating to agriculture; authorizing conservation reserve contracts covering marginal agricultural land; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 40.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Isackson; Peterson, D.L.; Bernhagen; Johnson, D.E. and Frederickson introduced—

S.F. No. 1627: A bill for an act relating to education; providing a supplemental guarantee of foundation and tier revenue for qualifying school districts; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 124A.

Referred to the Committee on Education.

Messrs. Kamrath; Johnson, D.E.; Isackson; Benson and Bernhagen introduced—

S.F. No. 1628: A bill for an act relating to transportation; motor carriers; establishing gross vehicle weight limitation for state trunk highways; authorizing commissioner of transportation to adopt rules for issuing permits for overweight vehicles to move on state trunk highways and designated highways; limiting seasonal weight restrictions to two months on highways under the commissioner's jurisdiction; authorizing issuance of trunk highway bonds; appropriating money; amending Minnesota Statutes 1984, sections 169.825, subdivisions 8, 10, and 11; 169.86, subdivision 1a, and by adding a subdivision; and 169.87, subdivision 1.

Referred to the Committee on Transportation.

Messrs. Johnson, D.E.; Anderson; Isackson; Benson and Bernhagen introduced—

S.F. No. 1629: A bill for an act relating to agriculture; extending the Minnesota emergency farm operating loans act; amending Laws 1985, chapter 4, sections 2, 6, as amended, 8, 10, and 11.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Anderson; Peterson, D.L.; Isackson; Benson and Bernhagen introduced—

S.F. No. 1630: A bill for an act relating to taxation; income; excluding income or gains recognized on the sale of agricultural property or discharge of farm indebtedness in certain circumstances; memorializing Congress and the President to enact such an exclusion for federal income tax purposes; amending Minnesota Statutes 1984, section 290.08, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 290.01, subdivision 20b, and 290.091, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Spear, Dieterich and Jude introduced—

S.F. No. 1631: A bill for an act relating to utilities; restricting the use and connection of automatic dialing-announcing devices to telephone lines; proposing coding for new law in Minnesota Statutes, chapter 237.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Ramstad introduced—

S.F. No. 1632: A bill for an act relating to education; requiring a chemical abuse and prevention course before graduation; amending Minnesota Statutes 1984, section 126.031, by adding a subdivision.

Referred to the Committee on Education.

Mr. Moe, R.D. introduced—

S.F. No. 1633: A bill for an act relating to taxation; income; repealing the suspension of inflation adjustments; repealing Minnesota Statutes 1985 Supplement, section 290.06, subdivision 2f.

Referred to the Committee on Taxes and Tax Laws.

Mr. Merriam introduced—

S.F. No. 1634: A bill for an act relating to taxation; providing for elimination of double sales taxation in sale and leaseback transactions; appropriating money; amending Minnesota Statutes 1984, sections 297A.01, subdivision 4; and 297A.15, by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Davis, Merriam and Moe, R.D. introduced—

S.F. No. 1635: A bill for an act relating to agriculture; establishing a legal

assistance program for family farmers; prescribing eligibility requirements for persons to receive legal assistance; providing requirements for the legal assistance provider; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 480.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Moe, R.D. introduced—

S.F. No. 1636: A bill for an act relating to agriculture; providing for mediation before debt collection practices are initiated against agricultural property; establishing a farm mediation commission and prescribing powers and duties; establishing farm mediation boards; prescribing mediation notices and certain conditions before debt collection is started; providing for voluntary mediation; prescribing procedures for mandatory mediation; authorizing debt restructuring; authorizing postponement orders and requiring farm financial plans under certain conditions; classifying certain data; authorizing closed meetings; authorizing rules; providing for appeals; appropriating money; amending Minnesota Statutes 1984, sections 336.9-501; 580.01; proposing coding for new law in Minnesota Statutes, chapters 550; 559; 581; and 583.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Purfeerst introduced—

S.F. No. 1637: A bill for an act proposing an amendment to the Minnesota Constitution, article IV, sections 2 and 4; providing for a senate of 36 members elected for staggered six-year terms and a house of representatives of 108 members elected for staggered four-year terms.

Referred to the Committee on Elections and Ethics.

Mr. Lessard introduced—

S.F. No. 1638: A bill for an act relating to retirement; employees of the Falls nursing home who are members of the public employees retirement association.

Referred to the Committee on Governmental Operations.

Mr. Chmielewski introduced—

S.F. No. 1639: A bill for an act relating to commerce; removing the residency and incorporation requirements for licensed distributors and operators of video games of chance; amending Minnesota Statutes 1984, section 349.51, subdivision 2.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Chmielewski introduced—

S.F. No. 1640: A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

Referred to the Committee on Local and Urban Government.

Messrs. DeCramer, Anderson and Purfeerst introduced—

S.F. No. 1641: A bill for an act relating to motor vehicles; defining term; establishing category and system of registration of fleet vehicles; amending Minnesota Statutes 1984, section 168.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168.

Referred to the Committee on Transportation.

Mr. Waldorf introduced—

S.F. No. 1642: A bill for an act relating to commerce; regulating electricians; amending Minnesota Statutes 1984, sections 326.01, by adding a subdivision; 326.245; 326.248; Minnesota Statutes 1985 Supplement, sections 326.01, subdivision 5; 326.242, subdivisions 1, 2, 6, and 12; 326.244, subdivisions 2 and 5; and 326.246.

Referred to the Committee on Economic Development and Commerce.

Mr. Chmielewski introduced—

S.F. No. 1643: A bill for an act relating to Aitkin county; permitting the county to levy a tax for development purposes.

Referred to the Committee on Local and Urban Government.

Mrs. Kronebusch, Messrs. Benson, Taylor, Bernhagen and Renneke introduced—

S.F. No. 1644: A bill for an act relating to state government; collection and processing of certain permit fees; transferring appropriations; amending Minnesota Statutes 1985 Supplement, sections 16A.128; and 116.07, subdivision 4d; and Laws 1985, first special session chapter 13, sections 26, subdivisions 1 and 2; and 28, subdivisions 1 and 6.

Referred to the Committee on Governmental Operations.

Mr. Merriam introduced—

S.F. No. 1645: A bill for an act relating to crime; using force or threat of force against revenue department employees; amending Minnesota Statutes 1984, section 609.50.

Referred to the Committee on Judiciary.

Messrs. Freeman, Luther, Sieloff and Merriam introduced—

S.F. No. 1646: A bill for an act relating to the juvenile court; revising and recodifying current laws governing the apprehension, detention, adjudication, and disposition of minors who commit unlawful acts or who are in need of protection or services; providing additional due process protections for minors and other parties who are subject to juvenile court jurisdiction; placing limitations on voluntary out-of-home placements of minors; providing for substitute care review; establishing a procedure for the review of residential admissions of minors to chemical dependency and mental illness treatment programs; requiring court review in certain cases; establishing criteria for the

assessment and treatment of minors; requiring licensing of treatment programs; establishing minor patients' rights; creating a state office of youth advocate and county youth advocates; imposing penalties; amending Minnesota Statutes 1984, sections 242.19, subdivision 2; 253B.04; 257.071; 259.23, subdivision 1; 260.022, subdivision 4; 260.024, subdivision 2; 260.031, subdivision 1; 260.094; 260.101; 260.103, subdivision 1; 260.121, subdivisions 1 and 2; 260.131; 260.132; 260.133, subdivision 1; 260.135, subdivisions 2 and 3; 260.141, subdivision 1; 260.145; 260.151, subdivision 1; 260.155, subdivisions 1, 3, 4, 5, and 8; 260.161, by adding a subdivision; 260.211; 260.221; 260.231, subdivision 3; 260.235; 260.251, subdivisions 1a and 4; 260.255; 260.315; 260.35; 484.70, subdivision 1; 484.73, subdivision 2; and 524.5-505; and Minnesota Statutes 1985 Supplement, sections 260.121, subdivision 3; 260.133, subdivision 2; 260.135, subdivision 1; 260.155, subdivision 4a; 260.156; 260.161, subdivision 2; and 260.36; proposing coding for new law as Minnesota Statutes, chapters 260A and 260B; repealing Minnesota Statutes 1984, sections 260.011, subdivision 1; 260.015, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 23, 24, and 25; 260.024, subdivision 1; 260.111; 260.115; 260.135, subdivision 5; 260.151, subdivision 2; 260.155, subdivisions 2 and 7; 260.165; 260.171, subdivisions 1, 2, 3, 5, 5a, and 6; 260.172, subdivisions 1, 2, and 3; 260.173; 260.181; 260.185; 260.191, subdivisions 1a, 1b, 1c, 2, 3, and 4; 260.192; 260.193; 260.194; 260.195; 260.261; 260.281; 260.291; and 260.301; Minnesota Statutes 1985 Supplement, sections 260.111, subdivision 2; 260.015, subdivisions 10 and 22; 260.171, subdivision 4; 260.172, subdivisions 2a, 2b, and 4; and 260.191, subdivisions 1, 1d, and 2a.

Referred to the Committee on Judiciary.

Messrs. Sieloff, Ramstad, Taylor, Laidig and Isackson introduced—

S.F. No. 1647: A bill for an act relating to taxation; income; repealing the suspension of inflation adjustments; repealing Minnesota Statutes 1985 Supplement, section 290.06, subdivision 2f.

Referred to the Committee on Taxes and Tax Laws.

Mr. Belanger introduced—

S.F. No. 1648: A bill for an act relating to firearms; permitting certain licensed dealers and manufacturers to own or possess machine guns and short-barreled shotguns for certain purposes; amending Minnesota Statutes 1984, section 609.67, subdivisions 3 and 4.

Referred to the Committee on Judiciary.

Messrs. Belanger and Lessard introduced—

S.F. No. 1649: A bill for an act relating to charitable gambling; exempting certain organizations from regulation and tax; amending Minnesota Statutes 1984, sections 297A.25, by adding a subdivision; and 349.214, subdivision 2.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Belanger introduced—

S.F. No. 1650: A bill for an act relating to commerce; providing that residents of continuing care facilities have veto power over expenditures for attorney's fees; amending Minnesota Statutes 1984, section 80D.20, by adding a subdivision.

Referred to the Committee on Health and Human Services.

Mr. Storm introduced—

S.F. No. 1651: A bill for an act relating to environment; requiring at least four members of the pollution control agency board to be persons knowledgeable in agriculture; amending Minnesota Statutes 1984, section 116.02, subdivision 1.

Referred to the Committee on Agriculture and Natural Resources.

Mrs. Brataas introduced—

S.F. No. 1652: A bill for an act relating to unemployment compensation; altering the public policy statement; changing the taxable wage base; defining credit week; providing for employer charging; increasing the eligibility requirement; eliminating certain tax rate limitations; changing the weekly benefit amount; capping the maximum weekly benefit; providing for the duration of benefits; increasing the duration of benefits for claimants in counties with high unemployment; providing for seasonal employees; making the waiting week nonreimbursable; amending the benefit offset for severance pay; increasing the period of time and earnings necessary for requalification after disqualification; changing the definition of suitable work; transferring duties to the office of administrative hearings; amending Minnesota Statutes 1984, sections 14.03, subdivision 2; 268.03; 268.04, subdivisions 25 and 29; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.08, subdivision 3; 268.09, subdivisions 1 and 2; 268.10, subdivisions 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.51; and 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268.

Referred to the Committee on Employment.

Mr. Diessner introduced—

S.F. No. 1653: A bill for an act relating to civil commitment; defining "mentally ill person"; and "the least restrictive alternative principle"; providing that mentally ill persons can be committed only to regional centers or hospitals that are appropriately accredited; amending Minnesota Statutes 1984, sections 253B.02, subdivision 13, and by adding subdivisions; and 253B.09, subdivision 1.

Referred to the Committee on Judiciary.

Mrs. Lantry introduced—

S.F. No. 1654: A bill for an act relating to human services; providing for a

change in medical assistance and general assistance medical care reimbursements for treatment of mental illness; providing for a utilization review system of inpatient mental health care; amending Minnesota Statutes 1985 Supplement, section 256.969, subdivision 2.

Referred to the Committee on Health and Human Services.

Messrs. Frederick, Belanger, Mehrkens, Bernhagen and Benson introduced—

S.F. No. 1655: A bill for an act relating to taxation; individual income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Benson and Kamrath introduced—

S.F. No. 1656: A bill for an act relating to human services; exempting certain rural providers of day care from the human services department day care rules; amending Minnesota Statutes 1984, section 245.792.

Referred to the Committee on Health and Human Services.

Messrs. Benson and Kamrath introduced—

S.F. No. 1657: A bill for an act relating to human services; allowing counties to adopt family day care and group family day care regulations; proposing coding for new law in Minnesota Statutes, chapter 245.

Referred to the Committee on Health and Human Services.

Mr. Benson introduced—

S.F. No. 1658: A bill for an act relating to human services; providing for a limit in the increase of negotiated rates of certain facilities receiving reimbursement through general assistance funds; amending Minnesota Statutes 1985 Supplement, section 256D.37, subdivision 1.

Referred to the Committee on Health and Human Services.

Mr. Benson introduced—

S.F. No. 1659: A bill for an act relating to game and fish; authorizing stocking of fish in certain streams where public access is granted; amending Minnesota Statutes 1984, section 97.485.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Frederickson; Moe, R.D.; Berg; Peterson, R.W. and Mrs. Kronebusch introduced—

S.F. No. 1660: A bill for an act relating to real property; permitting redemption of agricultural homestead; amending Minnesota Statutes 1984, sections 581.10; and 582.04; proposing coding for new law in Minnesota

Statutes, chapter 580.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Frederickson introduced—

S.F. No. 1661: A bill for an act relating to taxation; income; clarifying the alternative minimum tax treatment of gain realized on certain sales of agricultural production property; amending Minnesota Statutes 1985 Supplement, sections 290.091, subdivision 2; and 290.491.

Referred to the Committee on Taxes and Tax Laws.

Mr. Davis introduced—

S.F. No. 1662: A bill for an act relating to taxation; rescinding the repeal of the income tax exclusion for interest earned on certain family farm security loans; exempting certain shelterbelts from taxation and replacing revenue lost due to the exemption; delaying payment date for second half property taxes on agricultural property; exempting gain realized on an involuntary discharge of indebtedness relating to property used in a family farm; appropriating money; amending Minnesota Statutes 1984, sections 272.02, by adding a subdivision; 276.09; 276.10; 278.03; and 290.16, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 41.55; 272.02, subdivision 1; 278.05, subdivision 5; 279.01, subdivision 1; 290.01, subdivisions 20a and 20b; 290.091, subdivision 2; 290.491; and Laws 1985, first special session chapter 14, article 1, section 59.

Referred to the Committee on Taxes and Tax Laws.

Mr. Diessner introduced—

S.F. No. 1663: A bill for an act relating to insurance; accident and health; providing group coverage for ambulatory mental health services; amending Minnesota Statutes 1984, section 62A.152.

Referred to the Committee on Economic Development and Commerce.

Messrs. Freeman, Petty, Ms. Peterson, D.C. and Mr. Sieloff introduced—

S.F. No. 1664: A bill for an act relating to airports; requiring approval of pollution control agency for expanded capacity at Minneapolis-St. Paul International Airport; amending Minnesota Statutes 1984, section 473.612.

Referred to the Committee on Transportation.

Mr. Frank introduced—

S.F. No. 1665: A bill for an act relating to public safety; requiring smoke detectors in two-family dwellings; amending Minnesota Statutes 1985 Supplement, section 299F.362, subdivision 1.

Referred to the Committee on Veterans and General Legislation.

Mr. Frank introduced—

S.F. No. 1666: A bill for an act relating to public safety; requiring smoke



detectors in hallways of apartment houses, lodging houses, and hotels; amending Minnesota Statutes 1985 Supplement, section 299F.362, subdivision 4.

Referred to the Committee on Veterans and General Legislation.

Mr. Frank and Mrs. Lantry introduced—

S.F. No. 1667: A bill for an act relating to charitable gambling; authorizing organizations to conduct one event each year at which lawful gambling is conducted without complying with certain regulations; amending Minnesota Statutes 1984, section 349.214, by adding a subdivision.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Peterson, C.C. introduced—

S.F. No. 1668: A bill for an act relating to taxation; increasing the maximum income tax credit for political contributions; amending Minnesota Statutes 1984, section 10A.32, subdivision 3b; Minnesota Statutes 1985 Supplement, section 290.06, subdivision 11.

Referred to the Committee on Elections and Ethics.

Mrs. McQuaid introduced—

S.F. No. 1669: A bill for an act relating to the city of St. Louis Park; granting the city the powers of a port authority; permitting the city to choose the name of the port authority.

Referred to the Committee on Local and Urban Government.

Mr. Petty introduced—

S.F. No. 1670: A bill for an act relating to commerce; providing medical malpractice insurance to health care providers who are unable to obtain the coverage in the voluntary market; regulating malpractice actions against health care providers; providing certification of expert review and the waiver of privilege by health care providers; requiring disclosure of experts; revising the statute of limitations for minors; removing punitive damages; limiting noneconomic losses; changing the collateral source rule; and providing periodic payments of damages exceeding a threshold limitation; amending Minnesota Statutes 1984, sections 62F.04, subdivision 1, and by adding a subdivision; 62F.06, subdivision 1; 541.15; 549.09, subdivision 1; 549.20, subdivision 1, and by adding a subdivision; and 595.02, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 145.

Referred to the Committee on Economic Development and Commerce.

Mses. Berglin; Peterson, D.C. and Mr. Spear introduced—

S.F. No. 1671: A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes and tax increments to finance the acquisition

and betterment of a convention center and related facilities.

Referred to the Committee on Local and Urban Government.

Messrs. Davis, Merriam and Moe, R.D. introduced—

S.F. No. 1672: A bill for an act relating to agriculture; establishing a legal assistance program for family farmers; prescribing eligibility requirements for persons to receive legal assistance; providing requirements for the legal assistance provider; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 480.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Chmielewski introduced—

S.F. No. 1673: A bill for an act proposing an amendment to the Minnesota Constitution, changing article IV, sections 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 23, 24, 25, and 26; article V, sections 3 and 5; article VIII, section 1; article IX, sections 1 and 2; and article XI, section 5; providing for a unicameral legislature of 101 to 135 members.

Referred to the Committee on Elections and Ethics.

Mr. Sieloff, Mrs. McQuaid, Messrs. Laidig, Kamrath and Peterson, D.L. introduced—

S.F. No. 1674: A bill for an act relating to taxation; income; repealing the suspension of inflation adjustments; repealing Minnesota Statutes 1985 Supplement, section 290.06, subdivision 2f.

Referred to the Committee on Taxes and Tax Laws.

Ms. Berglin introduced—

S.F. No. 1675: A bill for an act relating to human services; authorizing earned income savings accounts for general assistance recipients in residential chemical dependency treatment programs; amending Minnesota Statutes 1985 Supplement, section 256D.06, subdivision 1b.

Referred to the Committee on Health and Human Services.

Mr. Chmielewski introduced—

S.F. No. 1676: A bill for an act relating to taxation; extending the pension exclusion to recipients of federal law enforcement officers' pensions under age 65; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Messrs. DeCramer and Moe, R.D. introduced—

S.F. No. 1677: A bill for an act relating to courts; repealing the law that requires the supreme court to determine whether vacant judicial offices are necessary; repealing Minnesota Statutes 1985 Supplement, section 2.722.

Referred to the Committee on Judiciary.

Mr. Willet introduced—

S.F. No. 1678: A bill for an act relating to retirement; directing payment of survivor benefits to the surviving spouse of a certain deceased member of the state retirement system; appropriating money.

Referred to the Committee on Governmental Operations.

Messrs. Frederickson, Kamrath, Mrs. McQuaid, Ms. Olson and Mrs. Kronebusch introduced—

S.F. No. 1679: A bill for an act relating to crimes; creating certain crimes against a fetus; prohibiting acts which cause the death of or injury to a fetus; imposing penalties; amending Minnesota Statutes 1984, sections 609.035 and 609.18; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Messrs. Merriam; Dahl; Frank; Peterson, R.W. and Novak introduced—

S.F. No. 1680: A bill for an act relating to Anoka county; providing that Anoka county park ordinances supersede local ordinances.

Referred to the Committee on Local and Urban Government.

Messrs. Jude, Laidig, Merriam, Bernhagen and Mrs. Adkins introduced—

S.F. No. 1681: A bill for an act relating to crimes; making it a felony to cause the death of or injure an unborn child; prescribing penalties; amending Minnesota Statutes 1984; section 609.035; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Mr. Diessner introduced—

S.F. No. 1682: A bill for an act relating to real property; requiring condominium plats after July 31, 1986; requiring certification by a registered land surveyor only, that condominium plat accurately depicts certain required information in 515A.2-110; amending Minnesota Statutes 1984, sections 515A.1-102; 515A.1-103; 515A.2-105; 515A.2-110; 515A.2-114; 515A.2-115; 515A.2-116; 515A.4-102; 515A.4-107; 515A.4-116; and 515A.4-117; and Minnesota Statutes 1985 Supplement, sections 389.09; 508.82; and 508A.82.

Referred to the Committee on Local and Urban Government.

Messrs. Wegscheid; Moe, R.D. and Davis introduced—

S.F. No. 1683: A bill for an act relating to the University of Minnesota; appropriating money for agricultural extension service and experiment station projects.

Referred to the Committee on Finance.

Mr. Bertram introduced—

S.F. No. 1684: A resolution memorializing the Congress of the United States to adopt Senate Joint Resolution 159 that designates the rose as the national floral emblem.

Referred to the Committee on Veterans and General Legislation.

Ms. Berglin introduced—

S.F. No. 1685: A bill for an act relating to child support; clarifying determination of support under the child support guidelines; amending Minnesota Statutes 1984, sections 518.17, subdivision 5; and 518.551, subdivision 5.

Referred to the Committee on Health and Human Services.

Mr. Purfeerst introduced—

S.F. No. 1686: A bill for an act relating to charitable gambling; changing the reporting requirements for organizations; requiring distributors to collect certain taxes; amending Minnesota Statutes 1984, sections 349.19, subdivisions 1 and 5; and 349.212, subdivision 2; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Kamrath, Isackson, Benson and Mehrkens introduced—

S.F. No. 1687: A bill for an act relating to civil actions; providing a sliding fee scale for contingent legal fees; abolishing the collateral source rule; requiring judgments to be paid in periodic installments rather than a lump sum upon request of either party; abolishing punitive damages in civil actions; placing a monetary maximum on the amount recoverable as intangible damages; abolishing the principle of joint and several liability in tort actions; amending Minnesota Statutes 1984, sections 549.09, subdivision 1; 549.20, subdivision 1; 604.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 481, 548, and 549; repealing Minnesota Statutes 1984, sections 549.20, subdivisions 2 and 3; and 604.02, subdivisions 2 and 3.

Referred to the Committee on Judiciary.

Mr. Kamrath introduced—

S.F. No. 1688: A bill for an act relating to state government; rejecting legislative salary increases; amending Laws 1985, first special session chapter 13, section 52, subdivision 2.

Referred to the Committee on Governmental Operations.

Messrs. Nelson; Pehler; Peterson, R.W. and Peterson, D.L. introduced—

S.F. No. 1689: A bill for an act relating to education; making a technical correction to the capital expenditure aid provision; amending Minnesota Statutes 1985 Supplement, section 124.245, subdivision 1.

Referred to the Committee on Education.

Messrs. Johnson, D.E. and Benson introduced—

S.F. No. 1690: A bill for an act relating to traffic regulations; authorizing municipalities to permit handicapped persons to operate three-wheel off-road vehicles on city streets and roads under certain conditions; amending Minnesota Statutes 1984, section 169.045.

Referred to the Committee on Transportation.

Messrs. Knaak; Kamrath; Johnson, D.E.; Storm and Renneke introduced—

S.F. No. 1691: A bill for an act relating to taxation; income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Novak; Peterson, C.C. and Johnson, D.J. introduced—

S.F. No. 1692: A bill for an act relating to taxation; updating income tax and property tax refund provisions to the Internal Revenue Code; making technical corrections and administrative changes to income tax and property tax refund laws; amending Minnesota Statutes 1984, sections 271.06, subdivision 6; 290.06, subdivision 1; 290.067, subdivision 2; 290.281, subdivision 5; 290.36; 290.50, subdivision 3; 290.56, subdivision 3; and 290A.03; subdivision 8; Minnesota Statutes 1985 Supplement, sections 270.77; 290.01, subdivision 20; 290.06, subdivision 3g; 290.068, subdivision 3; 290.079, subdivision 1; 290.089, subdivision 3; 290.09, subdivision 7; 290.091, subdivision 2; 290.095, subdivisions 9 and 11; 290.10; 290.12, subdivision 2; 290.13, subdivision 1; 290.132, subdivision 1; 290.14; 290.16, subdivisions 7 and 15; 290.21, subdivision 4; 290.41, subdivision 1; 290.92, subdivision 2a; 290.93, subdivision 10; and 290A.03, subdivision 3; repealing Minnesota Statutes 1984, sections 290.06, subdivision 15; 290.39, subdivision 1a; and 290A.04, subdivision 2f; and Laws 1985, first special session chapter 14, article 21, sections 16 and 17.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Peterson, C.C.; Johnson, D.J. and Novak introduced—

S.F. No. 1693: A bill for an act relating to taxation; authorizing the commissioner of revenue to make payments of police and fire aids directly to qualified recipients; clarifying the business license clearance requirements and removing the sunset; changing the dates for payments of property tax credits to the counties; clarifying the use of mortgage registration and deed tax receipts; clarifying the power of the counties to print deed tax stamps; and authorizing the commissioner of public safety to enter into reciprocal fuel tax compacts; amending Minnesota Statutes 1984, sections 69.021, subdivisions 4, 5, 7, and 9; 69.031, subdivision 3; 270.72, subdivisions 1, 2, and 3; 273.1391, subdivision 3; and 296.17, subdivision 6, and by adding a sub-

division; and Minnesota Statutes 1985 Supplement, sections 69.031, subdivision 1; 273.136; 287.12; and 287.29, subdivision 1; and Laws 1985, first special session chapter 14, article 11, section 13; repealing Minnesota Statutes 1984, sections 69.031, subdivision 4; and 270.72, subdivision 5.

Referred to the Committee on Taxes and Tax Laws.

Mr. Merriam introduced—

S.F. No. 1694: A bill for an act relating to the arts; changing the membership requirements for the board of the arts; changing the qualifications for certain grants; amending Minnesota Statutes 1984, sections 139.08, subdivision 1; and 139.10, by adding subdivisions.

Referred to the Committee on Veterans and General Legislation.

Mr. Merriam introduced—

S.F. No. 1695: A bill for an act relating to taxation; motor vehicle excise; changing the definition of purchase price for purposes of a transfer by gift; amending Minnesota Statutes 1984, section 297B.01, subdivision 8.

Referred to the Committee on Taxes and Tax Laws.

Ms. Olson, Messrs. Jude, Waldorf and Anderson introduced—

S.F. No. 1696: A bill for an act relating to education; revising the definition of school; prohibiting rulemaking; amending Minnesota Statutes 1985 Supplement, section 120.10.

Referred to the Committee on Education.

Messrs. Peterson, R.W.; Peterson, C.C.; Schmitz; Peterson, D.L. and Bernhagen introduced—

S.F. No. 1697: A bill for an act relating to education; providing equity revenue to raise foundation and tier revenue in all school districts to state average; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 124A.

Referred to the Committee on Education.

Messrs. Stumpf and Langseth introduced—

S.F. No. 1698: A bill for an act relating to education; allowing school boards to join the Minnesota rural education association; amending Minnesota Statutes 1984, section 123.33, subdivision 10.

Referred to the Committee on Education.

Mr. Anderson introduced—

S.F. No. 1699: A bill for an act relating to education; requiring the department of education to make certain recalculations involving independent school district No. 545, Henning.

Referred to the Committee on Education.

Mr. Chmielewski introduced—

S.F. No. 1700: A bill for an act relating to independent school district No. 97, Moose Lake; authorizing an excess capital outlay levy for two years.

Referred to the Committee on Education.

Mr. Wegscheid introduced—

S.F. No. 1701: A bill for an act relating to cemeteries; providing for maintenance of certain cemeteries; amending Minnesota Statutes 1984, section 306.245.

Referred to the Committee on Local and Urban Government.

Mr. Samuelson introduced—

S.F. No. 1702: A bill for an act relating to local government; granting the city of Brainerd the authority to establish a port authority; authorizing the port authority to exercise the power of a municipal housing and redevelopment authority; authorizing the city to impose restrictions and limitations upon the powers and procedures of the port authority; permitting the city to choose the name of the port authority; providing for removal of port authority commissioners; requiring local approval.

Referred to the Committee on Local and Urban Government.

Messrs. Wegscheid, Laidig and Novak introduced—

S.F. No. 1703: A bill for an act relating to commerce; regulating those who package soft drinks and other nonalcoholic beverages; increasing certain vending machine inspection fees; clarifying authority to inspect vending machines; clarifying rulemaking authority of commissioner of agriculture; amending Minnesota Statutes 1984, sections 28A.05, 28A.09, subdivision 1; 34.03; and 34.09; repealing Minnesota Statutes 1984, section 34.05.

Referred to the Committee on Agriculture and Natural Resources.

Ms. Berglin and Mrs. McQuaid introduced—

S.F. No. 1704: A bill for an act relating to vital statistics; authorizing Minneapolis and Hennepin county to merge their registration districts; amending Minnesota Statutes 1984, section 144.214, subdivision 1.

Referred to the Committee on Local and Urban Government.

Messrs. Freeman, Petty, Wegscheid, Mses. Berglin and Reichgott introduced—

S.F. No. 1705: A bill for an act relating to consumer protection; regulating the labeling, advertising, and distribution of smokeless tobacco products; proposing coding for new law in Minnesota Statutes, chapter 325F.

Referred to the Committee on Economic Development and Commerce.

Messrs. Diessner and Spear introduced—

S.F. No. 1706: A bill for an act relating to health; providing for a declara-

tion by competent adults that life-sustaining treatment be withheld or withdrawn; adopting provisions of the uniform rights of the terminally ill act; providing for creation of a durable power of attorney for health care; imposing penalties; amending Minnesota Statutes 1984, sections 523.01; and 523.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 145; proposing coding for new law as Minnesota Statutes, chapter 523A.

Referred to the Committee on Judiciary.

Ms. Berglin introduced—

S.F. No. 1707: A bill for an act relating to health; requiring planning for services for persons with brain impairment; establishing a statewide clearinghouse for caregiver information; reconvening the task force on needs for persons with brain impairment; amending Minnesota Statutes 1984, sections 145.912, by adding a subdivision; 145.92, subdivision 1; Minnesota Statutes 1985 Supplement, sections 256.01, subdivision 2; and 256E.03, subdivision 2.

Referred to the Committee on Health and Human Services.

Mr. Bertram introduced—

S.F. No. 1708: A bill for an act relating to criminal procedure; prohibiting plea agreements when the crime charged is arson; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Mr. Petty introduced—

S.F. No. 1709: A bill for an act relating to retirement; granting an annuity increase to a certain annuitant of the public employees retirement association.

Referred to the Committee on Governmental Operations.

Mrs. Lantry introduced—

S.F. No. 1710: A bill for an act relating to health; creating a public corporation to provide health care services and research; providing that subsidiaries govern St. Paul Ramsey Medical Center and a physicians and dentists association; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

Referred to the Committee on Local and Urban Government.

Mr. Diessner introduced—

S.F. No. 1711: A bill for an act relating to animals; prohibiting theft of dogs or cats for research purposes; prescribing a penalty; proposing coding for new law in Minnesota Statutes, chapter 346.

Referred to the Committee on Veterans and General Legislation.

Mr. Pehler, Ms. Peterson, D.C.; Messrs. Peterson, R.W.; Peterson, D.L. and Wegscheid introduced—



S.F. No. 1712: A bill for an act relating to education; requiring licensed school nurses; regulating the administration of medication by school personnel; amending Minnesota Statutes 1984, section 123.35, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 126.

Referred to the Committee on Education.

Messrs. Renneke and Berg introduced—

S.F. No. 1713: A bill for an act relating to agriculture; authorizing conservation reserve contracts covering marginal agricultural land; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 40.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Sieloff, Merriam and Petty introduced—

S.F. No. 1714: A bill for an act relating to trusts; providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees; amending Minnesota Statutes 1984, sections 501.125, subdivision 1, and by adding a subdivision; and 501.66, subdivision 28, and by adding a subdivision; Minnesota Statutes 1985 Supplement, section 501.125, subdivision 6.

Referred to the Committee on Judiciary.

Mr. Diessner introduced—

S.F. No. 1715: A bill for an act relating to education; appropriating money to the department of education for a grant to the YMCA youth-in-government program.

Referred to the Committee on Education.

Messrs. Laidig, Lessard and Isackson introduced—

S.F. No. 1716: A resolution memorializing the governments of the United States and the Socialist Republic of Vietnam to take all possible actions to determine the fate of persons missing in action in Southeast Asia; joining with the families of those who are missing in the hope that their long wait will soon be over.

Referred to the Committee on Veterans and General Legislation.

Messrs. Spear and Merriam introduced—

S.F. No. 1717: A bill for an act relating to controlled substances; establishing a multiple prescription system for monitoring controlled substances; providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 152.09, subdivision 2, and by adding a subdivision; 152.11, subdivision 1; and 152.15, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 152.

Referred to the Committee on Health and Human Services.

#### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Peterson, R.W. moved that the name of Mr. Stumpf be added as a

co-author to S.F. No. 1065. The motion prevailed.

Mr. Petty moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1557. The motion prevailed.

Mr. Mehrkens moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1569. The motion prevailed.

Mr. Diessner moved that the name of Mr. Ramstad be added as a co-author to S.F. No. 1573. The motion prevailed.

Mr. Frederickson moved that the name of Mr. Renneke be added as a co-author to S.F. No. 1576. The motion prevailed.

Ms. Berglin moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1581. The motion prevailed.

Mr. Schmitz moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1582. The motion prevailed.

Mr. Langseth moved that the name of Mr. Purfeerst be added as a co-author to S.F. No. 1590. The motion prevailed.

Mr. Spear moved that the names of Mr. Pehler and Ms. Reichgott be added as co-authors to S.F. No. 1591. The motion prevailed.

Ms. Reichgott moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1592. The motion prevailed.

Mr. Berg moved that the names of Messrs. Purfeerst and Wegscheid be added as co-authors to S.F. No. 1594. The motion prevailed.

Mr. Berg moved that the names of Messrs. Schmitz, Renneke and Wegscheid be added as co-authors to S.F. No. 1597. The motion prevailed.

Mr. DeCramer moved that the names of Messrs. Merriam, Wegscheid and Nelson be added as co-authors to S.F. No. 1607. The motion prevailed.

Mr. Spear moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1619. The motion prevailed.

Mr. Moe, R.D. moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1633. The motion prevailed.

Mr. Moe, R.D. moved that the names of Messrs. Berg, DeCramer and Purfeerst be added as co-authors to S.F. No. 1636. The motion prevailed.

Mr. Belanger moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1649. The motion prevailed.

Mr. Pogemiller moved that S.F. No. 1568 be withdrawn from the Committee on Economic Development and Commerce and returned to its author. The motion prevailed.

Mr. Diessner introduced—

Senate Resolution No. 94: A Senate resolution commending the participants in the 32nd annual YMCA Youth in Government Program.

Referred to the Committee on Rules and Administration.

Mr. Peterson, D.L. introduced—

Senate Resolution No. 95: A Senate resolution congratulating the team

from Madelia High School for winning first place in the national farm management contest.

Referred to the Committee on Rules and Administration.

Mr. Ramstad introduced—

Senate Resolution No. 96: A Senate resolution congratulating the Trojans Girls Soccer team from Wayzata High School for winning the 1985 Girls High School Soccer Championship in Region 6.

Referred to the Committee on Rules and Administration.

Mr. Ramstad introduced—

Senate Resolution No. 97: A Senate resolution congratulating the Trojans Boys Soccer team from Wayzata High School for winning the 1985 Boys State High School Soccer Championship.

Referred to the Committee on Rules and Administration.

Mr. Johnson, D.E. introduced—

Senate Resolution No. 98: A Senate resolution congratulating Jim and Sue Anderson for being named 1985 State Outstanding Young Farmer.

Referred to the Committee on Rules and Administration.

Mr. Peterson, D.L. introduced—

Senate Resolution No. 99: A Senate resolution congratulating the Bucs tennis team from Blue Earth High School for winning the 1985 Class A Girls State High School Tennis Championship.

Referred to the Committee on Rules and Administration.

Mrs. McQuaid introduced—

Senate Resolution No. 100: A Senate resolution congratulating the city of St. Louis Park on its centennial.

Referred to the Committee on Rules and Administration.

Mr. Schmitz introduced—

Senate Resolution No. 101: A Senate resolution congratulating Judy Nygard Broekemeier of Jordan for being selected National Elementary Art Educator of the Year 1986.

Referred to the Committee on Rules and Administration.

Mr. Moe, R.D. introduced—

Senate Resolution No. 102: A Senate resolution relating to postage.

BE IT RESOLVED, by the Senate of the State of Minnesota:

For the 1986 session of the 74th Legislature, the Secretary of the Senate

may purchase postage to furnish each member of the Senate 4,500 stamps. Each member named as chairman of a standing committee in the Senate resolution designating committee assignments may be furnished with an additional 1,000 stamps for the necessary business of the committee.

An additional postage allowance of 1,000 stamps is authorized for the Senate Minority Leader; four other members of the minority designated by the Senate Minority Leader; and four members of the majority designated by the Senate Majority Leader.

Each member of the Senate shall receipt to the Secretary of the Senate for the postage received.

Mr. Moe, R.D. 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knaak	Nelson	Renneke
Anderson	Dieterich	Kroening	Novak	Samuelson
Belanger	Frank	Kronebusch	Olson	Sieloff
Benson	Frederick	Laidig	Pehler	Solon
Berg	Frederickson	Langseth	Peterson, C.C.	Spear
Berglin	Freeman	Lantry	Peterson, D.C.	Storm
Bernhagen	Gustafson	Lessard	Peterson, D.L.	Stumpf
Bertram	Hughes	Luther	Peterson, R.W.	Taylor
Chmielewski	Isackson	McQuaid	Petty	Vega
Dahl	Johnson, D.E.	Mehrkens	Pogemiller	Waldorf
Davis	Johnson, D.J.	Merriam	Purfeerst	Wegscheid
DeCramer	Jude	Moe, D.M.	Ramstad	Willet
Dicklich	Kamrath	Moe, R.D.	Reichgott	

The motion prevailed. So the resolution was adopted.

Mr. Moe, R.D. introduced—

Senate Resolution No. 103: A Senate resolution relating to expenses of interns.

BE IT RESOLVED, by the Senate of the State of Minnesota:

For the 1986 session of the 74th Legislature, each member of the Senate may be reimbursed for the cost of meals and transportation furnished by the member to any volunteer interns assisting with the member's work, up to a maximum of \$35 during each week the Legislature is in session.

Requests for reimbursement must be submitted to the Secretary of the Senate monthly on forms provided for this purpose and must include a certification by the member that the amounts for which reimbursement is sought have been paid to the interns.

The Secretary of the Senate shall prepare and issue warrants for payment of intern expenses from the Senate legislative expense fund.

Mr. Moe, R.D. 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knaak	Nelson	Renneke
Anderson	Dieterich	Kroening	Novak	Samuelson
Belanger	Frank	Kronebusch	Olson	Sieloff
Benson	Frederick	Laidig	Pehler	Solon
Berg	Frederickson	Langseth	Peterson, C.C.	Spear
Berghin	Freeman	Lantry	Peterson, D.C.	Storm
Bernhagen	Gustafson	Lessard	Peterson, D.L.	Stumpf
Bertram	Hughes	Luther	Peterson; R.W.	Taylor
Chmielewski	Isackson	McQuaid	Petty	Vega
Dahl	Johnson, D.E.	Mehrkens	Pogemiller	Waldorf
Davis	Johnson, D.J.	Merriam	Purfeerst	Wegscheid
DeCramer	Jude	Moe, D.M.	Ramstad	Willet
Dicklich	Kamrath	Moe, R.D.	Reichgott	

The motion prevailed. So the resolution was adopted.

Mr. Moe, R.D. introduced—

Senate Concurrent Resolution No. 18: A Senate concurrent resolution relating to adjournment for more than three days.

BE IT RESOLVED by the Senate, the House of Representatives concurring:

1. Upon its adjournment on Wednesday, February 5, 1986, the Senate may set its next day of meeting for Monday, February 10, 1986.

2. Upon its adjournment on Wednesday, February 5, 1986, the House of Representatives may set its next day of meeting for Monday, February 10, 1986.

3. Pursuant to the Minnesota Constitution, Article IV, Section 12, the Senate and House of Representatives each consents to the adjournment of the other for more than three days.

Mr. Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Mr. Moe, R.D. introduced—

Senate Concurrent Resolution No. 17: A Senate concurrent resolution providing session deadlines for the legislature pursuant to Joint Rule 2.03.

WHEREAS, Joint Rule 2.03, paragraph (b) requires the legislature to establish session deadline dates for even-numbered year sessions; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota, the House of Representatives concurring, that committee reports on bills favorably acted upon by a committee in the house of origin after Friday, February 28, 1986, and committee reports on bills originating in the other house favorably acted upon by a committee after Saturday, March 8, 1986, shall be referred in the Senate to the Committee on Rules and Administration and in the House of Representatives to the Committee on Rules and Legislative Administration for disposition. Referral is not required when a committee, after the earlier date and by the later date set by this paragraph, acts on a bill that is a companion to a bill that has met the earlier deadline in the other house. This

requirement does not apply to the Senate Committees on Finance and on Taxes and Tax Laws, and the House Committees on Appropriations and on Taxes.

After Thursday, March 13, 1986, neither house shall act on bills other than those contained in:

- (1) Reports of conference committees;
- (2) Messages from the other house;
- (3) Reports of the Committee on Rules and Administration in the Senate or the Committee on Rules and Legislative Administration in the House; or
- (4) Messages from the governor.

Mr. Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

### MEMBERS EXCUSED

Mrs. Brataas, Messrs. Knutson and Schmitz were excused from the Session of today.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Wednesday, February 5, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## SIXTY-SEVENTH DAY

St. Paul, Minnesota, Wednesday, February 5, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

Prayer was offered by the Chaplain, Rev. Ross Bigot.

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

Adkins	Diessner	Kroening	Novak	Samuelson
Anderson	Frank	Kronebusch	Olson	Schmitz
Belanger	Frederick	Laidig	Pehler	Sieloff
Benson	Frederickson	Langseth	Peterson, C.C.	Solon
Berg	Freeman	Lantry	Peterson, D.C.	Spear
Berglin	Gustafson	Lessard	Peterson, D.L.	Storm
Bernhagen	Hughes	Luther	Peterson, R.W.	Stumpf
Bertram	Isackson	McQuaid	Petty	Taylor
Chmielewski	Johnson, D.J.	Mehrkens	Pogemiller	Vega
Dahl	Jude	Merriam	Purfeerst	Waldorf
Davis	Kamrath	Moe, D.M.	Ramstad	Wegscheid
DeCramer	Knaak	Moe, R.D.	Reichgott	Willet
Dicklich	Knutson	Nelson	Renneke	

The President declared a quorum present.

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

### REPORTS AND RESOLUTIONS FILED DURING THE INTERIM WITH THE SECRETARY OF THE SENATE

Various reports were filed during the 1985 interim by Retirement and Relief Associations and are filed in the office of the Secretary of the Senate; also reports made by the Legislative Audit Commission on various state institutions and boards; Department of Administration, Small Business Procurement Act, 1984; Department of Labor and Industry, Prevailing Wage Division, Certification of Prevailing Wage Rates; Department of Energy and Economic Development, Minnesota Set-Aside Program, 1985; Pollution Control Agency, Waste Tire Collection and Incineration Study, Interim Report, 1985; Southwest Regional Development Commission, Overall Work Program for fiscal year, 1986; Department of Human Services, Minnesota General Assistance Annual Report, 1984; Regional Transit Board, Changes Needed in Transit Replacement Service and Contract Programs, 1985; Department of Public Welfare, Supplemental Aid Program, Annual Report, 1984; Labor and Industry, Labor Standards Division, Prevailing Wage Certifications, 1985; Citizens League, Preserving Metropolitan Tax-Base Shar-

ing, 1985; Minnesota Racing Commission, Audit Report for the years ended June 30, 1984 and 1985; University of Minnesota, Annual Report, 1985; Indian Affairs Council, Annual Report, 1985; Department of Administration, Summary Report of the Non-Health Related Licensing Boards, Biennial Report, 1983-84; Legislative Commission to Review Administrative Rules, Biennial Report, 1983-84; Minnesota Hazardous Substances Injury Compensation Board, 1985; Board of Animal Health, Annual Report, 1984-85; Board of Chiropractic Examiners, Complaint Procedures, 1985; Board of Pharmacy, Handling of Complaints, 1985; Board of Optometry, Complaint Procedures, 1985; Department of Employee Relations, Use of Overtime in the Executive Branch, 1986; Department of Employee Relations and Department of Finance, Metropolitan Agencies Study—Budget and Personnel, 1986; Department of Veterans Affairs, Efforts Taken to Assure Maximum Participation in Federal Programs, 1986; Metropolitan Council, Annual Report, 1985; Metropolitan Council, Annual Report, Appendix, 1985; Metropolitan Council, Report on State Funding for Operation and Maintenance of Regional Parks in the Twin Cities Metropolitan Area, 1986; Metropolitan Waste Control Commission, Program Budget, 1986; Regional Transit Board Work Program and Budget, 1986; State Board of Investment, Annual Report, 1985; Board of Examiners for Nursing Home Administrators, Handling of Complaints, 1985; Department of Health, Feasibility of Community-Wide Epidemiologic Studies of Drinking Water and Health: St. Louis Park and New Brighton, 1985; Department of Health, Feasibility Study of a Statewide Pathology—Based Cancer Surveillance System in Minnesota, 1986; Northwest Regional Development Commission, Annual Report, 1985; Department of Public Safety, Tenth Annual Report, Minnesota Crime Victims Reparations Board, 1984-85.

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committees indicated.

May 13, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointments to the Minnesota Racing Commission are hereby respectfully submitted to the Senate for confirmation as required by law:

Lawrence M. Coss, R.R. 1, Box 20, Cannon Falls, Goodhue County, has been appointed by me, effective July 1, 1985, for a term expiring June 30, 1991.

Catherine L. Anderson, 10706 Minnetonka Blvd., Hopkins, Hennepin County, has been appointed by me, effective July 1, 1985, for a term expiring June 30, 1991.

Muriel W. Poehler, R.R. 1, Box 129, Royalton, Morrison County, has been appointed by me, effective July 1, 1985, for a term expiring June 30, 1991.



(Referred to the Committee on Public Utilities and State Regulated Industries.)

May 20, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment as Commissioner of the Department of Finance is hereby respectfully submitted to the Senate for confirmation as required by law:

Peter J. Kiedrowski, 1012 W. Minnehaha Pkwy., Minneapolis, Hennepin County, has been appointed by me, effective June 3, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Finance.)

June 12, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Minnesota Pollution Control Agency is hereby respectfully submitted to the Senate for confirmation as required by law:

Ruth I. Ericson, 80 Edison Blvd., Silver Bay, Lake County, has been appointed by me, effective June 17, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Agriculture and Natural Resources.)

July 8, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the State Board of Vocational Technical Education is hereby respectfully submitted to the Senate for confirmation as required by law:

Laura J. Baker, 505 Johnson St., Hartland, Freeborn County, has been appointed by me, effective July 1, 1985, for a term expiring the first Monday in January, 1986.

(Referred to the Committee on Education.)

July 30, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment as Commissioner of the Department of Jobs and Training is hereby respectfully submitted to the Senate for confirmation

as required by law:

Joseph R. Samargia, 1319 Goodrich Ave., St. Paul, Ramsey County, has been appointed by me, effective August 1, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Employment.)

July 31, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment as Full Productivity and Opportunity Coordinator, Department of Jobs and Training, is hereby respectfully submitted to the Senate for confirmation as required by law:

Kathryn R. Roberts, 2312 Indian Rd. W., Minnetonka, Hennepin County, has been appointed by me, effective August 1, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Employment.)

August 19, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment as Chairperson of the Waste Management Board is hereby respectfully submitted to the Senate for confirmation as required by law:

William Walker, Itasca Star Rt., Park Rapids, Becker County, has been appointed by me, effective September 3, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Agriculture and Natural Resources.)

October 2, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Hazardous Substance Injury Compensation Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Corrin John Hodgson, 6910 Buckthorn Rd. N.W., Rochester, Olmsted County, has been appointed by me, effective September 23, 1985, for a term expiring the first Monday in January, 1991.

(Referred to the Committee on Agriculture and Natural Resources.)

October 2, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Hazardous Substance Injury Compensation Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Richard A. Mergens, 13680 Greenwood Trl. N., Stillwater, Washington County, has been appointed by me, effective September 23, 1985, for a term expiring the first Monday in January, 1989.

(Referred to the Committee on Agriculture and Natural Resources.)

October 2, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Hazardous Substance Injury Compensation Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Byron E. Starns, 2270 Riverwood Pl., St. Paul, Ramsey County, has been appointed by me, effective September 23, 1985, for a term expiring the first Monday in January, 1991.

(Referred to the Committee on Agriculture and Natural Resources.)

October 4, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment as Commissioner of the Department of Revenue is hereby respectfully submitted to the Senate for confirmation as required by law:

Tom Triplett, 2415 Sheridan Ave. S., Minneapolis, Hennepin County, has been appointed by me, effective October 1, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Taxes and Tax Laws.)

October 4, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment as Director of the State Planning Agency is hereby respectfully submitted to the Senate for confirmation as required by law:

Lani Kawamura, 3141 Dean Ct., Minneapolis, Hennepin County, has been appointed by me, effective October 1, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Governmental Operations.)

October 17, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Minnesota Pollution Control Agency is hereby respectfully submitted to the Senate for confirmation as required by law:

Daniel D. Foley, M.D., 427 S. O'Day Cir., Maplewood, Ramsey County, has been appointed by me, effective October 21, 1985, for a term expiring the first Monday in January, 1989.

(Referred to the Committee on Agriculture and Natural Resources.)

December 10, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Minnesota Higher Education Coordinating Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Mona J. Hintzman, 4018 - 58th Ave. N., Brooklyn Center, Hennepin County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

December 10, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the State Board for Community Colleges is hereby respectfully submitted to the Senate for confirmation as required by law:

James B. Collier, Jr., 1101 E. Irene, Willmar, Kandiyohi County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

December 23, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointments to the State University Board are hereby respectfully submitted to the Senate for confirmation as required by law:

Elizabeth A. Pegues, 27 Nord Circle Rd., North Oaks, Ramsey County, has been appointed by me, effective January 6, 1986, for a term expiring the

first Monday in January, 1990.

Bernard Alvin Miller, 2418 N. Plantagenet Rd. S.W., Bemidji, Beltrami County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

December 31, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the State Ethical Practices Board is hereby respectfully submitted to the Senate for confirmation as required by law:

A.J. Eckstein, 411 S. State, New Ulm, Brown County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Elections and Ethics.)

January 8, 1986

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Council on Quality Education is hereby respectfully submitted to the Senate for confirmation as required by law:

Carl A. Swenson, Rt. 2, Box 154, Monticello, Wright County, has been appointed by me, effective January 17, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

January 14, 1986

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Board of Animal Health is hereby respectfully submitted to the Senate for confirmation as required by law:

Theodore G. Huisinga, Rt. 4, Willmar, Kandiyohi County, has been appointed by me, effective January 17, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Agriculture and Natural Resources.)

Sincerely,  
Rudy Perpich, Governor

July 12, 1985

The Honorable Jerome M. Hughes

President of the Senate

Dear Senator Hughes:

At its July 1, 1985 meeting, the PERA Board adopted the following resolution appointing Mr. James M. Hacking as Executive Director:

WHEREAS, the Personnel Committee of the Board of Trustees has conducted an extensive and in-depth review of the qualifications and experience of all candidates who have applied to serve as PERA'S EXECUTIVE DIRECTOR AND BASED THEREON, HAS DECIDED that the appointment of James M. Hacking to the position of Executive Director would best serve the needs of the Public Employees Retirement Association and that such appointment would be consistent with the legislative intent set forth under Minn. Stat., Sec. 353.03, Subd. 3a, (1984) as amended by Minn. Laws 1985, Chapter 11, Section 9, which section sets forth the statutory qualifications for appointment to the position of Executive Director.

AND WHEREAS, the Personnel Committee has recommended to the Board that James M. Hacking be appointed to the position of Executive Director.

NOW, THEREFORE, IT IS HEREBY MOVED THAT THE Board accept the recommendations of its Personnel Committee and appoint James M. Hacking to serve as its Executive Director at the pleasure of the Board and subject to the advice and consent of the Senate.

IT IS FURTHER MOVED that upon acceptance of this appointment by James M. Hacking, a letter be sent to the Majority and Minority Leaders of the Senate and to the Secretary of the Senate in order to provide the Senate with notice of this appointment.

Mr. Hacking has accepted the position of Executive Director and plans to assume his duties on or about August 12, 1985.

Sincerely yours,

Allen B. Eldridge, Interim Director

(Referred to the Committee on Governmental Operations.)

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the adoption by the House of the following Senate Concurrent Resolution, herewith returned:

Senate Concurrent Resolution No. 18: A Senate concurrent resolution relating to adjournment for more than three days.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 3, 1986

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. 903: A bill for an act relating to human services; creating a procedure for reconsideration of a resident's case mix classification; establishing approval procedures and requirements for hospital swing beds; restricting licensure of new nursing home beds; expanding the preadmission screening program; revising statutes relating to nursing home reimbursement; requiring nursing homes participating in the medical assistance program to be medicare certified; creating an appeal process for nursing home appraisals; authorizing the legislative commission on long-term health care to study cost containment strategies and collect data; requiring recovery of the federal share of medical assistance overpayments; authorizing bingo in nursing homes and senior citizen housing projects; requiring review by the commissioners of human services and health of proposals for revenue bond financing of health facility projects; requiring a study of the feasibility of home equity conversion to finance long-term health care; appropriating money; amending Minnesota Statutes 1984, sections 144.50, subdivision 2; 144A.01, subdivision 5; 144A.071, subdivisions 1, 2, and 3; 256B.02, subdivision 8; 256B.091, subdivisions 1, 2, 4, 5, and 8; 256B.421, subdivision 1; 256B.431, subdivisions 2b, 3, and 4, and by adding a subdivision; 256B.50; 256B.504, subdivision 1; 349.214, by adding a subdivision; and 474.01, subdivisions 7a and 9; proposing coding for new law in Minnesota Statutes, chapter 144.

Senate File No. 903 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 20, 1985

Ms. Berglin moved that S.F. No. 903 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. 1356: A bill for an act relating to statutes; conforming various laws to judicial decisions of unconstitutionality and suggestions for clarity; amending Minnesota Statutes 1984, sections 3.736, subdivision 3; 65B.44, subdivision 6; 181.13; 429.061, subdivision 1; and 631.09.

Senate File No. 1356 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 20, 1985

Mr. Jude moved that S.F. No. 1356 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. 810.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 20, 1985

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1816.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 3, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 810: A bill for an act relating to health; requiring the commissioner of health to develop programs for the promotion of nonsmoking; providing for tax increase on cigarettes; raising the cigarette tax; appropriating money; imposing penalties; prohibiting the use of tobacco products on school premises by minors; amending Minnesota Statutes 1984, sections 297.02, by adding a subdivision; 297.03, subdivisions 6 and 10; 297.13, subdivision 1; 297.22, subdivision 1; 297.32, subdivisions 1, 2, and by adding subdivisions; 297.35, subdivision 1; and 325D.41; proposing coding for new law in Minnesota Statutes, chapters 124, 127, 144, and 145.

Referred to the Committee on Finance.

H.F. No. 1816: A resolution memorializing Congress to amend the 1985 federal farm bill.

Referred to the Committee on Agriculture and Natural Resources.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the desk be now adopted. The motion prevailed.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1349: A bill for an act relating to insurance; providing that insurers or health maintenance organizations must not require a public employer to contribute toward the payment of insurance premiums or charges for insurance for retired officers or employees; amending Minnesota Statutes 1984, section 471.61, subdivision 2a.

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

Page 2, line 2, before the period, insert "*or may require the retired officer or employee to pay all or part of the premiums or charges*"

Page 2, line 15, delete "*must*" and insert "*may*"

Page 2, delete section 2

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



Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1562: A bill for an act relating to licenses; requiring operators of campgrounds and mobile home parks to procure a license; amending Minnesota Statutes 1984, section 157.03.

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

Page 1, lines 19, 22 and 25, delete "mobile" and insert "manufactured"

Amend the title as follows:

Page 1, line 3, delete "mobile" and insert "manufactured"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1612: A bill for an act relating to insurance; changing certain incorporation requirements for domestic insurance corporations; amending Minnesota Statutes 1984, section 60A.07, subdivision 1.

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

Page 1, after line 17, insert:

"Sec. 2. Minnesota Statutes 1984, section 61A.282, subdivision 1, is amended to read:

**61A.282 [INVESTMENTS IN NAME OF COMPANY OR NOMINEE AND PROHIBITIONS.]**

Subdivision 1. [REQUIREMENTS.] A company's investments shall be held in its corporate name or its nominee name, except that:

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

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

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

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

As used in this subdivision, "clearing corporation" means The Depository Trust Company and, with the approval of the commissioner, any other clearing corporation as defined in section 336-8-102; the term "custodian bank" means a bank or trust company licensed by the United States or any state thereof.

(b) A company may participate, through a bank or trust company which is a member of the Federal Reserve System, in the Federal Reserve's book-entry system, if the records of the member bank or trust company at all times show that the investments are held for the company and/or for specific accounts of the company.

(c) If an investment consists of an individual interest in a pool of obligations, or of a fractional interest in a single obligation, the certificate of participation or interest, or the confirmation of participation or interest in the investment, shall be held in the manner set forth in paragraph (a) or held in the name of the company.

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

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "changing certain investment requirements for life insurance companies;"

Page 1, line 4, delete "section" and insert "sections"

Page 1, line 5, before the period, insert "; and 61A.282, subdivision 1"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1636: A bill for an act relating to agriculture; providing for mediation before debt collection practices are initiated against agricultural property; establishing a farm mediation commission and prescribing powers and duties; establishing farm mediation boards; prescribing mediation notices and certain conditions before debt collection is started; providing for voluntary mediation; prescribing procedures for mandatory mediation; authorizing debt restructuring; authorizing postponement orders and requiring farm financial plans under certain conditions; classifying certain data; authorizing closed meetings; authorizing rules; providing for appeals; appropriating

money; amending Minnesota Statutes 1984, sections 336.9-501; 580.01; proposing coding for new law in Minnesota Statutes, chapters 550; 559; 581; and 583.

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 1984, section 336.9-501, is amended to read:

**336.9-501 [DEFAULT; PROCEDURE WHEN SECURITY AGREEMENT COVERS BOTH REAL AND PERSONAL PROPERTY.]**

(1) When a debtor is in default under a security agreement, a secured party has the rights and remedies provided in this part and except as limited by subsection (3) those provided in the security agreement. He may reduce his claim to judgment, foreclose, or otherwise enforce the security interest by any available judicial procedure. If the collateral is documents the secured party may proceed either as to the documents or as to the goods covered thereby. A secured party in possession has the rights, remedies, and duties provided in section 336.9-207. The rights and remedies referred to in this subsection are cumulative.

(2) After default, the debtor has the rights and remedies provided in this part, those provided in the security agreement, and those provided in section 336.9-207.

(3) To the extent that they give rights to the debtor and impose duties on the secured party, the rules stated in the subsections referred to below may not be waived or varied except as provided with respect to compulsory disposition of collateral (subsection (3) of section 336.9-504 and section 336.9-505) and with respect to redemption of collateral (section 336.9-506) but the parties may by agreement determine the standards by which the fulfillment of these rights and duties is to be measured if such standards are not manifestly unreasonable:

(a) Subsection (2) of section 336.9-502 and subsection (2) of section 336.9-504 insofar as they require accounting for surplus proceeds of collateral;

(b) Subsection (3) of section 336.9-504 and subsection (1) of section 336.9-505 which deal with disposition of collateral;

(c) Subsection (2) of section 336.9-505 which deals with acceptance of collateral as discharge of obligation;

(d) Section 336.9-506 which deals with redemption of collateral; and

(e) Subsection (1) of section 336.9-507 which deals with the secured party's liability for failure to comply with this part.

(4) If the security agreement covers both real and personal property, the secured party may proceed under this part as to the personal property or he may proceed as to both the real and the personal property in accordance with his rights and remedies in respect of the real property in which case the provisions of this part do not apply.

(5) When a secured party has reduced his claim to judgment the lien of any levy which may be made upon his collateral by virtue of any execution based upon the judgment shall relate back to the date of the perfection of the security interest in such collateral. A judicial sale, pursuant to such execution, is a foreclosure of the security interest by judicial procedure within the meaning of this section, and the secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(6) A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 6 to 25 that has secured a debt of more than \$5,000 unless: a mediation notice under subsection (7) is served on the debtor and a copy filed with the farm mediation commission; and the person receives a release order under sections 6 to 25.

(7) A mediation notice under subsection (6) must contain the following notice with the blanks properly filled in.

"TO: \_\_\_\_\_ (Name of Debtor) \_\_\_\_\_

YOU HAVE DEFAULTED ON THE \_\_\_\_\_ (Debt in Default)  
 \_\_\_\_\_ SECURED BY AGRICULTURAL PROPERTY  
 DESCRIBED AS \_\_\_\_\_ (Reasonable Description of Agricultural  
 Property Collateral) \_\_\_\_\_.

AS A SECURED PARTY, \_\_\_\_\_ (Name of Secured Party)  
 \_\_\_\_\_ INTENDS TO ENFORCE THE SECURITY AGREE-  
 MENT AGAINST THE AGRICULTURAL PROPERTY DESCRIBED  
 ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A  
 COURT JUDGMENT AGAINST THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR  
 MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE FARM  
 MEDIATION COMMISSION WILL PROVIDE A CREDIT ANALYST  
 TO HELP YOU TO PREPARE FINANCIAL INFORMATION. MEDIA-  
 TION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HAN-  
 DLING FUTURE FINANCIAL RELATIONS. BY PARTICIPATING IN  
 MEDIATION YOU MAY POSSIBLY HAVE THE DEBT RESTRUC-  
 TURED AND MAY BE ELIGIBLE FOR ASSISTANCE TO RESTRUC-  
 TURE THE DEBT.

TO HAVE THE DEBT REVIEWED FOR MEDIATION AND TO BE  
 ELIGIBLE FOR DEBT RESTRUCTURING, YOU MUST FILE A MEDI-  
 ATION REQUEST WITH THE FARM MEDIATION COMMISSION BY  
 \_\_\_\_\_ (Date of 14 Days after Service of the Mediation Notice)  
 \_\_\_\_\_. THE MEDIATION REQUEST FORM IS AVAILABLE AT  
 ANY COUNTY RECORDER'S OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Secured Party)  
 \_\_\_\_\_

Sec. 2. [550.365] [MEDIATION NOTICE AND CONDITIONS FOR  
 AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not attach, execute on,  
 levy on, or seize agricultural property subject to sections 6 to 25 that has  
 secured a debt of more than \$5,000 unless: (1) a mediation notice is served on  
 the judgment debtor and a copy filed with the farm mediation commission;

and (2) the person receives a release order under sections 6 to 25.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.

"TO: \_\_\_\_\_ (Name of Judgment Debtor) \_\_\_\_\_

A JUDGMENT WAS ORDERED AGAINST YOU BY \_\_\_\_\_ (Name of Court) \_\_\_\_\_ ON \_\_\_\_\_ (Date of Judgment).

AS A JUDGMENT CREDITOR, \_\_\_\_\_ (Name of Judgment Creditor) \_\_\_\_\_ INTENDS TO TAKE ACTION AGAINST THE AGRICULTURAL PROPERTY DESCRIBED AS \_\_\_\_\_ (Description of Agricultural Property) \_\_\_\_\_ TO SATISFY THE JUDGMENT.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE FARM MEDIATION COMMISSION WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS. BY PARTICIPATING IN MEDIATION YOU MAY POSSIBLY HAVE THE DEBT RESTRUCTURED AND MAY BE ELIGIBLE FOR ASSISTANCE TO RESTRUCTURE THE DEBT.

TO HAVE THE DEBT REVIEWED FOR MEDIATION AND TO BE ELIGIBLE FOR DEBT RESTRUCTURING, YOU MUST FILE A MEDIATION REQUEST WITH THE FARM MEDIATION COMMISSION BY \_\_\_\_\_ (Date of 14 Days after Service of the Mediation Notice) \_\_\_\_\_. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Judgment Creditor) \_\_\_\_\_

Sec. 3. [559.209] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 6 to 25 that secured a debt of more than \$5,000 unless: (1) a mediation notice is served on the contract for deed purchaser and a copy filed with the farm mediation commission; and (2) the person receives a release order under sections 6 to 25.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.

"TO: \_\_\_\_\_ (Name of Contract for Deed Purchaser) \_\_\_\_\_

YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE AGRICULTURAL PROPERTY DESCRIBED AS \_\_\_\_\_ (Size and Reasonable Location of Property, Not Legal Description) \_\_\_\_\_

AS THE CONTRACT FOR DEED VENDOR, \_\_\_\_\_ (Contract

for Deed Vendor) \_\_\_\_\_ INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE FARM MEDIATION COMMISSION WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS. BY PARTICIPATING IN MEDIATION YOU MAY POSSIBLY HAVE THE DEBT RESTRUCTURED AND MAY BE ELIGIBLE FOR ASSISTANCE TO RESTRUCTURE THE DEBT.

TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION AND TO BE ELIGIBLE FOR DEBT RESTRUCTURING, YOU MUST FILE A MEDIATION REQUEST WITH THE FARM MEDIATION COMMISSION BY \_\_\_\_\_ (Date of 14 Days after Service of the Mediation Notice) \_\_\_\_\_. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Contract for Deed Vendor) \_\_\_\_\_”

Sec. 4. Minnesota Statutes 1984, section 580.01, is amended to read:

580.01 [LIMITATION.]

Subject to the provisions of section 541.03, any mortgage of real estate containing a power of sale, *except a mortgage of real estate used in agricultural production or a homestead*, upon default being made in any condition thereof, may be foreclosed by advertisement.

Sec. 5. [581.015] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not begin a proceeding under this chapter to foreclose a mortgage on agricultural property subject to sections 6 to 25 that has a secured debt of more than \$5,000 unless: (1) a mediation notice is served on the mortgagor and a copy is filed with the farm mediation commission; and (2) the person receives a release order under sections 6 to 25.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.

“TO: \_\_\_\_\_ (Name of Record Owner) \_\_\_\_\_

YOU HAVE DEFAULTED ON THE MORTGAGE OF THE AGRICULTURAL PROPERTY DESCRIBED AS \_\_\_\_\_ (Size and Reasonable Location, Not Legal Description) \_\_\_\_\_.

AS HOLDER OF THE MORTGAGE, \_\_\_\_\_ (Name of Holder of Mortgage) \_\_\_\_\_ INTENDS TO FORECLOSE ON THE PROPERTY DESCRIBED ABOVE.

YOU HAVE THE RIGHT TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE FARM MEDIATION COMMISSION WILL PROVIDE A

**CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS. BY PARTICIPATING IN MEDIATION YOU MAY POSSIBLY HAVE THE DEBT RESTRUCTURED AND MAY BE ELIGIBLE FOR ASSISTANCE TO RESTRUCTURE THE DEBT.**

**TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION AND TO BE ELIGIBLE FOR DEBT RESTRUCTURING, YOU MUST FILE A MEDIATION REQUEST WITH THE FARM MEDIATION COMMISSION BY \_\_\_\_\_ (Date of 14 Days after Service of the Mediation Notice) \_\_\_\_\_. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OFFICE.**

**FROM: \_\_\_\_\_ (Name and Address of Holder of Mortgage) \_\_\_\_\_"**

Sec. 6. [583.20] [CITATION.]

Sections 6 to 25 may be cited as the "farmer-lender mediation act."

Sec. 7. [583.21] [LEGISLATIVE FINDINGS.]

*The legislature finds that the agricultural sector of the state's economy is under severe financial stress due to low farm commodity prices, continuing high interest rates, and reduced net farm income. The suffering agricultural economy adversely affects economic conditions for all other businesses in rural communities as well. Thousands of this state's farmers are unable to meet current payments of interest and principal payable on mortgages and other loan and land contracts and are threatened with the loss of their farmland, equipment, crops, and livestock through mortgage and lien foreclosures, cancellation of contracts for deed, and other collection actions. The agricultural economic emergency requires an orderly process with state assistance to adjust agricultural indebtedness to prevent civil unrest and to preserve the general welfare and fiscal integrity of the state.*

Sec. 8. [583.22] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 8 to 25.*

*Subd. 2. [AGRICULTURAL PROPERTY.] "Agricultural property" means real property that is principally used for farming as defined in section 500.24, subdivision 2, paragraph (a), and raising poultry, and personal property that is used as security to finance a farm operation or used as part of a farm operation including equipment, crops, livestock, and proceeds of the security. "Agricultural property" also includes agriculturally related businesses as defined by the commission.*

*Subd. 3. [COMMISSION.] "Commission" means the farm mediation commission.*

*Subd. 4. [CREDITOR.] "Creditor" means the holder of a mortgage on agricultural property, a vendor of a contract for deed of agricultural property, a person with a lien or security interest in agricultural property, or a judgment creditor with a judgment against a debtor with agricultural property.*

*Subd. 5. [FILE.] "File" means to deliver by the required date by certified*

mail or another method acknowledging receipt.

*Subd. 6. [MEDIATOR.] "Mediator" means a farm mediation board member or an alternate.*

*Subd. 7. [POSTPONEMENT ORDER.] "Postponement order" means an order by the commission that prevents creditors of a debtor from initiating or continuing proceedings to foreclose a mortgage, terminate a contract for deed, repossess collateral, seize, execute on, levy on, or attach agricultural property, or collect debts secured by the agricultural property of the debtor.*

*Subd. 8. [RELEASE ORDER.] "Release order" means an order by the commission that releases a creditor from the requirements of the farmer-lender mediation act.*

*Subd. 9. [SERVE.] "Serve" means personal service as in a state district court civil action.*

Sec. 9. [583.23] [FARM MEDIATION COMMISSION.]

*The farm mediation commission is established consisting of the commissioners of agriculture, commerce, and finance with the commissioner of finance serving as the chair.*

Sec. 10. [583.24] [FARM MEDIATION REGIONS.]

*Eleven farm mediation regions are established. Ten regions shall correspond geographically to the ten development regions established under chapter 462, and one region shall correspond geographically to the metropolitan area as defined in section 473.121, subdivision 2.*

Sec. 11. [583.25] [FARM MEDIATION BOARDS.]

*Subdivision 1. [ESTABLISHMENT.] The commission shall establish at least one farm mediation board in each farm mediation region. The commission shall appoint three members and necessary alternates to each farm mediation board and designate a chair. Members and alternates must be residents of the state with knowledge of financial and agricultural matters.*

*Subd. 2. [ADMINISTRATION.] The commission shall appoint a farm mediation administrator and a director of training. The administrator and director shall provide training for farm mediation boards and farm advocates and coordinate community legal education programs for farmers.*

Sec. 12. [583.26] [APPLICABILITY.]

*Subdivision 1. [CREDITORS.] (a) The farmer-lender mediation act applies to creditors who are:*

- (1) the United States or an agency of the United States;*
- (2) corporations, partnerships, and other business entities; and*
- (3) individuals.*

*(b) The farmer-lender mediation act does not apply to creditors of a debtor described under subdivision 2, paragraph (b).*

*Subd. 2. [DEBTORS.] (a) Except as provided in paragraph (b) the farmer-lender mediation act applies to a debtor who is:*

- (1) a person operating a family farm as defined in section 500.24, subdivi-*



sion 2;

(2) a family farm corporation as defined in section 500.24, subdivision 2;

(3) an authorized farm corporation as defined in section 500.24, subdivision 2; and

(4) an owner of an agriculturally related business.

(b) The farmer-lender mediation act does not apply to a debtor who owns and leases less than 60 acres with less than \$20,000 in gross sales of agricultural products the preceding year.

**Subd. 3. [FINANCIAL INSTITUTION UNDER CEASE AND DESIST ORDER.]** Upon the request of an institution defined in section 46.23, subdivision 4, the commissioner of commerce may exempt the institution from the farmer-lender mediation act, without a hearing or contested case proceeding, if:

(1) the institution is subject to a cease and desist order issued under sections 46.23 to 46.33; and

(2) the commissioner determines that exemption is essential to the financial survival of the institution.

### Sec. 13. [583.27] [VOLUNTARY MEDIATION PROCEEDINGS.]

A debtor that owns agricultural property or a creditor of the debtor may request mediation of the indebtedness by a farm mediation board by applying to the commission. The commission shall make voluntary mediation application forms available at the county recorder's office in each county. The commission must evaluate each request and may direct a mediator to meet with the debtor and creditor to assist in mediation. Debt restructuring is available for voluntary mediation as provided in section 14, subdivision 8.

### Sec. 14. [583.28] [MANDATORY MEDIATION PROCEEDINGS.]

**Subdivision 1. [MEDIATION NOTICE.]** A creditor desiring to start a proceeding to enforce a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property, must serve an applicable mediation notice under sections 1, 2, 3, and 5 on the debtor and the commission. The creditor may not begin the proceeding subject to sections 6 to 25 until the creditor is issued a release order.

**Subd. 2. [MEDIATION REQUEST.]** (a) A debtor must file a certified mediation request form with the commission by 14 days after receiving a mediation notice. The mediation request form must state all known creditors. The commission shall make mediation request forms available in the county recorder's office of each county.

(b) A debtor who fails to file a mediation request waives the right to mediation and debt restructuring under the farmer-lender mediation act. The commission shall file a release order with the creditor stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.

(c) If a debtor has not received a mediation notice and is subject to a pro-

ceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the commission. The mediation request form must indicate that the debtor has not received a mediation notice.

*Subd. 3. [CREDIT ANALYST AND FARM ADVOCATE.] (a) After receiving a mediation notice, the commission shall provide a credit analyst knowledgeable in agricultural and financial matters to meet with the debtor and assure that information relative to the finances of the debtor is prepared for the initial mediation meeting.*

*(b) After receiving the mediation notice, the commission shall notify the debtor that a farm advocate may be available without charge to assist the debtor and the credit analyst.*

*Subd. 4. [INITIAL MEDIATION MEETING.] By ten days after receiving a mediation request, the commission shall send a mediation meeting notice to the debtor and a mediation meeting notice and claim form to all known creditors of the debtor setting a time and place for an initial mediation meeting between the debtor, all known creditors of the debtor, and a mediator directed by the commission to assist in mediation. An initial mediation meeting must be held within 15 days of the notice.*

*Subd. 5. [EFFECT OF MEDIATION MEETING NOTICE.] If a creditor receives a mediation meeting notice to a creditor under subdivision 4 the creditor and the creditor's successors in interest may not continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. Time periods under and affecting those procedures stop running until the commission issues a release order to the creditor or a mediation agreement is reached.*

*Subd. 6. [DUTIES OF MEDIATOR.] At the initial mediation meeting and subsequent meetings, the mediator shall:*

- (1) listen to the debtor and the creditors desiring to be heard;*
- (2) attempt to mediate between the debtor and the creditors;*
- (3) advise the debtor and creditors of assistance programs available;*
- (4) attempt to fairly adjust, refinance, or pay the debts; and*
- (5) advise, counsel, and assist the debtor and creditors in attempting to arrive at an agreement for the future conduct of financial relations among them.*

*Subd. 7. [MEDIATOR LIABILITY AND IMMUNITY.] (a) A mediator is immune from civil liability for actions within the scope of the position as mediator. A mediator does not have a duty to advise a creditor or debtor about the law or to encourage or assist a debtor or creditor in reserving or establishing legal rights. This subdivision is an addition to and not a limitation of*

*immunity otherwise accorded to a mediator under law.*

*(b) A mediator cannot be examined about a communication or document, including worknotes, made or used in the course of or because of mediation under this section and section 13. This paragraph does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because it is used in the cause of mediation. This paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.*

*Subd. 8. [DEBT RESTRUCTURING.] (a) The mediator must attempt to reach a mediation agreement between the debtor and creditors without state aid for debt restructuring. If a mediation agreement is not reached and creditors have agreed in the aggregate to reduce the total outstanding debt by at least 25 percent, the mediator may attempt to reach a mediation agreement using state farm debt restructuring funds.*

*(b) State farm debt restructuring funds may only be used if:*

*(1) a mediation agreement can be reached;*

*(2) a viable farming operation will result;*

*(3) additional reductions in the aggregate debt principal and interest are made by creditors on a two to one ratio of aggregate debt reduction by creditors to state farm debt restructuring funds;*

*(4) the creditors comply with paragraph (c); and*

*(5) the commission approves the use of the funds.*

*(c) The creditors must encourage the farmer to participate in the vocational adult farm business management program. The creditors must agree to offer to pay enrollment fees, less the amount of a locally available reduction in or subsidy to fees ordinarily paid by the enrollee, if the debtor desires to enroll and participate in a vocational adult farm business management program or equivalent.*

*Subd. 9. [MEDIATION PERIOD.] The mediator may call mediation meetings during the mediation period, which is up to 60 days after the initial mediation meeting.*

*Subd. 10. [MEDIATION AGREEMENT.] (a) If an agreement is reached among the debtor and creditors the mediator shall draft a written mediation agreement, have it signed by the creditors, and submit the agreement to the commission for approval. The commission shall review the mediation agreement and, if the debtors and creditors are not unjustly treated, shall approve the mediation agreement and issue release or postponement orders to implement the agreement.*

*(b) The debtor and creditors must be notified of the approval or disapproval within five days after the commission receives the mediation agreement. The notification of the approval or disapproval of a mediation agreement is a release order unless a postponement is issued with the approval or disapproval.*

*(c) The debtor and creditors who are parties to the approved mediation*

agreement and creditors who have filed claim forms and have not objected to the mediation agreement:

- (1) are bound by the terms of the agreement;
- (2) may enforce the mediation agreement as a legal contract; and
- (3) may use the mediation agreement as a defense against an action contrary to the mediation agreement.

*Subd. 11. [UNSUCCESSFUL MEDIATION.] (a) If a mediation agreement is not reached the farm mediation board shall make a recommendation to the commission by ten days after the final mediation meeting as to whether a postponement order should be issued.*

*(b) The farm mediation board may recommend to the commission that a postponement order be issued if:*

- (1) there is a reasonable likelihood that the farming operation will become viable; or*
- (2) the creditors have not made good faith efforts to reach a mediation agreement with the debtor and the debtor has made good faith efforts to reach a mediation agreement.*

*(c) The farm mediation board may not recommend to the commission that a postponement order be issued if creditors will be irreparably harmed by the issuance of a postponement order.*

**Sec. 15. [583.30] [CREDITOR NOT ATTENDING MEDIATION MEETING.]**

*Subdivision 1. [FILING AND EFFECT OF CLAIM FORM.] A creditor that is notified of the initial mediation meeting is subject to and bound by a mediation agreement if the creditor does not attend mediation meetings unless the creditor files a claim form. In lieu of attending a mediation meeting, a creditor may file a notice of claim and proof of claim on a claim form with the farm mediation board before the scheduled meeting. By filing a claim form the creditor agrees to be bound by a mediation agreement reached at the mediation meeting unless an objection is filed within the time specified. The farm mediation board must notify the creditors who have filed claim forms of the terms of any agreement reached at the farm mediation board meeting.*

*Subd. 2. [OBJECTIONS TO AGREEMENTS.] A creditor who has filed a claim form may serve a written objection to the terms of the agreement on the farm mediation board and the debtor by ten days after receiving notice of the agreement. If a creditor files an objection to the terms of an agreement, the farm mediation board may meet again with debtors and creditors by ten days after receiving the objection to attempt to reach a new agreement. Notwithstanding the mediation period under section 14, subdivision 9, if an objection is filed, the mediation board may call mediation meetings during the ten-day period following receipt of the objection.*

**Sec. 16. [583.31] [ORDER AFTER UNSUCCESSFUL MEDIATION.]**

*The commission must issue a release order or a postponement order within ten days after receiving the farm mediation board's recommendation after*

unsuccessful mediation. The commission shall file the order with the debtor, all known creditors of the debtor, and the farm mediation board.

Sec. 17. [583.32] [POSTPONEMENT ORDER.]

*Subdivision 1. [STANDARD TO ISSUE POSTPONEMENT ORDER.]*

(a) *The commission shall consider the farm mediation board recommendation and may issue a postponement order if:*

*(1) there is a reasonable likelihood that the farming operation will be viable; or*

*(2) the creditors have not made good faith efforts to reach a mediation agreement with the debtor and the debtor has made good faith efforts to reach a mediation agreement.*

*(b) The commission may not issue a postponement order if creditors will be irreparably harmed by issuance of a postponement order.*

*Subd. 2. [TERMINATION AND RELEASE.] A postponement order issued under the farmer-lender mediation act must contain a termination date. The expiration of the postponement order is a release order.*

*Subd. 3. [EFFECT.] A postponement order is binding on the debtor and creditors and may be used as a complete defense and bar to any actions contrary to the order.*

Sec. 18. [583.33] [FARM FINANCIAL PLAN.]

*Subdivision 1. [PLAN APPROVAL.] (a) By 30 days after receiving a postponement order, the farm mediation board shall develop a financial plan and submit it to the debtor, creditors, and the commission. The plan must be designed to maximize the long-term viability of the farm operation and may include temporary suspension or reduction of payments during the postponement period and voluntary adjustment of debt by creditors.*

*(b) The commission may amend the financial plan but must approve the financial plan within ten days after receiving it from the farm mediation board. The financial plan is effective when approved by the commission. The commission may issue a release order or a postponement order to implement the financial plan, except that a postponement order may not exceed one year. A copy of the approved plan with the release or postponement order, if any, must be filed with the debtor and affected creditors.*

*(c) Notwithstanding section 19, the commission may extend the terms of a postponement order against a creditor for an additional period of up to one year after the termination date if it determines that the creditor has not acted in good faith with the debtor, commission, or farm mediation board.*

*Subd. 2. [DISAPPROVAL AND NONCOMPLIANCE.] If a financial plan is not approved or if the debtor fails to comply with the terms of the plan, upon request of the debtor or creditor the commission may issue a release order at any time.*

Sec. 19. [583.34] [EXTENSION OF DEADLINES.]

*Upon petition by a farm mediation board, a debtor, or a creditor, the commission may, for good cause, extend a deadline imposed by sections 14 to 18 for up to 30 days, except that a postponement order may not exceed one year.*

**Sec. 20. [583.35] [EFFECT OF MEDIATION ON CREDITOR.]**

*A creditor that has participated in mediation with a debtor and has been issued a release order is not required to file notices before proceeding under sections 1 to 3 or 5, against the debtor's property and is not subject to the farmer-lender mediation act as it applies to the debtor involved in the mediation.*

**Sec. 21. [583.36] [PRIVATE DATA.]**

*All data regarding the finances of individual debtors and creditors created, collected, and maintained by the commission or farm mediation boards of the commission or board are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9.*

**Sec. 22. [583.37] [CLOSED MEETINGS.]**

*Meetings of the commission and farm mediation boards are not open to the public and are not subject to provisions of the open meeting law, section 471.705, except commission meetings that do not discuss or refer to private or nonpublic data. The commission shall give notice of public meetings.*

**Sec. 23. [583.38] [RULES AND FORMS.]**

*Subdivision 1. [AUTHORITY.] The commission shall adopt rules for providing debt restructuring under section 14 and to set the compensation of mediators and credit analysts and may adopt rules to implement the farmer-lender mediation act. Notwithstanding chapter 14, the commission shall adopt rules as provided under section 97.53, subdivision 2. The rules adopted under this section are effective until July 1, 1988.*

*Subd. 2. [FORMS.] The commission shall adopt voluntary mediation application, mediation request, and claim forms.*

**Sec. 24. [583.39] [APPEALS.]**

*The decision of the commission to issue a postponement order or a release order may be appealed to the district court of the county where the debtor resides. The attorney general shall represent the commission.*

**Sec. 25. [583.40] [INCONSISTENT LAWS.]**

*The farmer-lender mediation act has precedence over any inconsistent or conflicting laws and statutes including chapters 336, 580, and 581, and section 559.21.*

**Sec. 26. [TRAINING, COMPENSATION, AND EXPENSES OF MEDIATORS AND CREDIT ANALYSTS.]**

*(a) The bureau of mediation services shall provide training for mediators as directed by the commission.*

*(b) Mediators and credit analysts are entitled to compensation at the rate of up to \$100 per day for each day employed in their official duties and other expenses as provided for by law.*

**Sec. 27. [APPROPRIATION.]**

*Subdivision 1. [ADMINISTRATION.] \$\_\_\_\_\_ is appropriated*

from the general fund to the commissioner of agriculture to pay administrative costs of the commission and the farm mediation boards to be available until June 30, 1987. The complement of the department of agriculture is increased by \_\_\_\_\_ positions, which may be in the unclassified service.

Subd. 2. [FARM ADVOCATES.] \$\_\_\_\_\_ is appropriated from the general fund to the commissioner of agriculture to provide for farm advocates to be available until June 30, 1987.

Subd. 3. [DEBT RESTRUCTURING.] \$\_\_\_\_\_ is appropriated from the general fund to the commissioner of finance to provide debt restructuring under section 14, to be available until June 30, 1987.

Sec. 28. [REPEALER.]

Sections 2, 3, and 5 to 26, and Minnesota Statutes, section 336.9-501, subsections (6) and (7) are repealed on July 1, 1988.

Sec. 29. [EFFECTIVE DATE.]

Sections 1 to 27 are effective the day following final enactment, except that section 4 is effective for foreclosure by advertisement actions begun after the effective date of this act."

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "prohibiting foreclosure by advertisement of property used in agricultural production and homesteads;"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1597: A bill for an act relating to agriculture; removing the liability of persons who buy farm products; repealing the notification and registration system for security interests in farm products; amending Minnesota Statutes 1985 Supplement, section 336.9-307; repealing Laws 1985, chapter 233, sections 1 to 6.

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

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 17A.04, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] Any person desiring to carry on the business of a livestock market agency or livestock dealer, or both, or a public stockyard shall make application to the commissioner on a form or forms provided by the commissioner. ~~The form must provide for registration as a livestock buyer under section 386.42.~~

Sec. 2. Minnesota Statutes 1985 Supplement, section 17A.04, subdivision 5, is amended to read:

Subd. 5. [LICENSE FEE.] The applicant shall submit to the commissioner

the fee for the county registration as a livestock buyer under subdivision 1a and the following applicable fees and penalties for late renewal:

(a) \$150 for each livestock market agency and public stockyard license, penalty \$38;

(b) \$50 for each livestock dealer license, penalty \$13;

(c) \$30 for each agent of a livestock dealer license, penalty \$10;

(d) \$50 for each meat packing company license, penalty \$13;

(e) \$30 for each agent of a meat packing company license, penalty \$10."

Page 2, delete line 9 and insert:

*"Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; and 386.42 are repealed."*

Page 2, line 11, delete "and 2" and insert "to 4"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "section" and insert "sections 17A.04, subdivisions 2 and 5; and"

Page 1, delete line 7 and insert "Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; and 386.42."

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 1349, 1562 and 1612 were read the second time.

## MOTIONS AND RESOLUTIONS

Mrs. Lantry moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 1319. The motion prevailed.

Mr. Frederickson moved that the names of Messrs. Merriam and Frederick be added as co-authors to S.F. No. 1576. The motion prevailed.

Ms. Berglin moved that the name of Mr. Frank be added as a co-author to S.F. No. 1579. The motion prevailed.

Ms. Berglin moved that the name of Mr. Frank be added as a co-author to S.F. No. 1581. The motion prevailed.

Mr. Spear moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1591. The motion prevailed.

Mr. Diessner moved that the names of Messrs. Ramstad and Dahl be added as co-authors to S.F. No. 1596. The motion prevailed.

Mr. Berg moved that the names of Messrs. Moe, R.D. and Renneke be added as co-authors to S.F. No. 1598. The motion prevailed.



Mr. Pogemiller moved that the name of Mr. Dahl be added as a co-author to S.F. No. 1601. The motion prevailed.

Mr. Frederickson moved that the names of Messrs. Merriam; Peterson, D.L.; Stumpf and Berg be added as co-authors to S.F. No. 1604. The motion prevailed.

Mr. Purfeerst moved that the name of Mr. Schmitz be added as a co-author to S.F. No. 1620. The motion prevailed.

Mr. Spear moved that the names of Messrs. Frank and Dahl be added as co-authors to S.F. No. 1631. The motion prevailed.

Mr. Benson moved that the name of Mrs. Kronebusch be added as a co-author to S.F. No. 1659. The motion prevailed.

Mr. Frank moved that the name of Mr. Dahl be added as a co-author to S.F. No. 1666. The motion prevailed.

Mr. Petty moved that the names of Messrs. Wegscheid; Jude; Peterson, R.W. and Sieloff be added as co-authors to S.F. No. 1670. The motion prevailed.

Mr. Stumpf moved that the name of Mr. Davis be added as a co-author to S.F. No. 1698. The motion prevailed.

Mr. Laidig moved that the names of Mrs. Kronebusch and Mr. Bertram be added as co-authors to S.F. No. 1716. The motion prevailed.

Mr. Spear moved that the name of Ms. Berglin be added as a co-author to S.F. No. 1717. The motion prevailed.

Mr. DeCramer moved that S.F. No. 1539 be withdrawn from the Committee on Economic Development and Commerce and re-referred to the Committee on Agriculture and Natural Resources. The motion prevailed.

Messrs. Freeman and Bertram introduced—

Senate Resolution No. 104: A Senate resolution commemorating the life and work of Thomas F. Moore.

Referred to the Committee on Rules and Administration.

### **INTRODUCTION AND FIRST READING OF SENATE BILLS**

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

Mr. Petty introduced—

S.F. No. 1718: A bill for an act relating to credit unions; permitting credit unions to offer self-directed individual retirement accounts; amending Minnesota Statutes 1985 Supplement, section 52.04, subdivision 1.

Referred to the Committee on Economic Development and Commerce.

Mr. Storm introduced—

S.F. No. 1719: A bill for an act relating to public utilities; changing the

qualifications for public utilities commissioners; changing the powers and responsibilities of the chair of the commission; requiring commissioners to file certain financial information before taking office; prohibiting commissioners from engaging in certain activity after leaving the commission; amending Minnesota Statutes 1984, sections 216A.03, subdivision 1; 216A.035; and 216A.04; proposing coding for new law in Minnesota Statutes, chapter 216A.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Storm introduced—

S.F. No. 1720: A bill for an act relating to health; establishing a multiple prescription system for monitoring controlled drugs; appropriating money; amending Minnesota Statutes 1984, section 152.11, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 152.

Referred to the Committee on Health and Human Services.

Ms. Berglin introduced—

S.F. No. 1721: A bill for an act relating to human services; regulating withholding for purposes of child support; amending Minnesota Statutes 1985 Supplement, section 518.611, subdivisions 4 and 6.

Referred to the Committee on Health and Human Services.

Messrs. Stumpf, Langseth and DeCramer introduced—

S.F. No. 1722: A bill for an act relating to taxation; gasoline; clarifying the transactions for which a distributor credit or rebate is allowed; amending Minnesota Statutes 1984, sections 296.14, subdivision 2; and 296.18, subdivision 3a.

Referred to the Committee on Taxes and Tax Laws.

Mr. Dicklich introduced—

S.F. No. 1723: A bill for an act relating to retirement; Buhl police relief association; permitting the association to amend its bylaws to provide for the payment of benefits to the survivors of deceased members.

Referred to the Committee on Governmental Operations.

Mr. Dicklich introduced—

S.F. No. 1724: A bill for an act relating to retirement; public employees retirement association; expanding conditions under which members of the association may purchase prior service credit; amending Minnesota Statutes 1984, section 353.36, subdivision 2.

Referred to the Committee on Governmental Operations.

Mr. Moe, R.D. introduced—

S.F. No. 1725: A bill for an act relating to the city of East Grand Forks;

permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

Referred to the Committee on Local and Urban Government.

Mr. Frank, Mrs. Lantry and Mr. Laidig introduced—

S.F. No. 1726: A bill for an act relating to traffic regulations; requiring motor vehicle operators to use child passenger restraint system when transporting child under age of four; assessing court costs to violator under certain conditions; imposing penalty; amending Minnesota Statutes 1984, section 169.685, subdivision 5.

Referred to the Committee on Transportation.

Messrs. Luther, Spear, Laidig and Mrs. Adkins introduced—

S.F. No. 1727: A bill for an act relating to local government; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; amending Minnesota Statutes 1984, section 466.03, by adding a subdivision.

Referred to the Committee on Local and Urban Government.

Messrs. Pehler; Peterson, R.W.; Dicklich and Nelson introduced—

S.F. No. 1728: A bill for an act relating to education; establishing a state-wide system of area vocational technical institutes by July 1, 1989; requiring the state board of vocational technical education to develop an implementation plan; requiring advisory committees, state payment of debt service, transfer of property, and employment continuation; amending Minnesota Statutes 1984, sections 136.04, by adding a subdivision; 136C.27, by adding a subdivision; 136C.41, by adding a subdivision; repealing Minnesota Statutes 1984, section 136C.05; Minnesota Statutes 1985 Supplement, sections 136C.02, subdivision 9; 136C.60 to 136C.69.

Referred to the Committee on Education.

Mr. Dicklich introduced—

S.F. No. 1729: A bill for an act relating to horse racing; providing for racing days at county fairs; amending Minnesota Statutes 1985 Supplement, section 240.14, subdivision 3.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Spear; Gustafson; Peterson, R.W.; Sieloff and Luther introduced—

S.F. No. 1730: A bill for an act relating to theft; modifying circumstances justifying detention of suspects in business establishments; modifying immunity from liability for detention; amending Minnesota Statutes 1985 Supplement, section 629.366, subdivisions 1 and 3.

Referred to the Committee on Judiciary.

Messrs. Merriam; Peterson, R.W.; Frank and Dahl introduced—

S.F. No. 1731: A bill for an act relating to Anoka county; directing the department of energy and economic development to refund a bond deposit; appropriating money.

Referred to the Committee on Local and Urban Government.

Messrs. Merriam, Lessard, Jude and Knaak introduced—

S.F. No. 1732: A bill for an act relating to marriage dissolution; allowing for a presumption of joint custody; requiring mediation services in contested custody matters; establishing a trust account in certain child support matters; amending Minnesota Statutes 1984, sections 518.17, subdivision 2; 518.551, subdivision 5; 518.57; 518.61; and 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.641.

Referred to the Committee on Health and Human Services.

Messrs. Wegscheid, Davis, Frederickson, DeCramer and Bernhagen introduced—

S.F. No. 1733: A bill for an act relating to agriculture; clarifying the exceptions to prohibition against manufacture of food from adulterated milk or cream; amending Minnesota Statutes 1985 Supplement, section 32.21, subdivision 2.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Pehler, Stumpf, Ms. Peterson, D.C.; Messrs. Merriam and Peterson, D.L. introduced—

S.F. No. 1734: A resolution relating to education; memorializing the President and Congress of the United States to take action to officially commend those who have assisted the educational process of this country by operating the country's school buses.

Referred to the Committee on Education.

Messrs. Pehler, Stumpf and Langseth introduced—

S.F. No. 1735: A bill for an act relating to probate; providing for an increased sum payable to a surviving spouse by affidavit; increasing the value of a probate estate allowed for purposes of collection by affidavit; amending Minnesota Statutes 1984, sections 181.58; and 524.3-1201.

Referred to the Committee on Judiciary.

Mrs. Kronebusch and Mr. Benson introduced—

S.F. No. 1736: A bill for an act relating to water; appropriating money to the commissioner of natural resources for dam reconstruction in Winona county.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Davis, Dicklich, Mrs. Adkins, Messrs. Peterson, D.L. and Pehler introduced—

S.F. No. 1737: A bill for an act relating to libraries; prohibiting regional library basic system support grants under certain conditions; amending Minnesota Statutes 1984, section 134.35.

Referred to the Committee on Education.

Mr. Davis introduced—

S.F. No. 1738: A bill for an act relating to certain taxation; income; continuing the subtraction for interest on certain seller-sponsored family farm security loans; amending Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Knaak, Ramstad and Storm introduced—

S.F. No. 1739: A bill for an act relating to education; requiring the formation of intermediate districts statewide; proposing coding for new law in Minnesota Statutes, chapter 136D.

Referred to the Committee on Education.

Mrs. McQuaid introduced—

S.F. No. 1740: A bill for an act relating to metropolitan government; authorizing the metropolitan council to make loans to local units of government to acquire homestead property damaged because of its proximity to a trunk highway right-of-way or project; amending Minnesota Statutes 1985 Supplement, section 473.167.

Referred to the Committee on Local and Urban Government.

Mr. Laidig introduced—

S.F. No. 1741: A bill for an act relating to education; independent school district No. 832, Mahtomedi; authorizing a one-time extra capital levy subject to a reverse referendum.

Referred to the Committee on Education.

Mr. Chmielewski introduced—

S.F. No. 1742: A bill for an act relating to military affairs; authorizing the department of military affairs to purchase certain insurance; amending Minnesota Statutes 1984, section 15.38, by adding a subdivision.

Referred to the Committee on Employment.

Mr. Pehler, Mrs. Adkins, Messrs. Peterson, D.L. and Davis introduced—

S.F. No. 1743: A bill for an act relating to motor vehicles; providing for special license plates for emergency services volunteers; amending Minnesota Statutes 1984, section 168.12, by adding a subdivision.

Referred to the Committee on Veterans and General Legislation.

Messrs. Pehler, Schmitz, Mrs. Adkins, Messrs. Peterson, D.L. and Davis introduced—

S.F. No. 1744: A bill for an act relating to motor vehicles; providing for special license plates for Vietnam era veterans; amending Minnesota Statutes 1984, section 168.12, by adding a subdivision.

Referred to the Committee on Veterans and General Legislation.

Mr. Bertram introduced—

S.F. No. 1745: A bill for an act relating to state lands; authorizing sale of Pearl Lake lakeshore parcel in Stearns county.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Bertram introduced—

S.F. No. 1746: A bill for an act relating to veterans; requiring the commissioner of veterans affairs to provide certain grave markers; appropriating money; amending Minnesota Statutes 1984, section 197.23.

Referred to the Committee on Veterans and General Legislation.

Mr. Bertram introduced—

S.F. No. 1747: A bill for an act relating to taxation; rescinding the repeal of the income tax exclusion for interest earned on certain family farm security loans; amending Minnesota Statutes 1985 Supplement, sections 41.55; 290.01, subdivisions 20a and 20b; and Laws 1985, first special session chapter 14, article 1, section 59.

Referred to the Committee on Taxes and Tax Laws.

Mr. Bertram introduced—

S.F. No. 1748: A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, section 5; permitting the legislature to authorize state lotteries.

Referred to the Committee on Veterans and General Legislation.

Mr. Dahl introduced—

S.F. No. 1749: A bill for an act relating to agriculture; establishing an agricultural linked deposit program; imposing a penalty.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Hughes; Pehler; Langseth; Peterson, D.L. and Nelson introduced—

S.F. No. 1750: A bill for an act relating to education; authorizing school districts to form education districts; providing for additional aid and levy for education districts; authorizing intermediate districts to use levies for education district purposes; authorizing grants to exemplary education districts; appropriating money; amending Minnesota Statutes 1984, sections 124.272, subdivisions 1, 2, 4, and by adding a subdivision; 136D.27; 136D.74, subdivision 2; 136D.87; Minnesota Statutes 1985 Supplement, sections

124.272, subdivision 3; and 275.125, subdivision 8a; proposing coding for new law in Minnesota Statutes, chapter 123.

Referred to the Committee on Education.

Ms. Reichgott introduced—

S.F. No. 1751: A bill for an act relating to crime; correcting certain erroneous, omitted and obsolete references in and to the criminal sexual conduct statutes; amending Minnesota Statutes 1984, sections 253B.02, subdivision 4a; 260.015, subdivision 24; 494.03; 518B.01, subdivision 2; 609.11, subdivision 9; 609.341, subdivision 3; 609.347, subdivision 3; 609.348; 609.349; 609.35; 611A.03, subdivision 3; and 628.26; and Minnesota Statutes 1985 Supplement, sections 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2 and 3; 609.3471; 609.531, subdivision 1; 626.556, subdivision 2; and 631.045.

Referred to the Committee on Judiciary.

Ms. Reichgott, Messrs. Spear, Diessner and Knaak introduced—

S.F. No. 1752: A bill for an act relating to statutes; adopting a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, section 3C.10, subdivision 1.

Referred to the Committee on Judiciary.

Ms. Reichgott introduced—

S.F. No. 1753: A bill for an act relating to the family; reducing the statutory time of residency required for a change of name; amending Minnesota Statutes 1984, section 259.10.

Referred to the Committee on Judiciary.

Messrs. Dicklich; Johnson, D.J. and Lessard introduced—

S.F. No. 1754: A bill for an act relating to education; requiring the state board for community colleges to develop upper division programs at the Arrowhead Community College.

Referred to the Committee on Education.

Ms. Peterson, D.C. and Mr. Frederickson introduced—

S.F. No. 1755: A bill for an act relating to human rights; classifying human rights mediation data; eliminating court examination of evidence when there is failure to comply with an order of the department of human rights; providing for indemnification of local human rights commissions; authorizing municipalities to procure insurance against liability of members of a local commission; amending Minnesota Statutes 1984, sections 363.01, by adding subdivisions; 363.091; 363.14, subdivision 1; Minnesota Statutes 1985 Supplement, section 363.061, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 363.

Referred to the Committee on Judiciary.

Ms. Peterson, D.C. introduced—

S.F. No. 1756: A bill for an act relating to education; changing the duties of the interagency early learning committee; amending Minnesota Statutes 1985 Supplement, section 120.17, subdivision 12.

Referred to the Committee on Education.

Mr. Bertram introduced—

S.F. No. 1757: A bill for an act relating to veterans; providing for free motor vehicle license plates for former prisoners of war; amending Minnesota Statutes 1984, section 168.125.

Referred to the Committee on Veterans and General Legislation.

Mr. Vega introduced—

S.F. No. 1758: A bill for an act relating to taxation; delaying the repeal of the residential energy credit; amending Laws 1985, First Special Session chapter 14, article 1, sections 59 and 61.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Peterson, R.W.; Merriam and Sieloff introduced—

S.F. No. 1759: A bill for an act relating to data privacy; providing for the classification of data in certain adoption reports; amending Minnesota Statutes 1984, section 259.27, by adding a subdivision.

Referred to the Committee on Judiciary.

Mr. Langseth introduced—

S.F. No. 1760: A bill for an act relating to local government; providing for the coordination of various development authorities in Moorhead and Clay county.

Referred to the Committee on Local and Urban Government.

Mr. Luther introduced—

S.F. No. 1761: A bill for an act relating to taxation; delaying the effective date of the repeal of the residential energy credit; amending Laws 1985, first special session chapter 14, article 1, section 61.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Samuelson, Lessard and Bertram introduced—

S.F. No. 1762: A bill for an act relating to lotteries; proposing an amendment to the Minnesota Constitution to repeal the prohibition against lotteries and the sale of lottery tickets; establishing a state lottery agency and a state lottery board; authorizing a state lottery and providing for its operation and administration; providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 10A.01, subdivision 18; 290.09, by adding a subdivision; and 609.761; Minnesota Statutes 1985 Supplement, section



15A.081, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 349A.

Referred to the Committee on Veterans and General Legislation.

Mr. Kamrath introduced—

S.F. No. 1763: A bill for an act relating to crimes; prohibiting financial institutions from "laundering" money derived from manufacture or sale of controlled substances; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Mr. Kamrath introduced—

S.F. No. 1764: A bill for an act relating to state government; repealing legislative and certain executive branch salary increases; amending Laws 1985, first special session chapter 13, section 52, subdivision 2.

Referred to the Committee on Governmental Operations.

Mr. Mehrkens introduced—

S.F. No. 1765: A bill for an act relating to the city of Red Wing; directing the department of energy and economic development to refund a certain bond deposit; appropriating money.

Referred to the Committee on Local and Urban Government.

Mr. Peterson, C.C. introduced—

S.F. No. 1766: A bill for an act relating to education; independent school district No. 544, Fergus Falls; authorizing a fund transfer.

Referred to the Committee on Education.

Mr. Peterson, C.C. introduced—

S.F. No. 1767: A bill for an act relating to local government; authorizing the counties of Becker, Grant, Hubbard, Otter Tail, Stevens, Todd, Traverse, Wadena, and Wilkin to enter into contracts and agreements for solid waste management.

Referred to the Committee on Local and Urban Government.

Messrs. Waldorf and Jude introduced—

S.F. No. 1768: A bill for an act relating to utilities; prohibiting utilities from conducting energy-related activities in competition with business except in circumstances that will ensure fair competition; authorizing and directing the public utilities commission to adopt rules; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 216C.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Benson introduced—

S.F. No. 1769: A bill for an act relating to natural resources; requiring the

commissioner of natural resources to accept rental payments for certain agricultural land until March 1 of each year; requiring the commissioner to make certain interest payments; amending Minnesota Statutes 1984, section 89.17; Minnesota Statutes 1985 Supplement, section 92.50.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Freeman, Luther, Mses. Peterson, D.C. and Reichgott introduced—

S.F. No. 1770: A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing a court procedure to freeze bank funds of persons charged with certain crimes; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Mr. Nelson introduced—

S.F. No. 1771: A bill for an act relating to education; imposing a limit on participation in and making other modifications to the post-secondary enrollment options program; modifying the timelines for placing teachers on unrequested leaves of absence; amending Minnesota Statutes 1984, section 125.12, subdivisions 4, 6b, 9, 10, and by adding a subdivision; Minnesota Statutes 1985 Supplement, section 123.3514, by adding subdivisions.

Referred to the Committee on Education.

Messrs. Nelson; Peterson, R.W.; Johnson, D.E. and Stumpf introduced—

S.F. No. 1772: A bill for an act relating to education; vocational; establishing area vocational technical districts; providing for the appointment of area boards and directors; transferring personnel and property to area districts; specifying powers and duties of area boards; amending Minnesota Statutes 1984, sections 136C.02, by adding subdivisions; 136C.04, subdivisions 5, 13, 14, and by adding a subdivision; 136C.041; 136C.07, subdivisions 5 and 6; 136C.075; 136C.08, subdivisions 1 and 3; 136C.15; 136C.221; 136C.223; 136C.29, subdivisions 2 and 3; 136C.35; 136C.41, by adding a subdivision; and 136C.42, subdivisions 3 and 4; amending Minnesota Statutes 1985 Supplement, sections 15.0597, subdivision 1; 136C.04, subdivision 12; 136C.07, subdivision 5a; 136C.08, subdivision 2; 136C.26, subdivision 5; 136C.28, subdivision 1; 136C.29, subdivision 5; 136C.31, subdivision 1; 136C.36; 136C.44; and 275.125, subdivision 14a; proposing coding for new law in Minnesota Statutes, chapter 136C; repealing Minnesota Statutes 1984, sections 136C.05; 136C.07, subdivisions 1, 2, 3, and 4; 136C.26, subdivision 3; and 136C.27, subdivision 2; and repealing Minnesota Statutes 1985 Supplement, sections 136C.02, subdivisions 6, 8, and 9; 136C.41, subdivision 1a; 136C.60; 136C.61; 136C.62; 136C.63; 136C.64; 136C.65; 136C.66; 136C.67; 136C.68; and 136C.69.

Referred to the Committee on Education.

Messrs. Waldorf, Jude, Mrs. McQuaid and Mr. Pehler introduced—

S.F. No. 1773: A bill for an act relating to taxation; sales and use; exempt-

ing certain sales of capital equipment; exempting certain sales of safety equipment; exempting certain sales of pollution control equipment; amending Minnesota Statutes 1984, section 297A.01, subdivision 16; Minnesota Statutes 1985 Supplement, sections 297A.02, subdivision 2; 297A.14; 297A.15, subdivision 5; 297A.25, subdivision 1; 297A.257, subdivision 2; repealing Minnesota Statutes 1985 Supplement, section 297A.257, subdivisions 1 and 3.

Referred to the Committee on Taxes and Tax Laws.

Ms. Peterson, D.C. introduced—

S.F. No. 1774: A bill for an act relating to state departments and agencies; providing for inspections of certain facilities and imposition of fines; amending Minnesota Statutes 1984, sections 144.55, subdivision 4; and 245.805.

Referred to the Committee on Health and Human Services.

Ms. Peterson, D.C. introduced—

S.F. No. 1775: A bill for an act relating to the office of ombudsman; expanding the authority of the ombudsman for the department of corrections to include the department of human services; amending Minnesota Statutes 1984, sections 241.41; 241.42, subdivision 2; and 241.44.

Referred to the Committee on Health and Human Services.

Ms. Peterson, D.C. introduced—

S.F. No. 1776: A bill for an act relating to education; providing for payment of fees for pupils taking advanced placement program examinations; requiring public post-secondary institutions to award post-secondary credit for acceptable scores on advanced placement examinations; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 123 and 135A.

Referred to the Committee on Education.

Ms. Peterson, D.C. introduced—

S.F. No. 1777: A bill for an act relating to employment; requiring employers to grant unpaid leaves of absence to certain parents; proposing coding for new law in Minnesota Statutes, chapter 181.

Referred to the Committee on Employment.

Mses. Peterson, D.C. and Berglin introduced—

S.F. No. 1778: A bill for an act relating to unemployment compensation; providing for an exception to coverage for individuals providing certain day care services; amending Minnesota Statutes 1984, section 268.04, subdivision 12.

Referred to the Committee on Employment.

Mr. Ramstad introduced—

S.F. No. 1779: A bill for an act relating to transportation; public transit;

increasing the training requirement for drivers in the special transportation service program; requiring that special transportation service drivers hold a class A or B driver's license; amending Minnesota Statutes 1984, section 174.30, subdivision 2, and by adding a subdivision.

Referred to the Committee on Transportation.

Mr. Ramstad introduced—

S.F. No. 1780: A bill for an act relating to local government; authorizing local units of government to reimburse homeowners' associations for the cost of maintaining certain roadways; proposing coding for new law in Minnesota Statutes, chapter 471.

Referred to the Committee on Local and Urban Government.

Mr. Ramstad introduced—

S.F. No. 1781: A bill for an act relating to the state agricultural society; prohibiting certain contract provisions; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision 1.

Referred to the Committee on Veterans and General Legislation.

Mr. Petty, Mrs. Lantry, Mr. Solon, Ms. Berglin and Mr. Benson introduced—

S.F. No. 1782: A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31; proposing coding for new law in Minnesota Statutes, chapter 62A.

Referred to the Committee on Health and Human Services.

Mr. Ramstad introduced—

S.F. No. 1783: A bill for an act relating to insurance; health and accident; excluding certain nursing home policies from regulation as a form of medicare supplement insurance; amending Minnesota Statutes 1984, section 62A.31, subdivision 1.

Referred to the Committee on Health and Human Services.

Mr. Ramstad introduced—

S.F. No. 1784: A bill for an act relating to taxation; individual income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Mr. Johnson, D.J. introduced—

S.F. No. 1785: A bill for an act relating to retirement; authorizing benefit

increases for retired Eveleth police officers, firefighters, and surviving spouses.

Referred to the Committee on Governmental Operations.

Mr. Johnson, D.J. introduced—

S.F. No. 1786: A bill for an act relating to school districts; changing the qualifying percentage of agricultural valuation for minimum aid from 60 to 50; amending Minnesota Statutes 1985 Supplement, section 124A.02, subdivision 12.

Referred to the Committee on Education.

Messrs. Johnson, D.J. and Dicklich introduced—

S.F. No. 1787: A bill for an act relating to taxation; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes; amending Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; and 299.01, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Mses. Peterson, D.C.; Reichgott and Olson introduced—

S.F. No. 1788: A bill for an act relating to vocational education; providing for cooperation among AVTIs; proposing coding for new law in Minnesota Statutes, chapter 136C.

Referred to the Committee on Education.

Ms. Peterson, D.C.; Mr. Petty, Ms. Berglin and Mr. Spear introduced—

S.F. No. 1789: A bill for an act relating to the city of Minneapolis; providing that certain positions be appointed in the unclassified service; amending Laws 1969, chapter 937, section 1, subdivisions 9, as amended, 11 and 15, and by adding subdivisions.

Referred to the Committee on Local and Urban Government.

Messrs. Moe, R.D.; Willet; Johnson, D.J.; Samuelson and Purfeerst introduced—

S.F. No. 1790: A bill for an act relating to economic development; rural development; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the department of energy and economic development; establishing the rural development council; establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available insurance authority; appropriating money; amending Minnesota Statutes 1984, sections 116.16, subdivision 5; 116J.61; 116J.873, subdivision 1; and 462.384, subdivision 7; Minnesota Statutes 1985 Supplement, sections 116.16, subdivision 2; 116M.06, subdivision 3;

474.19, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, and 136A; and repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; 116J.961; and 116J.965.

Referred to the Committee on Economic Development and Commerce.

#### **MEMBERS EXCUSED**

Mrs. Brataas, Messrs. Dieterich and Johnson, D.E. were excused from the Session of today.

#### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Monday, February 10, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## SIXTY-EIGHTH DAY

St. Paul, Minnesota, Monday, February 10, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Paul Romstad.

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

Adkins	Dicklich	Knaak	Moe, R.D.	Renneke
Anderson	Diessner	Knutson	Nelson	Samuelson
Belanger	Dieterich	Kroening	Novak	Schmitz
Benson	Frank	Kronebusch	Olson	Sieloff
Berg	Frederick	Laidig	Pehler	Solon
Berglin	Frederickson	Langseth	Peterson, C.C.	Spear
Bernhagen	Freeman	Lantry	Peterson, D.C.	Stumpf
Bertram	Gustafson	Lessard	Peterson, D.L.	Taylor
Brataas	Hughes	Luther	Peterson, R.W.	Waldorf
Chmielewski	Isackson	McQuaid	Pogemiller	Wegscheid
Dahl	Johnson, D.E.	Mehrkens	Purfeerst	Willet
Davis	Jude	Merriam	Ramstad	
DeCramer	Kamrath	Moe, D.M.	Reichgott	

The President declared a quorum present.

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

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committees indicated.

August 1, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment as Chair of the Regional Transit Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Elliott Perovich, 863 River Ln., Anoka, Anoka County, has been

appointed by me, effective August 1, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Transportation.)

September 13, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Workers' Compensation Court of Appeals is hereby respectfully submitted to the Senate for confirmation as required by law:

Leslie Miller Altman, 15221 Knob Hill Curve, Minnetonka, Hennepin County, has been appointed by me, effective September 17, 1985, for a term expiring the first Monday in January, 1991.

(Referred to the Committee on Employment.)

October 2, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Hazardous Substance Injury Compensation Board is hereby respectfully submitted to the Senate for confirmation as required by law:

David R. Miller, 1309 Jonquil Ln., White Bear Lake, Ramsey County, has been appointed by me, effective September 23, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Judiciary.)

November 19, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Workers' Compensation Court of Appeals is hereby respectfully submitted to the Senate for confirmation as required by law:

Karen Shimon, 842 Jackson, St. Paul, Ramsey County, has been appointed by me, effective December 16, 1985, for a term expiring the first Monday in January, 1991.

(Referred to the Committee on Employment.)

December 10, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointments to the Board of the Arts are hereby respect-



fully submitted to the Senate for confirmation as required by law:

Allegra W. Parker, 785 N. Ferndale Rd., Wayzata, Hennepin County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

Dee Knaak, 4243 Oakmede Ln., White Bear Lake, Ramsey County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Veterans and General Legislation.)

December 23, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the State Board for Community Colleges is hereby respectfully submitted to the Senate for confirmation as required by law:

Pierre Mattei, 823 - 5th Ave. S.W., Grand Rapids, Itasca County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

December 31, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointments to the Minnesota Pollution Control Agency are hereby respectfully submitted to the Senate for confirmation as required by law:

Russell W. Domino, 23 West Rd., Circle Pines, Anoka County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

Keith H. Langmo, 618 W. Crescent Ln., Litchfield, Meeker County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Agriculture and Natural Resources.)

January 8, 1986

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Minnesota Higher Education Facilities Authority is hereby respectfully submitted to the Senate for confirmation as required by law:

John Amundson, 2005 S. 14th St., St. Cloud, Stearns County, has been

appointed by me, effective January 17, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

Sincerely,  
Rudy Perpich, Governor

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1574: A bill for an act relating to counties; making optional a county building commission law; amending Minnesota Statutes 1984, section 394.01.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1587: A bill for an act relating to public indebtedness; permitting home rule charter and statutory cities to incur debt for warning systems; amending Minnesota Statutes 1984, section 475.52, subdivision 1.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1588: A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1547: A bill for an act relating to local government; regulating contracts for the purchase of fuel by a municipality required for generation of municipal power; amending Minnesota Statutes 1984, section 471.345, by adding a subdivision.

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

Page 1, line 11, delete "10" and insert "11"

Page 1, line 14, delete "municipal" and after "power" insert "from municipal power plants"

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

adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1575: A bill for an act relating to local improvements; permitting counties to make certain improvements anywhere within their territory; amending Minnesota Statutes 1984, section 429.011, subdivision 5.

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

Page 1, after line 15, insert:

“Sec. 2. Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1, is amended to read:

Subdivision 1. [CALCULATION, NOTICE.] At any time after the expense incurred or to be incurred in making an improvement shall be calculated under the direction of the council, the council shall determine by resolution the amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. If a county proposes to assess within the boundaries of a city for a county state-aid highway or county highway, *including curbs, gutters, and storm sewers*, the resolution must include the portion of the cost proposed to be assessed within the city. The county shall forward the resolution to the city and it may not proceed with the assessment procedure under this section for property within the city unless the city council adopts a resolution approving the assessment. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every assessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council. Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless he has requested in writing that the county auditor or county treasurer, as the case may be, include his name on the records for such purpose. Such notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed, the amount to be specially assessed against that particular lot, piece, or parcel of land, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. No appeal may be taken as to the amount of any assess-

ment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing. The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 30 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality."

Amend the title as follows:

Page 1, line 5, after "5" insert "; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1579: A bill for an act relating to human services; extending the deadline for permanent rules for nursing home reimbursement under the medical assistance program; amending Minnesota Statutes 1984, section 256B.431, subdivision 6.

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

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1984, section 144.072, subdivision 2, is amended to read:

Subd. 2. [EXISTING PROCEDURES.] The policies and procedures, including survey forms, reporting forms, and other documents developed by the commissioner of health for the purpose of conducting the inspections of care required under Code of Federal Regulations, title 42, sections 456.600 to 456.614, in effect on March 1, 1984, have the force and effect of law and shall remain in effect and govern inspections of care until June 30, 1986 1987, unless otherwise superseded by rules adopted by the commissioner of health."

Page 1, line 8, delete "Section 1" and insert "Sec. 2"

Page 2, line 12, delete "2" and insert "3"

Page 2, line 13, delete "Section" and insert "Sections" and delete "is" and insert "and 2 are"

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections 144.072, subdivision 2; and"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 641: A bill for an act relating to taxation; changing the date by which the second installment of property taxes on agricultural property must be paid; amending Minnesota Statutes 1984, section 279.01, subdivision 1, and 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 1984, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

On the fifth day of March, and the 20th day of May, ~~and~~ October, *and November* of each year, the county treasurer shall make full settlement with the county auditor of all receipts collected by him for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after each settlement, send an abstract of same to the state auditor in the form prescribed by the state auditor. At each settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.

For purposes of this section, “receipts” shall include all tax payments received by the county treasurer on or before the settlement date.

Sec. 2. Minnesota Statutes 1984, section 276.10, is amended to read:

276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]

On the settlement day in March, May, ~~and~~ October, *and November* of each year, the county auditor and county treasurer shall distribute all undistributed funds in the treasury, apportioning them, as provided by law, and placing them to the credit of the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall make a report of it to the state auditor in the form prescribed by the state auditor. The county auditor shall issue his warrant for the payment of moneys in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive them. The county auditor may apply the mill rate from the year previous to the year of distribution when apportioning and distributing delinquent tax proceeds, provided that the composition of the previous year's mill rate between taxing districts is not significantly different than that which existed for the year of the delinquency.

Sec. 3. Minnesota Statutes 1984, section 278.03, is amended to read:

278.03 [PAYMENT OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the 16th day of May next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the pro-

ceedings instituted by the filing of the petition have not been completed by the next October 16, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property involved if the unpaid balance is \$2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over \$2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the 16th day of May or the 16th day of October, *or, in the case of class 3, class 3b, or class 3cc agricultural property, the 16th day of November*, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the property may be held exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and

(3) That it would work a hardship upon petitioner to pay the taxes due,

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 4. Minnesota Statutes 1985 Supplement, section 278.05, subdivision 5, is amended to read:

Subd. 5. Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that the parcel has been assessed at a valuation greater than its real or actual value, or that a parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state, county, city or town in the proceedings may serve on the petitioner, or his attorney, and file with the clerk of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within ten days thereafter, the petitioner, or his attorney, gives notice in writing to the county attorney, or the attorney for the city or town, that the offer is accepted, he may file the offer with proof of notice, and the clerk shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disburse-

ments shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the 16th day of October, *or, in the case of class 3, class 3b, or class 3cc agricultural property, the 16th day of November*, of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the 16th day of October, *or, in the case of class 3, class 3b, or class 3cc agricultural property, the 16th day of November*, of the year in which the taxes were payable, in which event interest shall not be taxable.

Sec. 5. Minnesota Statutes 1985 Supplement, section 279.01, subdivision 1, is amended to read:

Subdivision 1. On May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class 1c, 2c, or 6a, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to his payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the 16th day of each month, up to and including October 16 following, *or, in the case of class 3, class 3b, or class 3cc agricultural property, up to and including November 16 following*, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16, the same may be paid at any time prior to October 16, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, following; provided, also, that the same may be paid in installments as follows: One-fourth prior to March 16; one-fourth prior to May 16; one-fourth prior to August 16; and the remaining one-fourth prior to October 16, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, subject to the aforesaid penalties. Where the taxes delinquent after October 16, *or, in the case of class 3, class 3b, or class 3cc agricultural property, November 16*, against any tract or

parcel exceed \$100, upon resolution of the county board, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. *If the owner of class 3, class 3b, or class 3cc agricultural property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 3, class 3b, or class 3cc agricultural property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due by November 15.* Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties.

Sec. 6. [INSTRUCTION TO THE REVISOR.]

*In the next edition of Minnesota Statutes, the revisor of statutes shall change "class 3" to "class 2c," "class 3b" to "class 2a," and "class 3cc" to "class 1b" wherever they appear in sections 278.03, 278.05, subdivision 5, and 279.01, subdivision 1.*

Sec. 7. [EFFECTIVE DATE.]

*Sections 1 to 5 are effective for taxes levied in 1985, payable in 1986, and thereafter."*

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections 276.09; 276.10; and 278.03; Minnesota Statutes 1985 Supplement, sections 278.05, subdivision 5; and" and delete ", and by adding a" and insert a period

Page 1, delete line 6

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1319: A bill for an act relating to motor vehicles; establishing a special account to reimburse municipalities with unpaid citations for traffic violations committed by operators of leased or rented motor vehicles; imposing a surcharge; proposing coding for new law in Minnesota Statutes, chapter 168.

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

Page 1, delete lines 10 to 16 and insert:

"Section 1. [168.2701] [LIABILITY OF LESSORS FOR UNPAID TRAFFIC VIOLATIONS.]"

Page 1, line 17, delete "ACCOUNTABILITY.]" and after "lessor" insert ", licensed under section 168.27, subdivision 2, 3, or 4,"

Page 1, line 26, after "fine," insert "penalty assessment,"



Page 2, delete lines 5 to 29 and insert:

“Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.”*

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert “removing liability of motor vehicle lessors for”

Page 1, line 3, delete everything before “unpaid”

Page 1, lines 5 and 6, delete “imposing a surcharge;”

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1604: A bill for an act relating to agriculture; providing a method for the division of crops on land subject to foreclosure or execution; proposing coding for new law in Minnesota Statutes, chapter 561.

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

Delete everything after the enacting clause and insert:

“Section 1. [557.10] [OWNERSHIP OF CROPS.]

*Planted and growing crops are personal property of the person or entity that has the property right to plant the crops.*

Sec. 2. [557.11] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 3.*

*Subd. 2. [PLANTING CROP OWNER.] “Planting crop owner” means the person or entity that has a property right to plant crops, including a leasehold interest, the interest of a contract for deed vendee, and the redemption interest of a foreclosed mortgagor.*

*Subd. 3. [CROP VALUE.] “Crop value” means the value of the crop and crop inputs, including the real property fair market rental value, up to the time the planting crop owner’s property right to harvest the crop is terminated.*

Sec. 3. [557.12] [HARVESTING CROPS AFTER TERMINATION OF PROPERTY INTERESTS.]

*Subdivision 1. [TERMINATION OF PROPERTY INTEREST AFTER CROPS ARE PLANTED.] If the planting crop owner’s property right to harvest crops is involuntarily terminated before the crops are harvested, the person or entity with the property right to harvest the crops is liable to the planting crop owner for the crop value.*

*Subd. 2. [PLANTING CROP OWNER’S LIEN.] A planting crop owner has a lien for the crop value that attaches to the crop, crop products, and if the*

lien is not satisfied under subdivision 3 a lien for the crop value that attaches to the real property where the crop was planted.

*Subd. 3. [SATISFACTION OF CROP OWNER'S LIEN.] (a) A person with the right to harvest a crop that is subject to a planting crop owner's lien may satisfy the lien by:*

*(1) compensating the planting crop owner for the crop value; or*

*(2) allowing the planting crop owner to enter the property to grow and harvest the crops, and charging the planting crop owner the fair market rental value of the property where the crop was grown for the period when the planting crop owner's right to harvest the crops was terminated until the crops are harvested.*

*(b) If the person with the right to harvest the crop does not notify the planting crop owner within 30 days after termination of the planting crop owner's right to harvest the crops that the lien will be satisfied under paragraph (a), clause (2), the person with the right to harvest the crop must satisfy the lien under clause (1) unless otherwise agreed by the planting crop owner.*

*Subd. 4. [LIEN ON CROPS HARVESTED BY PLANTING CROP OWNER; PRIORITY.] If the person with the right to harvest the crop satisfies the planting crop owner's lien by allowing the planting crop owner to harvest the crops, the person with the right to harvest the crops has a lien for the fair market rental value of the property where the crop was grown that attaches to the crops and crop products. The perfected lien has priority over all other liens and security interests in the crop and crop products.*

*Subd. 5. [FILING AND ENFORCEMENT OF LIENS.] (a) A planting crop owner's lien under subdivision 2 and a lien for the fair market rental value where the crop was grown under subdivision 4 are perfected against the crop and crop products by attaching and filing a financing statement covering the crop and crop products as provided under sections 336.9-401 to 336.9-410 by 90 days after the planting crop owner's right to harvest the crop is terminated. The financing statement must include a statement indicating whether it is a planting crop owner's lien or a lien for a crop harvested by a planting crop owner. A perfected lien may be enforced in the same manner as a security interest under sections 336.9-501 to 336.9-508.*

*(b) A lien against the real property under subdivision 2 must be recorded and foreclosed in the same manner as a mechanics lien under sections 514.08 to 514.15 if the planting crop owner was a contractor. For purposes of this paragraph, the lien statement must be filed and served under section 514.08, subdivision 1, by 120 days after the crop was harvested, or if the crop was not harvested, by 12 months after the crop was planted.*

#### Sec. 4. [REPEALER.]

*Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; and 561.16 are repealed.*

#### Sec. 5. [EFFECTIVE DATE.]

*This act is effective the day after final enactment."*

Delete the title and insert:

*"A bill for an act relating to agriculture; declaring crop ownership; pre-*

scribing a procedure for planting crop owners to recover crop values; providing liens on crops and property; prescribing satisfaction and enforcement of liens; proposing coding for new law in Minnesota Statutes, chapter 557; repealing Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; and 561.16."

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1531: A bill for an act relating to agriculture; ratifying the Interstate Compact on Agricultural Grain Marketing; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 236A.

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

Page 6, line 9, delete "1987" and insert "1988"

Page 6, delete section 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 3 and 4, delete "appropriating money;"

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 1692: A bill for an act relating to taxation; updating income tax and property tax refund provisions to the Internal Revenue Code; making technical corrections and administrative changes to income tax and property tax refund laws; amending Minnesota Statutes 1984, sections 271.06, subdivision 6; 290.06, subdivision 1; 290.067, subdivision 2; 290.281, subdivision 5; 290.36; 290.50, subdivision 3; 290.56, subdivision 3; and 290A.03, subdivision 8; Minnesota Statutes 1985 Supplement, sections 270.77; 290.01, subdivision 20; 290.06, subdivision 3g; 290.068, subdivision 3; 290.079, subdivision 1; 290.089, subdivision 3; 290.09, subdivision 7; 290.091, subdivision 2; 290.095, subdivisions 9 and 11; 290.10; 290.12, subdivision 2; 290.13, subdivision 1; 290.132, subdivision 1; 290.14; 290.16, subdivisions 7 and 15; 290.21, subdivision 4; 290.41, subdivision 1; 290.92, subdivision 2a; 290.93, subdivision 10; and 290A.03, subdivision 3; repealing Minnesota Statutes 1984, sections 290.06, subdivision 15; 290.39, subdivision 1a; and 290A.04, subdivision 2f; and Laws 1985, first special session chapter 14, article 21, sections 16 and 17.

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

Pages 13 and 14, delete sections 1 and 2 of article 2

Page 14, line 28, after "its" insert "adjusted"

Page 15, line 25; after "its" insert "adjusted"

Page 16, line 27, after "as" insert "a"

Page 20, delete lines 4 to 7

Page 20, line 8, delete "5" and insert "Sections 1 and 3"

Page 20, line 9, delete "4" and insert "2"

Page 20, line 10, delete "6" and insert "4"

ReNUMBER the sections of article 2 in sequence

Page 31, line 16, after "its" insert "adjusted"

Page 31, line 17, reinstate the stricken "exceptions" and delete "exception"

Page 33, after line 27, insert:

*"(1) Corporations, partnerships or individuals subject to the occupation tax under Minnesota Statutes, chapter 298, shall use the occupation tax basis;"*

Page 33, line 28, before "The" insert "(2)"

Page 33, after line 36, insert:

"Sec. 12. Minnesota Statutes 1985 Supplement, section 290.21, subdivision 4, is amended to read:

Subd. 4. (a) 85 percent of dividends received by a corporation during the taxable year from another corporation, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom. The remaining 15 percent shall be allowed if the recipient owns 80 percent or more of all the voting stock of the other corporation.

(b) If the trade or business of the taxpayer consists principally of the holding of the stocks and the collection of the income and gains therefrom, dividends received by a corporation during the taxable year from another corporation, if the recipient owns 80 percent or more of all the voting stock of the other corporation.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code of 1954, as amended through December 31, 1984.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1954, as amended

through December 31, 1984.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code of 1954, as amended through December 31, 1984.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law Number 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) Dividends received by a corporation from another corporation which is organized under the laws of a foreign country or a political subdivision of a foreign country, if the dividends are paid from income arising from sources without the United States, the commonwealth of Puerto Rico, and the possessions of the United States. The deduction provided by this clause does not apply if the corporate stock with respect to which dividends are paid constitutes the stock in trade of the taxpayer, or would be included in the inventory of the taxpayer, or constitutes property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or if the trade or business of the taxpayer consists principally of the holding of stocks and the collection of the income or gains therefrom, *or if the dividends are paid by a FSC as defined in section 922(a) of the Internal Revenue Code of 1954, as amended through December 31, 1985*. No dividend may be deducted under this clause if it is deducted under clause (a).

Sec. 13. Minnesota Statutes 1985 Supplement, section 290.21, subdivision 8, is amended to read:

Subd. 8. [FOREIGN SOURCE ROYALTIES.] (a) Rentals, fees, and royalties accrued or received from a foreign corporation for the use of or for the privilege of using outside of the United States patents, copyrights, secret processes and formulas, good will, know-how, trademarks, trade brands, franchises, and other like property. Rentals, fees, or royalties deducted under this subdivision shall not be included in the taxpayer's apportionment factors under section 290.19, subdivision 1, clause (1)(a) or (2)(a)(1). The preceding sentence shall not be construed to imply that nondeductible rentals, fees, and royalties from such properties are or were included in or excluded from the apportionment factors under any other provision of law.

(b) A corporation is allowed the deduction provided by this subdivision only if during the taxable year it received or accrued at least 80 percent of its gross income from sources as defined in clause (a) and from dividends received from foreign corporations. A corporation's gross income for purposes of paragraphs (b) and (c) shall be computed without regard to the requirement of section 290.34, subdivision 2, that a combined report be filed reflecting the entire income of the unitary business.

(c) For purposes of this subdivision, a foreign corporation is (i) a corporation organized under the laws of a foreign country or the political subdivision

of a foreign country or (ii) a corporation which for the taxable year derives at least 80 percent of its gross income from sources without the United States, the commonwealth of Puerto Rico, and the possessions of the United States. A foreign corporation does not include a DISC as defined in section 992(a) of the Internal Revenue Code of 1954, as amended through December 31, 1983, or a FSC as defined in section 922(a) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

(d) The deduction provided in this subdivision is allowed only with respect to rentals, fees, and royalties that are included in a corporation's Minnesota taxable net income for the taxable year."

Page 34, after line 11, insert:

"Sec. 15. Minnesota Statutes 1984, section 290.34, subdivision 2, is amended to read:

Subd. 2. [AFFILIATED OR RELATED CORPORATIONS, COMBINED REPORT.] When a corporation which is required to file an income tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has its income regulated through contract or other arrangement, the commissioner of revenue may permit or require such combined report as, in his opinion, is necessary in order to determine the taxable net income of any one of the affiliated or related corporations. For purposes of computing either the arithmetic average or weighted apportionment formulas under section 290.19, subdivision 1 for each corporation involved, the numerator of the fraction shall be that corporation's sales, property, and payroll in Minnesota and the denominator shall be the total sales, payroll, and property of all the corporations shown on the combined report. The combined report shall reflect the income of the entire unitary business as provided in section 290.17, subdivision 2, clause (4). The combined report shall reflect income only from corporations created or organized in the United States or under the laws of the United States or of any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States, or any political subdivision of any of the foregoing and from FSCs qualifying under subchapter N, part III, subpart C of the Internal Revenue Code of 1954, as amended through December 31, 1985. All intercompany transactions between companies which are contained on the combined report shall be eliminated. This subdivision shall not apply to insurance companies whose income is determined under section 290.35 or to investment companies whose income is determined under section 290.36."

Page 43, line 16, delete "12, 13, 16" and insert "14, 16, 19"

Page 43, line 17, delete "18" and insert "21"

Page 43, line 18, delete "14, and 15" and insert "17, and 18"

Page 43, line 21, delete "18" and insert "21" and after "(a)" insert a comma

Page 43, line 22, after the period, insert "Sections 12, 13, and 15 are effective for transactions after December 31, 1984, in tax years ending after such date."

Page 43, line 22, delete "17" and insert "20"

Page 43, line 24, delete "18" and insert "21" and after "(c)" insert a comma

Renumber the sections of article 3 in sequence

Amend the title as follows:

Page 1, lines 6 and 7, delete "271.06, subdivision 6; 290.06, subdivision 1;"

Page 1, line 8, after "5;" insert "290.34, subdivision 2;"

Page 1, line 17, delete "subdivision 4" and insert "subdivisions 4 and 8"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1616: A bill for an act relating to agriculture; increasing the amount of an agricultural or business loan subject to usury limits; modifying exemptions; requiring notices; providing remedies for failing to notify; exempting family farm corporations from usurious defense prohibitions; extending program to provide a mechanism to aid restructuring of existing farm loans and to provide for partial payment of interest on loans to farmers; amending Minnesota Statutes 1984, sections 334.01, subdivision 2; and 334.011; Minnesota Statutes 1985 Supplement, section 334.021; Laws 1985, chapter 4, sections 2; 6, subdivisions 2, 3, and 4, as amended; 8; 10; and 11.

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

Page 1, after line 16, insert:

"Section 1. Minnesota Statutes 1984, section 48.195, is amended to read:

**48.195 [INTEREST RATES; USURY LIMIT FOR DEPOSITORY INSTITUTIONS.]**

Notwithstanding any law to the contrary, a bank, savings bank, savings association, savings and loan association, or credit union organized under the laws of this state, or a national bank or federally chartered savings bank, savings and loan association, or credit union, doing business in this state, may charge on any loan or discount made or upon any note, bill or other evidence of debt, except an extension of credit made pursuant to section 48.185 or subject to section 334.011, interest at a rate of not more than four and one-half percent in excess of the discount rate, including any surcharge thereon, on 90 day commercial paper in effect at the federal reserve bank located in the Ninth Federal Reserve District.

Sec. 2. Minnesota Statutes 1985 Supplement, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted licensees under chapter 56. Loans made under the authority of section 56.125 must be in amounts in compliance with section 53.05, clause (7). All other loans made under the

authority of chapter 56 must be in amounts in compliance with section 53.05, clause (7), or 56.131, subdivision 1, paragraph (a), whichever is less. *Except for loans subject to the usury rates and procedures under section 334.011*, the right to extend credit or lend money and to collect and receive charges therefor as provided by chapter 334, or in lieu thereof, to charge, collect, and receive interest at the rate of 21.75 percent per annum, including the right to contract for, charge, and collect all other charges including discount points, fees, late payment charges, and insurance premiums on the loans to the same extent permitted on loans made under the authority of chapter 56, regardless of the amount of the loan. The provisions of sections 47.20 and 47.21 do not apply to loans made under this subdivision, except as specifically provided in this subdivision. Nothing in this subdivision is deemed to supersede, repeal, or amend any provision of section 53.05. A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.

(b) Loans made under this subdivision at a rate of interest not in excess of that provided for in paragraph (a) may be secured by real or personal property, or both. If the proceeds of a loan made after August 1, 1987 are used in whole or in part to satisfy the balance owed on a contract for deed, the rate of interest charged on the loan must not exceed the rate provided in section 47.20, subdivision 4a. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) A loan made under this subdivision that is secured by real estate and that is in a principal amount of \$7,500 or more and a maturity of 60 months or more may contain a provision permitting discount points, if the loan does not provide a loan yield in excess of the maximum rate of interest permitted by this subdivision. Loan yield means the annual rate of return obtained by a licensee computed as the annual percentage rate is computed under Federal Regulation Z. If the loan is prepaid in full, the licensee must make a refund to the borrower to the extent that the loan yield will exceed the maximum rate of interest provided by this subdivision when the prepayment is taken into account.

(d) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

Sec. 3. Minnesota Statutes 1985 Supplement, section 56.131, subdivision 1, is amended to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) *Except for a*



*loan subject to the usury rates under section 334.011*, on any loan in a principal amount not exceeding \$35,000 or ten percent of a corporate licensee's contributed capital and appropriated reserves as defined in section 53.015, if greater, a licensee may contract for and receive interest, calculated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

(1) the total of: (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$350; and (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$350; or

(2) 21.75 percent per year on the unpaid balance of the principal amount.

(b) On any loan where interest has been calculated according to the method provided for in paragraph (a), clause (1), interest must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest one hundredth of one percent that would earn the same total interest at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (1), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered  $1/30$  of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of  $1/365$  of the agreed annual rate for each actual day elapsed.

(e) With respect to interest-bearing loans:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(f) With respect to precomputed loans:

(1) Loans must be repayable in substantially equal and consecutive

monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and pre-computed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the borrower with the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; if the prepayment is made other than on a scheduled payment date, the nearest scheduled installment payment date must be used in the computation; provided further, if the prepayment occurs prior to the first installment due date, the licensee may retain 1/30 of the applicable charge for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the borrower with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) If an installment, other than the final installment, is not paid in full within ten days of its scheduled due date, a licensee may contract for and receive a default charge not exceeding five percent of the amount of the installment, but not less than \$4.

A default charge under this subdivision may not be collected on an installment paid in full within ten days of its scheduled due date, or deferred installment due date with respect to deferred installments, even though a default or deferral charge on an earlier installment has not been paid in full. A default charge may be collected at the time it accrues or at any time thereafter.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall make or credit to the borrower a refund of the unearned deferment charge in addition to any

other refund or credit made for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the single annual percentage rate permitted by this subdivision may be charged on the unpaid balance until fully paid.

(7) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under paragraph (f), clause (6), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid."

Page 1, line 23, after the comma, insert "*and open end credit sales under section 334.16.*"

Page 2, line 2, after "of" insert "*chapters 48, 53, or 56, or*" and after "any" insert "*other*" and after "contrary" insert a comma

Page 2, line 32, before the period, insert "*, but does not include an open end credit sale under section 334.16*"

Page 3, line 23, delete "*and*" and insert "*or*"

Page 3, line 30, delete "*RATES*" and insert "*RATE*"

Page 4, line 3, delete "*under Minnesota Statutes, section 334.011*"

Page 6, line 12, strike "*1985*" and insert "*1986*"

Page 8, line 1, delete "*, 3, 4 to 10*" and insert "*to 4, 6 to 13*" and delete "*2*" and insert "*5*"

Page 8, line 2, delete "*2*" and insert "*5*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, after "sections" insert "*48.195;*"

Page 1, line 12, delete "*section*" and insert "*sections 53.04, subdivision 3a; 56.131, subdivision 1;*"

And when so amended the bill do pass and be re-referred to the Committee on Economic Development and Commerce. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 1693: A bill for an act relating to taxation; authorizing the commissioner of revenue to make payments of police and fire aids directly to qualified recipients; clarifying the business license clearance requirements and removing the sunset; changing the dates for payments of property tax credits to the counties; clarifying the use of mortgage registration and deed

tax receipts; clarifying the power of the counties to print deed tax stamps; and authorizing the commissioner of public safety to enter into reciprocal fuel tax compacts; amending Minnesota Statutes 1984, sections 69.021, subdivisions 4, 5, 7, and 9; 69.031, subdivision 3; 270.72, subdivisions 1, 2, and 3; 273.1391, subdivision 3; and 296.17, subdivision 6, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 69.031, subdivision 1; 273.136; 287.12; and 287.29, subdivision 1; and Laws 1985, first special session chapter 14, article 11, section 13; repealing Minnesota Statutes 1984, sections 69.031, subdivision 4; and 270.72, subdivision 5.

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

Page 6, line 22, reinstate the stricken "to the"

Page 6, line 23, after the stricken language, insert "*commissioner of revenue*"

Page 6, after line 25, insert:

"Sec. 7. Minnesota Statutes 1985 Supplement, section 116C.63, subdivision 4, is amended to read:

Subd. 4. When private real property defined as class 1a, 1b, 1c, 2a, 2c, 4a, 5a, or 6a pursuant to section 273.13 is proposed to be acquired for the construction of a site or route by eminent domain proceedings, the fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner, shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which he wholly owns or has contracted to own in undivided fee and elects in writing to transfer to the utility within 60 days after his receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the presence of the utility route or site. The owner or, when applicable, the contract vendee shall have only one such option and may not expand or otherwise modify his election without the consent of the utility. The required acquisition of land pursuant to this subdivision shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a high voltage transmission line right-of-way shall automatically be converted into a fee taking.

Sec. 8. Minnesota Statutes 1985 Supplement, section 124.2131, subdivision 3, is amended to read:

Subd. 3. [DECREASE IN IRON ORE ASSESSED VALUE.] If in any year the assessed value of class 9a and 9b property, as defined in sections section 273.13, subdivision 30, and ~~273.165, subdivision 2~~; in any district is less than the assessed value of such property in the immediately preceding year, the equalization aid review committee shall redetermine for all pur-

poses the adjusted assessed value of the immediately preceding year taking into account only the decrease in assessed value of class 9a and 9b property. If subdivision 2, clause (a) is applicable to such a district, the decrease in class 9a and 9b property shall be applied to the adjusted assessed value as limited therein. In all other respects, the provisions of clause (1) shall be applicable."

Page 7, line 27, after "taxes" insert "*pursuant to section 270.10, subdivision 4, either for the entity for which the license is at issue or for another entity for which the liability was incurred, or for himself as a licensee*"

Page 8, after line 7, insert:

"Sec. 12. Minnesota Statutes 1985 Supplement, section 273.13, subdivision 26, is amended to read:

Subd. 26. [CLASS 5.] (a) Residential real estate containing less than four units, other than seasonal residential, recreational, and homesteads, is class 5a. Class 5a shall also include post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing. Class 5a property is assessed at 28 percent of market value.

(b) Structures of five stories or more and constructed with materials meeting the requirements for type I or II construction as defined in the state building code, if at least 90 percent of the structure is used or to be used as apartment housing, is class 5b. Class 5b property is assessed at 25 percent of market value. The 25 percent assessment ratio applies to these structures for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is earlier.

(c) *Manufactured homes not classified under any other provision constitute class 5c. Class 5c property is assessed at 28 percent of market value.*"

Page 9, after line 12, insert:

"Sec. 15. Minnesota Statutes 1985 Supplement, section 273.42, subdivision 2, is amended to read:

Subd. 2. Owners of land defined as class 1a, 1b, 1c, 2a, 2c, 4a, 5a, or 6a, pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the city or township by ten percent of the transmission line tax revenue derived from the tax on that portion of the line within the city or township pursuant to section 273.36. In the case of property owners in unorganized townships, the property tax credit shall be determined by multiplying a fraction, the numerator of which is the length of the qualifying high voltage transmission line which runs over the parcel and the denominator of which is the total length of the qualifying high voltage transmission line running over all property within all the unorganized townships within the county, by the total utility property tax credit fund amount

available within the county for that year pursuant to subdivision 1. Where a right-of-way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit, provided that, if the property containing the right-of-way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is the sum of the number of acres in each quarter-quarter section or portion thereof which contains a right-of-way and the denominator of which is the total number of acres in the parcel set forth on the tax statement, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits. The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than \$10.

If, after the county auditor has computed the credit to those qualifying property owners in unorganized townships, there is money remaining in the utility property tax credit fund, then that excess amount in the fund shall be returned to the general school fund of the county.

Sec. 16. Minnesota Statutes 1985 Supplement, section 274.19, subdivision 1, is amended to read:

Subdivision 1. *The provisions of subdivisions 1 to 7 apply to manufactured homes that are assessed under subdivision 8, clause (c).* Each manufactured home shall be valued each year by the assessor and be assessed with reference to its value on January 2 of that year. Notice of the value shall be mailed to the person to be assessed at least ten days before the meeting of the local board of review or equalization. The notice shall contain the amount of valuation in terms of market value, the assessor's office address, and the date, place, and time set for the meeting of the local board of review or equalization and the county board of equalization.

Sec. 17. Minnesota Statutes 1985 Supplement, section 274.19, subdivision 8, is amended to read:

Subd. 8. [MANUFACTURED HOMES; SECTIONAL STRUCTURES.]  
(a) For purposes of this section, a "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air-conditioning, and electrical systems therein, including any accessory structure which is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) A manufactured home which meets each of the following criteria must be valued and assessed as an improvement to real property, the appropriate real property classification shall apply and the valuation is subject to review and the taxes payable in the manner provided for real property:

(i) the owner of the unit holds title to the land upon which it is situated;

(ii) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured home building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home which meets each of the following criteria must be assessed at the rate provided by the appropriate real property classification but must be ~~classified~~ *treated as a manufactured home personal property*, and the valuation is subject to review and the taxes payable thereon in the manner provided in this section:

(i) the owner of the unit is a lessee of the land pursuant to the terms of a lease;

(ii) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured homes building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land upon which it is located or is a qualifying lessee of the land under the provisions of this section 273.19. For purposes of this paragraph "sectional structure" means a building or structural unit which has been in whole or substantial part manufactured or constructed at an off site location to be wholly or partially assembled on site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may adopt rules pursuant to the administrative procedure act for the purpose of establishing additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

Sec. 18. Minnesota Statutes 1984, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; 477A.15; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or

nickel properties, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10; subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under section 124A.03, subdivision 1, to the total levy allowed the district under this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.03, subdivision 1, to an amount less than the amount raised by a levy of 12.5 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2 shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, and the community service levy authorized by subdivision 8, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to subdivision 11a and for community services pursuant to subdivision 8. The reduction of the capital expenditure levy and the community services levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the ~~commissioner of finance~~ *St. Louis county auditor* in the following amount by March 15 of each year, the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124A.035, subdivision 5, which is in excess of the foundation aid earned for that fiscal year. The ~~commissioner of finance~~ *county auditor* shall deposit any amounts received pursuant to this clause in the ~~taconite property tax relief fund in the state treasury, established pursuant to section 16A.70~~ *St. Louis county treasury* for purposes of paying



the taconite homestead credit as provided in section 273.135.

Sec. 19. Minnesota Statutes 1985 Supplement, section 279.01, subdivision 1, is amended to read:

Subdivision 1. On May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class 1c, 2e, or 6a, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to his payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the 16th day of each month, up to and including October 16 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following; provided, also, that the same may be paid in installments as follows: One-fourth prior to March 16; one-fourth prior to May 16; one-fourth prior to August 16; and the remaining one-fourth prior to October 16, subject to the aforesaid penalties. Where the taxes delinquent after October 16 against any tract or parcel exceed \$100, upon resolution of the county board, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties.

Sec. 20. Minnesota Statutes 1985 Supplement, section 279.06, is amended to read:

279.06 [COPY OF LIST AND NOTICE.]

Within five days after the filing of such list, the clerk shall return a copy

thereof to the county auditor, with a notice prepared and signed by him, and attached thereto, which may be substantially in the following form:

State of Minnesota )  
 ) ss.  
County of \_\_\_\_\_ )

District Court  
\_\_\_\_\_ Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of \_\_\_\_\_ remaining delinquent on the first Monday in January, 19\_\_\_\_\_, has been filed in the office of the clerk of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said clerk, on or before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19\_\_\_\_\_. The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) *nonagricultural* homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 22, paragraph (c) or subdivision 27, paragraph (a), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Inquiries as to the proceedings set forth above can be made to the county auditor of \_\_\_\_\_ county whose address is \_\_\_\_\_.

(Signed) \_\_\_\_\_,  
Clerk of the District Court of the  
County of \_\_\_\_\_  
(Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of \_\_\_\_\_, on which taxes remain delinquent on the first Monday in January, 19\_\_\_\_\_:

Town of (Fairfield),

Township (40), Range (20),

Names (and  
Current Filed  
Addresses) for  
the Taxpayers  
and Fee Owners  
and in Addition  
Those Parties  
Who Have Filed  
Their Addresses  
Pursuant to  
section 276.041

	Subdivision of Section	Section	Tax Parcel Number	Total Tax and Penalty \$ cts.	
John Jones (825 Fremont Fairfield, MN 55000)	S.E. 1/4 of S.W. 1/4	10	23101	2.20	
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	That part of N.E. 1/4 of S.W. 1/4 desc. as follows: Beg. at the S.E. corner of said N.E. 1/4 of S.W. 1/4; thence N. along the E. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence W. parallel with the S. line of said N.E. 1/4 of S.W. 1/4 a distance of 600 ft.; thence S. parallel with said E. line a distance of 600 ft. to S. line of said N.E. 1/4 of S.W. 1/4; thence E. along said S. line a distance of 600 ft. to the point of beg. _____		21	33211	3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

City of (Smithtown)

Brown's Addition, or Subdivision

Names (and  
Current Filed  
Addresses) for  
the Taxpayers  
and Fee Owners  
and in Addition  
Those Parties  
Who have Filed  
Their Addresses  
Pursuant to  
section 276.041

	Lot	Block	Tax Parcel Number	Total Tax and Penalty \$ cts
John Jones (825 Fremont Fairfield, MN 55000)	15	9	58243	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	16	9	58244	3.15

The names, descriptions, and figures employed in parentheses in the above forms are merely for purposes of illustration.

The name of the town, township, range or city, and addition or subdivision, as the case may be, shall be repeated at the head of each column of the printed lists as brought forward from the preceding column.

Errors in the list shall not be deemed to be a material defect to affect the validity of the judgment and sale."

Page 10, after line 4, insert:

"Sec. 23. Minnesota Statutes 1985 Supplement, section 290A.03, subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD.] "Homestead" means the dwelling occupied by a claimant as his principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to 320 acres or, where the farm homestead is rented, one acre. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section ~~168.01~~ 274.19, subdivision 8, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 24. Minnesota Statutes 1985 Supplement, 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 22 and 23, but after deductions made pursuant to sections 124.2137, 273.115, 273.116, 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located.

No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section ~~168.011~~ 274.19, subdivision 8, "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23 on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to October 1 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 25. Minnesota Statutes 1984, section 296.16, subdivision 1, is amended to read:

Subdivision 1. [INTENT.] All gasoline received in this state and all gasoline produced in or brought into this state except aviation gasoline and marine gasoline shall be determined to be intended for use in motor vehicles in this state. Approximately three-fourths of one percent of all gasoline received in this state and three-fourths of one percent of all gasoline produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of motor boats on the waters of this state and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than ~~in motor boats~~ for aviation purposes, three-fourths of one percent of such revenues is the amount of tax on fuel used in motor boats operated on the waters of this state. Approximately three-fourths of one percent of all gasoline received in and produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of snowmobiles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than ~~in snowmobiles~~ for aviation purposes, three-fourths of one percent of such revenues is the amount of tax on fuel used in snowmobiles operated in this state."

Page 11, after line 5, insert:

"Sec. 28. Minnesota Statutes 1984, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) There is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a

tax of \$1.25 cents per gross ton of merchantable iron ore concentrate produced therefrom. The tax on concentrates produced in 1978 and subsequent years prior to 1985 shall be equal to \$1.25 multiplied by the steel mill products index during the production year, divided by the steel mill products index in 1977. The index stated in code number 1013, or any subsequent equivalent, as published by the United States Department of Labor, Bureau of Labor Statistics Wholesale Prices and Price Indexes for the month of January of the year in which the concentrate is produced shall be the index used in calculating the tax imposed herein. In no event shall the tax be less than \$1.25 per gross ton of merchantable iron ore concentrate. The tax on concentrates produced in 1985 and 1986 shall be at the rate determined for 1984 production. For concentrates produced in 1987 and subsequent years, the tax shall be equal to the preceding year's tax plus an amount equal to the preceding year's tax multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross national product prepared by the bureau of economic analysis of the United States department of commerce.

(b) On concentrates produced in 1984, an additional tax is imposed equal to eight-tenths of one percent of the total tax imposed by clause (a) per gross ton for each one percent that the iron content of such product exceeds 62 percent, when dried at 212 degrees Fahrenheit.

(c) The tax imposed by this subdivision on concentrates produced in 1984 shall be computed on the production for the current year. The tax on concentrates produced in 1985 shall be computed on the average of the production for the current year and the previous year. The tax on concentrates produced in 1986 and thereafter shall be the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$1.25 per gross ton of merchantable iron ore concentrate produced shall be imposed.

Sec. 29. Minnesota Statutes 1985 Supplement, section 298.28, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTION.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certification of the commissioner of revenue, be allocated as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant

and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) (a) 12.5 cents per taxable ton, less any amount distributed under clause (7), paragraph (a), and paragraph (b) of this clause, to be distributed as provided in section 298.282.

(b) An amount annually certified by the county auditor of a county containing a taconite tax relief area within which there is an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore. The amount will be the portion of a township's certified levy equal to the proportion of (1) the difference between 50 percent of the township's January 2, 1982, assessed value and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1). The county auditor shall extend the township's levy against the sum of the township's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, this clause shall not apply.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, as follows:

(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its certified levy for the prior year, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. For purposes of distributions pursuant to this part, certified levies for the prior year computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2.

(c) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year

of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1-3/4 mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of 1-3/4 mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3)(c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to section 124A.02 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in clause (9).

(d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed, based upon certification by the commissioner of revenue, as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The apportionment formula prescribed in clause (1) is the basis for the distribution.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause



(1).

(5) (a) 17.75 cents per taxable ton, less any amount required to be distributed under part (b), to St. Louis county acting as the counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1 and shall be increased in 1988 and subsequent years according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(7) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of providing an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(b) 1.5 cents per taxable ton shall be paid to the northeast Minnesota economic protection trust fund.

(8) the amounts determined under clauses (4)(a), (4)(c), (5), and (7)(b) shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. Those amounts shall be increased in 1988 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(9) the proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in clauses (1) to (8), as certified by the commissioner of revenue, and parts (a) and (b) of this clause have been made, together with interest earned on all money distributed under this subdivision prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(a) There shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake county and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake county and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(b) There shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22. *The amount distributed under this subclause (b) shall be expended within or for the benefit of the tax relief area defined in section 273.134.*

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. The commissioner of revenue shall annually on or before October 10 report an estimated distribution amount to each taxing district and the officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county or city in the year in which such estimate is made, and payable in the next ensuing calendar year, except that one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. In any calendar year in which a general property tax levy subject to sections 275.50 to ~~275.59~~ 275.58 has been made, if the taxes distributable to any such county or city are greater than the amount estimated by the commissioner to be paid to any such county or city in such year, the excess of such distribution shall be held in a special fund by the county or city and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.50 to ~~275.59~~ 275.58, of such county or city payable in such year. If the amounts distributable to any such county or city after final determination by the commissioner of revenue under this section are less than the amounts by which a taxing district's levies were reduced pursuant to this section, such county or city may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.50 to ~~275.59~~ 275.58 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

Sec. 30. Laws 1985, chapter 289, section 5, subdivision 2, is amended to read:

Subd. 2. [REVERSE REFERENDUM.] If the Clearwater county board proposes to increase the levy of the county pursuant to subdivision 1, it shall pass a resolution stating that fact. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the county or if there is no official newspaper, in a newspaper of general circulation in the

county, together with a notice fixing a date for a public hearing on the matter. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or, in the alternative, adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper of the county or if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a referendum on the proposed resolution is filed with the county auditor the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to October 1, 1985 of the year when a tax is initially proposed to be levied pursuant to this section.

Sec. 31. Laws 1985, chapter 289, section 7, is amended to read:

Sec. 7. [LOCAL APPROVAL.]

Sections 1, 2, 3, and 4 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Hubbard county board. Section 5 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Clearwater county board for taxes levied in 1985, 1986, 1987, and 1988 and subsequent years. Section 6 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Cass county board."

Page 11, line 25, delete "16" and insert "32" and after "(b)" insert a comma

Page 11, line 26, delete "1987" and insert "1986"

Page 11, line 27, delete "7 to 19 and 16" and insert "9 to 11, 25, 28, 29, and 32" and after "(a)" insert a comma

Page 11, line 28, delete "10 and 11" and insert "7, 8, 12 to 17, 19, 20, 23, and 24"

Page 11, line 30, delete "12 to 15" and insert "21, 22, 26, and 27"

Page 11, line 31, delete "17 and 18" and insert "33 and 34"

Page 11, after line 31, insert:

"Sections 30, 31, and 32, paragraph (c), are effective the day after final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, after the semicolon, insert "removing time restrictions on imposition of a special levy in Clearwater county; making technical changes;"

Page 1, line 15, after the semicolon, delete "and" and insert "275.125,

subdivision 9; 296.16, subdivision 1;”

Page 1, line 16, after “subdivision” insert “; and 298.24, subdivision 1”

Page 1, line 17; after “1;” insert “116C.63, subdivision 4; 124.2131, subdivision 3; 273.13, subdivision 26;” and after “273.136;” insert “273.42, subdivision 2; 274.19, subdivisions 1 and 8; 279.01, subdivision 1; 279.06;”

Page 1, line 18, delete the first “and” and after “1;” insert “290A.03, subdivisions 6 and 13; and 298.28, subdivision 1;” and after “1985,” insert “chapter 289, section 5, subdivision 2, and section 7; and”

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

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

S.F. No. 1591: A bill for an act relating to crimes; making it a felony to assault or injure a pregnant woman; expanding the crime of criminal vehicular operation; imposing penalties; amending Minnesota Statutes 1984, sections 609.035; and 609.21, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Page 3, lines 19 and 20, delete “*other than criminal vehicular operation,*”

Page 3, lines 20 and 27, after the second comma, insert “609.23, or 609.231,”

Page 3, lines 24 and 31, before the period, insert “; *except that, for purposes of this subdivision, the term “felony” does not include a violation of section 609.21*”

Page 3, lines 26 and 27, delete “*other than criminal vehicular operation,*”

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

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1636: A bill for an act relating to agriculture; providing for mediation before debt collection practices are initiated against agricultural property; prohibiting foreclosure by advertisement of property used in agricultural production and homesteads; establishing a farm mediation commission and prescribing powers and duties; establishing farm mediation boards; prescribing mediation notices and certain conditions before debt collection is started; providing for voluntary mediation; prescribing procedures for mandatory mediation; authorizing debt restructuring; authorizing postponement orders and requiring farm financial plans under certain conditions; classifying certain data; authorizing closed meetings; authorizing rules; providing for appeals; appropriating money; amending Minnesota Statutes 1984, sections 336.9-501; 580.01; proposing coding for new law in Minnesota Statutes, chapters 550; 559; 581; and 583.

Reports the same back with the recommendation that the bill be amended

as follows:

Page 3, lines 10 and 13, delete "6" and insert "5" and delete "25" and insert "24"

Page 4, lines 6 and 9, delete "6" and insert "5" and delete "25" and insert "24"

Page 5, lines 1 and 5, delete "6" and insert "5" and delete "25" and insert "24"

Pages 5 and 6, delete section 4

Page 6, lines 7, 11 and 36, delete "6" and insert "5" and delete "25" and insert "24"

Page 7, line 20, delete "8" and insert "7" and delete "25" and insert "24"

Page 7, line 27, delete everything after the period

Page 7, delete line 28

Page 9, line 16, after the semicolon, insert "and"

Page 9, line 18, delete "; and" and insert a period

Page 9, delete line 19

Page 10, line 6, delete "14" and insert "13"

Page 10, line 15, delete "5" and insert "4"

Page 10, line 16, delete "6" and insert "5" and delete "25" and insert "24"

Page 12, line 17, delete "13" and insert "12"

Page 15, line 3, delete "14" and insert "13"

Page 16, line 13, delete "19" and insert "18"

Page 16, line 25, delete "14" and insert "13" and delete "18" and insert "17"

Page 16, line 30, delete "3 or 5" and insert "4"

Page 17, line 13, delete "14" and insert "13"

Page 18, line 17, delete "5" and insert "4" and delete "26" and insert "25"

Page 18, line 20, delete "27" and insert "26"

Page 18, line 21, delete everything after "enactment" and insert a period

Page 18, delete line 22

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "prohibiting foreclosure by"

Page 1, delete line 5

Page 1, line 6, delete "production and homesteads;"

Page 1, line 17, delete "sections" and insert "section" and delete "580.01;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1716: A resolution memorializing the governments of the United States and the Socialist Republic of Vietnam to take all possible actions to determine the fate of persons missing in action in Southeast Asia; joining with the families of those who are missing in the hope that their long wait will soon be over.

Reports the same back with the recommendation that the resolution do pass and be re-referred to the Committee on Rules and Administration. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1595: A bill for an act relating to agriculture; providing a milk marketing and price stabilization plan; declaring state policy relating to milk; creating a milk stabilization board; authorizing the board to prescribe milk stabilization plans and maximum and minimum prices for marketing milk; requiring licenses for persons involved in milk marketing; prescribing milk marketing violations; authorizing enforcement of disruptive trade practices; authorizing entry, inspection, and investigation of milk marketing practices; requiring records and reports; providing remedies and penalties for milk marketing violations; prescribing judicial review of board decisions and rulemaking actions; authorizing local advisory boards; authorizing assessments on milk processors; establishing a milk stabilization fund; authorizing a referendum on continuance of stabilized prices; proposing coding for new law as Minnesota Statutes, chapter 32C.

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

Delete everything after the enacting clause and insert:

#### “CHAPTER 32C

#### DAIRY MARKETING

#### Section 1. [32C.005] [FINDINGS.]

*The legislature finds it is necessary to provide a fair pricing and marketing program in the state for dairy products and to assure availability of high quality dairy products to consumers of this state at reasonable prices. Producers of milk and dairy products must be paid adequate prices to assure a fresh supply of dairy products in the state. To enable the dairy industry to maintain the highest quality of dairy products and to protect consumers of dairy products, unfair trade practices, unfair methods of competition, conditions of monopoly, or combinations in restraint of trade must be prevented. Milk and dairy price stabilization are necessary for the health and welfare of*

the state.

Sec. 2. [32C.01] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this chapter.*

*Subd. 2. [AGRICULTURAL MARKETING AGREEMENT ACT.] "Agricultural Marketing Agreement Act" means the Agricultural Marketing Agreement Act of 1937 as amended, United States Code, title 7, section 601, et seq.*

*Subd. 3. [BOARD.] "Board" means the milk stabilization board.*

*Subd. 4. [BULK MILK.] "Bulk milk" means milk that is purchased by a processor from a person other than a dairy farmer in a container other than the one in which the milk will be resold to a retailer or to a consumer.*

*Subd. 5. [CLASSIFIED PRICING SYSTEM.] "Classified pricing system" means the classified pricing system described under United States Code, title 7, section 608c(5).*

*Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture.*

*Subd. 7. [DAIRY FARMER.] "Dairy farmer" means a person who produces grade A raw milk for sale to a processor.*

*Subd. 8. [DAIRY FARMER-PROCESSOR.] "Dairy farmer-processor" means a person who is both a dairy farmer and a processor and does not purchase raw milk from other dairy farmers. A dairy farmer-processor is a dairy farmer in a sale to a processor of raw milk produced by the dairy farmer-processor and is a processor in processing, manufacturing, or selling dairy products, or in receiving bulk milk from another person.*

*Subd. 9. [DAIRY MARKETER.] "Dairy marketer" means a processor or distributor, including the subsidiaries, affiliate corporations, agents, and representatives.*

*Subd. 10. [DAIRY MARKETING LICENSE.] "Dairy marketing license" means a license required under section 11.*

*Subd. 11. [DAIRY MARKETING LICENSEE.] "Dairy marketing licensee" means a person who holds a valid dairy marketing license.*

*Subd. 12. [DAIRY PRODUCTS.] "Dairy products" means milk products and frozen dairy products.*

*Subd. 13. [DIRECTOR.] "Director" means director of the milk stabilization board.*

*Subd. 14. [DISTRIBUTOR.] "Distributor" means a person, other than a processor, who sells to retailers or consumers at retail on home delivery routes or fixed places of business.*

*Subd. 15. [DISTRIBUTOR PRICE.] "Distributor price" means the price that a milk product or frozen dairy product is purchased by a retailer.*

*Subd. 16. [FROZEN DAIRY PRODUCT.] "Frozen dairy product" means:*

(1) ice cream, fruit ice cream, nut ice cream, frozen malt ice cream, frosted malt ice cream, frozen custard, French ice cream, ice milk, mellorine, oларine, sherine, fruit sherbets, fruit sherbines;

(2) the mix from which a product in clause (1) is made;

(3) frozen products that contain milk solids not fat, or butterfat, and are commonly referred to in the dairy industry as "novelties"; or

(4) a frozen product, except baked goods, containing a milk derivative.

Subd. 17. [HANDLER POOLING ARRANGEMENT.] "Handler pooling arrangement" means the handler pooling arrangement described under United States Code, title 7, section 608c(5).

Subd. 18. [HANDLING.] "Handling" means the activities of a dairy marketer in bottling, processing, packaging, or manufacturing dairy products, or in purchasing processed or manufactured dairy products that are resold to another dairy marketer or retailer.

Subd. 19. [MARKETING AREA.] "Marketing area" means an area with uniform stabilized prices.

Subd. 20. [MARKETWIDE POOLING ARRANGEMENT.] "Marketwide pooling arrangement" means the marketwide pooling arrangement described under United States Code, title 7, section 608c(5).

Subd. 21. [MILK.] "Milk" means the lacteal secretion of a cow that meets the grade A requirements established in section 32.394, including lacteal secretions that are raw, cooled, pasteurized, standardized, homogenized, recombined, or concentrated.

Subd. 22. [MILK PRODUCT.] "Milk product" means:

(1) raw milk, regular or creamline milk, standardized milk, whole pasteurized milk, special milk, homogenized milk, fortified milk, plain or creamed buttermilk, cottage cheese, creamed cottage cheese, flavored milk, flavored skim milk, sour cream, half and half, whipping cream, whipped cream, skim milk, low fat milk, fluid cream, concentrated milk, yogurt, and eggnog; or

(2) a product that contains milk solids not fat, butterfat, or a milk derivative, and is manufactured to resemble a milk product as defined in clause (1).

"Milk products" does not include butter, cheese other than cottage cheese or cream cottage cheese, nonfat dry milk, skim condensed milk, whole condensed milk, whole dry milk, dried cream, evaporated milk, sweetened condensed milk, or baked goods.

Subd. 23. [PERSON.] "Person" means an individual, partnership, corporation, cooperative corporation or association, governmental agency, or other business entity.

Subd. 24. [PROCESSOR.] "Processor" means a person who:

(1) processes or manufactures dairy products;

(2) purchases raw milk from a grade A dairy farmer for resale to a person who processes or manufactures dairy products; or

(3) purchases bulk milk from anyone for resale to a person who processes



or manufactures dairy products.

A "processor" does not include a person who purchases ice cream mix, ice milk mix, or other frozen dairy products mix and whose processing activities are limited to converting the mix into a frozen dairy product, if more than half of the sales of the frozen dairy product are made by the person to consumers at retail on the premises where the frozen dairy product is processed.

Subd. 25. [RETAILER.] "Retailer" means a person who sells dairy products to consumers at fixed places of business located in this state.

Subd. 26. [RETAIL PRICE.] "Retail price" means the price that a dairy product is purchased for when purchased for a purpose other than resale.

Subd. 27. [RULE.] "Rule" means a rule adopted by the board under chapter 14.

Subd. 28. [STABILIZATION PLAN.] "Stabilization plan" means the plan adopted by the board under section 5 to set stabilized prices for marketing areas.

Subd. 29. [STABILIZED PRICES.] "Stabilized prices" means minimum or maximum prices, or both, established by the board under a stabilization plan for dairy products.

## DAIRY PRICE STABILIZATION

### Sec. 3. [32C.02] [MILK STABILIZATION BOARD.]

Subdivision 1. [ESTABLISHMENT.] The milk stabilization board is established and consists of seven members.

Subd. 2. [MEMBERSHIP.] (a) The governor shall appoint the following persons to the board:

(1) one person from the northern district and one person from the southern district under paragraph (b) who are dairy farmers selling to a processor, who may be selected from names nominated by state dairy farmer organizations as provided in paragraph (c) and one dairy farmer at large;

(2) one person who is a processor, who may be selected from a list of licensed processors;

(3) one person who is a retailer, who may be selected from a list of licensed retailers; and

(4) two persons who are consumers and are not otherwise engaged in the milk business.

(b) The northern district consists of the counties of Big Stone, Swift, Pope, Stearns, Sherburne, Anoka, Chisago, and counties north of the northern boundary of those counties. The southern district consists of counties not in the northern district.

(c) A dairy farmer organization that desires to participate in nominating a dairy farmer to the board must notify the commissioner. The commissioner of agriculture shall notify the state dairy farmer organizations if there is a dairy farmer vacancy on the board. Within 30 days after the notification, the commissioner shall hold a meeting in the district with the vacancy to nomi-

nate two persons.

(d) One of the consumers on the board must be a resident of congressional district 1, 2, 3, or 4; one must be a resident of congressional district 5, 6, 7, or 8.

(e) A member of the board may not hold an elected state office while a member.

(f) The membership terms, compensation, and removal of the board members shall be governed by section 15.0575.

*Subd. 3. [QUORUM, CHAIRPERSON.] Four members of the board constitute a quorum to transact business. The board shall elect one of its members as the chair. The chair shall be elected each year and when the position is vacated.*

*Subd. 4. [MEETINGS.] Meetings of the board shall be held at least every 60 days at the call of the chair or a majority of the board. Notwithstanding chapter 14, the board meetings shall be conducted without a hearing officer.*

*Subd. 5. [DIRECTOR.] The board must employ a director to serve the board. The director's qualifications and duties shall be determined by the board.*

*Subd. 6. [EMPLOYEES.] The board may employ persons for permanent and temporary employment to carry out the duties and responsibilities of the board.*

*Subd. 7. [CONTRACT SERVICES.] The board may contract for auditing, economic research, and other technical services.*

#### Sec. 4. [32C.03] [GENERAL POWERS OF THE BOARD.]

*Subdivision 1. [GENERAL AUTHORITY.] The board has the authority to establish stabilized prices under stabilization plans to cause the orderly marketing of dairy products in this state.*

*Subd. 2. [MEDIATOR.] The board may act as a mediator or arbitrator for any controversy or issue among dairy farmers, processors, distributors, retailers, or consumers if the controversy or issue is related to the production, transportation, processing, storage, distribution, or sale of dairy products.*

*Subd. 3. [RULEMAKING.] The board may promulgate and adopt permanent and emergency rules under chapter 14 to implement this chapter.*

*Subd. 4. [ADMINISTRATION BY COMMISSIONER OF AGRICULTURE.] The commissioner shall provide offices and staff necessary for the board and cooperate with the board by providing information, inspections, and enforcement at the request of the board.*

*Subd. 5. [COOPERATION WITH OTHER GOVERNMENTAL AGENCIES.] The board may cooperate with stabilization agencies in other states and with the secretary of agriculture of the United States in the manner provided in the Agricultural Marketing Agreement Act to carry out the purposes of this chapter.*

*Subd. 6. [AUTHORITY OF OTHER AGENCIES NOT AFFECTED.] The provisions of this chapter do not limit the health and sanitation authority*

of the commissioner of agriculture, commissioner of health, county boards of health, or municipal health officials.

Sec. 5. [32C.04] [STABILIZATION PLANS.]

*Subdivision 1. [GENERAL CONTENTS.] (a) A stabilization plan must designate marketing areas and establish stabilized prices. The stabilized prices must include minimum prices for raw milk to be paid to dairy farmers, minimum prices for milk products to be paid by retailers, and minimum prices to be paid by consumers, and may include other stabilized prices.*

*(b) A stabilization plan may provide for a classified pricing system based upon utilization, a handler pooling arrangement, or a marketwide pooling arrangement. A stabilization plan with a marketwide pooling arrangement may require raw milk produced by dairy farmer-processors to be included in the pooling arrangement.*

*Subd. 2. [INDUCEMENT FOR PURCHASE.] A dairy marketer may not furnish, give, lend, lease, or sell furniture, fixtures, fittings, or equipment to a retailer as an incentive or inducement for the retailer to purchase, handle, store, display, sell, or trade in a dairy product of a dairy marketer.*

*Subd. 3. [APPLICABILITY TO PROCESSORS PURCHASING IN MULTIPLE MARKETING AREAS.] A stabilization plan must provide a method to determine how the plan is applicable to the raw milk purchases of a processor engaged in selling milk products in two or more marketing areas. The applicability of a stabilization plan to raw milk purchased by a processor from a particular dairy farmer must not be dependent upon where the seller's dairy farm is located or the location where the title passes.*

*Subd. 4. [AREAS UNDER FEDERAL MILK MARKETING ORDER.] A stabilization plan for a marketing area that includes an area of a federal milk marketing order may require licensed processors subject to both the state stabilization plan and to the federal milk marketing order to pay:*

*(1) minimum raw milk class prices that exceed the minimum raw milk class prices established by the federal order; and*

*(2) the difference between the federal and state minimum prices directly to dairy farmers on the basis of a handler pooling arrangement basis.*

*Subd. 5. [ADOPTION:] (a) The stabilization plan may be adopted by:*

*(1) permanent or emergency rule under chapter 14; or*

*(2) notwithstanding chapter 14, the board may mail a proposed plan to the dairy marketing licensees, hold a public meeting for comment within seven to 12 days after the mailing, and mail a copy of the final stabilization plan to the dairy marketing licensees.*

*(b) A stabilization plan adopted under clause (2) is effective as provided in the plan, but not earlier than seven days after the final stabilization plan is mailed to the dairy marketing licensees. An effective stabilization plan has the same force and effect as an adopted rule.*

*Subd. 6. [STAY OF STABILIZATION PLAN.] If a stabilization plan is appealed, the stay of a stabilization plan or rule properly adopted may not be granted prior to final determination of the matter by the court having*

jurisdiction.

Sec. 6. [32C.05] [STABILIZED PRICES.]

*Subdivision 1. [MINIMUM PRICES FOR RAW MILK.] (a) The board shall establish uniform minimum prices for raw milk for each marketing area to be paid by processors to dairy farmers.*

*(b) The minimum prices must be beneficial to the public interest, protect the dairy farmers, and ensure an adequate supply of pure and wholesome milk to the inhabitants of the state.*

*(c) In establishing or changing minimum prices to be paid by processors to dairy farmers for raw milk in each marketing area, the board must consider:*

- (1) the available supply of raw milk;*
- (2) the adequacy of the reserve supply of raw milk available to processors;*
- (3) the balance between production and consumption;*
- (4) the cost of dairy feed, farm wage rates; and*
- (5) other factors to effectuate sections 1 to 8.*

*Subd. 2. [CONSIDERATIONS IN ESTABLISHING PROCESSOR, DISTRIBUTOR, AND RETAILER PRICES.] In establishing minimum prices for a marketing area, other than the price paid to a dairy farmer for raw milk, the board must consider the operative economic factors in a marketing area including:*

- (1) the prevailing raw milk prices in the marketing area regardless of whether the prices are state established, federally established, or negotiated;*
- (2) the reasonable costs of processing and distribution incurred by representative processors, distributors, and retailers, including a reasonable return upon necessary investment;*
- (3) the quantities of dairy products consumed in the area; and*
- (4) all other economic factors that substantially and directly affect market supply and demand for dairy products in the area.*

*Subd. 3. [MINIMUM PRICES FOR MILK PRODUCTS TO RETAILERS AND CONSUMERS.] (a) For each marketing area, the board shall establish minimum prices for:*

- (1) sales of milk products by processors or distributors to retailers; and*
- (2) sales of milk products to consumers.*

*(b) The minimum price for each milk product item sold by processors or distributors to retailers is applicable regardless of the location where the retailer accepts delivery.*

*Subd. 4. [AUTHORIZED MINIMUM PRICES.] For a marketing area, the board may establish the minimum prices for:*

- (1) milk products sold by processors to distributors;*
- (2) frozen dairy products sold by a processor, distributor, or retailer;*
- (3) milk products sold by a processor to another processor;*

(4) milk products sold by a distributor to another distributor; and

(5) dairy products that are sold and not otherwise provided for in this section.

*Subd. 5. [MINIMUM PRICES FOR MILK FROM NONDAIRY FARMER SOURCES.] The board may establish the prices to be paid by a processor for raw milk purchased from sources other than dairy farmers and prescribe conditions to ensure prices paid for butterfat and milk solids not fat, whether in the form of raw milk or otherwise, are uniform for all processors regulated by the same stabilization plan.*

*Subd. 6. [PRICES ESTABLISHED FOR SOME ITEMS ONLY.] The board may establish minimum prices for some items in a category without establishing minimum prices for the other items in the category and may establish one type of minimum price without establishing the other types of minimum prices applicable to a product.*

*Subd. 7. [AUTHORIZED MAXIMUM PRICES.] For a marketing area, the board may establish the maximum prices for milk products to be sold to any person by a processor, a distributor, or a retailer. The board must consider the economic factors that apply to the establishment of minimum prices under subdivision 3.*

*Subd. 8. [STABILIZED PRICE DIFFERENCE.] (a) The stabilized prices established by the board for products other than raw milk may reflect packaging cost differences and stabilized prices for home-delivered products may vary from stabilized prices applicable to products sold to consumers by retailers.*

*(b) The stabilized prices established by the board may reflect cost differences for a processor or distributor selling products directly to consumers.*

*Subd. 9. [QUANTITY DISCOUNTS.] (a) The stabilization plan for a marketing area may authorize processors and distributors to give quantity discounts to retailers for sales of dairy products.*

*(b) To ensure the availability of a sufficient variety of brands to consumers purchasing from retailers having sufficient display space, and to avoid injury to small independent processors and distributors, the board must, if quantity discounts are authorized, establish for each eligible retailer a quantity discount rate for purchases of milk products and a quantity discount rate for purchases of frozen dairy products. The discount rates must be based on the retailer's total purchases of milk products from all suppliers and the total purchases of frozen dairy products from all suppliers.*

*(c) All processors and distributors delivering dairy products to a quantity discount retailer may give quantity discounts in accordance with the rates regardless of the quantities of the products actually purchased by the retailer from each individual processor or distributor.*

*(d) The board shall establish schedules of quantity discount rates based upon a graduated scale of discounts proportionate to purchases made by retailers during a designated base period of one month, one quarter, six months, or one year. If a retailer operates two or more separate places of business, the board shall base the quantity discount rate for each place of business upon the quantity of dairy products purchased for resale at that place*

*of business alone.*

Sec. 7. [32C.06] [STABILIZED PRICE ADJUSTMENTS.]

*Subdivision 1. [ADJUSTMENT FACTORS.] Stabilized prices may be adjusted based on:*

- (1) the butterfat content or other components of the raw milk;*
- (2) the location where the raw milk is received;*
- (3) the location of the plant where a portion of the raw milk purchased is transferred or diverted by the processor from the plant where the raw milk is normally utilized; and*
- (4) other factors provided for price adjustments provided under the Agricultural Marketing Agreement Act of 1937.*

*Subd. 2. [SIMULTANEOUS PRICE CHANGES.] The board must ensure that changes in minimum dairy farmer prices are accompanied by simultaneous changes in the other stabilized prices as established by the board.*

*Subd. 3. [MINIMUM PRICE FORMULA.] A formula may be used to compute minimum prices for raw milk to be paid to dairy farmers. The formula may be used by the board to automatically change minimum prices paid to a dairy farmer that are justified on the basis of changes in production costs, supply conditions, and in the other factors established by the board.*

Sec. 8. [32C.07] [MARKETING AREAS.]

*Subdivision 1. [DESIGNATION.] The board shall designate marketing areas with uniform stabilized prices for the entire state. The board may change the number and alter the boundaries of the marketing areas.*

*Subd. 2. [CONSIDERATIONS.] (a) In designating marketing areas the board shall consider:*

- (1) the conditions affecting the production, distribution, and sale of dairy products in the marketing areas;*
  - (2) the need for establishing area boundaries that will facilitate cooperation between the board and federal authorities engaged in regulating prices paid by processors for raw milk; and*
  - (3) all other factors necessary to effectuate the purposes of sections 1 to 8.*
- (b) The stabilized prices established by the board may vary from one marketing area to another.*

Sec. 9. [32C.08] [LOCAL ADVISORY BOARDS.]

*Subdivision 1. [FUNCTION.] If a public hearing is scheduled by the board in a marketing area to establish prices, the board may, at least ten days prior to the date set for the hearing, appoint a local advisory board. The function of the local advisory board is to assist and advise the board in matters pertaining to the production and marketing of milk in the marketing area.*

*Subd. 2. [MEMBERSHIP, MEETINGS, COMPENSATION.] If a local advisory board is appointed, the local advisory board shall consist of two producers, two processors, and two retailers who are actively engaged in milk production, processing, and marketing in the area and to consumers in*

*the area. The local advisory board shall meet with the board at the call of the board before, during, or after the public hearing to establish prices. There may not be more than three meetings or conferences between the board and the local advisory board. The members of the local advisory board shall receive a per diem for each day actually spent in the performance of their duties, plus mileage and expenses as provided under chapter 15.*

*Subd. 3. [TERMINATION.] The local advisory board shall cease to exist when the board promulgates its stabilization plan that establishes prices.*

**Sec. 10. [32C.09] [REFERENDUM ON CONTINUANCE OF STABILIZED PRICES.]**

*If a petition is presented to the commissioner of agriculture containing at least 25 percent of the total grade A dairy farmers in the state subject to sections 1 to 8, with the signature of at least one dairy farmer in every county where a dairy farmer resides, the commissioner of agriculture shall conduct a referendum on continuing stabilized prices by a mailed secret ballot in accordance with rules established by the commissioner of agriculture, and shall report the results of the referendum to the legislature the next time it convenes.*

**DAIRY MARKETING LICENSES**

**Sec. 11. [32C.10] [DAIRY MARKETING LICENSES REQUIRED.]**

*Subdivision 1. [SEPARATE BUSINESS LOCATIONS.] A dairy marketing license under this section is required for each separate place of business.*

*Subd. 2. [AGRICULTURE DEPARTMENT LICENSE REQUIRED.] A processor or distributor may not obtain a dairy marketing license without first having obtained a license under chapter 32 from the commissioner of agriculture.*

*Subd. 3. [PROCESSOR LICENSE REQUIRED.] A processor may not buy milk or sell dairy products without a processor license if the processor:*

*(1) operates a processing plant located within the state;*

*(2) sells dairy products to a retailer for resale at a retail establishment located in the state regardless of the location of the processor's plant or where the retailer takes title to or possession of the products; or*

*(3) sells dairy products to a distributor for resale to consumers in the state on home delivery or for resale to a retail establishment that is required to have a "retailer" license.*

*Subd. 4. [DAIRY FARMER-PROCESSOR.] A dairy farmer-processor must obtain a processor license.*

*Subd. 5. [DISTRIBUTOR.] A distributor may not sell dairy products without a distributor license if the distributor sells dairy products to consumers in the state on one or more retail home delivery routes or to a retailer for resale at a retail establishment that is required to have a retailer license.*

*Subd. 6. [RETAILER LICENSE.] A retailer may not buy or sell dairy products without a retailer license. A dairy farmer, processor, or distributor may not sell dairy products to consumers at a fixed place of business within this state without obtaining a retailer license for each place of business.*

*Subd. 7. [INSTITUTIONAL RETAILER.] Schools, hospitals, state institutions, and charitable institutions may obtain retailer licenses by meeting the requirements of a retailer.*

*Subd. 8. [VENDING LICENSE.] A person may not supply dairy products to consumers through the use of vending machines without a vending license. The board shall prescribe, by rule, requirements for obtaining and operating under a vending license.*

**Sec. 12. [32C.11] [LICENSE APPLICATIONS.]**

*Applications for licenses must be made on forms prepared and furnished by the commissioner with the approval of the milk stabilization board. The commissioner may require information on the application about the applicant and the nature of the business that the applicant proposes to conduct necessary for the administration of this chapter. Applications must require applicants to affirm that for:*

*(1) processor and distributor license applicants, the applicant will not make sales of dairy products to persons required to have a license required by section 11 unless the persons have the license;*

*(2) distributor and retailer license applicants, the applicant will not make purchases of dairy products from persons not licensed by the commissioner;*

*(3) processor or distributor license applicants, the applicant will sell dairy products as are customarily handled by the person to any retailer who desires to purchase the products from the dealer if the retailer has a place of business in a community where the dealer processes, distributes, or sells dairy products; and*

*(4) processor or distributor license applicants, each retailer will be offered the same frequency of delivery and the same in-store services as are customary in the community.*

**Sec. 13. [32C.12] [LICENSE ISSUANCE, DENIAL, AND VALIDITY.]**

*Subdivision 1. [LICENSE HEARING.] (a) Within ten days after the commissioner receives an application for license, the commissioner shall notify the milk stabilization board and within 20 days after being notified the board shall make a recommendation for issuance of the license or notify the applicant of the date when a hearing will be held to receive evidence relative to the applicant's eligibility.*

*(b) A hearing under paragraph (a) should be held not less than 20 days after the date the notice is given, unless the hearing is fixed for an earlier date by mutual agreement of the milk stabilization board and the applicant. Within a reasonable time after the close of the eligibility hearing, the milk stabilization board must notify the applicant and the commissioner of its recommendation to issue or deny a license.*

*(c) The commissioner must issue or deny a license within ten days after receiving the recommendation. A dairy marketing license is issued without a fee. The milk stabilization board may recommend to deny a license if it finds that the applicant has violated sections 15 to 21, a rule of the board or commissioner, or the stabilization plan.*

*Subd. 2. [VALIDITY.] Dairy marketing licenses are valid unless:*



- (1) the ownership or location of the licensed business is changed;
- (2) the license is suspended or revoked; or
- (3) the licensed business is discontinued or is inactive for a period of more than 30 days.

Sec. 14. [32C.13] [RECORDS AND REPORTS.]

*Subdivision 1. [RECORD CONSOLIDATION.] The commissioner and the milk stabilization board shall accommodate dairy marketing licensees by allowing all records required under this section and chapter 32 to be consolidated.*

*Subd. 2. [REQUIRED RECORDS.] (a) A dairy marketing licensee must maintain in a manner prescribed by the commissioner:*

*(1) a record of all raw milk received or purchased by the licensee, showing the names and addresses of the dairy farmers and others from whom the raw milk was purchased, the quantity, price paid, butterfat test, and any deductions made;*

*(2) a record of all dairy products sold or used; classified as to grade, use, location, market outlet, size and type of container, the composition of the product in terms of butterfat and solids, the quantity sold, and the prices received;*

*(3) a record of the quantity of each dairy product manufactured by a licensee, together with the composition of the product, the quantity sold, and the prices received; and*

*(4) other records necessary to implement sections 1 to 25.*

*(b) The commissioner may, by rule, specify which records must be maintained by each type of license.*

*Subd. 3. [RECORDKEEPING.] The commissioner may require dairy marketing licensees to maintain a record of:*

*(1) the shrinkage, wastage, or loss of raw milk and butterfat, and of skim milk and butterfat destroyed or used for special purposes such as livestock feed;*

*(2) the inventory of raw milk and other dairy products on hand at the end of a designated accounting period; and*

*(3) all items of expense incurred by the licensee in procuring raw milk and other ingredients, and in processing, manufacturing, storing, distributing, and selling dairy products, including overhead and general and administrative costs, and all other items of cost incurred by each licensee in the conducting of its business.*

*Subd. 4. [RECORDS OF PROFIT OR LOSS NOT REQUIRED.] A dairy marketing licensee may not be required to reveal profit or loss. The commissioner shall require records to be in a form that will allow the milk stabilization board to make statistical studies.*

*Subd. 5. [RECORD MAINTENANCE.] Required records under this section must be preserved for three years.*

PROHIBITED ACTS AND UNFAIR DAIRY TRADE PRACTICES

Sec. 15. [32C.14] [BUYING, SELLING, AND PRICING

**VIOLATIONS.]**

*Subdivision 1. [BUYING OR SELLING WITHOUT A LICENSE.] A person may not buy or sell dairy products without a required dairy marketing license.*

*Subd. 2. [BUYING OR SELLING AT PRICES OTHER THAN STABILIZED PRICES.] A dairy marketing licensee may not buy or sell dairy products with a stabilized price for less than a minimum price or more than an applicable maximum distributor or retail price.*

*Subd. 3. [VIOLATION OF LICENSE APPLICATION COMMITMENT.] A dairy marketing licensee may not take an action contrary to commitments made by the person in the filed license application.*

*Subd. 4. [CIRCUMVENTING STABILIZED PRICING.] A person with a dairy marketing license may not use or attempt to use a method, device, or transaction:*

*(1) intended to accomplish, or having the effect of accomplishing, the sale or attempted sale or the purchase or attempted purchase of dairy products at less than the minimum prices established by the board;*

*(2) designed to circumvent the price requirements of the board; or*

*(3) that has the effect of substantially undermining the effectiveness of the stabilized pricing.*

*Subd. 5. [SELLING PRODUCTS OF DIFFERENT BRANDS AT DIFFERENT PRICES.] A retailer may not sell or offer to sell dairy products of one brand at a price that is different from the price charged by the retailer for an equal quantity of a product that is of the same type, quality, or grade, but of a different brand, unless the price differential is equal to the difference in the prices paid by the retailer for the products.*

*Subd. 6. [DAIRY PRODUCTS PRICED WITH OTHER PRODUCTS.] A dairy marketer may not charge a combined price for a product together with another commodity or a service that is less or is represented to be less than the aggregate of the price of the particular dairy product and the price or value of such other commodity or service when sold or offered for sale separately.*

*Subd. 7. [SELLING BELOW COST.] If a stabilized price has not been established for a dairy product, a dairy marketer may not sell, offer for sale, or advertise for sale the dairy product below cost, or give, offer to give, or advertise the intent to give away the dairy product, to damage a competitor or destroy competition. This section does not apply to a sale made in conformance with section 325D.06, clauses (1) to (4). An enforcement action may not be commenced under this section if the retail price is 15 percent or more above the list price of the processor.*

*Subd. 8. [PRIMA FACIE EVIDENCE OF SALE BELOW COST.] (a) In an action for an injunction or to impose civil penalties from a violation of subdivision 7, evidence that a dairy product was sold, offered for sale, or advertised for sale at a price as provided in paragraph (b), is prima facie evidence that the product was sold, offered for sale, or advertised for sale below cost to damage a competitor or to destroy competition.*

*(b) A price is presumed to damage or destroy competition if:*

(1) a retail price is less than eight percent above the current net delivered price of the processor including a rebate, discount, refund, and price differential; or

(2) a price charged to a retailer by a distributor that is less than five percent above the current net delivered price of the processor including any rebate, discount, refund, and price differential.

Sec. 16. [32C.15] [UNFAIR DAIRY MARKETING PRACTICES.]

*Subdivision 1. [DAMAGING A COMPETITOR.] A dairy marketer may not:*

(1) restrain, lessen, or destroy competition;

(2) damage a competitor;

(3) damage a person dealing in dairy products;

(4) impair or prevent fair competition in the sale of dairy products to retailers in this state; or

(5) engage in or threaten to engage in a prohibited practice or method of doing business.

*Subd. 2. [METHOD TO DEFEAT DAIRY UNFAIR TRADE PRACTICES.] A dairy marketer may not apply or attempt to apply a method or device in the sale or distribution of dairy products intending to defeat the policy or to evade a provision of sections 15 to 21 or an order or rule adopted by the commissioner.*

*Subd. 3. [INDUCING PROHIBITED ACTS.] A person doing business in this state in the course of the business may not knowingly induce an act or knowingly receive a benefit from an act prohibited by sections 15 to 21.*

*Subd. 4. [FINANCIAL INTEREST IN RETAILER.] A dairy marketer may not own, control, or have more than a five percent financial interest greater in a retail business selling or offering for sale dairy products in this state, unless the business name, address, nature, and extent of the dairy marketer's ownership or control of the retail business is prominently displayed at the main public entrance to the premises where the business is being conducted. The information displayed must be in capitalized type not less than 24-point.*

Sec. 17. [32C.16] [SALE AND LEASEBACK OF PROPERTY.]

*Subdivision 1. [GENERAL PROHIBITION.] A dairy marketer may not purchase real or personal property from a retailer and leaseback or resell the property to the retailer under a deferred payment contract except as allowed in this section.*

*Subd. 2. [RENTAL AGREEMENT.] A dairy marketer and a retailer may enter a written lease signed by both parties that specifies:*

(1) a rental rate that is consistent with the value of similar property in the area where the retailer is located at the time the lease is executed; and

(2) other terms and conditions consistent with leases of similar property in that locality made at or about the same time by persons not having the relationship existing between the retailer, as the purchaser, and the lessor, as the

*seller, of dairy products.*

*Subd. 3. [CONTRACTS TO SELL PROPERTY.] (a) A dairy marketer and a retailer may enter a written contract for the sale of property signed by both parties specifying:*

*(1) a purchase price that is consistent with the fair market value of similar property in the area where the retailer is located at the time the contract is executed;*

*(2) the down payment on the purchase price;*

*(3) the periodic payments on the unpaid balance of the purchase price; and*

*(4) other terms and conditions consistent with sale contracts of similar property in that locality made at or about the same time by persons not having the relationship existing between the retailer, as the purchaser, and the dairy marketer, as the seller, of dairy products.*

*(b) A contract or agreement for the leaseback or resale to a retailer of property purchased from the retailer by the dairy marketer may not contain a requirement that the retailer must purchase dairy products from a specified dairy marketer.*

**Sec. 18. [32C.17] [FURNITURE, TRADE FIXTURES, AND EQUIPMENT.]**

*Subdivision 1. [INDUCEMENT FOR PURCHASE.] A dairy marketer may not furnish, give, lend, lease, or sell furniture, fixtures, fittings, or equipment to a retailer as an incentive or inducement for the retailer to purchase, handle, store, display, sell, or trade in a dairy product of a dairy marketer.*

*Subd. 2. [RESTRICTION ON SALES TO RETAILERS.] To maintain fair, open, and free competition for the trade and custom of the retailers purchasing dairy products for resale, a dairy marketer may not sell or offer to sell to a retailer furniture, trade fixtures, or equipment except as allowed in this section.*

*Subd. 3. [TIME PAYMENT SALES.] (a) A dairy marketer may not sell furniture, trade fixtures, or equipment at less than their cost to a retailer that purchases dairy products from the dairy marketer. A sale made by a dairy marketer at less than 15 percent above the actual current invoice or replacement cost, less depreciation in the case of used furniture, trade fixtures, or equipment computed at the annual rate of 15 percent of the seller's cost, is prima facie evidence that the sale was made below the dairy marketer's cost.*

*(b) If the full purchase price of the furniture, trade fixtures, or equipment sold to the retailer is not paid to the dairy marketer by the retailer by 40 days after delivery, the retailer must pay at least ten percent of the purchase price within the 40 days and provide the dairy marketer a conditional sales contract or a promissory note with a purchase money security interest in the furniture, trade fixtures, or equipment.*

*(c) The conditional sales contract or purchase money security agreement must specifically describe each item of the sale. The dairy marketer, by ten days after the contract or security agreement is entered into, must file the conditional sales contract, or purchase money security agreement and*

*financing statement, as required to enforce the purchase money secured debt. The conditional sales contract or purchase money security agreement must specify:*

*(1) the cash payment made by the retailer to the dairy marketer or the value of the trade-in accepted to apply on the purchase price, but the trade-in credit may not exceed the depreciated value of the items representing the trade-in credit as carried on the business records of the purchaser, or if records are not available, at an annual depreciation rate of 15 percent of the purchaser's cost; and*

*(2) the amount of the unpaid purchase price must be paid by the retailer in 60 equal monthly installments with the last installment of principal and interest maturing not later than 60 months from the execution of the conditional sales contract or purchase money security agreement given to the dairy marketer by the retailer.*

*(d) The rate of interest on the purchases may not be less than the prevailing market rate, and the rates of interest charged for various sales agreements on any given day must be the same for all retailers.*

*Subd. 4. [SERVICING.] The mechanical, electrical, and other servicing of furniture, trade fixtures, or equipment sold to a retailer by a dairy marketer is the sole responsibility of the retailer unless at the time of the sale, the dairy marketer and the retailer agree in writing that the dairy marketer is responsible for the servicing. The contract must require the dairy marketer to charge the retailer for the servicing at the same price charged by third persons rendering the service in the area or community where the retailer is located. The charge for the servicing, including the full cost of all repair and replacement parts, must be paid by the retailer to the dairy marketer by 40 days after the performance of the work.*

**Sec. 19. [32C.18] [PROHIBITED GIFTS, LOANS, CREDIT, AND COMPENSATION.]**

*Subdivision 1. [GIFTS AND LOANS.] A dairy marketer may not give, lend, or advance money, credit, or another thing of value to a retailer, or to a person for the benefit or relief of a retailer.*

*Subd. 2. [FINANCIAL OBLIGATIONS.] A dairy marketer may not become obligated for the repayment of a loan of money or financial commitment of a retailer.*

*Subd. 3. [EXTEND CREDIT WHEN DELIVERY DEBTS ARE DUE.] A dairy marketer may not extend or give an additional credit to a retailer if there is indebtedness attributable to the delivery of dairy products from the retailer on the 15th day of the next calendar month after delivery.*

*Subd. 4. [CREDIT FOR UNSALEABLE PRODUCTS.] A dairy marketer may not credit an account of or pay a retailer for a dairy product that the retailer claims has become stale, spoiled, or otherwise unsaleable, unless the particular product is in fact spoiled or otherwise unsaleable.*

*Subd. 5. [COMPENSATION IN CONNECTION WITH SALE.] A dairy marketer may not make or offer to make any gift of money, merchandise, trading stamps, coupons, service, supplies, or anything of value, or to grant or offer to grant any rebate, discount, or advertising allowance in connection*

with any sale to a distributor or retailer in this state of a dairy product except as expressly allowed under sections 15 to 21.

*Subd. 6. [RETAILER LICENSES.] (a) A dairy marketer may not:*

*(1) have an interest in or pay for a license for a retailer; or*

*(2) advance, furnish, lend, or give money for the payment of a license fee and expense incident to the obtaining a license for a retailer.*

*(b) A dairy marketer may purchase a required license in the dairy marketer's name to sell the dairy marketer's dairy products in this state.*

*Sec. 20. [32C.19] [PROHIBITED SIGNS AND ADVERTISING.]*

*Subdivision 1. [ADVERTISING.] (a) A dairy marketer may not:*

*(1) provide, pay for, guarantee, or in any other manner assume, satisfy, or discharge the cost or obligation of a retailer for painting, decorating, improving, repairing, or rebuilding an existing billboard, outdoor sign, display area, wall, fence, building, or structure, or other type of outdoor display advertising having a fixed location; or*

*(2) build, construct, erect, or purchase a new billboard, outdoor sign, or other outdoor advertising having a fixed location, or a structure or facility for use as an outdoor display for the direct benefit of a retailer.*

*(b) A dairy marketer may engage in all forms of outdoor advertising to promote dairy products manufactured, processed, or distributed by the dairy marketer if a reference is not made to a retailer.*

*Subd. 2. [INDOOR SIGNS:] (a) A dairy marketer may not furnish or maintain inside signs of a permanent nature unless the signs are used only for advertising or promoting:*

*(1) dairy products manufactured, distributed, or sold by the person furnishing the sign; or*

*(2) items of food made principally from the dairy product advertised or the brand name of the dairy product advertised.*

*(b) A dairy marketer may furnish point of sale advertising material made of paper or other similar materials to a retailer without charge to only promote the sale of a dairy product of the person furnishing the material.*

*Subd. 3. [MEDIA ADVERTISING.] (a) A dairy marketer may not furnish, give, lend, finance, pay for, contribute to, or by other means, scheme, or device, participate in cooperative advertising using newspapers, radio, television, or other advertising media if a retailer selling, handling, or offering for sale a dairy product of the dairy marketer is named or otherwise identified or referred to in the advertising.*

*(b) A dairy marketer may purchase and pay for the lines or space actually used in advertising one or more of its dairy products in a newspaper advertisement, handbill, or other form of printed advertising put out by a retailer or for the time actually so used in any radio or television program sponsored by a retailer.*

*Subd. 4. [ADVERTISING ON RETAILER'S PREMISES.] A dairy marketer may not pay, loan, or give money, credit, compensation, or anything of*

value to a retailer for:

(1) the privilege of placing a sign, advertisement, or other sales promotion material in or upon the premises of the retailer; or

(2) storing, advertising, or displaying a dairy product in connection with its sale or promotion.

(b) A dairy marketer may furnish paint and maintain an insulated truck body used exclusively in the sale and delivery of its dairy products by the person making retail sales.

**Sec. 21. [32C.20] [DAIRY MARKETERS AS HANDLERS OR HAULERS.]**

A dairy marketer may not engage in the business of a processor or distributor selling or offering dairy products for sale at wholesale to retailers while at the same time engaging in the business of hauling, handling, or delivering dairy products to a retailer for a fee, or for itself, or another processor or distributor if the business results in a sale of a dairy product at wholesale to a retailer at a price lower than the retailer could obtain from the processor or distributor without the hauling, handling, or delivering.

**ENFORCEMENT**

**Sec. 22. [32C.21] [ENFORCEMENT.]**

The commissioner shall enforce this chapter as provided in sections 23 to 25. The commissioner may adopt permanent and emergency rules to administer and enforce this chapter.

**Sec. 23. [32C.22] [ENTRY, INSPECTION, AND INVESTIGATION.]**

*Subdivision 1. [ENTRY.] The commissioner may enter, at reasonable hours:*

(1) all places of business operated by dairy marketing licensees where raw milk, milk products, or frozen dairy products are produced, stored, processed, manufactured, or sold; and

(2) places where the dairy marketing licensee maintains books, papers, accounts, records, or other documents related to the license.

*Subd. 2. [SUBPOENA AND INSPECTION.] (a) The commissioner may subpoena, and inspect, audit, and make copies of books, papers, records, accounts, or documents to determine whether the provisions of sections 11 to 21, rules of the board, and stabilization plans are being complied with.*

(b) The commissioner may subpoena, and may inspect, audit, and make copies of, relevant books, papers, records, accounts, or other documents of persons doing business with persons with dairy marketing licenses.

(c) The commissioner may subpoena and take the testimony, under oath, of persons believed to have information needed to administer and enforce the provisions of sections 11 to 21.

*Subd. 3. [INVESTIGATIONS.] The commissioner may call together dairy marketers, retailers, and dairy farmers to investigate and hold hearings on trade practices and make findings relative to a trade practice involving the manufacture, sale, or distribution of dairy products.*

*Subd. 4. [CONFIDENTIALITY OF INFORMATION.] (a) Information acquired by the commissioner under this section is private data under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9, and may only be used by the commissioner and the milk stabilization board for the administration of sections 1 to 21.*

*(b) A person who divulges confidential information that is private data on individuals or nonpublic data under this subdivision to an unauthorized person is guilty of a misdemeanor.*

**Sec. 24. [32C.23] [REMEDIES.]**

*Subdivision 1. [REVOCAION OR SUSPENSION OF LICENSE.] (a) If the commissioner or director has reason to believe that a dairy marketing licensee has violated sections 11 to 21, a rule of the board or commissioner, or the stabilization plan, the commissioner or director may file a complaint with the board against the licensee and must serve a copy of the complaint on the licensee. The complaint must state the nature of the alleged violation.*

*(b) The board, after a hearing and finding that a dairy marketing licensee has violated a provision of sections 11 to 21, a stabilization plan, or a rule of the board or commissioner, may suspend or revoke the license.*

*Subd. 2. [ENFORCEMENT BY COMMISSIONER OF VIOLATIONS RECOGNIZED BY BOARD.] If the board is aware of a violation or potential violation of this chapter, the board shall notify the commissioner of the violation. The commissioner must investigate the alleged violation and begin the appropriate enforcement action.*

*Subd. 3. [CIVIL PENALTY.] The commissioner may, upon recommendation of the board, assess a civil penalty not to exceed \$500 per day for each violation or continuing violation, and may collect the civil penalty by a civil proceeding in an appropriate court. Penalties collected by the commissioner shall be deposited in the state treasury and credited to the dairy marketing account.*

*Subd. 4. [COMPLIANCE ENFORCEMENT.] The commissioner may bring an action at law or in equity to enforce compliance with a provision of this chapter or rule of the board or commissioner, or to obtain a declaratory judgment.*

*Subd. 5. [INJUNCTIVE RELIEF.] (a) The commissioner may bring an action for injunctive relief and have the relief, against any person violating or threatening to violate provisions of this chapter. The action does not require:*

*(1) alleging or proving actual damages or injury or that an adequate remedy of law does not exist, so that injunctive relief can be obtained promptly without awaiting injury or actual damage; or*

*(2) showing of the intent or the effect of restraining, lessening or destroying competition, injuring one or more competitors or injuring one or more persons dealing in dairy products, or impairing or preventing fair competition in the sale of dairy products in the state.*

*(b) The court shall grant injunctive relief unless the person objecting proves that the granting of the injunctive relief will permanently or irreparably, and substantially injure or damage the person. The proof must be offered by ten*



days after the injunctive action is filed, as time is of essence in granting the injunctive relief.

(c) The injunctive relief must be temporary and may not extend beyond a violation of this chapter. The injunctive relief may not abridge or be in lieu of any other civil remedy provided in this chapter, except that temporary injunctive relief may be made permanent upon a showing by the board that the violation:

- (1) has caused injury to competitors or competition;
- (2) has restrained or lessened competition;
- (3) has impaired fair competition in the sale of dairy products; or
- (4) is reasonably expected to cause the effects stated in clause (1), (2), or (3).

(d) This subdivision may not be construed as allowing the commissioner to bring an action for damages that will benefit the commissioner or members of the milk stabilization board.

Sec. 25. [32C.24] [CEASE AND DESIST ORDER.]

*Subdivision 1. [HEARING.]* If the commissioner has reason to believe that a person is violating provisions of sections 15 to 21, or a rule of the board or commissioner, the commissioner may serve a complaint upon the person stating the alleged violation. The complaint must contain a notice of hearing with the time and place at least 20 days after the service of the complaint. The person receiving the complaint has the right to appear at the hearing to show cause why an order should not be entered by the commissioner requiring the person to cease and desist from the violation charged in the complaint. A person may apply and, upon good cause, be allowed by the commissioner to intervene and appear in the proceeding by counsel or in person. The testimony in the proceeding must be reduced to writing and filed in the office of the commissioner. If, upon hearing, the commissioner determines that there has been a violation of provisions of sections 15 to 21, or rule of the board or commissioner, the commissioner shall make a report in writing stating the findings. The commissioner shall issue and serve an order upon the person requiring the person to cease and desist from the violation. The commissioner may at any time after notice and opportunity for hearing, reopen and alter, modify or set aside, in whole or in part, an order issued under this section.

*Subd. 2. [REVIEW BY DISTRICT COURT.]* (a) A person required by an order of the commissioner to cease and desist from an act or practice may obtain a review of the order in district court by filing with the court within 20 days after the date of service of the order a written petition requesting that the order of the commissioner be set aside. A copy of the petition shall be served upon the commissioner. The commissioner shall certify and file in the court a transcript of the entire record and order of the commissioner. Upon the filing of the petition and transcript, the court has jurisdiction of the proceeding and of the question determined.

(b) The court may:

- (1) make and enter upon the pleadings, evidence and proceedings in the

transcript a decree, affirming, modifying, or setting aside the order of the commissioner or enforcing it to the extent that the order is affirmed; and

(2) issue writs ancillary to its jurisdiction or necessary in its judgment to prevent injury to the public or to competitors *pendente lite*.

(c) The findings of the commissioner relating to the facts, if supported by the evidence in the proceeding before the commissioner, are conclusive. To the extent that the order of the commissioner is affirmed, the court shall issue its own order commanding obedience to the terms of the order of the commissioner. If either party applies to the court for leave to acquire and offer 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 acquire and offer the evidence in the proceeding before the commissioner, the court may order that the additional evidence be taken before the commissioner. The evidence shall be offered upon the hearing in the manner and upon the terms and conditions determined by the court. The commissioner may modify findings as to the facts, or make new findings, by reason of the additional evidence taken. The commissioner shall file the modified or new findings which, if supported by the evidence, are conclusive and the commissioner's recommendation, if any, for the modification or setting aside of the commissioner's original order with the return of the additional evidence. The judgment and decree of the court is final, except that it is subject to review by the court of appeals.

*Subd. 3. [ENFORCEMENT.]* Violations of a cease and desist order of the commissioner must be punished by the district court under the laws of contempt. Each day of failure to obey a cease and desist order of the commissioner is a separate violation and each violation of a particular act enjoined by the court is a separate violation.

#### Sec. 26. [32C.25] [CIVIL ACTIONS.]

*Subdivision 1. [DAMAGES.]* A person that has business or property damaged resulting from a violation of sections 15 to 21 is entitled to an action in district court to recover three times the damages plus costs, including reasonable attorneys fees.

*Subd. 2. [INJUNCTIVE RELIEF.]* A person that is damaged or is threatened with damage or loss from a violation of sections 15 to 21 is entitled to have injunctive relief against all persons involved in a violation or threatened violation of sections 15 to 21. The injunctive relief must be to prevent and restrain violations or threatened violations and the person does not have to allege or prove actual damages or that an adequate remedy at law does not exist, that injunctive relief can be obtained promptly without waiting. The injunctive relief may not abridge or be in lieu of other civil remedies allowed.

*Subd. 3. [TORT ACTION WITH INJUNCTIVE RELIEF.]* A person entitled to an action may sue both in tort and for injunctive relief and may recover for all loss, damage, or injury arising from the continued violation to the time of trial or hearing of the action.

#### Sec. 27. [32C.26] [DAIRY PROCESSOR ASSESSMENTS.]

*Subdivision 1. [FEES.]* (a) To administer and enforce this chapter, the commissioner may charge each processor the following maximum fees:

(1) 1.00 cent per hundredweight on all milk processed or used in the manufacture of a dairy product sold in this state or manufactured in this state for sale in this state;

(2) 0.75 cents per gallon of frozen foods sold in this state or manufactured in this state for sale in this state;

(3) 1.05 cents per gallon of ice milk mix; and

(4) 1.425 cents per gallon of ice cream mix.

(b) The commissioner may fix the fees at a lesser amount and may adjust the fees if the cost of administering and enforcing this chapter can be paid with less than the maximum fees.

Subd. 2. [COLLECTION.] (a) If the amount of the fees is:

(1) less than \$60 annually, the fees shall be paid within 30 days following the end of the calendar year;

(2) less than \$240 annually, payment must be made quarterly within 30 days following the end of the quarter; or

(3) equal to or more than \$240 annually, payment must be made monthly within 30 days following the end of the month when due.

(b) A penalty amounting to ten percent of the fees due shall be imposed by the commissioner for each month the fees are delinquent.

Subd. 3. [DAIRY MARKETING ACCOUNT.] The dairy marketing account is established in the state treasury. The fees collected by the commissioner under this section shall be deposited in the state treasury and credited to the dairy marketing account. The money in the dairy marketing account is continuously appropriated to the commissioner to be used as a revolving fund for administering and enforcing this chapter.

#### Sec. 28. [ORGANIZATION REPORT.]

The milk stabilization board shall prepare a report on the operation of the board and its functions. The report must cover the location of the board, the board's relation with the department of agriculture, and if the board could operate more effectively separate from the administration of the commissioner of agriculture. The report must be submitted to the legislature by January 15, 1988.

#### Sec. 29. [INITIAL TERMS OF MILK STABILIZATION BOARD MEMBERS.]

Notwithstanding section 4, subdivision 2, paragraph (d), the initial terms of members on the milk stabilization board are for:

(1) the dairy farmer from the northern district, four years;

(2) the dairy farmer from the southern district, two years;

(3) the dairy farmer at large, three years;

(4) the processor, four years;

(5) the retailer, three years;

(6) the consumer from congressional district 1, 2, 3, or 4, one year;

(7) *the consumer from congressional district 5, 6, 7, or 8, two years.*

Sec. 30. [APPROPRIATION.]

*\$\_\_\_\_\_ is appropriated from the general fund to the commissioner of agriculture to administer and enforce sections 1 to 25 and to provide for the operation of the milk stabilization board to be available until June 30, 1987.*

Sec. 31. [REIMBURSEMENT.]

*The amount appropriated under section 30 shall be reimbursed to the general fund from the dairy marketing account.*

Sec. 32. [ACCOUNT TRANSFER.]

*The commissioner of finance shall transfer the remaining balance in the dairy industry unfair trade practices account to the dairy marketing account.*

Sec. 33. [REPEALER.]

*Minnesota Statutes, chapter 32A, is repealed.*

Sec. 34. [EFFECTIVE DATE.]

*This act is effective the day following final enactment but a stabilization plan may not be adopted until September 1, 1986."*

Amend the title as follows:

Page 1, line 13, delete everything after the semicolon

Page 1, line 14, delete everything before "authorizing"

Page 1, line 16, delete everything after "processors;"

Page 1, line 18, after "prices;" insert "appropriating money;"

Page 1, line 19, before the period, insert "; repealing Minnesota Statutes 1984, chapter 32A"

And when so amended the bill do pass and be re-referred to the Committee on Governmental Operations. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 1574, 1587, 1588, 1547, 1575, 1579, 641, 1319, 1531, 1692, 1693 and 1591 were read the second time.

## MOTIONS AND RESOLUTIONS

Mr. Langseth moved that the name of Mr. Stumpf be added as a co-author to S.F. No. 641. The motion prevailed.

Mr. Davis moved that the name of Mr. Pehler be added as a co-author to S.F. No. 1531. The motion prevailed.

Mr. DeCramer moved that the names of Messrs. Benson and Peterson, C.C. be added as co-authors to S.F. No. 1546. The motion prevailed.

Mr. Wegscheid moved that the name of Mr. Stumpf be added as a co-author to S.F. No. 1562. The motion prevailed.

Mr. Luther moved that the name of Ms. Peterson, D.C. be added as a co-author to S.F. No. 1593. The motion prevailed.

Mr. Peterson, C.C. moved that the names of Messrs. Stumpf and DeCramer be added as co-authors to S.F. No. 1595. The motion prevailed.

Mr. Berg moved that the name of Mr. Freeman be added as a co-author to S.F. No. 1598. The motion prevailed.

Mr. Wegscheid moved that the names of Messrs. Petty and Laidig be added as co-authors to S.F. No. 1612. The motion prevailed.

Mr. Davis moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1617. The motion prevailed.

Mr. Frederickson moved that the name of Mr. Renneke be added as a co-author to S.F. No. 1622. The motion prevailed.

Mrs. Brataas moved that the names of Mr. Ramstad, Mrs. Kronebusch, Ms. Olson and Mr. Storm be added as co-authors to S.F. No. 1652. The motion prevailed.

Mr. Benson moved that the name of Mr. Solon be added as a co-author to S.F. No. 1657. The motion prevailed.

Mr. Davis moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1662. The motion prevailed.

Mr. Frank moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1665. The motion prevailed.

Mr. Frank moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1666. The motion prevailed.

Mr. Frank moved that the names of Mr. Wegscheid, Mrs. McQuaid and Mr. Davis be added as co-authors to S.F. No. 1667. The motion prevailed.

Mr. Davis moved that the names of Messrs. Frederickson and Johnson, D.E. be added as co-authors to S.F. No. 1672. The motion prevailed.

Mr. Chmielewski moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1673. The motion prevailed.

Mr. Wegscheid moved that the names of Messrs. Dahl and Renneke be added as co-authors to S.F. No. 1683. The motion prevailed.

Mr. Peterson, D.L. moved that his name be stricken as a co-author to S.F. No. 1689. The motion prevailed.

Mr. Dicklich moved that the name of Mr. Frank be added as a co-author to S.F. No. 1729. The motion prevailed.

Mr. Merriam moved that the name of Mr. Novak be added as a co-author to S.F. No. 1731. The motion prevailed.

Mr. Bertram moved that the names of Mr. Dahl and Mrs. McQuaid be added as co-authors to S.F. No. 1746. The motion prevailed.

Ms. Reichgott moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 1752. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Freeman be added as a

co-author to S.F. No. 1755. The motion prevailed.

Mr. Vega moved that the names of Messrs. Dahl, Frank, Merriam and Wegscheid be added as co-authors to S.F. No. 1758. The motion prevailed.

Mr. Luther moved that the names of Messrs. Freeman and Pogemiller be added as co-authors to S.F. No. 1761. The motion prevailed.

Mr. Samuelson moved that the name of Mr. Solon be added as a co-author to S.F. No. 1762. The motion prevailed.

Mr. Waldorf moved that the name of Mrs. Kronebusch be added as a co-author to S.F. No. 1773. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1775. The motion prevailed.

Mr. Ramstad moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1784. The motion prevailed.

Ms. Peterson, D.C. moved that the names of Messrs. Mehrkens and Wegscheid be added as co-authors to S.F. No. 1788. The motion prevailed.

Mr. Merriam moved that the appointments of Corrin John Hodgson, Richard A. Mergens and Byron E. Starns to the Hazardous Substance Injury Compensation Board be withdrawn from the Committee on Agriculture and Natural Resources and re-referred to the Committee on Judiciary. The motion prevailed.

Mrs. Lantry moved that S.F. No. 1509 be withdrawn from the Committee on Local and Urban Government and returned to its author. The motion prevailed.

Mr. Wegscheid moved that S.F. No. 1703 be withdrawn from the Committee on Agriculture and Natural Resources and re-referred to the Committee on Economic Development and Commerce. The motion prevailed.

### GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Hughes in the chair.

After some time spent therein, the committee arose, and Mr. Hughes reported that the committee had considered the following:

S.F. No. 1562, which the committee recommends to pass.

S.F. No. 1349, which the committee recommends to pass with the following amendment offered by Mr. Peterson, R.W.:

Page 2, line 20, after the period, insert "*An insurer, health maintenance organization, or company issuing the policy or contract may require a retired officer or a retired employee to pay all or any part of the premiums or charges.*"

The motion prevailed. So the amendment was adopted.

On motion of Mr. Moe, R.D., the report of the Committee of the Whole, as kept by the Secretary, was adopted.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

indicated.

Messrs. Isackson; Peterson, D.L.; Kamrath; Frederickson and Mrs. Kronebusch introduced—

S.F. No. 1791: A bill for an act relating to agriculture; establishing a family farm advocate program; providing for "buy-down" of interest rates on certain farm loans; re-allocating certain wage subsidy money; providing for mediation of certain agricultural loan disputes; changing certain income and property tax provisions; appropriating money; amending Minnesota Statutes 1984, sections 41.57, by adding a subdivision; 279.01, as amended; 290.08, by adding a subdivision; 290.09, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 268.6751, subdivision 1; 268.676, subdivision 1; 290.01, subdivisions 20a and 20b; 290.491; proposing coding for new law in Minnesota Statutes, chapter 17.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Chmielewski introduced—

S.F. No. 1792: A bill for an act relating to agriculture; state agricultural society; removing the time and geographical restrictions on the society's ability to impose certain restrictions on performers at the state fairgrounds; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision 1.

Referred to the Committee on Veterans and General Legislation.

Mr. Chmielewski introduced—

S.F. No. 1793: A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

Referred to the Committee on Local and Urban Government.

Mr. Laidig introduced—

S.F. No. 1794: A bill for an act relating to Washington county; permitting the negotiated sale of certain property.

Referred to the Committee on Local and Urban Government.

Messrs. Moe, D.M.; Spear; Wegscheid; Pogemiller and Renneke introduced—

S.F. No. 1795: A bill for an act relating to education; placing the state council on vocational education director in the unclassified service; amending Minnesota Statutes 1985 Supplement, section 136C.50, subdivision 7.

Referred to the Committee on Governmental Operations.

Messrs. Moe, D.M.; Spear; Wegscheid; Pogemiller and Renneke introduced—

S.F. No. 1796: A bill for an act relating to state investments; establishing various accounts within the supplemental investment fund; providing for the

administration of the accounts and for the investment and valuation of shares within each account; amending Minnesota Statutes 1984, sections 11A.17, subdivisions 1, 4, 9, and by adding a subdivision; 69.77, subdivision 2; 69.775; 352.96, subdivision 4; 352D.04, subdivision 1; Minnesota Statutes 1985 Supplement, section 11A.17, subdivision 13; and Laws 1969, chapter 950, section 3, as amended.

Referred to the Committee on Governmental Operations.

Mrs. Adkins, Messrs. Moe, R.D.; Bernhagen; Stumpf and Isackson introduced—

S.F. No. 1797: A bill for an act relating to public administration; providing for various town powers; permitting certain sales of public property; providing conditions for contractor's bonds; amending Minnesota Statutes 1984, sections 366.01, subdivision 1; 367.05, subdivision 1; 367.31, subdivision 4; 471.64, subdivision 1; and 624.44; and Minnesota Statutes 1985 Supplement, sections 365.10; and 574.26.

Referred to the Committee on Local and Urban Government.

Mr. Pehler introduced—

S.F. No. 1798: A bill for an act relating to education; making technical changes to the definition of a school; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2.

Referred to the Committee on Education.

Mr. Petty introduced—

S.F. No. 1799: A bill for an act relating to the city of Minneapolis; permitting the city to establish a consolidated city personnel system.

Referred to the Committee on Local and Urban Government.

Messrs. Langseth and Moe, R.D. introduced—

S.F. No. 1800: A bill for an act relating to education; making certain changes in the post-secondary enrollment options act; requiring certification that pupils are academically prepared for enrollment; providing limitations on granting credit for certain courses; authorizing secondary schools to grant transferable post-secondary credits; authorizing tuition reimbursement for courses taken for secondary credit only; authorizing certain charges for courses taken for post-secondary credit; limiting school district liability for student participation in this program; establishing an aid for test fees; appropriating money; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 4, 5, 6, 7, 8, and by adding subdivisions.

Referred to the Committee on Education.

Mses. Peterson, D.C.; Reichgott and Mr. Spear introduced—

S.F. No. 1801: A bill for an act relating to criminal procedure; providing for in camera hearings on certain evidentiary issues in criminal sexual con-



duct cases; amending Minnesota Statutes 1984, section 609.347, subdivision 4.

Referred to the Committee on Judiciary.

Messrs. Novak, Purfeerst and Frank introduced—

S.F. No. 1802: A bill for an act relating to appropriations; allowing appropriation to department of public safety for fingerprint identification network to be available for second year of biennium; amending Laws 1985, first special session chapter 13, section 53.

Referred to the Committee on Finance.

Mr. Dahl introduced—

S.F. No. 1803: A bill for an act relating to insurance; providing flexibility in the amount of coverage for structures other than the dwelling under a homeowner's policy; proposing coding for new law in Minnesota Statutes, chapter 65A.

Referred to the Committee on Economic Development and Commerce.

Mr. Lessard introduced—

S.F. No. 1804: A bill for an act relating to taxation; individual income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Mr. Pogemiller, Ms. Peterson, D.C.; Messrs. Vega and Knutson introduced—

S.F. No. 1805: A bill for an act relating to housing; making permanent the interest reduction program; repealing Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13.

Referred to the Committee on Energy and Housing.

Messrs. Dahl; Laidig; Moe, R.D.; Taylor and Johnson, D.J. introduced—

S.F. No. 1806: A bill for an act relating to commerce; motor fuel franchises; extending the temporary prohibition on certain building alterations that eliminate service bays; amending Laws 1984, chapter 444, section 4.

Referred to the Committee on Economic Development and Commerce.

Ms. Peterson, D.C. introduced—

S.F. No. 1807: A bill for an act relating to education; authorizing revenue for certain full-day kindergarten programs; requiring program approval by the commissioner of education; amending Minnesota Statutes 1985 Supplement, section 124.17, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 120.

Referred to the Committee on Education.

Ms. Peterson, D.C. introduced—

S.F. No. 1808: A bill for an act relating to labor; regulating grants to area labor-management committees; amending Minnesota Statutes 1985 Supplement, sections 179.81, subdivision 2, and by adding a subdivision; 179.84; and 179.85.

Referred to the Committee on Employment.

Mr. Freeman introduced—

S.F. No. 1809: A bill for an act relating to driver licensing; defining bus; amending Minnesota Statutes 1984, section 171.01, subdivision 19.

Referred to the Committee on Transportation.

Ms. Berglin introduced—

S.F. No. 1810: A bill for an act relating to human services; providing for conditions requiring monthly reporting by recipients of aid to families with dependent children; amending Minnesota Statutes 1985 Supplement, section 256.73, subdivision 6.

Referred to the Committee on Health and Human Services.

Mr. Dahl introduced—

S.F. No. 1811: A bill for an act relating to taxation; eliminating requirement that assessments be paid before conveyances or plats are recorded; amending Minnesota Statutes 1984, section 272.12.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Benson and Isackson introduced—

S.F. No. 1812: A bill for an act relating to health; authorizing use of swing beds by patients transferred from hospitals located outside of the patient's community; amending Minnesota Statutes 1985 Supplement, section 144.562, subdivision 3.

Referred to the Committee on Health and Human Services.

Mr. Belanger introduced—

S.F. No. 1813: A bill for an act relating to crimes; requiring health professionals to report certain burn injuries; amending Minnesota Statutes 1984, section 626.53; and Minnesota Statutes 1985 Supplement, section 626.52, by adding a subdivision.

Referred to the Committee on Judiciary.

Ms. Berglin introduced—

S.F. No. 1814: A bill for an act relating to human services; modifying the preadmission screening program; establishing requirements for medical

assistance rate appeals procedures for intermediate care facilities; amending Minnesota Statutes 1985 Supplement, sections 256B.091, subdivisions 2, 4, 5, and 8; and 256B.501, subdivision 3.

Referred to the Committee on Health and Human Services.

Mr. Wegscheid introduced—

S.F. No. 1815: A bill for an act relating to securities; enacting the Uniform Securities Act of 1985; providing for the general regulation of the securities business; providing penalties; amending Minnesota Statutes 1984, sections 144A.01, subdivision 4; 302A.011, subdivision 26; 308.06, subdivision 3; Minnesota Statutes 1985 Supplement, section 60A.03, subdivision 2; repealing Minnesota Statutes 1984, chapter 80A, as amended; proposing coding for new law in Minnesota Statutes, chapter 80.

Referred to the Committee on Economic Development and Commerce.

Mrs. McQuaid, Messrs. Petty, Anderson, Isackson and Mrs. Kronebusch introduced—

S.F. No. 1816: A bill for an act relating to civil actions; setting conditions of local government and state liability in certain actions; providing exclusions from liability; setting procedural and regulatory requirements; limiting indemnification; defining other conditions of liability; amending Minnesota Statutes 1984, sections 466.01, subdivision 1; 466.03, subdivision 4, and by adding subdivisions; 466.05; 466.07, by adding a subdivision; and 471.982, subdivision 3; amending Minnesota Statutes 1985 Supplement, section 3.736, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 466.

Referred to the Committee on Local and Urban Government.

Ms. Berglin introduced—

S.F. No. 1817: A bill for an act relating to insurance; authorizing the commissioner to adopt an assigned risk plan for licensed day care providers; regulating the creation and operation of the plan; amending Minnesota Statutes 1984, section 70A.09.

Referred to the Committee on Health and Human Services.

Messrs. Taylor; Moe, R.D.; Peterson, C.C.; Johnson, D.J. and Renneke introduced—

S.F. No. 1818: A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

Referred to the Committee on Transportation.

Messrs. Waldorf, Sieloff, Novak, Frank and Spear introduced—

S.F. No. 1819: A bill for an act relating to liquor; prohibiting joint purchases by retailers; removing limitations on volume discounts by wholesalers, and suggested retail prices; authorizing combination purchases;

amending Minnesota Statutes 1985 Supplement, section 340A.312, subdivision 1; repealing Minnesota Statutes 1985 Supplement, sections 340A.312, subdivision 2, and 340A.314.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Luther introduced—

S.F. No. 1820: A bill for an act relating to the attorney general; authorizing an increase in the number of assistant attorneys general; amending Minnesota Statutes 1984, section 8.02.

Referred to the Committee on Governmental Operations.

Mr. Pehler introduced—

S.F. No. 1821: A bill for an act relating to environment; transferring certain duties of the pollution control agency under the waste management act to the waste management board; amending Minnesota Statutes 1984, sections 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.51; 115A.53; and 115A.917; Minnesota Statutes 1985 Supplement, sections 115A.49 and 115A.52.

Referred to the Committee on Agriculture and Natural Resources.

Mrs. Lantry, Messrs. Frank, Knutson, Ms. Berglin and Mr. Dicklich introduced—

S.F. No. 1822: A bill for an act relating to human services; creating a grant program of caregiver support services; appropriating money.

Referred to the Committee on Health and Human Services.

Mr. Peterson, R.W. introduced—

S.F. No. 1823: A bill for an act relating to financial institutions; providing for open end loan account arrangements; modifying permissible finance charges and annual charges; eliminating alternative credit card plan requirements; amending Minnesota Statutes 1984, section 48.185, subdivisions 1, 3, and 4; repealing Minnesota Statutes 1984, section 48.185, subdivision 4a.

Referred to the Committee on Economic Development and Commerce.

Mr. Anderson introduced—

S.F. No. 1824: A bill for an act relating to independent school district No. 820, Sebeka; allowing a fund transfer.

Referred to the Committee on Education.

Mr. Johnson, D.J. introduced—

S.F. No. 1825: A bill for an act relating to taxation; authorizing the commissioner of revenue to pay the cost of collection agencies; changing the payment of fees for recording certain liens; removing the homestead exemp-

tion from liens; authorizing the renewal of liens; limiting the enforcement of liens on homesteads; changing the interest rate paid on refunds; increasing penalties for failure to file income tax returns; requiring tax clearance certificates prior to issuing or renewing business or professional licenses and removing the sunset; providing for the furnishing of certain information to the supreme court or certain professional bodies; requiring social security numbers on homestead applications; providing penalties; providing a sales tax on intoxicating liquor at the wholesale level; appropriating money; amending Minnesota Statutes 1984, sections 60.17, by adding a subdivision; 82.27, by adding a subdivision; 148.10, by adding a subdivision; 150A.08, by adding a subdivision; 270.69, by adding a subdivision; 270.72, subdivisions 1, 2, and 3; 290.53, subdivision 2; 290.61; 297A.01, subdivision 9; 297A.02, by adding a subdivision; 297A.03, subdivision 2; 297A.04; 297A.08; 297A.18; 297A.27, subdivision 1; 297A.275; 297A.28; 297A.43; and 326.20, by adding a subdivision; amending Minnesota Statutes 1985 Supplement, sections 147.021, by adding a subdivision; 270.063; 270.69, subdivisions 2, 3, and 4; 270.76; and 273.124, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 297A; repealing Minnesota Statutes 1984, sections 270.72, subdivision 5; and 297A.02, subdivision 3.

Referred to the Committee on Taxes and Tax Laws.

Mr. Novak introduced—

S.F. No. 1826: A bill for an act relating to drivers' licenses; providing for motorized bicycle instruction permits; setting a fee; amending Minnesota Statutes 1984, sections 171.02, subdivision 3; and 171.05, by adding a subdivision.

Referred to the Committee on Transportation.

Mr. Novak, by request, introduced—

S.F. No. 1827: A bill for an act relating to traffic regulations; requiring damage vehicle release sticker on motor vehicle damaged in accident; amending Minnesota Statutes 1984, section 169.09, subdivisions 9, 12, and by adding a subdivision.

Referred to the Committee on Transportation.

Mr. Novak, by request, introduced—

S.F. No. 1828: A bill for an act relating to real property; expanding class of persons who may receive duplicate certificate of title to registered land at direction of examiner of titles; providing that size of registered land drawings conform to uniform size for other plats; amending Minnesota Statutes 1984, section 508.44, subdivision 2; and Minnesota Statutes 1985 Supplement, section 508.47, subdivision 4.

Referred to the Committee on Judiciary.

Messrs. Bernhagen, Waldorf, Pogemiller and Mrs. Kronebusch introduced—

S.F. No. 1829: A resolution memorializing the President and Congress of the United States to enact the Mississippi River National Heritage Corridor Act of 1986.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Peterson, C.C.; Pehler and Stumpf introduced—

S.F. No. 1830: A bill for an act relating to retirement; early retirement; extending the time for retirement under the Rule of 85; amending Minnesota Statutes 1985 Supplement, section 356.70, subdivision 1.

Referred to the Committee on Governmental Operations.

Mr. Dicklich introduced—

S.F. No. 1831: A bill for an act relating to insurance; accident and health; extending group benefits for ambulatory mental health services to cover services of licensed psychologists; amending Minnesota Statutes 1985 Supplement, section 62A.152, subdivision 2.

Referred to the Committee on Economic Development and Commerce.

Mr. Dicklich introduced—

S.F. No. 1832: A bill for an act relating to natural resources; allocating a portion of cross country license fees issued by political subdivisions to be used for maintenance of cross country ski trails; amending Minnesota Statutes 1984, section 85.41, subdivision 5.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Dahl introduced—

S.F. No. 1833: A bill for an act relating to insurance; providing flexibility in the amount of coverages other than for the dwelling under a homeowner's policy; proposing coding for new law in Minnesota Statutes, chapter 65A.

Referred to the Committee on Economic Development and Commerce.

Messrs. Bertram, Anderson, DeCramer and Wegscheid introduced—

S.F. No. 1834: A bill for an act relating to agriculture; defining "milk," "skim milk," and "lowfat milk"; amending Minnesota Statutes 1984, section 32.391, subdivision 1, and by adding subdivisions.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Kamrath, Renneke, Dicklich and Hughes introduced—

S.F. No. 1835: A bill for an act relating to education; requiring a pupil to opt and pay for post-secondary credit; allowing financial aid to the pupil; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 4, 6, and by adding a subdivision.

Referred to the Committee on Education.

Messrs. Storm and Laidig introduced—

S.F. No. 1836: A bill for an act relating to political subdivisions; stating

tort liability for certain property and services; amending Minnesota Statutes 1984, section 466.03, by adding a subdivision.

Referred to the Committee on Local and Urban Government.

Messrs. Chmielewski and Bertram introduced—

S.F. No. 1837: A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

Referred to the Committee on Transportation.

Mr. Hughes, Ms. Peterson, D.C.; Messrs. Peterson, D.L.; Storm and Pogemiller introduced—

S.F. No. 1838: A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.095; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

Referred to the Committee on Elections and Ethics.

Mr. Hughes, Ms. Peterson, D.C.; Messrs. Johnson, D.E.; Samuelson and Luther introduced—

S.F. No. 1839: A bill for an act relating to elections; recodifying and clarifying the laws on election contests; amending Minnesota Statutes 1984, sections 209.01; 209.02; 209.03; 209.05; 209.06; 209.07; 209.09; 209.10; and 209.12; proposing coding for new law in Minnesota Statutes, chapter 209; repealing Minnesota Statutes 1984, sections 209.02, subdivisions 2, 3, 4, 4a, 5, 6, 7, and 8; 209.04; and 209.11.

Referred to the Committee on Elections and Ethics.

Ms. Peterson, D.C.; Messrs. Hughes; Johnson, D.E.; Samuelson and Luther introduced—

S.F. No. 1840: A bill for an act relating to elections; requiring fair campaign practices; imposing penalties; amending Minnesota Statutes 1984, sections 123.015; 200.015; 201.275; 204C.04; proposing coding for new law as Minnesota Statutes, chapters 211A and 211B; repealing Minnesota Statutes 1984, sections 210A.01 to 210A.44.

Referred to the Committee on Elections and Ethics.

Messrs. Frank and Purfeerst introduced—

S.F. No. 1841: A bill for an act relating to compacts; enacting enabling language for Minnesota to join driver license compact; allowing exchange of

driver license information with other states; promoting consolidated, complete driver record; proposing coding for new law in Minnesota Statutes, chapter 171.

Referred to the Committee on Transportation.

Messrs. Frank and Purfeerst introduced—

S.F. No. 1842: A bill for an act relating to public safety; motor vehicles; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identification card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; amending Minnesota Statutes 1984, sections 168.28; 169.123, subdivision 5c; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.013, subdivisions 1c and 1e; and 171.27; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

Referred to the Committee on Transportation.

Messrs. Lessard, Dicklich, Nelson and Langseth introduced—

S.F. No. 1843: A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

Referred to the Committee on Transportation.

Mr. Diessner introduced—

S.F. No. 1844: A bill for an act relating to human services; requiring chemical dependency facilities to report data; proposing coding for new law in Minnesota Statutes, chapter 254A.

Referred to the Committee on Health and Human Services.

Mr. Diessner introduced—

S.F. No. 1845: A bill for an act relating to health; requiring the commissioner of health to monitor and evaluate mental health programs; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Human Services.

Mr. Diessner introduced—

S.F. No. 1846: A bill for an act relating to health; requiring the commissioner of health to develop a system of monitoring the costs and outcomes of organ transplant procedures; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Human Services.



Mr. Pogemiller introduced—

S.F. No. 1847: A bill for an act relating to state and local government obligations; providing for a method of determining compliance with the volume cap limitations of proposed federal tax law.

Referred to the Committee on Local and Urban Government.

Messrs. Willet, Ramstad, Petty, Jude and Peterson, R.W. introduced—

S.F. No. 1848: A bill for an act relating to costs and attorney fees; providing for recovery of costs and attorney fees by prevailing parties in civil actions and contested case proceedings involving the state; amending Minnesota Statutes 1984, section 14.62, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 3.

Referred to the Committee on Judiciary.

Messrs. Dahl, Merriam, Frank and Peterson, R.W. introduced—

S.F. No. 1849: A bill for an act relating to appropriations; designating Anoka county as an operating agency in the administration and expenditure of an appropriation for the Mississippi Regional Park.

Referred to the Committee on Local and Urban Government.

Messrs. Waldorf, Merriam; Peterson, R.W.; Taylor and Frederickson introduced—

S.F. No. 1850: A bill for an act relating to state government; regulating fees for state agency services; amending Minnesota Statutes 1985 Supplement, sections 16A.128 and 16A.1281.

Referred to the Committee on Governmental Operations.

Messrs. DeCramer, Storm and Wegscheid introduced—

S.F. No. 1851: A bill for an act relating to state government; changing certain procedures related to the state archaeologist and archaeological sites; amending Minnesota Statutes 1984, sections 138.35, subdivision 1; and 138.40, subdivision 3.

Referred to the Committee on Veterans and General Legislation.

Ms. Berglin, Messrs. Wegscheid, Spear and DeCramer introduced—

S.F. No. 1852: A bill for an act relating to cemeteries; changing procedures for dealing with certain burial sites; increasing a penalty; amending Minnesota Statutes 1984, section 307.08.

Referred to the Committee on Veterans and General Legislation.

Ms. Berglin, Messrs. DeCramer and Wegscheid introduced—

S.F. No. 1853: A bill for an act relating to state government; authorizing the Indian affairs council to accept grants and gifts; amending Minnesota Statutes 1984, section 3.922, subdivision 5.

Referred to the Committee on Veterans and General Legislation.

Messrs. Peterson, R. W.; Petty and Laidig introduced—

S.F. No. 1854: A bill for an act relating to commerce; regulating securities; regulating the assignment of certain real property loans and the administration of certain escrow accounts; providing certain exemptions; regulating real estate brokers and salespersons; modifying re-examination requirements; providing trust account requirements for licensees acting as principals; granting certain enforcement powers to the commissioner; providing certain remedies; amending Minnesota Statutes 1984, sections 47.20, subdivision 9; 80A.14, subdivision 18; 80A.15, subdivision 1; 82.17, subdivision 4; 82.22, subdivisions 3, 6, and 13; 82.24, subdivision 2; 82.26; 82.27, subdivision 1; 82.33, subdivision 2; and Minnesota Statutes 1985 Supplement, section 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

Referred to the Committee on Economic Development and Commerce.

Messrs. Peterson, C.C.; Bertram; Novak and Merriam introduced—

S.F. No. 1855: A bill for an act relating to taxation; exempting from income taxation federal employees' retirement benefits paid to persons under age 65; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Stumpf and Wegscheid introduced—

S.F. No. 1856: A bill for an act relating to education; making modifications in the post-secondary enrollment options act; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 2, 4, and 5, and by adding subdivisions.

Referred to the Committee on Education.

Messrs. Solon; Freeman; Johnson, D.E. and Luther introduced—

S.F. No. 1857: A bill for an act relating to courts; increasing fees to be collected; clarifying existing fee statutes; amending Minnesota Statutes 1984, section 176.451, subdivision 3; 487.31, subdivisions 1 and 4; 487.33; 514.70; 525.031; and 525.033; Minnesota Statutes 1985 Supplement, section 357.021, subdivision 2.

Referred to the Committee on Judiciary.

Mr. Berg introduced—

S.F. No. 1858: A bill for an act relating to elections; regulating lobbyist and candidate activities and contributions; proposing coding for new law in Minnesota Statutes, chapter 10A.

Referred to the Committee on Elections and Ethics.

Messrs. Johnson, D.J.; Sieloff; Novak; Frank and Storm introduced—

S.F. No. 1859: A bill for an act relating to liquor; regulating the extension

of credit to retail licensees; proposing coding for new law in Minnesota Statutes, chapter 340A.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Bertram introduced—

S.F. No. 1860: A bill for an act relating to health; providing for county registrars of vital statistics; amending Minnesota Statutes 1984, section 144.214, subdivision 1.

Referred to the Committee on Local and Urban Government.

Messrs. Bernhagen and Renneke introduced—

S.F. No. 1861: A bill for an act relating to education; appropriating money to the department of education for grants to the Little Crow Regional Tele-Network.

Referred to the Committee on Education.

Mr. Petty, Mrs. Adkins, Messrs. Bertram and Johnson, D.E. introduced—

S.F. No. 1862: A bill for an act relating to crimes; making certain videotaped statements admissible in proceedings involving physical or sexual abuse against a child; amending Minnesota Statutes 1984, section 595.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 260.156; and 595.02, subdivision 3.

Referred to the Committee on Judiciary.

Ms. Peterson, D.C. introduced—

S.F. No. 1863: A bill for an act relating to housing; authorizing the Minnesota housing finance agency to make grants to municipalities for the provision of housing for very low income persons; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 462A.

Referred to the Committee on Energy and Housing.

Ms. Peterson, D.C. introduced—

S.F. No. 1864: A bill for an act relating to education; requiring special instruction and services for handicapped children from birth to age three; requiring district plans to include special instruction and services for children under age five; amending Minnesota Statutes 1984, section 120.17, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 120.17, subdivisions 1, 3, 3a, and 13.

Referred to the Committee on Education.

Mr. Johnson, D.J. introduced—

S.F. No. 1865: A bill for an act relating to the financing of government in this state; abolishing certain levy limits; changing the schedule for certain

payments to school districts; changing computation of school agricultural and homestead property tax credits and capping the appropriation for reimbursements; prescribing requirements for certain sales ratio studies; changing eligibility for agricultural land tax deferral; abolishing supplementary homestead property tax relief; changing definition of agricultural land for property tax purposes; extending the due date for the second installment of agricultural property taxes; reducing homestead credit reimbursements for 1986; changing the property tax refund payment schedules; changing the filing date for property tax refund claims; setting local government aids for 1987 and changing the payment dates; limiting the appropriation for local government aid for 1986; authorizing counties to impose mortgage registry and deed taxes; authorizing counties to impose service fees; changing the maximum balance in budget reserve account; providing for the deposit of certain motor vehicle excise tax proceeds in the general fund; transferring funds from the highway user tax distribution fund and the transit assistance fund to the general fund; transferring funds from the northeast Minnesota economic protection trust fund to the general fund; abolishing the suspension of income tax indexing; abolishing the tax reduction for agricultural alcohol gasoline; providing for the allocation of additional receipts; appropriating money; amending Minnesota Statutes 1984, sections 38.27, subdivision 3; 115.34, subdivision 1; 124.195, subdivision 3; 129A.06, subdivision 2; 164.041; 270.12, subdivision 2; 273.111, subdivision 3; 273.123, subdivision 7; 275.125, subdivision 10; 287.05, by adding a subdivision; 287.21, by adding a subdivision; 290A.04, by adding a subdivision; 297B.09, subdivision 2; 298.282, subdivisions 2 and 3; 298.39; 298.396; 360.037, subdivision 2; 375.167, subdivision 1; 383C.55; 423.376, subdivision 3; 444.075, subdivision 4; 447.34, subdivision 1; 447.35; 465.73; 471.1921; 471.74, subdivision 2; 473.882, subdivision 3; and 477A.015; and Minnesota Statutes 1985 Supplement, sections 16A.15, subdivision 6; 273.124, subdivision 11; 273.13, subdivisions 15a, 22, and 23; 273.1392; 273.1393; 275.14; 279.01; 287.12; 287.29, subdivision 1; 290A.03, subdivision 13; 290A.04, subdivision 2; 290A.06; 298.28, subdivision 1; 298.293; 475.754; 477A.011, subdivision 12; 477A.012; and 477A.013; proposing new law coded in Minnesota Statutes, chapters 124, 275, and 375; repealing Minnesota Statutes 1984, sections 124.2137; 273.1391; 275.11; 275.15; 275.16; 275.50; 275.51; 275.54; 275.55; 275.56; 275.561; 275.58; 290A.04, subdivisions 2e and 2f; 383C.552; 414.01, subdivision 15; 473.87, subdivision 1; and Minnesota Statutes 1985 Supplement, sections 16A.154; 290.06, subdivision 2f; 296.01, subdivision 24; and 296.02, subdivisions 7 and 8.

Referred to the Committee on Taxes and Tax Laws.

Mr. Dahl introduced—

S.F. No. 1866: A bill for an act relating to economic development; authorizing the energy and economic development authority to make grants for the creation of seed capital funds; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116M.

Referred to the Committee on Economic Development and Commerce.

Mr. Pogemiller introduced—

S.F. No. 1867: A bill for an act relating to public safety; drivers' licenses;

providing conditions for requiring physician reports for driver's license applicants who are subject to periods of unconsciousness; proposing coding for new law in Minnesota Statutes, chapter 171.

Referred to the Committee on Transportation.

Messrs. Pogemiller, Luther and Moe, R.D. introduced—

S.F. No. 1868: A bill for an act relating to human services; establishing demonstration projects to centralize application for all food assistance programs and to promote full participation in food assistance programs; establishing a nutrition council; establishing a coordinated nutrition data bank; requiring the full expenditure of federal funds by agencies administering the special supplemental food program for women, infants, and children; establishing a centralized unit to supervise the food stamp program; requiring food stamps to be provided within 24 hours to persons eligible for expedited issuance; requiring that waivers be obtained, if possible, from the United States government to allow certain individuals to obtain food stamps and medical assistance, to permit reimbursement of costs of home-delivered meals to the elderly, and to implement a pilot school breakfast program; appropriating money; amending Minnesota Statutes 1984, sections 145.892, subdivision 2; 145.894; and 393.07, subdivision 10, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124; 144; 245; and 256B.

Referred to the Committee on Health and Human Services.

Mr. Dieterich introduced—

S.F. No. 1869: A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; amending Minnesota Statutes 1984, sections 216A.035; and 216A.04; proposing coding for new law in Minnesota Statutes, chapter 216A.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Hughes; Pehler; Dicklich; Peterson, R.W. and Peterson, D.L. introduced—

S.F. No. 1870: A bill for an act relating to education; establishing aid and levy for adult literacy programs; amending Minnesota Statutes 1984, section 275.125, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 124.

Referred to the Committee on Education.

### MEMBERS EXCUSED

Messrs. Johnson, D.J; Petty and Storm were excused from the Session of today.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 3:00 p.m., Wednesday, February 12, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**SIXTY-NINTH DAY**

St. Paul, Minnesota, Wednesday, February 12, 1986

The Senate met at 3:00 p.m. and was called to order by the President.

**CALL OF THE SENATE**

Mrs. Lantry imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Gordon Dahl.

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

Adkins	Dicklich	Kamrath	Moe, D.M.	Reichgott
Anderson	Diessner	Knaak	Moe, R.D.	Renneke
Belanger	Dieterich	Knutson	Nelson	Samuelson
Benson	Frank	Kroening	Novak	Sieloff
Berg	Frederick	Kronebusch	Olson	Spear
Berglin	Frederickson	Laidig	Pehler	Storm
Bernhagen	Freeman	Langseth	Peterson, C.C.	Stumpf
Bertram	Gustafson	Lantry	Peterson, D.C.	Taylor
Brataas	Hughes	Lessard	Peterson, D.L.	Waldorf
Chmielewski	Isackson	Luther	Peterson, R.W.	Wegscheid
Dahl	Johnson, D.E.	McQuaid	Pogemiller	Willet
Davis	Johnson, D.J.	Mehrkens	Purfeerst	
DeCramer	Jude	Merriam	Ramstad	

The President declared a quorum present.

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

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the adoption by the House of the following Senate Concurrent Resolution, herewith returned:

Senate Concurrent Resolution No. 17: A Senate concurrent resolution providing session deadlines for the legislature pursuant to Joint Rule 2.03.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 10, 1986

Mr. President:

I have the honor to announce that the House has refused to adopt the Con-

ference Committee report on the following Senate File and has voted that the bill be returned to the Senate and to the Conference Committee:

S. F. No. 5: A bill for an act relating to alcoholic beverages; increasing the age for licensing, sale, purchase, consumption, possession, and furnishing of alcoholic beverages; establishing programs for education on avoidable health risks related to alcohol and other drugs; increasing the fee for the reinstatement of drivers licenses revoked for alcohol-related violations; appropriating money; amending Minnesota Statutes 1984, sections 171.29, subdivision 2; 340.02, subdivision 8; 340.035, subdivision 1; 340.039; 340.119, subdivision 2; 340.13, subdivision 12; 340.403, subdivision 3; 340.73, subdivision 1; 340.731; 340.732; 340.79; and 340.80.

Senate File No. 5 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 10, 1986

### RECONSIDERATION

Mr. Diessner moved that the vote whereby S.F. No. 5 was repassed by the Senate on May 6, 1985, be now reconsidered. The motion prevailed.

### RECONSIDERATION

Mr. Diessner moved that the vote whereby the Conference Committee Report on S.F. No. 5 was adopted by the Senate on May 20, 1985, be now reconsidered. The motion prevailed.

Mr. Diessner moved that, the Senate having reconsidered the vote whereby S.F. No. 5 was repassed, and the adoption of the Conference Committee Report on S.F. No. 5, a new Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like new Conference Committee appointed on the part of the House. The motion prevailed.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 1672. The motion prevailed.

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

S.F. No. 1600: A bill for an act relating to courts; altering the responsibility for the procedure to be followed when filing a change of name with the county recorder; eliminating the limits on the amount of bond to be posted by the clerk of court; prohibiting employees of the clerk's office from practicing law in the court in which they are employed; amending Minnesota Statutes 1984, section 259.11; and Minnesota Statutes 1985 Supplement, section 485.01.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

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

S.F. No. 857: A bill for an act relating to statutes; providing that selected



statutes shall be subject to judicial modification in limited circumstances; proposing coding for new law in Minnesota Statutes, chapter 645.

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

Page 1, line 12, delete "*may*"

Page 1, line 14, after the comma, insert "*may*"

Page 2, line 3, after the first semicolon, insert "*and*"

Page 2, line 3, delete "*; and similar subject areas; and*" and insert a period

Page 2, line 4, delete the first "*procedure*" and before the period, insert "*are private law*"

Page 2, line 18, delete "*and subject*"

Page 2, line 19, delete "*areas*"

Page 2, line 22, delete "*and*" and after "*(3)*" insert "*statutes relating to workers' compensation; and (4)*"

Page 2, line 34, delete "*could not be foreseen by the parties and*"

Page 2, line 35, delete "*that*" and before the semicolon, insert "*because it could not be foreseen*"

Page 3, line 6, delete the first "*the*" and insert "*a*" and after "*decision*" insert "*from an appellate court*"

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

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

S.F. No. 1592: A bill for an act relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Page 1, line 11, delete "*16*" and insert "*14*"

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

Page 1, line 16, before the period, insert "*a specific person*"

Page 1, line 18, after "*conduct*" insert "*with intent to engage in sexual conduct*"

Page 1, line 22, delete "*Consent or*"

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

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

S.F. No. 1645: A bill for an act relating to crime; using force or threat of force against revenue department employees; amending Minnesota Statutes

1984, section 609.50:

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

Page 1, line 15, delete "*(whether orally or in writing)*"

Page 1, line 16, delete "*officer or*" and delete "*Minnesota*"

Page 1, line 17, delete "*person*" and insert "*employee*" and after "*is*" insert "*lawfully*"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1672: A bill for an act relating to agriculture; establishing a legal assistance program for family farmers; prescribing eligibility requirements for persons to receive legal assistance; providing requirements for the legal assistance provider; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 480.

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

Page 1, line 14, delete "*not-for-profit*" and insert "*nonprofit*"

Page 1, line 23, delete "*established*" and insert "*incorporated*" and delete "*not-for-profit organization*" and insert "*nonprofit corporation*"

Page 1, line 24, delete "*Minnesota law*" and insert "*chapter 317*" and after "*under*" insert "*section 501(c)(3) of*" and after "*Code*" insert "*of 1954 as amended through December 31, 1985*"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Mr. Knaak questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1590: A bill for an act relating to agriculture; prohibiting deficiency judgments against property used in agricultural production; amending Minnesota Statutes 1984, sections 336.9-502; 580.23, subdivision 1; and 581.09; proposing coding for new law in Minnesota Statutes, chapters 580 and 582.

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

Delete everything after the enacting clause and insert:

"Section 1. [LEGISLATIVE FINDINGS.]

*The legislature finds that there is a rural economic emergency resulting from the agricultural economic depression. Foreclosure sales and subsequent deficiency judgments are debilitating the persons foreclosed and taking*

*away their hope for readjustment after foreclosure, which is detrimental to the welfare of the state.*

Sec. 2. [580.225] [SATISFACTION OF JUDGMENT.]

*The amount received from foreclosure sale under this chapter is full satisfaction of the mortgage debt except as provided in section 5.*

Sec. 3. Minnesota Statutes 1984, section 580.23, subdivision 1, is amended to read:

580.23 [REDEMPTION BY MORTGAGOR.]

Subdivision 1. When lands have been sold in conformity with the preceding sections of this chapter the mortgagor, his personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable pursuant to section 582.03. ~~Where the redemption period is as provided in this subdivision the mortgagee, or his successors, assigns, or personal representative, or any other purchaser so purchasing at the sheriff's sale shall by purchasing the property at the sheriff's sale thereby waive his right to a deficiency judgment against the mortgagor.~~

Sec. 4. Minnesota Statutes 1984, section 581.09, is amended to read:

581.09 [SATISFACTION OF JUDGMENT; EXECUTION FOR DEFICIENCY.]

Upon confirmation of the report of sale, the clerk shall enter satisfaction of the judgment to the extent of the sum bid for the premises, less expenses and costs; ~~and for any balance of such judgment, execution may issue as in other cases; but no such execution shall issue on the judgment until after a sale of the mortgaged premises, and the application of the amount realized as aforesaid.~~ *The amount entered is full satisfaction of the judgment unless a deficiency is allowed under section 5. If a deficiency judgment is allowed under section 5, the balance of the judgment remaining unpaid may be executed and satisfied in the same manner as a personal judgment against the mortgagor.*

Sec. 5. [582.30] [DEFICIENCY JUDGMENTS.]

Subdivision 1. [DEFICIENCY ALLOWED.] *(a) Except as provided in this section, a person holding a mortgage may obtain a personal judgment against the mortgagor if the amount a person holding a mortgage receives from a foreclosure sale is less than:*

- (1) the amount remaining unpaid on the mortgage under chapter 580; or*
- (2) the amount of the judgment entered under chapter 581.*

*(b) The judgment may not be for more than the difference between the amount received from the foreclosure sale less expenses and costs and:*

*(1) the total amount that attaches to the sale proceeds under section 580.09; or*

*(2) for a foreclosure by action, the amount of the judgment entered under*

section 581.03.

*Subd. 2. [PROHIBITION.] A deficiency judgment is not allowed if a mortgage is foreclosed by advertisement under chapter 580 and there is a redemption period of six months under section 580.23, subdivision 1.*

*Subd. 3. [AGRICULTURAL PROPERTY.] (a) If property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a separate action for a deficiency judgment within 90 days after the foreclosure sale. A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.*

*(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. A separate jury proceeding must be brought to determine the fair market value of the property. The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the fair market value of the property is to be determined must be given to all parties adversely affected by the judgment.*

*Subd. 4. [JUDGMENT ON MORTGAGE NOTE.] A personal judgment may not be executed against a party personally liable on a mortgage note secured by real property used in agricultural production unless the fair market value of the property is determined by a jury in a separate proceeding as provided in subdivision 3, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.*

*Subd. 5. [STATUTE OF LIMITATIONS ON EXECUTING JUDGMENT.] A deficiency judgment or personal judgment obtained under subdivision 3 or 4 may be enforced by execution but the personal judgment may not be executed after three years from the date judgment was entered.*

**Sec. 6. [EFFECTIVE DATE.]**

*Sections 1 to 5 are effective the day following final enactment."*

Amend the title as follows:

Page 1, line 5, delete "336.9-502;"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

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

S.F. No. 1636: A bill for an act relating to agriculture; providing for mediation before debt collection practices are initiated against agricultural property; establishing a farm mediation commission and prescribing powers and duties; establishing farm mediation boards; prescribing mediation notices and certain conditions before debt collection is started; providing for voluntary mediation; prescribing procedures for mandatory mediation; authorizing debt restructuring; authorizing postponement orders and requiring farm

financial plans under certain conditions; classifying certain data; authorizing closed meetings; authorizing rules; providing for appeals; appropriating money; amending Minnesota Statutes 1984, section 336.9-501; proposing coding for new law in Minnesota Statutes, chapters 550; 559; 581; and 583.

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

Page 9, line 29, delete "*Debt*"

Page 9, delete lines 30 and 31

Page 12, delete lines 14 to 36

Renumber the subdivisions in sequence

Page 14, line 28, delete "9" and insert "8"

Page 16, lines 7 and 8, delete "*If a financial plan is not approved or*"

Page 17, line 2, delete "*for providing debt restructuring under section 13 and*"

Page 17, line 28, after the dollar sign, insert "*1,277,200*"

Page 17, line 33, before "*positions*" insert "3"

Page 17, line 34, after the dollar sign, insert "*356,200*"

Page 18, delete lines 1 to 4

Amend the title as follows:

Page 1, line 10, delete "authorizing debt restructuring;"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1790: A bill for an act relating to economic development; rural development; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the department of energy and economic development; establishing the rural development council; establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available insurance authority; appropriating money; amending Minnesota Statutes 1984, sections 116.16, subdivision 5; 116J.61; 116J.873, subdivision 1; and 462.384, subdivision 7; Minnesota Statutes 1985 Supplement, sections 116.16, subdivision 2; 116M.06, subdivision 3; 474.19, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, and 136A; and repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; 116J.961; and 116J.965.

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

Delete everything after the enacting clause and insert:

“Section 1. [84.95] [MINERAL RESOURCES PROGRAM.]

*Subdivision 1. [FINDINGS.] The legislature finds that there has been a disinvestment in mineral and timber resources of the state. To provide a diversified economic base in the state, it is necessary to stimulate investment in the state's natural resources. Mineral exploration by the private sector must be encouraged and assisted. The long-term health of the state will be aided by a diverse state economy that includes productive natural resource industries. A forestry management plan is already mandated. The great benefits from the state's mineral resources will not be realized without state stimulation of investment, which can be achieved through a program coordinated by the department of natural resources to accelerate geologic mapping and mineral deposit evaluation and to provide analytical support to the mineral and timber industries. This participation by the state will lead to active participation by private industry in healthy Minnesota timber and mineral resources industries.*

*Subd. 2. [PROGRAM.] The commissioner of natural resources shall coordinate a program, in cooperation with the Minnesota geological survey, the Minnesota Resources Research Center, the Natural Resources Research Institute, and other available facilities, to:*

- (1) accelerate geological mapping of the state;*
- (2) accelerate evaluation of the state's mineral potential and other natural resources; and*
- (3) provide analytical support for participants in the mineral industry.*

Sec. 2. Minnesota Statutes 1984, section 89.17, is amended to read:

89.17 [LEASES AND PERMITS.]

*Subdivision 1. [AUTHORITY TO LEASE.] The commissioner shall have power to grant and execute, in the name of the state, leases and permits for the use of any state forest lands for any purpose which in his opinion is not inconsistent with the maintenance and management of the state forest in which the land is situated, on forestry principles for timber production. Every such lease or permit shall be revocable at his discretion at any time subject to such conditions as may be agreed on in the lease. The approval of the commissioner of administration shall not be required upon any such lease or permit. No such lease or permit for a period exceeding ten years shall be granted except with the approval of the executive council.*

*Subd. 2. [TIME OF LEASE PAYMENTS FOR CERTAIN LANDS; INTEREST; NOTICE REQUIRED.] The commissioner shall accept, until the March 1 preceding the first growing season for which the lease is made, rental payments for leases of state forest land leased under this section for agricultural purposes. The commissioner shall at the option of the lessee, either (1) deduct from the first lease payment the lessee's cost of a loan of the entire lease amount, calculated at the maximum rate provided in section 334.011, subdivision 1, or (2) at the end of the lease term pay the lessee an annualized rate of interest on the total lease price calculated at a rate equal to that awarded as prejudgment interest under section 549.09, subdivision 1, clause (c). The commissioner shall fully inform every lessee and prospective*

*lessee of the lessee's rights under this subdivision.*

*Subd. 3. [HUNTING.]* Hunting of wild game is prohibited on any land which has been posted by the lessee to prohibit hunting. Such prohibition shall apply to all persons including the lessee.

Sec. 3. Minnesota Statutes 1985 Supplement, section 92.50, is amended to read:

**92.50 [UNSOLD LANDS SUBJECT TO SALE MAY BE LEASED.]**

**Subdivision 1. [LEASE TERMS.]** The commissioner of natural resources may lease, at public or private vendue and at the prices and under the terms and conditions he or she may prescribe, any state-owned lands under his or her jurisdiction and control for the purpose of taking and removing sand, gravel, clay, rock, marl, peat, and black dirt, for storing ore, waste materials from mines, or rock and tailings from ore milling plants, for roads or railroads, or for any other uses consistent with the interests of the state. Except as otherwise provided in this subdivision, the term of the lease may not exceed ten years. Leases of lands for storage sites for ore, waste materials from mines, or rock and tailings from ore milling plants, for the removal of peat, or for the use of peat lands for agricultural purposes may not exceed a term of 25 years. Leases for the removal of peat must be approved by the executive council.

All leases must be subject to sale and leasing of the land for mineral purposes and contain a provision for cancellation at any time by the commissioner upon three months' written notice. A longer notice period, not exceeding three years, may be provided in leases for storing ore, waste materials from mines or rock or tailings from ore milling plants. The commissioner may determine the terms and conditions, including the notice period, for cancellation of a lease for the removal of peat. Money received from leases under this section must be credited to the fund to which the land belongs.

**Subd. 2. [TIME OF LEASE PAYMENTS FOR CERTAIN LANDS; INTEREST; NOTICE REQUIRED.]** *The commissioner shall accept, until the March 1 preceding the first growing season for which the lease is made, rental payments for leases of state land leased under this section for agricultural purposes. The commissioner shall at the option of the lessee, either (1) deduct from the first lease payment the lessee's cost of a loan of the entire lease amount, calculated at the maximum rate provided in section 334.011, subdivision 1, or (2) at the end of the lease term pay the lessee an annualized rate of interest on the total lease price calculated at a rate equal to that awarded as prejudgment interest under section 549.09, subdivision 1, clause (c). The commissioner shall fully inform every lessee and prospective lessee of the lessee's rights under this subdivision.*

**Subd. 3. [LEASES FOR TAILINGS DEPOSITS.]** The commissioner may grant leases and licenses to deposit tailings from any iron ore beneficiation plant in any public lake not exceeding 160 acres in area after holding a public hearing in the manner and under the procedure provided in Laws 1937, chapter 468, as amended and finding in pursuance of the hearing:

(a) that such use of each lake is necessary and in the best interests of the public; and

(b) that the proposed use will not result in pollution or sedimentation of any outlet stream.

The lease or license may not exceed a term of 25 years and must be subject to cancellation on three years' notice. The commissioner may further restrict use of the lake to safeguard the public interest, and may require that the lessee or licensee acquire suitable permits or easements from the owners of lands riparian to the lake. Money received from the leases or licenses must be deposited in the permanent school fund.

Sec. 4. Minnesota Statutes 1985 Supplement, section 116.16, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] In this section and sections 116.17 and 116.18:

(1) Agency means the Minnesota pollution control agency created by this chapter;

(2) Municipality means any county, city, and town, the metropolitan waste control commission established in chapter 473 and the metropolitan council when acting under the provisions of that chapter or an Indian tribe or an authorized Indian tribal organization, and any other governmental subdivision of the state responsible by law for the prevention, control, and abatement of water pollution in any area of the state;

(3) Pollution control fund means the Minnesota state water pollution control fund created by subdivision 1;

(4) Bond account means the Minnesota state water pollution control bond account created in the state bond fund by section 116.17, subdivision 4;

(5) Terms defined in section 115.01 have the meanings therein given them;

(6) The eligible cost of any municipal project, except as otherwise provided in clauses (7) and (8), includes (a) preliminary planning to determine the economic, engineering, and environmental feasibility of the project; (b) engineering, architectural, legal, fiscal, economic, sociological, project administrative costs of the agency and the municipality, and other investigations and studies; (c) surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the planning, design, and construction of the project; (d) erection, building, acquisition, alteration, remodeling, improvement, and extension of disposal systems; (e) inspection and supervision of construction; and (f) all other expenses of the kinds enumerated in section 475.65.

(7) For state independent grant and matching grant purposes hereunder, the eligible cost for grant applicants shall be the eligible cost as determined by the United States environmental protection agency under the Federal Water Pollution Control Act, as amended, United States Code, title 33, section 1314, et seq.

~~(8) Notwithstanding clause (7), for state grants under the state independent grants program, the eligible cost includes the acquisition of land for stabilization ponds, the construction of collector sewers for totally unsewered statutory and home rule charter cities and towns described under section 368.01, subdivision 1 or 1a, that are in existence on January 1, 1985, and the provision of reserve capacity sufficient to serve the reasonable needs of the~~



municipality for 20 years in the case of treatment works and 40 years in the case of sewer systems. Notwithstanding clause (7), for state grants under the state independent grants program, the eligible cost does not include the provision of service to seasonal homes, or cost increases from contingencies that exceed three percent of as-bid costs or cost increases from unanticipated site conditions that exceed an additional two percent of as-bid costs.

Sec. 5. Minnesota Statutes 1984, section 116.16, subdivision 5, is amended to read:

Subd. 5. [RULES.] (a) The agency shall promulgate permanent rules and may promulgate emergency rules for the administration of grants and loans authorized to be made from the fund or from federal funds under the Federal Water Pollution Control Act, as amended, which rules, however, shall not be applicable to the issuance of bonds by the commissioner of finance as provided in section 116.17. The rules shall contain as a minimum:

- (1) procedures for application by municipalities;
- (2) conditions for the administration of the grant or loan;
- (3) criteria for the ranking of projects in order of priority for grants or loans, based on factors including the extent and nature of pollution, technological feasibility, assurance of proper operation, maintenance and replacement, and participation in multi-municipal systems; and
- (4) such other matters as the agency and the director find necessary to the proper administration of the grant program.

(b) ~~Except as otherwise provided in sections 116.16 to 116.18, the rules for the administration of state independent grants must comply, to the extent practicable, with provisions relating directly to protection of the environment contained in the Federal Water Pollution Control Act, as amended, and regulations and guidelines of the United States environmental protection agency promulgated under the act, except provisions regarding allocation contained in section 205 of the act and regulations and guidelines promulgated under section 205 of the act. This provision does not require approval from federal agencies for the issuance of grants or for the construction of projects under the state independent grants program.~~

Sec. 6. Minnesota Statutes 1984, section 116J.61, is amended to read:

#### 116J.61 [ADDITIONAL POWERS AND DUTIES.]

The commissioner shall:

- (1) have control of the work of carrying on a continuous program of education for businessmen;
- (2) publish, disseminate, and distribute information and statistics;
- (3) promote and encourage the expansion and development of markets for Minnesota products;
- (4) promote and encourage the location and development of new business in the state as well as the maintenance and expansion of existing business and for that purpose cooperate with state and local agencies and individuals, both within and outside the state;
- (5) *encourage businesses locating or expanding in the state to give consid-*

*eration to locations in areas of the state significantly dependent on the rural economy;*

(6) advertise and disseminate information as to natural resources, desirable locations, and other advantages for the purpose of attracting business to locate in this state;

~~(6)~~ (7) aid the various communities in this state in getting business to locate therein;

~~(7)~~ (8) advise and cooperate with municipal, county, regional, and other planning agencies and planning groups within the state for the purpose of promoting coordination between the state and localities as to plans and development in order to maintain a high level of gainful employment in private profitable production and achieve commensurate advancement in social and cultural welfare; coordinate the activities of state-wide and local planning agencies, correlate information secured from them and from state departments and disseminate information and suggestions to the planning agencies; and encourage and assist in the organization and functioning of local planning agencies where none exist; and may provide at the request of any governmental subdivision hereinafter mentioned planning assistance, which includes but is not limited to surveys, land use studies, urban renewal plans, technical services and other planning work to any city or other municipality in the state or perform similar planning work in any county, metropolitan or regional area in the state. The commissioner shall not perform the planning work with respect to a metropolitan or regional area which is under the jurisdiction for planning purposes of a county, metropolitan, regional or joint planning body, except at the request or with the consent of the respective county, metropolitan, regional or joint planning body. The commissioner is authorized to receive and expend money from municipal, county, regional and other planning agencies; and may accept and disburse grants and other aids for planning purposes from the federal government and from other public or private sources, and may utilize moneys so received for the employment of consultants and other temporary personnel to assist in the supervision or performance of planning work supported by money other than state appropriated money, and may enter into contracts with agencies of the federal government, units of local government or combinations thereof, and with private persons that are necessary in the performance of the planning assistance function of the commissioner. The commissioner may assist any local government unit in filling out application forms for the federal grants-in-aid. In furtherance of their planning functions, any city or town, however organized, may expend money and contract with agencies of the federal government, appropriate departments of state government, other local units of government and with private persons; and

~~(8)~~ (9) adopt measures calculated to promote public interest in and understanding of the problems of planning and, to that end, may publish and distribute copies of any plan or any report and may employ other means of publicity and education that will give full effect to the provisions of sections 116J.58 to 116J.63.

Sec. 7. Minnesota Statutes 1984, section 116J.873, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATION.] Economic recovery grants shall be

made available to local communities and recognized Indian tribal governments in accordance with the rules adopted for economic development grants in the small cities community development block grant programs, except that all units of general purpose local government are eligible applicants for economic recovery grants. *Preference must be given to communities located in counties significantly dependent on the rural economy.* The commissioner of energy and economic development shall administer the economic recovery grant program as a part of the small cities development program.

Sec. 8. [116J.874] [COMMUNITY DEVELOPMENT DIVISION.]

*Subdivision 1. [DUTIES.] The community development division shall:*

*(1) be responsible for administering all state community development and assistance programs including, but not limited to, the economic recovery fund, the outdoor recreation grant program, the youth intervention program, the rural development revolving fund, the governor's rural development council, and the state independent wastewater treatment grant program;*

*(2) be the division responsible for state administration of federally funded community development and assistance programs including, but not limited to, the small cities development grant program and the juvenile justice program;*

*(3) be responsible for state administration of the regional development commissions;*

*(4) provide technical assistance to rural communities in the area of community development;*

*(5) coordinate the development and review of state rural development policies;*

*(6) investigate and evaluate new methods to enhance rural development, particularly relating to economic diversification through private enterprises including, but not limited to, technologically innovative industries, value added manufacturing, agriprocessing, information industries, and agricultural marketing;*

*(7) develop priorities for state projects and activities relating to rural development; and*

*(8) submit an annual community development plan to the commissioner and the legislature by November 1 of each year that includes, at least, a statewide community development strategy and a plan for coordinating community assistance and development programs.*

Sec. 9. [116J.8745] [INDEPENDENT WASTEWATER TREATMENT GRANTS.]

*Subdivision 1. [AMOUNTS.] The commissioner may award independent grants to municipalities for projects for 50 percent or, if the pollution control agency requires advanced treatment, 65 percent of the eligible cost of construction of wastewater treatment facilities. The commissioner may award independent grants for up to an additional 30 percent or, if the pollution control agency requires advanced treatment, up to an additional 25 percent of the eligible cost of construction to municipalities for which the construction would otherwise impose significant financial hardship. The amounts of the*

additional grants must be based on per connection capital cost, median household income, and per capita adjusted assessed valuation. For grants made under this section, the eligible cost is as determined by the United States Environmental Protection Agency under the Federal Water Pollution Control Act, as amended, United States Code, title 33, section 1314, et seq., except that eligible cost also includes the acquisition of land for stabilization ponds and the provision of reserve capacity sufficient to serve the reasonable needs of the municipality for 20 years in the case of treatment works and 40 years in the case of sewer systems. The eligible cost does not include the provision of collector sewers as defined in pollution control agency rules, the provision of service to seasonal homes, or cost increases from contingencies that exceed three percent of as-bid costs or cost increases from unanticipated site conditions that exceed an additional two percent of as-bid costs. These grants may be awarded in separate steps for planning and design in addition to actual construction. Until December 31, 1990, not more than 20 percent of the total amount of grants awarded under this subdivision in any single fiscal year may be awarded to a single grantee.

Subd. 2. [RULES.] The commissioner shall make rules for the administration of grants under this section. The rules must contain:

- (1) procedures for application by municipalities;
- (2) conditions for the administration of the grant; and
- (3) criteria for the ranking of projects in order of priority for grants, based on factors including the impact on economic development, the extent and nature of pollution, technological feasibility, assurance of proper operation, maintenance and replacement, and participation in multimunicipal systems.

Except as otherwise provided, the rules for the administration of state independent grants must comply, to the extent practicable, with provisions relating directly to protection of the environment contained in the federal water pollution control act, as amended, and regulations and guidelines of the United States Environmental Protection Agency promulgated under the act, except provisions regarding allocation contained in section 205 of the act and regulations and guidelines promulgated under section 205 of the act. This provision does not require approval from federal agencies for the issuance of grants or for the construction of projects under the state independent grants program.

Subd. 3. [FURTHERANCE OF ECONOMIC DEVELOPMENT.] Up to ten percent of the money to be awarded as grants under this section in any single fiscal year must be set aside for municipalities having substantial economic development projects that cannot come to fruition without municipal wastewater treatment improvements.

Subd. 4. [REIMBURSEMENT GRANTS.] Grants may also be awarded under this subdivision to reimburse municipalities willing to proceed with projects and be reimbursed in a subsequent year conditioned upon appropriation of sufficient money under subdivision 1 for that year. The maximum amount of the reimbursement the commissioner may commit in any single fiscal year is equal to the amount newly appropriated to the state grants programs for that year.

Sec. 10. [116J.93] [PURPOSE.]

*The legislature finds that the public policy goals of promoting community development and economic diversification in the rural areas of the state can best be accomplished by encouraging private enterprise and by using state resources to complement available commercial lending sources and private development initiatives. It is therefore the policy of the state to maximize the impact of state money and resources by integrating development assistance programs and, whenever possible, by coordinating state initiatives with money and programs available through the federal government, the small business administration, private foundations, and other organizations.*

Sec. 11. [116J.931] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 10 to 13.*

*Subd. 2. [COUNCIL.] "Council" means the governor's rural development council established by section 116J.961.*

*Subd. 3. [COMMISSION.] "Commission" means a regional development commission established by section 462.387 or the metropolitan council established by section 473.123.*

*Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of energy and economic development.*

*Subd. 5. [REVOLVING FUND.] "Revolving fund" means a rural development revolving fund established under section 13, subdivision 1.*

Sec. 12. [116J.962] [COUNCIL POWERS; DUTIES.]

*Subdivision 1. [POWERS.] The council has all powers necessary to carry out its duties, including, but not limited to, the power to:*

*(1) enter into contracts;*

*(2) enter into grant agreements; and*

*(3) accept gifts, apply for and use grants or loans of money or other property from the United States, the state, private foundations, or any other source, enter into agreements required in connection with gifts, grants, or loans, and to hold, use, and dispose of money or property in accordance with the terms of the gift, grant, loan, or agreement.*

*All money received by the council under this subdivision must be deposited in the state treasury, and the amount deposited is appropriated to the council to carry out its duties.*

*Subd. 2. [GENERAL DUTIES.] The council shall:*

*(1) investigate and evaluate new methods to enhance rural development, particularly relating to economic diversification through private enterprises including, but not limited to, technologically innovative industries, value added manufacturing, agriprocessing, information industries, and agricultural marketing;*

*(2) submit an annual report to the legislature by January 31 of each year including, at least, a review of rural development in the state, an accounting of all loans made by the revolving funds, an evaluation of rural development initiatives, and recommendations concerning state support for rural*

development;

(3) establish and oversee the rural development revolving fund program;

(4) establish and administer a rural rehabilitation pilot project program that provides grants on a competitive basis to public, nonprofit, or private organizations to support pilot projects for rural development;

(5) provide technical assistance and rural development information services to state agencies, regional agencies, special districts, local governments, and the public; and

(6) prepare an annual budget and work program, and a biennial budget.

Sec. 13. [116J.963] [RURAL DEVELOPMENT REVOLVING FUND PROGRAM.]

*Subdivision 1. [ORGANIZATION.] The rural development revolving fund program provides subordinated loans to new and existing businesses to promote economic development in rural Minnesota. The council, with the approval of the commissioner, shall establish the program as follows:*

(a) *The council shall divide the state, excluding the seven county metropolitan area, into six regions. The regions' boundaries must be coterminous with the boundaries of one or more of the development regions.*

(b) *The council shall establish a revolving fund in each of the six regions. Each revolving fund must receive an appropriation from the council of up to \$1,000,000 over a period of three years and must be administered by a nonprofit corporation selected by the council under criteria set forth in subdivision 2. The organizations responsible for administering revolving funds shall use the money appropriated to them by the council to provide subordinated loans to promote economic development in areas including, but not limited to, technologically innovative industries, value added manufacturing, agri-processing, information industries, and agricultural marketing. Money from the revolving funds may not be used for any retail development project.*

(c) *In making a loan, an organization responsible for administering a revolving fund shall give priority to proposed borrowers who are not likely to undertake the project without assistance from the revolving fund. Loans may be used for capital assets, equity, and working capital. Among loan applicants, priority must be given on the basis of the number of permanent jobs created or retained by the project and the proportion of nonstate money leveraged by the revolving fund loan. The minimum revolving fund loan is \$5,000 and the maximum is \$100,000. With the approval of the commissioner, a revolving fund loan may be used to provide up to 50 percent of the private investment required to qualify for grants from the economic recovery fund. A revolving fund loan may not exceed ten percent of the total capital investment of an individual project.*

(d) *The council shall establish a minimum interest rate for revolving fund loans to ensure that necessary management costs are covered.*

(e) *No more than four percent of the revolving fund appropriation to a nonprofit corporation may be used for administrative expenses.*

(f) *Money repaid to the revolving funds must remain in the funds for further distribution according to paragraph (c). Administrative expenses shall be*

*paid out of the interest earned on revolving fund loans.*

*(g) The council may make rules to implement this section.*

*Subd. 2. [QUALIFICATIONS.] The council shall select the organizations responsible for administering the revolving funds and shall enter into grant agreements with those organizations. In order for an organization to qualify to administer a revolving fund, it must be a nonprofit corporation and prove that:*

*(1) its board of directors contains representatives from the banking industry, citizens experienced in rural development, and representatives from the different geographic areas in the revolving fund region, including the commissions;*

*(2) it can provide at least an equal match to the state appropriation to the revolving fund through nonstate sources;*

*(3) it has the capability to close loans in a timely manner and to provide ongoing loan service;*

*(4) it has the technical skills to analyze projects;*

*(5) it is familiar with other available public and private funding sources and economic development programs; and*

*(6) it has the capability to package economic development projects.*

*Subd. 3. [REVOLVING FUND DUTIES.] The organization responsible for administering a revolving fund shall:*

*(1) submit an annual report to the council by January 15 of each year that includes, at least, a description of projects supported by the fund, an account of all loans made by the fund during the calendar year, the source and amount of all money collected and distributed by the fund, the fund's assets and liabilities, and an explanation of administrative expenses; and*

*(2) provide for an annual audit and submit a copy of each annual audit report to the council.*

#### **Sec. 14. [116L.045] [MATCHING GRANTS.]**

*The board may provide grants to educational institutions that design training programs to meet the needs of employers in rural areas. A grant must be matched by a potential employer with cash or in-kind contributions or both. Grants may be awarded for training potential new employees as well as retraining and upgrading current employees. Guidelines for grants are as established in section 116L.04, subdivision 1.*

**Sec. 15. Minnesota Statutes 1985 Supplement, section 116M.06, subdivision 3, is amended to read:**

**Subd. 3. [ECONOMIC DEVELOPMENT FUNDS; PREFERENCES.] (a)** The following eligible small businesses have preference among all business applicants for financial assistance from the economic development fund:

**(1) businesses located in areas of the state that are experiencing the most severe unemployment rates in the state;**

**(2) businesses that are likely to expand and provide additional permanent**

employment;

(3) businesses located in border communities that experience a competitive disadvantage due to location;

(4) businesses that have been unable to obtain traditional financial assistance due to a disadvantageous location, minority ownership, or other factors rather than due to the business having been considered a poor financial risk;

(5) businesses that utilize state resources, thereby reducing state dependence on outside resources, and that produce products or services consistent with the long-term social and economic needs of the state;

(6) businesses located in designated enterprise zones, as described in section 273.1312, subdivision 4; and

(7) business located in federally designated economically distressed areas.

(b) *Equal consideration must be given to new and established businesses.*

(c) Except in connection with the issuance of authority bonds or notes, the authority may not invest the funds in a program that does not have financial participation from the private sector, as determined by the authority.

(e) (d) The provisions of this subdivision do not apply to economic diversification projects.

Sec. 16. [116N.01] [CITATION.]

*Sections 16 to 25 may be cited as the "greater Minnesota corporation act."*

Sec. 17. [116N.02] [PURPOSE.]

*It is the intent of this legislation to ensure the development of new products, processes, and services that have the potential to contribute to the state's economy, particularly in nonmetropolitan areas. For these purposes, the greater Minnesota corporation is established to foster economic growth in Minnesota through cooperative research and development and investments in new products and businesses. Further, it is the intention of the legislature to create the greater Minnesota corporation as a public corporation.*

Sec. 18. [116N.03] [DEFINITIONS.]

*Subdivision 1. [SCOPE.] The definitions in this section apply to chapter 116N.*

*Subd. 2. [BOARD.] "Board" means the board of directors of the greater Minnesota corporation.*

*Subd. 3. [CORPORATION.] "Corporation" means the greater Minnesota corporation established by section 16.*

*Subd. 4. [FUND.] "Fund" means the greater Minnesota fund established by section 23.*

Sec. 19. [116N.04] [CORPORATION CREATED; BOARD OF DIRECTORS; POWERS.]

*Subdivision 1. [CREATION; NAME.] The greater Minnesota corporation is a public corporation of the state of Minnesota and is not a state agency. All business of the corporation must be conducted under its name.*



*Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a board of 11 directors appointed by the governor. Terms and removal of members of the board are as provided in section 15.059. One director must be appointed from each of the state's congressional districts. Directors may be compensated as determined by the board.*

*Subd. 3. [ARTICLES AND BYLAWS.] The board of directors shall adopt articles of incorporation and bylaws necessary for the conduct of the business of the corporation, consistent with the provisions of this chapter.*

*Subd. 4. [PLACES OF BUSINESS.] The board shall locate and maintain the corporation's places of business within the state.*

*Subd. 5. [MEETINGS AND ACTIONS OF THE BOARD.] The board shall meet at least twice a year and may hold additional meetings upon giving whatever notice the bylaws of the corporation might provide. Board meetings are not subject to the provisions of section 471.705.*

**Sec. 20. [116N.05] [CORPORATE PERSONNEL.]**

*Subdivision 1. [GENERALLY.] The board shall appoint and set the compensation for a president and may appoint subordinate officers. The president's salary may not exceed 95 percent of the governor's salary. The board may designate the president as its general agent. Subject to the control of the board, the president shall employ employees and agents as the president deems necessary. The board shall define the duties and designate the titles of the employees and agents.*

*Subd. 2. [STATUS OF EMPLOYEES.] Employees, officers, and directors of the corporation are not state employees, but, at the option of the board, may participate in the state retirement plan for employees in the unclassified service.*

**Sec. 21. [116N.06] [POWERS OF THE CORPORATION.]**

*In addition to other powers granted by this chapter, the corporation may:*

- (1) sue, and be sued;*
- (2) have a seal and alter it at will;*
- (3) acquire and dispose of personal property, including inchoate and intellectual property, royalties, stock, and stock warrants;*
- (4) enter into contracts or agreements with any federal or state agency, person, business, or other organization;*
- (5) acquire and dispose of real property or an interest in real property;*
- (6) purchase insurance;*
- (7) sell, at public or private sale, any note, mortgage, or other instrument or obligation;*
- (8) consent to the modification of a contract or agreement to which the corporation is a party;*
- (9) borrow money to carry out its purposes and issue negotiable notes, which it may refund, guarantee, or insure in whole or in part with money from the fund, other assets of the corporation, or an account created by the*

corporation for that purpose;

(10) provide general consultative and technical services to businesses to which loans or grants may be made;

(11) develop, buy, and possess financial and technical information, including, but not limited to, credit reports and financial statements, free from any restriction or regulation in chapter 13;

(12) accept gifts, grants, and bequests and use or dispose of them for its purposes;

(13) receive payments in the form of royalties, dividends, or other proceeds in connection with the ownership, license, or lease of products or businesses; and

(14) spend money from the greater Minnesota fund, and other money appropriated without restriction by the legislature, for any lawful purpose, including, but not limited to, expenses for the food, lodging, and travel of consultants and speakers hired by the board; publications; advertising; and promotional activities.

#### Sec. 22. [116N.07] [ACTIVITIES.]

*Subdivision 1. [GRANTS.] The corporation may make matching grants for applied research and development to any campus of the University of Minnesota, a state university, a community college, a Minnesota private college or university, or an area vocational technical institute.*

*Subd. 2. [LOANS.] The corporation may make loans to corporations, partnerships, sole proprietorships, or other business entities for the purpose of promoting development in the state of new products, or processes with potential commercial value.*

*Subd. 3. [EQUITY INVESTMENTS.] The corporation may acquire an interest in any product or in any private business entity located or intending to locate in an enterprise zone as defined in section 273.1312 or a distressed county as defined in section 297A.257.*

*Subd. 4. [PRIVATE CAPITAL.] The corporation may solicit and obtain private capital to be available for the duties specified in subdivisions 1 to 3.*

*Subd. 5. [CONSULTING AND TECHNICAL SERVICES.] The corporation may provide general consultative and technical services to colleges or universities or to businesses and to set fees or charges for such assistance.*

*Subd. 6. [RESEARCH.] The corporation may identify opportunities for scientific research and technological innovation and advise colleges and universities of the research needs of private business.*

#### Sec. 23. [116N.08] [GREATER MINNESOTA FUND.]

*The greater Minnesota fund is a separate account in the state treasury. The fund consists of all appropriations made to the corporation; all fees and charges collected by the corporation; income from investments and purchases; all revenues from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes; and all gifts, donations, and bequests made to the corporation. The board may create separate accounts within the fund for use in accordance with the fund's pur-*

poses. Any money in the fund may be deposited in an institution designated as a depository for state funds under section 9.031. Money in the fund not needed for the immediate purposes of the corporation may be invested by the corporation in any way authorized by section 11A.24. Money in the fund may be used as provided in this chapter.

Sec. 24. [116N.09] [AUDITS.]

*The board shall contract with a certified public accounting firm to audit the corporation and any subsidiary annually in accordance with generally accepted accounting standards.*

Sec. 25. [116N.10] [REPORTS.]

*The corporation shall report to the legislature and the governor on its activities by January 1 of each year. The report must include, at least, a description of projects supported by the fund, an account of all loans and grants made by the fund during the calendar year, the source and amount of all money collected and distributed by the fund, the fund's assets and liabilities, an explanation of administrative expenses, and any amendments to the development plan. Reports must be made to the legislature as required by section 3.195.*

Sec. 26. [136A.125] [SUPPLEMENTAL GRANTS TO DISPLACED RURAL WORKERS.]

*Subdivision 1. [PROGRAM; ELIGIBILITY.] The higher education coordinating board shall establish and administer the state supplemental education grant program to assist displaced workers in rural Minnesota areas in paying the costs of attending public post-secondary educational institutions located in the development regions in which the displaced workers reside. Minnesota residents who are enrolled full time or part time in a nonbaccalaureate occupational program designed to train people for employment are eligible to apply for grants under this section. Applicants shall demonstrate financial need in accordance with policies and procedures established by the board. In developing eligibility policies, the board shall consider criteria for participation in state and federal programs designed to serve economically dislocated workers. The board shall develop policies and procedures for the administration of grants, including the allocation of funds to eligible institutions in accordance with section 136A.101. The development of policies and procedures in accordance with this subdivision is not covered by chapter 14.*

*Subd. 2. [PART-TIME GRANTS.] Displaced workers in rural Minnesota areas are eligible to be considered for a part-time grant under section 136A.132. In awarding grants during the 1985-1987 biennium, participating post-secondary institutions shall consider the needs of displaced rural workers.*

*Subd. 3. [PUBLIC INFORMATION.] The board shall provide information to displaced workers in rural areas about post-secondary education opportunities and financial assistance to help them pay for their education, including existing state and federal programs and the state supplemental education grant program. The board shall develop and communicate the information in cooperation with the department of jobs and training, financial aid administrators, the agriculture extension service, and representatives of public and private post-secondary education institutions.*

Sec. 27. Minnesota Statutes 1984, section 462.384, subdivision 7, is amended to read:

Subd. 7. "Commissioner" means the commissioner of energy and economic development ~~exercising the authority conferred upon him by sections 416K.01 to 416K.07.~~

Sec. 28. Minnesota Statutes 1985 Supplement, section 474.19, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION CRITERIA.] The department of energy and economic development shall rank each application on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:

(1) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment rate for the most recently available reporting period, as determined by the department of economic security. The unemployment rate for the applicant shall be the greater of (i) the most recent estimate available for the smallest jurisdiction which wholly includes the jurisdiction of the applicant, as reported by the department of economic security, or (ii) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(2) The number of individuals employed in the applicant's jurisdiction declined from the second calendar year before the application, to the first calendar year before the application. The estimate of the number of individuals employed for each year shall be based on the same source, and shall be (i) the most recent estimate available for the smallest jurisdiction which wholly includes the applicant, as reported by the department of economic security, or (ii) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(3) The project will provide additional general tax revenue to the taxing jurisdictions in which the project is located beginning not later than three years after issuance and sale of the obligations.

(4) The number of jobs to be created by the project described in the application is at least two jobs for each \$100,000 of issuance authority requested for the project.

(5) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, as based on the most recent certification of assessed value to the commissioner of revenue, has either (i) declined in relation to the first calendar year before the certification, or (ii) increased in relation to the first calendar year before the certification at a rate which is not in excess of 90 percent of the rate of increase of the state average market value over the same period.

(6) The total capital expenditures for the project exceed by ten percent the amount of the proceeds of the obligations to be issued for the project.

(7) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(8) The project site meets the criteria necessary to qualify as a tax increment redevelopment district as defined in section 273.73, subdivision 10. To

qualify under this clause the project need not be included in a tax increment financing district.

(9) The project meets one of the following energy conservation criteria: (i) the project is eligible for the additional federal investment tax credits for energy property, (ii) the project involves construction or expansion of a district heating system as defined in section 116J.36, or (iii) the project involves construction of an energy source as described in section 116J.26, clause (a), (b), or (d) or 116M.03, subdivisions 22, 23 and 26.

(10) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (i) located in a historic district designated under section 138.73, or on a site listed in the state registry of historical sites under sections 138.53 to 138.5819; or (ii) designated in the National Register pursuant to United States Code, title 16, section 470a.

(11) Service connections to sewer and water systems are available to the project at the time the application is submitted.

(12) As provided by a binding agreement with the municipality, at least ten percent of the individuals employed by the principal user or users of the project will be minority or low income individuals.

(13) When the application is submitted either (a) neither the anticipated owner of the project, nor any party of which the owner was a controlling partner or shareholder, or which was a controlling shareholder or partner of the owner, owned or operated a substantially similar business within the state or (b) the project is an expansion of the operations of an existing business which is not likely to have the effect of transferring existing employment from one or more other municipalities within the state to the municipality in which the project is located.

(14) A controlling interest in the project will be owned by one or more women or minority persons.

(15) Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.

(16) *The project is located in a county where the ratio of assessed value of industrial property to total assessed value as determined by the county assessor is less than .026.*

Sec. 29. Minnesota Statutes 1984, section 474.19, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION PROCEDURE.] (a) The department of energy and economic development shall allocate available issuance authority to applications by the tenth day succeeding each application deadline specified in subdivision 2 in the following order of priority and available issuance authority may not be allocated to any other project:

- (i) applications for manufacturing projects;
- (ii) applications for pollution control projects or waste management projects; and
- (iii) applications for commercial redevelopment projects.

Within each category of applications available authority shall be assigned

on the basis of the numerical rank determined pursuant to this section. In the case of an application for issuance authority that includes more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, *projects located in other counties have priority over projects in a metropolitan county as defined in section 473.121, subdivision 4; otherwise* the allocation of issuance authority as between the applications shall be by lot unless otherwise agreed by the respective local issuers. If an application is rejected, the department of energy and economic development shall return the application deposit to the applicant within 30 days.

(b)(i) From January 1 through October 31, no more than 35 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(ii) From January 1 through October 31, no more than 20 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects. This amount is increased to 30 percent of the total available authority for the next month's allocation if the following two conditions occur. (A) On or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year. (B) The entire amount of issuance authority available under this subparagraph for commercial redevelopment projects has been allocated.

#### Sec. 30. [DEVELOPMENT PLAN.]

*The board of directors of the greater Minnesota corporation shall prepare a comprehensive development plan and submit it to the governor and the legislature by November 15, 1986. The development plan must include at least the following:*

- (1) *operating procedures;*
- (2) *accounting procedures;*
- (3) *grant procedures;*
- (4) *loan procedures;*
- (5) *personnel procedures;*
- (6) *investment procedures; and*
- (7) *board conduct and ethics.*

*In addition, the development plan must include a budget proposal and a five-year plan. It must identify sources and amounts of available nongovernmental money and the purposes for which that money may be used, and it must suggest any further legislation that may be necessary to carry out the development plan.*

#### Sec. 31. [SUPPLEMENTAL EDUCATIONAL GRANT PROGRAM

## FUNDING.]

*Up to \$250,000 is available for the state supplemental education grant program established in section 26 from the appropriation in Laws 1985, First Special Session chapter 11, section 3, subdivision 3, for the fiscal year ending June 30, 1987.*

## Sec. 32. [RECREATION GRANTS PROGRAM.]

*Notwithstanding Laws 1985, First Special Session chapter 13, section 31, subdivision 5, the appropriation to the department of energy and economic development for the recreation grants program is not subject to the approval of the governor after consultation with the legislative advisory commission. Expenditures for the recreation grant program may be made without recommendation of the legislative commission on Minnesota resources.*

## Sec. 33. [APPROPRIATION.]

*Subdivision 1. [MINERAL RESOURCES PLAN.] \$\_\_\_\_\_ is appropriated from the general fund to the commissioner of natural resources for implementation of section 1, to be available until June 30, 1987.*

*Subd. 2. [FORESTRY MANAGEMENT.] \$\_\_\_\_\_ is appropriated from the general fund to the commissioner of natural resources for implementation of the forestry management plan required in Minnesota Statutes, section 89.011, and for contracts with counties or groups of counties for county forestry assistance programs, to be available until June 30, 1987.*

## Sec. 34. [APPROPRIATION.]

*\$6,500,000 is appropriated from the rural rehabilitation revolving fund to the community development division of the department of energy and economic development, of which \$6,000,000 is to be used for the rural development revolving funds and \$500,000 is to be used for rural development pilot projects. This appropriation is to be available until June 30, 1987.*

## Sec. 35. [APPROPRIATION.]

*\$500,000 is appropriated from the rural rehabilitation revolving fund to the higher education coordinating board for the state supplemental education grant program established in section 26, to be available until expended.*

## Sec. 36. [APPROPRIATION.]

*\$2,100,000 is appropriated from the rural rehabilitation revolving fund to the department of energy and economic development to be used for economic recovery grants, to be used for rural development projects only. This appropriation is available until expended.*

## Sec. 37. [APPROPRIATION.]

*\$200,000 is appropriated from the rural rehabilitation revolving fund to the greater Minnesota corporation created under section 19.*

## Sec. 38. [APPROPRIATION.]

*\$\_\_\_\_\_ is appropriated from the general fund to the Minnesota job skills partnership board for the matching grant program established in section 10, to be available until expended.*

## Sec. 39. [REPEALER.]

*Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961, subdivisions 7, 8, 9, and 10 are repealed.*

Sec. 40. [EFFECTIVE DATE.]

*Sections 16 to 25 and 30 are effective the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to economic development; rural development; providing for time of lease payments for lease of department of natural resources lands; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the department of energy and economic development; establishing the greater Minnesota corporation; establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available issuance authority; appropriating money; amending Minnesota Statutes 1984, sections 89.17; 116.16, subdivision 5; 116J.61; 116J.873, subdivision 1; 462.384, subdivision 7; 474.19, subdivision 4; Minnesota Statutes 1985 Supplement, sections 92.50; 116.16, subdivision 2; 116M.06, subdivision 3; and 474.19, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, 116L, and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961, subdivisions 7, 8, 9, and 10."

And when so amended the bill do pass and be re-referred to the Committee on Education. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 1600, 857, 1592, 1645 and 1636 were read the second time.

## MOTIONS AND RESOLUTIONS

Mr. Chmielewski moved that his name be stricken as chief author, shown as a co-author, and the name of Mr. Petty be shown as chief author to S.F. No. 1080. The motion prevailed.

Mr. Merriam moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 1645. The motion prevailed.

Mr. Benson moved that the names of Mrs. Kronebusch and Mr. Anderson be added as co-authors to S.F. No. 1656. The motion prevailed.

Mr. Benson moved that the names of Mrs. Kronebusch and Mr. Anderson be added as co-authors to S.F. No. 1657. The motion prevailed.

Mr. Petty moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1718. The motion prevailed.

Mr. Merriam moved that the name of Mr. Diessner be added as a co-author to S.F. No. 1732. The motion prevailed.

Mr. Bertram moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1746. The motion prevailed.



Ms. Peterson, D.C. moved that the name of Mrs. Kronebusch be added as a co-author to S.F. No. 1778. The motion prevailed.

Mr. Chmielewski moved that the name of Mr. Lessard be added as a co-author to S.F. No. 1792. The motion prevailed.

Mr. Lessard moved that the name of Mr. Solon be added as a co-author to S.F. No. 1804. The motion prevailed.

Ms. Berglin moved that the name of Ms. Reichgott be added as a co-author to S.F. No. 1817. The motion prevailed.

Mr. Peterson, C.C. moved that the name of Mr. Ramstad be added as a co-author to S.F. No. 1830. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1864. The motion prevailed.

Mr. Wegscheid introduced—

Senate Resolution No. 105: A Senate resolution commending the Rosemount High School for being selected for an Excellence in Education Award by the United States Department of Education.

Referred to the Committee on Rules and Administration.

Mr. Wegscheid introduced—

Senate Resolution No. 106: A Senate resolution commending Valley Middle School for being selected for an Excellence in Education award by the United States Department of Education.

Referred to the Committee on Rules and Administration.

Mr. Wegscheid introduced—

Senate Resolution No. 107: A Senate resolution commending Hastings Junior High School for being selected for an Excellence in Education award by the United States Department of Education.

Referred to the Committee on Rules and Administration.

Mr. Wegscheid introduced—

Senate Resolution No. 108: A Senate resolution congratulating the Eagles from Apple Valley High School for winning the 1985 Class AA Girls State High School Volleyball Championship.

Referred to the Committee on Rules and Administration.

Mr. Chmielewski introduced—

Senate Resolution No. 109: A Senate resolution supporting Hands Across America on May 25, 1986.

Referred to the Committee on Rules and Administration.

Mr. Moe, R.D. moved that the name of Mr. Langseth be added as a co-author to S.F. No. 1636. The motion prevailed.

### CALENDAR

S.F. No. 1349: A bill for an act relating to insurance; providing that insurers or health maintenance organizations must not require a public employer to contribute toward the payment of insurance premiums or charges for insurance for retired officers or employees; amending Minnesota Statutes 1984, section 471.61, subdivision 2a.

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:

Adkins	DeCramer	Johnson, D.J.	McQuaid	Purfeerst
Anderson	Dicklich	Jude	Mehrrens	Ramstad
Belanger	Diessner	Kamrath	Merriam	Renneke
Benson	Dieterich	Knaak	Moe, D. M.	Samuelson
Berg	Frank	Knutson	Moe, R. D.	Sieloff
Berglin	Frederick	Kroening	Nelson	Spear
Bernhagen	Frederickson	Kronebusch	Novak	Storm
Bertram	Freeman	Laidig	Olson	Stumpf
Brataas	Gustafson	Langseth	Pehler	Taylor
Chmielewski	Hughes	Lantry	Peterson, D.C.	Waldorf
Dahl	Isackson	Lessard	Peterson, D.L.	Wegscheid
Davis	Johnson, D.E.	Luther	Peterson, R.W.	

So the bill passed and its title was agreed to.

### CONSENT CALENDAR

S.F. No. 1574: A bill for an act relating to counties; making optional a county building commission law; amending Minnesota Statutes 1984, section 394.01.

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:

Adkins	DeCramer	Johnson, D.J.	McQuaid	Purfeerst
Anderson	Dicklich	Jude	Mehrrens	Ramstad
Belanger	Diessner	Kamrath	Merriam	Reichgott
Benson	Dieterich	Knaak	Moe, D. M.	Renneke
Berg	Frank	Knutson	Moe, R. D.	Samuelson
Berglin	Frederick	Kroening	Nelson	Sieloff
Bernhagen	Frederickson	Kronebusch	Olson	Spear
Bertram	Freeman	Laidig	Pehler	Storm
Brataas	Gustafson	Langseth	Peterson, D.C.	Taylor
Chmielewski	Hughes	Lantry	Peterson, D.L.	Waldorf
Dahl	Isackson	Lessard	Peterson, R.W.	Wegscheid
Davis	Johnson, D.E.	Luther	Pogemiller	Willett

So the bill passed and its title was agreed to.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

indicated.

Mr. Petty and Mrs. Lantry introduced—

S.F. No. 1871: A bill for an act relating to health; requiring the licensing and certification of contractors and individuals involved in the application or removal of asbestos from certain buildings; authorizing the commissioner of health to adopt rules, issue licenses, certificates, and orders; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Human Services.

Messrs. Anderson and Kamrath introduced—

S.F. No. 1872: A bill for an act relating to game and fish; deer licenses and seasons for certain landowners; amending Minnesota Statutes 1984, section 98.47, by adding a subdivision.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. DeCramer; Peterson, C.C.; Peterson, R.W.; Lessard and Berg introduced—

S.F. No. 1873: A bill for an act relating to the University of Minnesota; appropriating money for agricultural extension service and experiment station projects.

Referred to the Committee on Finance. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Anderson introduced—

S.F. No. 1874: A bill for an act relating to independent school district No. 820, Sebeka; allowing a fund transfer and a waiver of debt service limits.

Referred to the Committee on Education.

Messrs. Dicklich, Knutson, Storm, Bernhagen and Waldorf introduced—

S.F. No. 1875: A bill for an act relating to the University of Minnesota; appropriating money for agricultural extension service and experiment station projects.

Referred to the Committee on Finance. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Waldorf introduced—

S.F. No. 1876: A bill for an act relating to education; permitting pupils of nonpublic schools to use the post-secondary enrollment options act; appropriating money; amending Minnesota Statutes 1985 Supplement, section 123.3514.

Referred to the Committee on Education.

Ms. Berglin introduced—

S.F. No. 1877: A bill for an act relating to Indian land claims; establishing a commission to investigate and resolve land claim disputes on state-held land located within the White Earth Indian Reservation.

Referred to the Committee on Agriculture and Natural Resources.

Ms. Berglin introduced—

S.F. No. 1878: A bill for an act relating to human services; affecting eligibility for medical assistance and general medical assistance care; augmenting the state's power to recover payments from third parties; abolishing the requirement of a separate application for general assistance medical care; amending Minnesota Statutes 1984, sections 256B.042, subdivision 2; 256B.15; 256B.37; and 256D.03, subdivision 3; and Minnesota Statutes 1985 Supplement, section 256B.06, subdivision 1; repealing Minnesota Statutes 1985 Supplement, section 256D.051, subdivision 12.

Referred to the Committee on Health and Human Services.

Mr. Spear introduced—

S.F. No. 1879: A bill for an act relating to alcoholic beverages; authorizing cities to issue temporary off-sale licenses for the sale of rare wine at auctions; amending Minnesota Statutes 1985 Supplement, section 340A.404, by adding a subdivision.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Samuelson and Bertram introduced—

S.F. No. 1880: A bill for an act relating to veterans; establishing a veterans' cemetery; proposing coding for new law in Minnesota Statutes, chapter 197.

Referred to the Committee on Veterans and General Legislation.

Mr. Frank introduced—

S.F. No. 1881: A bill for an act relating to state government; establishing an oil furnace audit program; amending Minnesota Statutes 1984, section 268.37, by adding a subdivision; Laws 1985, First Special Session chapter 9, article 1, section 3, subdivision 5.

Referred to the Committee on Energy and Housing.

Messrs. Lessard, Bertram, DeCramer, Mrs. Kronebusch and Mr. Diessner introduced—

S.F. No. 1882: A bill for an act relating to motor vehicles; providing for special license plates for members of the veterans of foreign wars; amending Minnesota Statutes 1984, section 168.12, by adding a subdivision.

Referred to the Committee on Veterans and General Legislation.

Mrs. Lantry and Mr. Sieloff introduced—

S.F. No. 1883: A bill for an act relating to the city of St. Paul; permitting

the establishment of special service districts in the city and providing taxing and other authority.

Referred to the Committee on Local and Urban Government.

Mrs. Lantry introduced—

S.F. No. 1884: A bill for an act relating to housing; requiring notification of the use of pesticides; amending Minnesota Statutes 1984, section 504.22.

Referred to the Committee on Health and Human Services.

Mr. Wegscheid introduced—

S.F. No. 1885: A bill for an act relating to credit unions; permitting certain groups to join existing credit unions; amending Minnesota Statutes 1984, section 52.05.

Referred to the Committee on Economic Development and Commerce.

Mr. Moe, R.D. introduced—

S.F. No. 1886: A bill for an act relating to the city of Hendrum; authorizing the establishment of a detached banking facility in the city of Moorhead by a state bank located in the city of Hendrum.

Referred to the Committee on Economic Development and Commerce.

Mrs. Adkins, Mr. Frank and Mrs. McQuaid introduced—

S.F. No. 1887: A bill for an act relating to energy; changing the administration of the state energy code from the commissioner of energy and economic development to the commissioner of administration; amending certain provisions of the state energy code; amending Minnesota Statutes 1984, sections 16B.64, subdivision 4; and 116J.19, subdivision 8.

Referred to the Committee on Energy and Housing.

Mr. Dahl introduced—

S.F. No. 1888: A bill for an act relating to investments; specifying standards for state investments in venture capital firms; amending Minnesota Statutes 1984, section 11A.24, subdivision 6.

Referred to the Committee on Governmental Operations.

Messrs. Dicklich; Sieloff; Moe, R.D.; Solon and Luther introduced—

S.F. No. 1889: A bill for an act relating to appropriations; changing the recipient of a grant for development of an invention support system; amending Laws 1985, first special session chapter 13, section 28, subdivision 7.

Referred to the Committee on Economic Development and Commerce.

Ms. Peterson, D.C. introduced—

S.F. No. 1890: A bill for an act relating to education; providing for high

school graduation while attending post-secondary institutions; enabling post-secondary institutions to deny admission to secondary pupils; amending Minnesota Statutes 1985 Supplement, section 123.3514, by adding subdivisions.

Referred to the Committee on Education.

Ms. Peterson, D.C. introduced—

S.F. No. 1891: A bill for an act relating to human rights; enabling the University of Minnesota to provide services and benefits to organizations with membership practices that are exempt from certain federal law; amending Minnesota Statutes 1984, section 363.02, subdivision 3.

Referred to the Committee on Judiciary.

Messrs. Lessard and Merriam introduced—

S.F. No. 1892: A bill for an act relating to game and fish; affording protection to crows and authorizing a season on crows; amending Minnesota Statutes 1984, sections 100.26, subdivision 2; and 100.27, by adding a subdivision.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Mehrkens introduced—

S.F. No. 1893: A bill for an act proposing an amendment to the Minnesota Constitution, changing article IV, sections 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 23, 24, 25, and 26; article V, sections 3 and 5; article VIII, section 1; article IX, sections 1 and 2; and article XI, section 5; providing for a unicameral legislature; providing by law for a membership of 135 members; amending Minnesota Statutes 1984, sections 2.021; and 2.031, subdivision 1.

Referred to the Committee on Elections and Ethics.

Messrs. Belanger, Freeman, Purfeerst, Mehrkens and Novak introduced—

S.F. No. 1894: A bill for an act relating to transportation; permitting commissioner of transportation to exchange transportation facilities under conditions of clear public benefit; amending Minnesota Statutes 1985 Supplement, section 161.20, subdivision 2.

Referred to the Committee on Transportation.

Messrs. Davis, Stumpf, Pehler and Moe, R.D. introduced—

S.F. No. 1895: A bill for an act relating to natural resources; defining terms; maintaining the purity of state waters by restricting the location of hazardous waste disposal sites; amending Minnesota Statutes 1984, sections 115A.03, subdivisions 9 and 13; 115A.075; 115A.18; 115A.20; and 115A.291.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Benson and Knaak introduced—

S.F. No. 1896: A bill for an act relating to administrative procedure;

defining order; limiting certain agency actions; requiring an order to be rendered in accordance with the contested case procedures of the administrative procedure act; providing penalties; amending Minnesota Statutes 1984, sections 14.02, by adding a subdivision; 14.57; and 609.43; proposing coding for new law in Minnesota Statutes, chapter 14.

Referred to the Committee on Governmental Operations.

Mr. Peterson, R.W. introduced—

S.F. No. 1897: A bill for an act relating to courts; allowing a person 20 days to remove a cause from conciliation court; allowing service by mail when a cause is removed to county court; amending Minnesota Statutes 1984, section 487.30, by adding a subdivision.

Referred to the Committee on Judiciary.

Messrs. Frederickson, Knaak, Lessard, Benson and Dieterich introduced—

S.F. No. 1898: A bill for an act relating to mediation; providing for mediation between debtors and creditors; authorizing mediator training grants to nonprofit regional alternative dispute resolution centers; amending Minnesota Statutes 1984, sections 480.24, by adding a subdivision; and 480.242, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 572.

Referred to the Committee on Judiciary.

Messrs. Pehler, Davis, Ms. Peterson, D.C.; Messrs. Peterson, D.L. and Stumpf introduced—

S.F. No. 1899: A bill for an act relating to education; requiring secondary and post-secondary information and pupil notification of attending a post-secondary institution; requiring courses for secondary or post-secondary credit; limiting participation at a post-secondary institution; authorizing payment for post-secondary summer sessions; establishing a task force on post-secondary enrollment options; amending Minnesota Statutes 1984, sections 123.741, subdivision 1; Minnesota Statutes 1985 Supplement, sections 123.3514, subdivision 5, and by adding subdivisions; 123.741, subdivision 6; and 123.742, subdivision 1a.

Referred to the Committee on Education.

Messrs. Peterson, D.L.; Frederickson; Langseth and Isackson introduced—

S.F. No. 1900: A bill for an act relating to education; providing for state advances to school districts with extraordinary tax delinquency, requiring a reduction in education aids for repayment of state advances; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 124.

Referred to the Committee on Education.

Mr. Ramstad introduced—

S.F. No. 1901: A bill for an act relating to labor; providing for meet and

confer rights in public sector employment; amending Minnesota Statutes 1984, sections 179A.07, subdivision 4; and 179A.08, subdivision 2.

Referred to the Committee on Employment.

Messrs. Pehler; Novak; Peterson, C.C. and Laidig introduced—

S.F. No. 1902: A bill for an act relating to taxation; income; changing the deduction for corporate contributions to foundations; amending Minnesota Statutes 1984, sections 237.075, subdivision 8; and 290.21, subdivision 3.

Referred to the Committee on Taxes and Tax Laws.

Mr. Chmielewski, Mrs. Brataas, Messrs. Anderson and Bertram introduced—

S.F. No. 1903: A bill for an act relating to workers' compensation; regulating the obligations and administration of the special compensation fund; regulating the payment and right to benefits; compensation court of appeals; regulating attorneys' fees; providing for the administration of claims; providing penalties; amending Minnesota Statutes 1984, sections 176.041, subdivision 4; 176.081, subdivision 1; 176.101, subdivisions 2, 3f, and 3v; 176.104, subdivision 1; 176.105, subdivision 4; 176.111, subdivisions 6, 12, 15, and 20; 176.129, subdivision 8; 176.131, subdivisions 1a and 3; 176.135, subdivision 1a; 176.138; 176.179; 176.225, subdivision 1; 176.231, subdivisions 1 and 10; 176.242, subdivision 2; 176.243, subdivision 3; 176.361, subdivision 1; 176.421, subdivision 6; 176.461; 176.521, subdivision 3; 176.603; 176.611, subdivision 2; Minnesota Statutes 1985 Supplement, section 176.101, subdivision 3e; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1984, sections 176.265; 176.431; 176.441; and 176.611, subdivisions 3 and 4.

Referred to the Committee on Employment.

Messrs. Dahl and DeCramer introduced—

S.F. No. 1904: A bill for an act relating to commerce; prohibiting surcharges on credit card sales; prescribing a penalty; proposing coding for new law in Minnesota Statutes, chapter 325G.

Referred to the Committee on Economic Development and Commerce.

Mr. Dahl, Ms. Peterson, D.C. and Mrs. Kronebusch introduced—

S.F. No. 1905: A bill for an act relating to insurance; prohibiting discrimination in auto insurance based upon marital dissolution; amending Minnesota Statutes 1984, section 65B.13; and proposing coding for new law in Minnesota Statutes, chapter 65B.

Referred to the Committee on Economic Development and Commerce.

Messrs. Dahl and Kroening introduced—

S.F. No. 1906: A bill for an act relating to insurance; requiring adjustment of deductibles during the initial period of health insurance coverage; proposing coding for new law in Minnesota Statutes, chapter 62A.



Referred to the Committee on Economic Development and Commerce.

Messrs. Waldorf, Diessner, Solon, Mrs. Lantry and Mr. Benson introduced—

S.F. No. 1907: A bill for an act relating to human services; establishing principles for serving persons with mental retardation and related conditions; providing for comprehensive review of regulations and state and county relations; governing reimbursement to intermediate care facilities for persons with mental retardation and related conditions; providing for alternative correction plans for state hospitals; changing the funding formula for semi-independent living services; providing for an exception to the moratorium on construction of intermediate care facilities for persons with mental retardation and related conditions; appropriating money; amending Minnesota Statutes 1984, sections 252.025, by adding a subdivision; 252.275, subdivision 4; and 299F.011, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 252.291, subdivision 2; and 256B.092, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 252; repealing Minnesota Statutes 1985 Supplement, section 256B.501, subdivision 3.

Referred to the Committee on Health and Human Services.

Mr. Chmielewski introduced—

S.F. No. 1908: A bill for an act relating to taxation; property; expanding the special homestead classification for certain disabled persons; amending Minnesota Statutes 1985 Supplement, section 273.13, subdivision 22.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Hughes, Pehler, Dicklich, Mehrkens and Ms. Olson introduced—

S.F. No. 1909: A bill for an act relating to education; clarifying that private proprietary schools may provide certain placement information; modifying the expiration time for solicitor's permits; amending Minnesota Statutes 1984, section 141.26, subdivision 1; Minnesota Statutes 1985 Supplement, section 141.25, subdivision 10.

Referred to the Committee on Education.

Mr. Johnson, D.E. introduced—

S.F. No. 1910: A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

Referred to the Committee on Transportation.

Mr. Moe, D.M. introduced—

S.F. No. 1911: A bill for an act relating to retirement; establishing a uniform defined contribution public employee retirement plan; proposing coding for new law as Minnesota Statutes, chapter 356A.

Referred to the Committee on Governmental Operations.

Mr. Knaak introduced—

S.F. No. 1912: A bill for an act relating to intoxicating liquor; authorizing the city of Vadnais Heights to issue up to five additional on-sale licenses.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Wegscheid; Moe, D.M.; Schmitz; Renneke and Ms. Reichgott introduced—

S.F. No. 1913: A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; and 473.303, subdivisions 2 and 4a; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1.

Referred to the Committee on Local and Urban Government.

Messrs. Petty, Pogemiller, Ramstad and Spear introduced—

S.F. No. 1914: A bill for an act relating to crimes; providing that violations involving theft of services may be aggregated for purposes of criminal prosecution; amending Minnesota Statutes 1984, section 609.52, subdivision 3.

Referred to the Committee on Judiciary.

Mr. Pehler introduced—

S.F. No. 1915: A bill for an act relating to retirement; authorizing inclusion of certain state employees in the correctional officers plan and the purchase of prior service credit; amending Minnesota Statutes 1984, section 352.91, by adding a subdivision.

Referred to the Committee on Governmental Operations.

Mr. Nelson introduced—

S.F. No. 1916: A bill for an act relating to state government; ratifying certain labor agreements and compensation and salary plans; granting authority to the legislative commission on employee relations.

Referred to the Committee on Governmental Operations.

Messrs. Lessard; Moe, R.D.; Taylor; Storm and Merriam introduced—

S.F. No. 1917: A bill for an act relating to taxation; providing for certain exemptions from charitable gambling licensure and taxation; amending Minnesota Statutes 1984, section 349.214, subdivision 2, and by adding a

subdivision.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Diessner and Moe, D.M. introduced—

S.F. No. 1918: A bill for an act relating to retirement; application of the rule of 85 to teachers; amending Minnesota Statutes 1985 Supplement, section 356.70, subdivision 1.

Referred to the Committee on Governmental Operations.

Ms. Berglin introduced—

S.F. No. 1919: A bill for an act relating to mental health; extending the patients' bill of rights to cover people receiving out-patient mental health treatment; defining a minimum grievance procedure for health care facilities; including in the patients' bill of rights the right of access to protection and advocacy services; amending Minnesota Statutes 1984, section 144.651, subdivisions 2, 4, 20, and by adding a subdivision.

Referred to the Committee on Health and Human Services.

Messrs. Solon, Dicklich and Gustafson introduced—

S.F. No. 1920: A bill for an act relating to retirement; membership of firefighters employed by the department of military affairs in the public employees police and fire fund; amending Minnesota Statutes 1984, section 353.64, by adding a subdivision.

Referred to the Committee on Governmental Operations.

Messrs. Peterson, C.C.; Stumpf; Bertram; DeCramer and Berg introduced—

S.F. No. 1921: A bill for an act relating to taxation; delaying payment of second installment of property taxes on agricultural property; delaying payment of first installment of property taxes on agricultural homestead property for 1986 only; appropriating money; amending Minnesota Statutes 1984, sections 276.09; 276.10; 278.03; Minnesota Statutes 1985 Supplement, sections 278.05, subdivision 5; and 279.01, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Mr. Bernhagen introduced—

S.F. No. 1922: A bill for an act relating to the city of Litchfield; permitting certain investments of municipal power agency funds.

Referred to the Committee on Local and Urban Government.

Mr. Spear, Ms. Peterson, D.C. and Mr. Pogemiller introduced—

S.F. No. 1923: A bill for an act relating to crimes; repealing the crime of criminal syndicalism; repealing Minnesota Statutes 1984, section 609.405.

Referred to the Committee on Judiciary.

Ms. Berglin introduced—

S.F. No. 1924: A bill for an act relating to health; providing for comprehensive school-based health clinic projects; proposing coding for new law in Minnesota Statutes, chapter 145.

Referred to the Committee on Health and Human Services.

#### **MEMBERS EXCUSED**

Messrs. Petty, Schmitz and Solon were excused from the Session of today.

#### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Thursday, February 13, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**SEVENTIETH DAY**

St. Paul, Minnesota, Thursday, February 13, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

**CALL OF THE SENATE**

Mr. Luther imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. M.E. Sandness.

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

Adkins	Diessner	Kronebusch	Olson	Sieloff
Anderson	Dieterich	Laidig	Pehler	Solon
Belanger	Frank	Langseth	Peterson, C.C.	Spear
Benson	Frederick	Lantry	Peterson, D.C.	Storm
Berg	Frederickson	Lessard	Peterson, D.L.	Stumpf
Berglin	Freeman	Luther	Peterson, R.W.	Taylor
Bernhagen	Hughes	McQuaid	Petty	Waldorf
Brataas	Isackson	Mehrkens	Pogemiller	Wegscheid
Chmielewski	Johnson, D.E.	Merriam	Purfeerst	Willet
Dahl	Johnson, D.J.	Moe, D.M.	Ramstad	
Davis	Jude	Moe, R.D.	Reichgott	
DeCramer	Kamrath	Nelson	Renneke	
Dicklich	Knaak	Novak	Samuelson	

The President declared a quorum present.

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

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

The following communications were received and referred to the committees indicated.

December 10, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Public Utilities Commission is hereby respectfully submitted to the Senate for confirmation as required by law:

Barbara Chapman, 1517 Centre Village, 433 S. 7th St., Minneapolis, Hennepin County, has been appointed by me, effective January 8, 1986, for

a term expiring the first Monday in January, 1992.

(Referred to the Committee on Public Utilities and State Regulated Industries.)

February 10, 1986

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

It is my pleasure to enclose herewith the names of notaries public in the State of Minnesota.

Pursuant to the provisions of Article V, Section 3, of the Minnesota Constitution, I hereby appoint those individuals as notaries public, and hereby request the advice and consent of the Senate in those appointments.

Sincerely,  
Rudy Perpich, Governor

Mr. Moe, R.D. moved that the appointments of notaries public be laid on the table. The motion prevailed.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1699 and 1773.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 12, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1699: A bill for an act relating to licenses; requiring operators of campgrounds and manufactured home parks to procure a license; amending Minnesota Statutes 1984, section 157.03.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1562, now on the Calendar.

H.F. No. 1773: A bill for an act relating to consumer protection; regulating the distribution of tobacco products; providing remedies; clarifying a definition; amending Minnesota Statutes 1984, section 609.685, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 325F.

Referred to the Committee on Economic Development and Commerce.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1665: A bill for an act relating to public safety; requiring smoke detectors in two-family dwellings; amending Minnesota Statutes 1985 Supplement, section 299F.362, subdivision 1.

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

Page 1, line 7, delete "1985 Supplement" and insert "1984"

Amend the title as follows:

Page 1, line 4, delete "1985 Supplement" and insert "1984"

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1704: A bill for an act relating to vital statistics; authorizing Minneapolis and Hennepin county to merge their registration districts; amending Minnesota Statutes 1984, section 144.214, subdivision 1.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1671: A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes and tax increments to finance the acquisition and betterment of a convention center and related facilities.

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

Page 2, line 1, after "landscaping," insert "utilities,"

Page 2, delete lines 23 to 29 and insert:

*"The city may contract for materials, supplies, and equipment in accordance with Minnesota Statutes, section 471.345, except that it may enter into contracts with persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, and construction manager with respect to all or part of a project to build or remodel the convention center and related facilities. Contractors shall be selected through the process of public bidding, provided that it shall be permissible for the city to narrow the listing of eligi-*

*ble bidders to those which the city determines to possess sufficient expertise to perform the intended functions and the city may negotiate with the three lowest responsible bidders to achieve the lowest possible bid. The city may require any construction manager to certify a construction price and completion date to the city; the city may require the posting bond in an amount determined by the city to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the city or loss of revenues resulting from incomplete construction on the completion date and any other obligations the city may require the construction manager to bear. The city shall secure surety bonds as required in Minnesota Statutes, section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in Minnesota Statutes, sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the city under the provisions of Minnesota Statutes, sections 514.01 to 514.16."*

Page 2, line 35, after the first "bonds" insert "or other obligations issued by the city pursuant to Minnesota Statutes, section 273.77, to finance costs of the convention center or related facilities"

Page 2, line 36, after the period, insert "The" and delete "which are"

Page 3, line 1, delete "limited obligations"

Page 3, line 24, after "discount" insert "and issuance expenses"

Page 3, line 32, after the period, insert "Maturities of the bonds shall not be subject to the limitations of Minnesota Statutes, section 475.54."

Page 4, line 7, after the period, insert "The tax shall be subject to the same interest penalties and other rules imposed under Minnesota Statutes, chapter 297A."

Page 4, line 12, after "may" insert "only"

Page 4, line 20, after "pay" insert "reasonable and appropriate" and after "costs" insert "determined by the city" and delete "for any housing"

Page 4, delete lines 24 to 26

Page 4, line 36, after "motel" insert "located within the city"

Amend the title as follows:

Page 1, line 6, delete "and tax increments"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1744: A bill for an act relating to motor vehicles; providing for special license plates for Vietnam era veterans; amending Minnesota Statutes 1984, section 168.12, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred



S.F. No. 1757: A bill for an act relating to veterans; providing for free motor vehicle license plates for former prisoners of war; amending Minnesota Statutes 1984, section 168.125.

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

Page 2, line 3, reinstate the stricken "The applicant shall pay" and reinstate the stricken "the registration"

Page 2, line 4, reinstate the stricken "tax required by law" and reinstate the stricken "for the special license plates"

Page 2, line 5, reinstate the stricken "issued under this section." and after the stricken "The" insert "No" and reinstate the stricken "additional fee is"

Page 2, line 10, reinstate the stricken period and before the reinstated period, insert "required"

Page 2, line 11, delete "issue a set of"

Page 2, delete line 12

Page 2, line 13, delete "them" and insert "the EX-POW plates" and delete "In"

Page 2, delete lines 14 to 16

Amend the title as follows:

Page 1, line 2, delete "free" and insert "special"

Page 1, line 3, after "war" insert "without payment of an additional fee"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1660: A bill for an act relating to real property; permitting redemption of agricultural homestead; amending Minnesota Statutes 1984, sections 581.10; and 582.04; proposing coding for new law in Minnesota Statutes, chapter 580.

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

Delete everything after the enacting clause and insert:

"Section 1. [550.175] [EXECUTION ON REAL PROPERTY THAT INCLUDES HOMESTEAD.]

*Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If real property is to be sold on execution and the property contains a portion of the homestead of the debtor, the debtor must be notified by the executing creditor that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of execution served on the debtor under section 550.19.*

*Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] The following notice must be included in the execution notice of real property containing a homestead that is served on a debtor under section 550.19. The notice must be in 10 point capitalized letters.*

**"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND UP TO 80 ACRES OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE CREDITOR CAUSING THIS PROPERTY TO BE SOLD AND THE SHERIFF WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY FIVE DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."**

*Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The debtor must designate the legal description of the homestead property to be sold separately. The homestead property designated may include up to 80 acres of the property. The designation must conform to local zoning, include the dwelling occupied by the debtor, and be compact so that it does not unreasonably affect the value of the remaining property. The debtor must serve a copy of the designation on the executing creditor and the sheriff by five days before the sale is scheduled.*

*Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a homestead property designation under subdivision 3, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

*Subd. 5. [REDEMPTION.] The debtor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption for the designated homestead or the remaining property is the same as the period of redemption for the entire property including the designated homestead.*

**Sec. 2. [582.041] [FORECLOSURE OF MORTGAGE THAT INCLUDES HOMESTEAD.]**

*Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If a mortgage on real property is foreclosed and the property contains a portion of the homestead of the mortgagor, the mortgagor must be notified by the foreclosing mortgagee that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of foreclosure served on the mortgagor under section 580.04 or for a foreclosure by action under chapter 581, in the summons and complaint.*

*Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] (a) The following notice must be included in the foreclosure notice of property containing a homestead that is served on the mortgagor under section 580.04. The notice must be in 10 point capitalized letters.*

**"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND UP TO 80 ACRES OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE PERSON FORECLOSING ON THE PROPERTY AND THE SHERIFF WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY FIVE DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."**

*(b) The following notice must be served with the summons and complaint in an action to foreclose a mortgage of property containing a homestead under chapter 581. The notice must be in 10 point capitalized letters.*

**"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND UP TO 80 ACRES OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE COURT WITH A LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED."**

*Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The mortgagor must designate a legal description of the homestead property to be sold separately. The homestead property designated may include up to 80 acres of the property. The designation must conform to local zoning, include the dwelling occupied by the mortgagor, and be compact so that it does not unreasonably affect the value of the remaining property. The mortgagor must serve a copy of the designation on the foreclosing mortgagee and the sheriff by five days before the sale is scheduled, or for a foreclosure by action under chapter 581, a copy of the designation must be provided to the court.*

*Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a homestead property designation under subdivision 3, or is ordered by the court, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

*Subd. 5. [REDEMPTION.] The mortgagor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption is the period for the entire property including the designated homestead.*

**Sec. 3. [REPEALER.]**

*Minnesota Statutes 1984, section 582.04, is repealed.*

Sec. 4. [EFFECTIVE DATE.]

*This act is effective the day after final enactment and applies to all foreclosures or executions on real property that have foreclosure notices or summons and complaint served on the mortgagor or execution notices served on the debtor on or after the effective date.*

Delete the title and insert:

“A bill for an act relating to real property; allowing designation, sale, and redemption of an agricultural homestead that is executed on and sold as part of other property; allowing designation, sale, and redemption of a homestead foreclosed on or part of other property; proposing coding for new law in Minnesota Statutes, chapters 550 and 582; repealing Minnesota Statutes 1984, section 582.04.”

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1597: A bill for an act relating to agriculture; removing the liability of persons who buy farm products; repealing the notification and registration system for security interests in farm products; amending Minnesota Statutes 1985 Supplement, sections 17A.04, subdivisions 2 and 5; and 336.9-307; repealing Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; and 386.42.

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which were referred the following appointments as reported in the Journal for February 5, 1986:

STATE PLANNING AGENCY  
DIRECTOR  
Lani Kawamura

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
EXECUTIVE DIRECTOR  
James M. Hacking

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Willet from the Committee on Finance, to which was referred the following appointment as reported in the Journal for February 5, 1986:

DEPARTMENT OF FINANCE  
COMMISSIONER  
Peter J. Kiedrowski

Reports the same back with the recommendation that the appointment be

confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

### SECOND READING OF SENATE BILLS

S.F. Nos. 1665, 1704 and 1597 were read the second time.

### MOTIONS AND RESOLUTIONS

Mr. Ramstad moved that the name of Mr. Jude be added as a co-author to S.F. No. 1632. The motion prevailed.

Mr. Benson moved that the name of Mr. Moe, R.D. be added as a co-author to S.F. No. 1769. The motion prevailed.

Mr. Ramstad moved that the name of Mr. Jude be added as a co-author to S.F. No. 1781. The motion prevailed.

Mr. Kamrath moved that the name of Mr. Isackson be added as a co-author to S.F. No. 1835. The motion prevailed.

Mr. Berg moved that the names of Messrs. Moe, R.D.; Merriam; Taylor and Renneke be added as co-authors to S.F. No. 1858. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1864. The motion prevailed.

Mr. Dieterich moved that the name of Mr. Jude be added as a co-author to S.F. No. 1869. The motion prevailed.

Mr. Luther moved that S.F. No. 1820 be withdrawn from the Committee on Governmental Operations and re-referred to the Committee on Finance. The motion prevailed.

Mr. Johnson, D.J. moved that S.F. No. 1314 be withdrawn from the Committee on Governmental Operations and re-referred to the Committee on Finance. The motion prevailed.

Messrs. Ramstad and Moe, R.D. introduced—

Senate Resolution No. 110: A Senate resolution designating March 2, 1986, as "Coach Wally Johnson Day" in Minnesota.

Referred to the Committee on Rules and Administration.

### SPECIAL ORDER

Pursuant to Rule 10, Mr. Moe, R.D., Chairman of the Subcommittee on Bill Scheduling, designated S.F. No. 1636 a Special Order to be heard immediately.

S.F. No. 1636: A bill for an act relating to agriculture; providing for mediation before debt collection practices are initiated against agricultural property; establishing a farm mediation commission and prescribing powers and duties; establishing farm mediation boards; prescribing mediation notices and certain conditions before debt collection is started; providing for volun-

tary mediation; prescribing procedures for mandatory mediation; authorizing postponement orders and requiring farm financial plans under certain conditions; classifying certain data; authorizing closed meetings; authorizing rules; providing for appeals; appropriating money; amending Minnesota Statutes 1984, section 336.9-501; proposing coding for new law in Minnesota Statutes, chapters 550; 559; 581; and 583.

Mr. Kamrath moved to amend S.F. No. 1636 as follows:

Delete everything after the enacting clause and insert:

“Section 1. [580.015] [MEDIATION REQUIRED.]

*A creditor or the creditor's successors in interest may not begin proceedings to enforce a debt against property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase property under section 559.21, or to garnish, levy on, execute on, seize, or attach property unless a good faith effort to mediate has been entered into, or has been attempted by the creditor or the creditor's successors in interest.*

Sec. 2. [EFFECTIVE DATE.]

*This act is effective on the day following final enactment.”*

Delete the title and insert:

“A bill for an act relating to real estate; foreclosure; providing for mediation before debt collection practices are initiated; proposing coding for new law in Minnesota Statutes, chapter 580.”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 17 and nays 43, as follows:

Those who voted in the affirmative were:

Anderson	Isackson	Laidig	Rumstad	Taylor
Benson	Kamrath	Lessard	Renneke	
Bernthagen	Knaak	McQuaid	Sieloff	
Frederick	Kronebusch	Olson	Storm	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Pehler	Samuelson
Belanger	Dieterich	Lantry	Peterson, C.C.	Solon
Berg	Frank	Luther	Peterson, D.C.	Spear
Berglin	Frederickson	Mehrkens	Peterson, D.L.	Stumpf
Chmielewski	Freeman	Merriam	Peterson, R.W.	Waldorf
Dahl	Hughes	Moe, D.M.	Petty	Wegscheid
Davis	Johnson, D.E.	Moe, R.D.	Pogemiller	Willet
DeCramer	Johnson, D.J.	Nelson	Purfeerst	
Dicklich	Jude	Novak	Reichgott	

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

Mr. Kamrath then moved to amend S.F. No. 1636 as follows:

Page 13, line 7, delete the colon

Page 13, line 8, delete “(1)”

Page 13, line 9, delete “or” and insert a period

Page 13, delete lines 10 to 12

Page 14, line 15, delete the colon

Page 14, line 16, delete "(1)"

Page 14, line 17, delete "; or" and insert a period

Page 14, delete lines 18 to 20

Page 15, line 15, after "date" insert a period

Page 15, delete lines 16 and 17

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 15 and nays 41, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Kamrath	Laidig	Renneke
Benson	Frederick	Knaak	McQuaid	Storm
Bernhagen	Isackson	Kronebusch	Ramstad	Taylor

Those who voted in the negative were:

Adkins	Diessner	Langseth	Peterson, C. C.	Solon
Belanger	Dieterich	Lantry	Peterson, D. C.	Stumpf
Berg	Frank	Lessard	Peterson, D. L.	Waldorf
Berglin	Frederickson	Luther	Peterson, R. W.	Wegscheid
Chmielewski	Freeman	Mehrkens	Petty	Willet
Dahl	Hughes	Merriam	Pogemiller	
Davis	Johnson, D. E.	Moe, R. D.	Purteerst	
DeCramer	Johnson, D. J.	Novak	Reichgott	
Dicklich	Jude	Pehler	Samuelson	

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

Mr. Bernhagen moved to amend S.F. No. 1636 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [17.89] [PROCEEDINGS.]

*Subdivision 1. [COMMENCEMENT.] All proceedings for the foreclosure of a mortgage, the cancellation of a contract-for-deed, or the repossession of or collection against agricultural property having a current fair market value of more than \$5,000 must be suspended following notice of default until (1) the creditor commencing the foreclosure proceedings has engaged in mediation or otherwise has negotiated in good faith with the debtor concerning possible adjustment and refinancing, as well as payment, of the debt; (2) the creditor has offered to engage in mediation or to negotiate in good faith with the debtor, and the debtor has refused to participate in mediation or refused to negotiate in good faith; (3) the debtor has failed to request mediation within 15 days after notice of default is given; or (4) an additional 60 days have elapsed beyond any time period that normally must elapse after notice of default and before foreclosure, cancellation, or repossession may be commenced.*

*Subd. 2. [CONTENTS OF NOTICE OF DEFAULT.] A notice of default affecting a mortgage, cancellation of a contract-for-deed, or repossession against agricultural property having a fair market value of more than \$5,000 may contain an affidavit stating how the conditions of subdivision 1, clause*

(1) or (2), have been met. Actions initiated by a default notice containing such an affidavit may proceed without regard to the 60-day suspension period unless the debtor challenges the accuracy of the affidavit in district court.

*Subd. 3. [DEFINITION.] For purposes of sections 1 to 5, "agricultural property" means real property that is principally used for farming, as defined in section 500.24, subdivision 2, paragraph (a), and any property that is used as security in financing a farm operation or used as part of a farm operation including but not limited to equipment, crops, livestock, and proceeds of the property. "Agricultural property" does not include property of farm operations of less than 60 acres, including leased property, with less than \$20,000 in gross sales of agricultural products in the preceding year.*

*Subd. 4. [REDEMPTION PERIOD INCREASED.] If the proceedings for the foreclosure of agricultural property are allowed to proceed only because the 60-day suspension period has expired under subdivision 1, clause (4), then the period of time within which the debtor may redeem the property is increased by 60 days.*

Sec. 2. [17.892] [EVIDENCE.]

*Participation in mediation, as specified in section 3, over a period of at least 30 days creates a presumption that a creditor has negotiated in good faith as required by section 1. A creditor's request to the agricultural extension service to participate in mediation, as specified in section 3, creates a presumption that the creditor has offered to negotiate in good faith with the debtor.*

Sec. 3. [17.894] [MEDIATION.]

*A debtor or creditor with an interest in agricultural property may request mediation from the agricultural extension service by filing a written request with the service. A creditor may not file a request for mediation under this section unless there has been a default on the loan that would be the subject of mediation. However, a creditor need not have given official notice of default in order to request mediation.*

*A creditor must file a copy of its request for mediation with the debtor. A debtor may file a copy of any request for mediation with any of the debtor's other creditors. A debtor's request to the extension service must be submitted on a form supplied by the extension service, and must provide all information relevant to the relationship with the creditor asked for on the form.*

*The extension service shall accept each request for mediation and may appoint a mediator or a team of mediators as needed. The extension service shall notify the creditor filing the request, all other creditors named by the debtor, and the debtor, within 20 days of receiving a request for mediation, of whether or not it will appoint a mediator, and the name of the mediator if one is appointed. The mediator shall offer to meet with the creditor and debtor together within ten days of appointment. Unreasonable failure of a debtor or a creditor to meet as requested by the mediator over a period of 30 days, starting with the day on which the first meeting is scheduled, creates a presumption that a creditor or debtor is not negotiating in good faith.*

*The mediator shall meet with the debtor and all named creditors desiring to participate and attempt to help the parties reach an agreement. The mediator*



has no authority to impose an agreement on the debtor or any creditor. At the conclusion of mediation sessions the mediator shall file a written report with the extension service summarizing the results of mediation efforts and noting any failure of the debtor or any named creditor to attend a meeting when requested to attend by the mediator.

Sec. 4. [17.896] [MEDIATORS.]

The agricultural extension service shall provide mediators by contracting with qualified persons and shall assure that mediators are knowledgeable in as many as possible of the following areas: agricultural economics, legal issues related to agriculture and financial institutions, lending, and mediation. Contracts for mediation services must assure that the mediator will be available to meet with the parties at reasonable times for at least 30 days from the first mediation session.

A mediator must not:

- (1) advise a farmer to engage in a criminal or fraudulent act;
- (2) engage in mediation involving a lending institution with which the mediator has, or has had, a farm-related loan or account;
- (3) engage in mediation involving a farmer that the mediator has a business relationship with; or
- (4) accept compensation in any form from a party to mediation that the mediator is engaged in.

Contracts between the extension service and a mediator must incorporate the terms of clauses (1) to (4).

Sec. 5. [17.898] [DATA.]

All data regarding the finances of individual debtors and creditors created, collected, or maintained by the extension service or a mediator under contract to the extension service are private data or nonpublic data, as defined in chapter 13, except as to those entitled to participate in mediation meetings.

Sec. 6. [APPROPRIATION.]

*Subdivision 1. [AGRICULTURAL EXTENSION SERVICE.]* \$1,277,200 is appropriated from the general fund to the University of Minnesota agricultural extension service for purposes of sections 1 to 5 to be available until June 30, 1987.

*Subd. 2. [FARM ADVOCATES.]* \$356,200 is appropriated from the general fund to the commissioner of agriculture to provide for farm advocates to be available until June 30, 1987."

Delete the title and insert:

"A bill for an act relating to agriculture; providing for mediation of certain agricultural loan disputes; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	Olson	Storm
Belanger	Frederickson	Kronebusch	Peterson, D.L.	Taylor
Benson	Isackson	Laidig	Ramstad	
Bernhagen	Johnson, D.E.	McQuaid	Renneke	
Brataas	Kamrath	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Nelson	Pogemiller
Berglin	Dieterich	Lantry	Novak	Purfeerst
Chmielewski	Frank	Lessard	Pehler	Reichgott
Dahl	Freeman	Luther	Peterson, C.C.	Spear
Davis	Hughes	Merriam	Peterson, D.C.	Stumpf
DeCramer	Johnson, D.J.	Moe, D.M.	Peterson, R.W.	Waldorf
Dicklich	Jude	Moe, R.D.	Petty	Willet

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

Mr. Storm moved to amend S.F. No. 1636 as follows:

Page 7, line 18, after the period, insert ““Agricultural property” shall also include agriculturally related businesses as defined by the commission.”

Page 9, line 6, delete “and”

Page 9, line 8, delete the period and insert “; and

(4) an owner of an agriculturally related business.”

Page 9, line 9, before “The” insert “Except for an owner of an agriculturally related business as defined by the commission.”

Page 17, line 2, delete “\$1,277,200” and insert “\$1,698,700”

The question was taken on the adoption of the amendment.

The roll was called; and there were yeas 45 and nays 13, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Isackson	McQuaid	Purfeerst
Anderson	DeCramer	Johnson, D.E.	Mehrkens	Ramstad
Belanger	Dicklich	Johnson, D.J.	Nelson	Samuelson
Benson	Diessner	Jude	Novak	Solon
Berg	Frank	Kamrath	Olson	Storm
Bernhagen	Frederick	Kronebusch	Pehler	Stumpf
Brataas	Frederickson	Laidig	Peterson, C.C.	Taylor
Chmielewski	Freeman	Langseth	Peterson, D.L.	Wegscheid
Dahl	Hughes	Lessard	Pogemiller	Willet

Those who voted in the negative were:

Berglin	Lantry	Moe, D.M.	Petty	Waldorf
Dieterich	Luther	Peterson, D.C.	Reichgott	
Knaak	Merriam	Peterson, R.W.	Spear	

The motion prevailed. So the amendment was adopted.

Mr. Frederickson moved to amend S.F. No. 1636 as follows:

Page 3, line 27, delete “BY”

Page 3, delete lines 28 to 30

Page 3, lines 31 and 32, delete “AND TO BE ELIGIBLE FOR DEBT RESTRUCTURING.”

Page 4, line 22, delete "BY"

Page 4, delete lines 23 to 25

Page 4, lines 26 and 27, delete "AND TO BE ELIGIBLE FOR DEBT RESTRUCTURING,"

Page 5, delete lines 19 to 21

Page 5, line 23, delete everything before "YOU"

Page 6, line 16, delete "BY"

Page 6, delete lines 17 to 19

Page 6, lines 20 and 21, delete "AND TO BE ELIGIBLE FOR DEBT RESTRUCTURING,"

Page 10, line 12, delete "and debt restructuring"

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend S.F. No. 1636 as follows:

Page 16, line 7, delete "not" in both places

Page 16, line 8, after "except" insert "any portion of"

Page 16, line 9, delete "do not discuss" and insert "discusses" and delete "refer" and insert "refers"

Page 16, line 10, delete "public"

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend S.F. No. 1636 as follows:

Page 16, line 16, delete everything after the period.

Page 16, delete line 17 and insert "The rules so adopted expire 12 months after the effective date of this act. The commission shall adopt rules under chapter 14 to replace the rules adopted as provided under section 97.53, subdivision 2."

The motion prevailed. So the amendment was adopted.

Mr. Laidig moved to amend S.F. No. 1636 as follows:

Page 11, line 5, after the period, insert "The mediator must be agreed to by the debtor and creditors in a manner provided by the commission. Any party to the mediation can reject all of the mediators assigned to the farm mediation region. If all mediators assigned to the farm mediation region are rejected by one of the parties, the commission shall provide a list of alternate mediators and establish a procedure for the selection of one of the alternates."

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

Mr. Benson moved to amend S.F. No. 1636 as follows:

Page 16, after line 36, insert:

"Sec. 26. [INTEREST REIMBURSEMENT.]

If the commissioner of commerce determines that interest rates to farmers have increased due to this act the commissioner shall determine the amount

of the increase and pay the increase to farmers. Farmers must apply to the commissioner to receive the payment by 90 days after the commissioner announces the increase caused by this act. The amount to pay for the increase is appropriated from the general fund."

Page 17, after line 10, insert:

"Subd. 3. [INTEREST REIMBURSEMENT.] \$\_\_\_\_\_ is appropriated to the commissioner of commerce to make payments under section 26."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knaak	Olson	Taylor
Belanger	Frederickson	Kronebusch	Peterson, D.L.	
Benson	Isackson	Laidig	Ramstad	
Bernhagen	Johnson, D.E.	McQuaid	Renneke	
Brataas	Kamrath	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Dicklich	Langseth	Pehler	Samuelson
Berg	Diessner	Lantry	Peterson, C.C.	Spear
Berglin	Frank	Lessard	Peterson, D.C.	Stumpf
Chmielewski	Freeman	Luther	Peterson, R.W.	Waldorf
Dahl	Hughes	Merriam	Petty	Willet
Davis	Johnson, D.J.	Moe, R.D.	Pogemiller	
DeCramer	Jude	Nelson	Purfeerst	

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

S.F. No. 1636 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 15, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Jude	Novak	Renneke
Anderson	Diessner	Langseth	Pehler	Samuelson
Belanger	Dieterich	Lantry	Peterson, C.C.	Solon
Berg	Frank	Lessard	Peterson, D.C.	Spear
Berglin	Frederickson	Luther	Peterson, D.L.	Storm
Chmielewski	Freeman	Merriam	Peterson, R.W.	Stumpf
Dahl	Hughes	Moe, D.M.	Petty	Waldorf
Davis	Johnson, D.E.	Moe, R.D.	Pogemiller	Wegscheid
DeCramer	Johnson, D.J.	Nelson	Purfeerst	Willet

Those who voted in the negative were:

Benson	Frederick	Knaak	McQuaid	Ramstad
Bernhagen	Isackson	Kronebusch	Mehrkens	Sieloff
Brataas	Kamrath	Laidig	Olson	Taylor

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

## INTRODUCTION AND FIRST READING OF SENATE BILLS

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

indicated.

Mr. Laidig introduced—

S.F. No. 1925: A bill for an act relating to wild animals; authorizing the captive propagation and sale of raptors; amending Minnesota Statutes 1984, section 99.27, subdivision 1.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Spear, Ms. Berglin and Mr. Pogemiller introduced—

S.F. No. 1926: A bill for an act relating to health insurance; providing health insurance for certain retired teachers; amending Minnesota Statutes 1984, section 62E.14, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62E.

Referred to the Committee on Governmental Operations.

Mrs. McQuaid introduced—

S.F. No. 1927: A bill for an act relating to the city of Hopkins; granting the city the powers of a port authority; permitting the city to choose the name of the port authority.

Referred to the Committee on Local and Urban Government.

Messrs. Jude and Luther introduced—

S.F. No. 1928: A bill for an act relating to the city of Brooklyn Park; permitting the city to establish a port authority commission.

Referred to the Committee on Local and Urban Government.

Mr. Samuelson introduced—

S.F. No. 1929: A bill for an act relating to education; reimbursing school districts for aid lost under the post-secondary enrollment options act; appropriating money; amending Minnesota Statutes 1985 Supplement, section 123.3514, by adding a subdivision.

Referred to the Committee on Education.

Messrs. Luther and Knaak introduced—

S.F. No. 1930: A bill for an act relating to real estate; providing for cancellation of real estate contract depending upon when contract was executed; providing for determination of purchase price; amending Minnesota Statutes 1984, section 559.21, by adding subdivisions; and Minnesota Statutes 1985 Supplement, section 559.21, subdivisions 2a, 3, and 4.

Referred to the Committee on Judiciary.

Mr. Diessner introduced—

S.F. No. 1931: A bill for an act relating to human services; regulating work activities of handicapped persons in state facilities; amending Minnesota

Statutes 1985 Supplement, section 246.56, subdivision 2.

Referred to the Committee on Health and Human Services.

Mr. Vega, Ms. Peterson, D.C.; Messrs. Kroening and Solon introduced—

S.F. No. 1932: A resolution memorializing the President and Congress of the United States to adopt legislation preventing state and local governments from providing corporate welfare.

Referred to the Committee on Economic Development and Commerce.

Messrs. Moe, D.M.; Spear; Pogemiller; Wegscheid and Renneke introduced—

S.F. No. 1933: A bill for an act relating to retirement; regulating workers' compensation offsets to public employee retirement association benefits; amending Minnesota Statutes 1984, sections 353.29, subdivision 2; 353.33, subdivision 5; 353.651, subdivision 2; 353.656, subdivision 2; Minnesota Statutes 1985 Supplement, section 176.021, subdivision 7.

Referred to the Committee on Governmental Operations.

Ms. Berglin introduced—

S.F. No. 1934: A bill for an act relating to marriage dissolution; providing that a surviving spouse benefit may be awarded to certain former spouses; amending Minnesota Statutes 1984, sections 69.62; 352.15, subdivision 1; 352B.071; 353.15; 354.10; 354A.11; 422A.24; 423.39; 423.61; 423.813; 423A.16; 424.27; and Minnesota Statutes 1985 Supplement, section 424A.02, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 518.

Referred to the Committee on Judiciary.

Mr. Wegscheid introduced—

S.F. No. 1935: A bill for an act relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to city of Hastings; amending Laws 1985, chapter 61, section 1.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Kamrath, Mrs. McQuaid, Mr. Gustafson, Ms. Olson and Mr. Frederickson introduced—

S.F. No. 1936: A bill for an act relating to commerce; providing immunity to municipalities for certain claims; regulating certain self-insurance pools; abolishing the collateral source rule; requiring judgments to be paid in periodic installments rather than a lump sum upon request of either party; abolishing punitive damages in civil actions; placing a monetary maximum on the amount recoverable as intangible damages; eliminating joint liability in tort; amending Minnesota Statutes 1984, sections 466.01, subdivision 1; 466.03, subdivisions 4 and 6b, and by adding subdivisions; 471.982, subdivision 3; 549.09, subdivision 1; 549.20, subdivision 1; and 604.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 466, 481, 548,

and 549; repealing Minnesota Statutes 1984, section 549.20, subdivisions 2 and 3.

Referred to the Committee on Local and Urban Government. Mr. Kamrath questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Messrs. Diessner and Laidig introduced—

S.F. No. 1937: A bill for an act relating to insurance; accident and health; authorizing participation by pharmacists in nonprofit health service plans and health maintenance contracts; amending Minnesota Statutes 1984, sections 62C.03, by adding a subdivision; and 62D.12, by adding a subdivision.

Referred to the Committee on Health and Human Services.

Mr. Bertram introduced—

S.F. No. 1938: A bill for an act relating to charitable gambling; imposing restrictions on expenditure of profits; allowing licensed organizations to conduct gambling, including casino games, without a license under certain circumstances; providing for exemptions from criminal laws for gambling authorized under the charitable gambling law; amending Minnesota Statutes 1984, sections 349.12, subdivision 2; 349.15, by adding a subdivision; 349.214, by adding subdivisions; 349.31, subdivision 1; and 609.761.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Spear introduced—

S.F. No. 1939: A bill for an act relating to judgments; clarifying the general judgment lien law; amending Minnesota Statutes 1984, section 548.09, subdivision 1.

Referred to the Committee on Judiciary.

Mr. Dicklich introduced—

S.F. No. 1940: A bill for an act relating to local government; regulating payment of severance pay; amending Minnesota Statutes 1984, section 465.72.

Referred to the Committee on Local and Urban Government.

Messrs. Dahl, Bertram, Lessard and Chmielewski introduced—

S.F. No. 1941: A bill for an act relating to veterans affairs; providing for use of departmental resources by certain organizations; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 196.

Referred to the Committee on Veterans and General Legislation.

Mr. Spear and Ms. Peterson, D.C. introduced—

S.F. No. 1942: A bill for an act relating to guardianships and conserva-

torships; establishing a standard for best interests of the ward or conservatee; requiring findings regarding best interests; amending Minnesota Statutes 1984, sections 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; and 525.61.

Referred to the Committee on Judiciary.

Mr. Johnson, D.J. introduced—

S.F. No. 1943: A bill for an act relating to education; providing options for swimming classes in junior high schools; proposing coding for new law in Minnesota Statutes, chapter 126.

Referred to the Committee on Education.

Mr. Johnson, D.J. introduced—

S.F. No. 1944: A bill for an act relating to insurance; no-fault auto; removing mandatory uninsured and underinsured motorist coverages; clarifying the law regarding these coverages; amending Minnesota Statutes 1985 Supplement, section 65B.49, subdivision 3a; repealing Laws 1985, First Special Session chapter 13, section 191.

Referred to the Committee on Economic Development and Commerce.

Mr. Merriam introduced—

S.F. No. 1945: A bill for an act relating to health; providing that mosquito research and management activities are not ecologically disruptive; amending Minnesota Statutes 1985 Supplement, section 144.95, subdivisions 1, 2, 3, 7, 9, and 10.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Luther introduced—

S.F. No. 1946: A bill for an act relating to courts; altering the responsibility for establishing the salary of the state court administrator and district court administrator; amending Minnesota Statutes 1984, sections 15A.083, subdivision 4; 480.13; and 484.68, subdivision 6.

Referred to the Committee on Governmental Operations.

Mr. Merriam introduced—

S.F. No. 1947: A bill for an act relating to game and fish; reimbursing nongame wildlife account for elk removal costs; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Merriam introduced—

S.F. No. 1948: A bill for an act relating to natural resources; authorizing watershed management organizations to establish taxing districts within minor watershed units of watersheds; amending Minnesota Statutes 1984, section 473.883, subdivisions 2, 3, 6, and 7; Minnesota Statutes 1985 Sup-



plement, section 473.882, subdivision 1.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Merriam introduced—

S.F. No. 1949: A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Merriam, Wegscheid and Johnson, D.E. introduced—

S.F. No. 1950: A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Johnson, D.J. and Lessard introduced—

S.F. No. 1951: A bill for an act relating to natural resources; extending provisions relating to loggers permits; amending Laws 1985, First Special Session chapter 13, section 219, subdivisions 2 and 5.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Merriam and Pehler introduced—

S.F. No. 1952: A bill for an act relating to environment; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; amending Minnesota Statutes 1984, sections 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2, and by adding a subdivision; 115A.13; 115A.14, subdivision 6; 115A.22, subdivision 4; 400.11; Minnesota Statutes 1985 Supplement, sections 115A.81, subdivision 2; 275.50, subdivision 5; 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115A and 400; repealing Minnesota Statutes 1984, sections 115A.17; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11.

Referred to the Committee on Agriculture and Natural Resources.

Ms. Peterson, D.C. introduced—

S.F. No. 1953: A bill for an act relating to crime victims; providing increased protections and rights to victims of crime; increasing the criminal witness fee; providing new procedures for enforcing restitution orders; establishing local victim-witness assistance programs; making a variety of changes to the crime victims reparations act; increasing the membership of the crime victim and witness advisory council; amending Minnesota Statutes 1984, sections 357.22; 357.24; 609.115, subdivision 1c; 609.135, by adding a subdivision; 611A.03, subdivision 1; 611A.04, subdivision 2; 611A.06; 611A.53, subdivision 1, and by adding a subdivision; and 611A.61; and

Minnesota Statutes 1985 Supplement, sections 609.101; 611A.52; 611A.53, subdivision 2; 611A.54; 611A.56, subdivision 1; 611A.71, subdivisions 1 and 2; 631.046; and 631.07; proposing coding for new law in Minnesota Statutes, chapters 43A and 611A.

Referred to the Committee on Judiciary.

Mr. Dicklich, Mrs. Lantry and Mr. Johnson, D.E. introduced—

S.F. No. 1954: A bill for an act relating to human services; creating a single, unitary process for the determination of residence and financial responsibility for all human service programs; amending Minnesota Statutes 1984, section 253B.23, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 256G; repealing Minnesota Statutes 1984, sections 252A.20, subdivisions 2 and 3; 253B.20, subdivision 4; 256.045, subdivision 10; 256.263, subdivision 2; 256.73, subdivision 4; 256.76, subdivision 2; 256B.02, subdivision 1; 256D.18; 256E.08, subdivision 7; 259.40, subdivision 5; 260.251, subdivision 3; and 261.23; Minnesota Statutes 1985 Supplement, sections 246.50, subdivision 7; 246.54; 246.55; 256.79; and 256B.02, subdivisions 2 and 3.

Referred to the Committee on Health and Human Services.

Mr. Jude, Mrs. Adkins, Messrs. Freeman, Frederickson and Kamrath introduced—

S.F. No. 1955: A bill for an act relating to local government; changing the notice requirements for proposed special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

Referred to the Committee on Local and Urban Government.

Messrs. Ramstad and Jude introduced—

S.F. No. 1956: A bill for an act relating to local government; providing for city capital improvement reserve funds; amending Minnesota Statutes 1984, section 471.57.

Referred to the Committee on Local and Urban Government.

Mr. Jude introduced—

S.F. No. 1957: A bill for an act relating to liens; labor and material; providing for the inclusion of visible improvement; amending Minnesota Statutes 1984, section 514.05.

Referred to the Committee on Judiciary.

Messrs. Jude, Freeman, Kamrath, Ramstad and Merriam introduced—

S.F. No. 1958: A bill for an act relating to taxation; corporate income; providing quick refunds of overpayments of estimated tax; amending Minnesota Statutes 1985 Supplement, section 290.936; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Merriam; Berg; Peterson, C.C.; Novak and Pogemiller introduced—

S.F. No. 1959: A bill for an act relating to the family farm security program; authorizing the issuance of general obligation bonds to finance certain payments to be made by the state on family farm loan guarantees; appropriating money; amending Minnesota Statutes 1984, sections 41.51; and 41.56, subdivision 4b; Minnesota Statutes 1985 Supplement, section 41.61; and proposing coding for new law in Minnesota Statutes, chapter 41.

Referred to the Committee on Agriculture and Natural Resources.

Ms. Reichgott, Messrs. Spear; Pogemiller; Peterson, R.W. and Knaak introduced—

S.F. No. 1960: A bill for an act relating to occupations and professions; limiting the civil liability of psychologists for the violent acts of patients; proposing coding for new law in Minnesota Statutes, chapter 148.

Referred to the Committee on Judiciary.

Messrs. Peterson, R.W.; Merriam; Freeman and Sieloff introduced—

S.F. No. 1961: A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, non-public, and protected nonpublic; clarifying issues relating to the administration of data; amending Minnesota Statutes 1984, sections 13.38, by adding a subdivision; 13.46, by adding a subdivision; 13.84, by adding subdivisions; and 13.85, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 1, 2, and 7; 13.76; and 13.82, subdivision 5; repealing Minnesota Statutes 1985 Supplement, section 13.89.

Referred to the Committee on Judiciary.

Mr. Novak introduced—

S.F. No. 1962: A bill for an act relating to taxation; property; changing the payment date for taxes on certain manufactured homes; amending Minnesota Statutes 1984, section 274.19, subdivision 5; Minnesota Statutes 1985 Supplement, section 274.19, subdivisions 3 and 4.

Referred to the Committee on Taxes and Tax Laws.

Mr. Novak introduced—

S.F. No. 1963: A bill for an act relating to metropolitan government; changing the treatment of current value credits and modifying the cost allocation system of the metropolitan waste control commission; providing for a reserve fund for the commission; authorizing appointment of advisory committees by the commission; authorizing an implementation period for transition to a new cost allocation system; amending Minnesota Statutes 1984, sections 473.511, subdivision 4; and 473.517, subdivisions 1, 2, 3, and 9; repealing Minnesota Statutes 1984, section 473.517, subdivisions 4, 5, and 7.

Referred to the Committee on Local and Urban Government.

Mr. Novak introduced—

S.F. No. 1964: A bill for an act relating to health; establishing a statewide cancer surveillance system; providing for rule authority to administer the system and collect and distribute data; appropriating money; amending Minnesota Statutes 1984, sections 144.68; and 144.69; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1984, sections 144.66 and 144.67.

Referred to the Committee on Health and Human Services.

Messrs. Samuelson, Chmielewski, Knutson and Benson introduced—

S.F. No. 1965: A bill for an act relating to human services; revising the community social services act; clarifying allocation of funds; expanding responsibilities of county boards; requiring the county boards to publish biennial plans relating to community social services; amending Minnesota Statutes 1984, sections 256E.05, subdivision 3; 256E.06, subdivision 2; 256E.09, subdivision 1; and Minnesota Statutes 1985 Supplement, section 256E.08, subdivision 1.

Referred to the Committee on Health and Human Services.

Mr. Pehler introduced—

S.F. No. 1966: A bill for an act relating to the city of St. Cloud; authorizing the city to impose certain taxes to construct, operate, and promote a convention center facility.

Referred to the Committee on Local and Urban Government.

Messrs. Stumpf; Moe, R.D.; Lessard and Willet introduced—

S.F. No. 1967: A bill for an act relating to agriculture; declaring state policy relating to paddy-grown rice; regulating paddy-grown rice; providing land to be sold for wild rice production; licensing wild rice producers; authorizing rules; amending Minnesota Statutes 1985 Supplement, section 92.501, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 30; repealing Minnesota Statutes 1984, section 30.49.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Freeman, Belanger and Johnson, D.J. introduced—

S.F. No. 1968: A bill for an act relating to the city of Bloomington; authorizing the city to impose certain taxes; exempting certain assessed valuation within the city from metropolitan revenue distribution; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting it to develop leased land; authorizing development in accordance with the Generic EIS and Generic Indirect Source Permit.

Referred to the Committee on Local and Urban Government.

Messrs. Petty; Johnson, D.E.; Benson; Ms. Berglin and Mr. Dicklich introduced—

S.F. No. 1969: A bill for an act relating to human services; directing the commissioner of human services to create a mental health service system; setting forth requirements for a mental health service system; amending Minnesota Statutes 1984, section 245.69, by adding a subdivision.

Referred to the Committee on Health and Human Services.

Messrs. Nelson and Pehler introduced—

S.F. No. 1970: A bill for an act relating to education; making certain technical changes to transportation aid; amending Minnesota Statutes 1985 Supplement, section 124.255, subdivision 10.

Referred to the Committee on Education.

Mr. Pogemiller, Ms. Reichgott and Mr. Sieloff introduced—

S.F. No. 1971: A bill for an act relating to crimes; limiting when felony charges brought for depriving another of custodial or parental rights may be dismissed; amending Minnesota Statutes 1984, section 609.26, subdivision 5.

Referred to the Committee on Judiciary.

#### **MEMBERS EXCUSED**

Messrs. Bertram, Gustafson, Kroening, Schmitz and Vega were excused from the Session of today. Mr. Hughes was excused from the Session of today at 4:00 p.m. Ms. Reichgott was excused from the Session of today from 3:30 to 4:10 p.m.

#### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Monday, February 17, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## SEVENTY-FIRST DAY

St. Paul, Minnesota, Monday, February 17, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Karl Hansen.

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

Adkins	Dicklich	Kamrath	Moe, D.M.	Samuelson
Anderson	Diessner	Knaak	Nelson	Schmitz
Belanger	Dieterich	Knutson	Novak	Sieloff
Benson	Frank	Kroening	Olson	Solon
Berg	Frederick	Kronebusch	Pehler	Spear
Berglin	Frederickson	Laidig	Peterson, D.C.	Storm
Bernhagen	Freeman	Langseth	Peterson, D.L.	Taylor
Bertram	Gustafson	Lantry	Peterson, R.W.	Waldorf
Brataas	Hughes	Lessard	Petty	Wegscheid
Chmielewski	Isackson	Luther	Pogemiller	Willet
Dahl	Johnson, D.E.	McQuaid	Purfeerst	
Davis	Johnson, D.J.	Mehrkens	Ramstad	
DeCramer	Jude	Merriam	Reichgott	

The President declared a quorum present.

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

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

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

December 10, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointments to the State Board of Vocational Technical Education are hereby respectfully submitted to the Senate for confirmation as required by law:

Douglas D. Knowlton, 823 James Ave. S.E., East Grand Forks, Polk

County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

John O'Connor, 10677 - 114th St., Stillwater, Washington County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

Sincerely,  
Rudy Perpich, Governor

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1035, 1725, 1806, 1826, 1871, 1897 and 1847.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 13, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1035: A bill for an act relating to frauds; fixing conditions for the legal determination of fraud in property transfers; enacting the uniform fraudulent transfer act; proposing coding for new law in Minnesota Statutes, chapter 513; repealing Minnesota Statutes 1984, sections 513.20; 513.21; 513.22; 513.23; 513.24; 513.25; 513.26; 513.27; 513.28; 513.29; 513.30; 513.31; and 513.32.

Referred to the Committee on Judiciary.

H.F. No. 1725: A bill for an act relating to taxation; income; repealing the suspension of inflation adjustments; repealing Minnesota Statutes 1985 Supplement, section 290.06, subdivision 2f.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1806: A bill for an act relating to financial institutions; permitting state banks and credit unions to offer self-directed individual retirement accounts; amending Minnesota Statutes 1984, section 48.15, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 52.04, subdivision 1.

Referred to the Committee on Economic Development and Commerce.

H.F. No. 1826: A resolution memorializing the governments of the United States and the Socialist Republic of Vietnam to take all possible actions to determine the fate of persons missing in action in Southeast Asia; joining with the families of those who are missing in the hope that their long wait will soon be over.

Referred to the Committee on Rules and Administration.

H.F. No. 1871: A bill for an act relating to veterans; clarifying certain terms; providing for payment of compensation to certain patients and residents of state institutions; amending Minnesota Statutes 1984, section 246.151; and Minnesota Statutes 1985 Supplement, section 136C.13, subdivision 4.

Referred to the Committee on Veterans and General Legislation.

H.F. No. 1897: A bill for an act relating to commerce; motor fuel franchises; extending the temporary prohibition on certain building alterations that eliminate service bays; amending Laws 1984, chapter 444, section 4.

Referred to the Committee on Economic Development and Commerce.

H.F. No. 1847: A bill for an act relating to unemployment compensation; altering the public policy statement; changing the taxable wage base; defining credit week; providing for employer charging; increasing the eligibility requirement; eliminating certain tax rate limitations; changing the weekly benefit amount; setting the maximum weekly benefit; providing for the duration of benefits; increasing the duration of benefits for claimants in counties with high unemployment; providing for seasonal employees; making the waiting week nonreimbursable; amending the benefit offset for severance pay; increasing the period of time and earnings necessary for requalification after disqualification; changing the definition of suitable work; transferring duties to the office of administrative hearings; amending Minnesota Statutes 1984, sections 14.03, subdivision 2; 14.53; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 25 and 29; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.08, subdivision 3; 268.09, subdivisions 1 and 2; 268.10, subdivisions 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.48; 14.51; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivision 30.

Mr. Wegscheid moved that H.F. No. 1847 be laid on the table. The motion prevailed.

### REPORTS OF COMMITTEES

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1580: A bill for an act relating to human services; requiring adoption of the 1985 life safety code standards for intermediate care facilities for persons with mental retardation.

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

Page 1, line 9, delete "marshall" and insert "marshal"

Page 1, line 11, after "code" insert ", and amend existing rules governing life safety to be consistent with the 1985 code,"



Page 1, line 14, after "*standards*" insert "*and amendments*"

Page 1, line 17, delete "*January 1*" and insert "*June 30*" and after "*1987*" insert "*, or when rules incorporating the 1985 life safety code have been adopted, whichever occurs first*"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1613: A bill for an act relating to agriculture; establishing filing requirements, enforcement, and priority of veterinarian's lien; amending Minnesota Statutes 1984, section 514.92.

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

Page 1, line 14, delete "*that cost more than*" and strike "\$25"

Page 1, line 18, after "*include*" insert "*consultation,*"

Page 1, line 19, after "*procedures,*" insert "*and*" and delete the last "*and*"

Page 2, line 15, delete "*180*" and insert "*120*"

Page 2, line 21, delete "*, or reputed owner,*"

Page 3, line 10, delete "*after*"

Page 3, line 11, delete "*180*" and insert "*120*" and delete "*services*" and insert "*service*"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 421: A bill for an act relating to transportation; railroads; requiring occupied caboose car; requiring caboose car to be equipped with short-wave radio; imposing a penalty; amending Minnesota Statutes 1984, section 219.56; proposing coding for new law in Minnesota Statutes, chapter 219.

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

Page 1, after line 16, insert:

"(c) "*Placarded car*" means a railroad car that is required by federal regulations to display placards because the car contains hazardous materials.

(d) "*Block signals*" means a series of signals that control the movement of trains within a section of track."

Page 1, delete lines 18 to 21 and insert:

"*Subdivision 1. [CABOOSE REQUIRED.] Except as provided in subdivision 2, a railroad company may not operate a freight train 2,000 feet long or*

longer, if the train is handling placarded cars or is operated without block signals, unless the rear car is an occupied caboose."

Page 2, line 3, before the period, insert " , or to a train operated on a short line railroad classified by the Interstate Commerce Commission as a class III line haul railroad"

Amend the title as follows:

Page 1, line 3, before the semicolon, insert "on certain trains"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

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

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

Delete everything after the enacting clause and insert:

"Section 1. [222.631] [DEFINITIONS.]

*Subdivision 1. [TERMS.] For purposes of sections 2 and 3, the following terms have the meanings given them.*

*Subd. 2. [FAIR MARKET VALUE.] "Fair market value" means the price negotiated between the parties under section 2, or the market value of the property minus the value of any leasehold improvements, as determined by independent appraisers.*

*Subd. 3. [LEASEHOLDER.] "Leaseholder" means a person who holds a lease, license, or permit with respect to property within a right-of-way.*

*Subd. 4. [RAILROAD INTEREST.] "Railroad interest" includes a railroad corporation, its trustee or successor in interest, and a nonrailroad holding corporation that owns a controlling interest in a railroad.*

*Subd. 5. [RIGHT-OF-WAY.] "Right-of-way" has the meaning given it in section 222.63, subdivision 1.*

Sec. 2. [222.632] [RIGHT OF FIRST REFUSAL.]

*A railroad interest may not sell or offer for sale an interest in real property that is adjacent to a right-of-way unless it first extends a written offer to sell at a fair market value price to each person who is a leaseholder with respect to the property. Leaseholders must respond to the offer within 60 days of receipt of the notice and the railroad interest must negotiate in good faith with an interested leaseholder for a period of 90 days following the leaseholder's response. After the 90-day negotiation period, either party may file a notice of dispute with the commissioner. The property may not be sold to a party other than the leaseholder during the response and negotiation periods, or while a dispute is pending before the commissioner under section 3. This section does not apply to a sale of an entire operating railroad line by one*

operating railroad to another for the purpose of operating a railroad.

Sec. 3. [222.633] [COMMISSIONER TO RESOLVE DISPUTES.]

*A railroad interest or leaseholder may apply to the commissioner of transportation to resolve a dispute concerning fair market value or other terms arising from negotiations under section 2. The commissioner must adopt rules under chapter 14 to implement section 2 and this section. The rules must define the terms "leaseholders" and "railroad interest," establish a procedure to resolve disputes, and provide for the use of independent appraisers. Final rules must be adopted no later than 360 days from the effective date of this section.*

Sec. 4. [EFFECTIVE DATE.]

*Sections 1 to 3 are effective the day following final enactment."*

Amend the title as follows:

Page 1, line 3, after "property" insert "within right-of-way"

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

Mr. Vega from the Committee on Energy and Housing, to which was referred

S.F. No. 1863: A bill for an act relating to housing; authorizing the Minnesota housing finance agency to make grants to municipalities for the provision of housing for very low income persons; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 462A.

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 1984, section 462A.05, is amended by adding a subdivision to read:

*Subd. 25. [GRANTS FOR HOUSING FOR VERY LOW INCOME PERSONS LIVING ALONE.] The agency may make grants for residential housing to be used by very low income persons living alone whose annual gross income does not exceed 80 percent of the poverty line as updated by the United States office of management and budget. The grants may be made to cities, joint powers boards established by two or more cities, housing and redevelopment authorities created under sections 462.415 to 462.705, or nonprofit entities as defined by the agency. The occupants of the residential housing must be offered a written lease that complies with section 325G.31, offers the occupants the option to renew, and prohibits eviction of an occupant without good cause. Grants under this subdivision shall not exceed 50 percent of the development costs for the residential housing, and shall not be made for any residential housing that requires the occupants to accept board as well as lodging. In making grants, the agency shall determine the circumstances, terms, and conditions under which all or part of the grant will be repaid and the appropriate security if repayment is required.*

Sec. 2. Minnesota Statutes 1984, section 462A.21, is amended by adding a

subdivision to read:

*Subd. 4k. [HOUSING DEVELOPMENT FUND.] The agency may make grants for residential housing for very low income persons under section 1 and may pay the costs and expenses for the development and operation of the program.*

Sec. 3. [APPROPRIATION.]

*The sum of \$\_\_\_\_\_ is appropriated from the general fund to the housing development fund created in section 462A.20 for the purposes of sections 1 and 2."*

Delete the title and insert:

"A bill for an act relating to housing; authorizing the Minnesota housing finance agency to make grants for the provision of housing for very low income persons; appropriating money; amending Minnesota Statutes 1984, sections 462A.05, by adding a subdivision; and 462A.21, by adding a subdivision."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Vega from the Committee on Energy and Housing, to which was referred

S.F. No. 1805: A bill for an act relating to housing; making permanent the interest reduction program; repealing Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13.

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 1985 Supplement, section 462.445, subdivision 13, is amended to read:

Subd. 13. [INTEREST REDUCTION PROGRAM.] The authority to authorize payment of interest reduction assistance pursuant to subdivisions 10, 11 and 12 shall expire on January 1, ~~1987~~ 1993. Interest reduction assistance payments authorized prior to January 1, ~~1987~~ 1993, may be paid after January 1, ~~1987~~ 1993."

Amend the title as follows:

Page 1, line 2, delete "making permanent" and insert "extending until 1993"

Page 1, line 3, delete "repealing" and insert "amending"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

H.F. No. 1025: A bill for an act relating to public utilities; deregulating

providers of coin telephone service; imposing a penalty; amending Minnesota Statutes 1984, section 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 1631: A bill for an act relating to utilities; restricting the use and connection of automatic dialing-announcing devices to telephone lines; proposing coding for new law in Minnesota Statutes, chapter 237.

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

Page 1, line 19, before "connect" insert "for commercial purposes"

Page 1, line 20, delete everything after "line" and insert "except as otherwise provided in subdivision 3."

Page 1, delete lines 21 to 25

Page 2, delete lines 1 to 11

Renumber the subdivisions in sequence

Page 2, after line 15, insert:

"Subd. 4. [PENALTY.] A person who violates this section is guilty of a misdemeanor."

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 1639: A bill for an act relating to commerce; removing the residency and incorporation requirements for licensed distributors and operators of video games of chance; amending Minnesota Statutes 1984, section 349.51, subdivision 2.

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred

S.F. No. 1838: A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.095; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1;

204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

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

Page 9, after line 32, insert:

“Sec. 20. [EFFECTIVE DATE.]

*This act is effective the day after final enactment.*”

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1675: A bill for an act relating to human services; authorizing earned income savings accounts for general assistance recipients in residential chemical dependency treatment programs; amending Minnesota Statutes 1985 Supplement, section 256D.06, subdivision 1b.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1919: A bill for an act relating to mental health; extending the patients' bill of rights to cover people receiving out-patient mental health treatment; defining a minimum grievance procedure for health care facilities; including in the patients' bill of rights the right of access to protection and advocacy services; amending Minnesota Statutes 1984, section 144.651, subdivisions 2, 4, 20, and by adding a subdivision.

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

Page 1, line 21, after “basis” insert “*or in a community support program or other community-based program*”

Page 2, line 4, after “*treatment*” insert “*and maintenance in the community*”

Page 2, line 7, strike “*arrangements*” and insert “*accommodations*”

Page 2, line 14, after “*person*” insert “*, consistent with chapter 13, the data practices act, and section 626.557, relating to vulnerable adults*”

Page 2, line 25, strike “*facility's*” and after “*procedure*” insert “*of the facility or program*”

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1793: A bill for an act relating to local government; permitting an

agreement to finance library construction in McGregor.

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

Page 1, line 20, after the period, insert *“Any joint powers agreement entered between the city of McGregor and any town located in Aitkin County to finance the McGregor library construction must be approved at the annual town meeting by the town electors of the town before the agreement may be entered.”*

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1760: A bill for an act relating to local government; providing for the coordination of various development authorities in Moorhead and Clay county.

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

Page 8, after line 19, insert:

“Sec. 9. [POWER OUTSIDE STATE.]

*The powers granted to the city by section 2 may be exercised with respect to any project located in a city located outside the state, but contiguous to the city of Moorhead. In furtherance of the exercise of the powers granted to the city in section 2, and notwithstanding any other provision of law or charter, the city or the authority may enter into a joint powers agreement with another political subdivision located within or without the state or a nonprofit or for-profit organization to provide for the ownership and operation of facilities located outside the state.”*

Page 8, line 21, after “6” insert “and 9”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after “in” insert “the city of”

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1643: A bill for an act relating to Aitkin county; permitting the county to levy a tax for development purposes.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Pehler from the Committee on Education, to which was re-referred

S.F. No. 1790: A bill for an act relating to economic development; rural

development; providing for time of lease payments for lease of department of natural resources lands; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the department of energy and economic development; establishing the greater Minnesota corporation; establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available issuance authority; appropriating money; amending Minnesota Statutes 1984, sections 89.17; 116.16, subdivision 5; 116J.61; 116J.873, subdivision 1; 462.384, subdivision 7; and 474.19, subdivision 4; Minnesota Statutes 1985 Supplement, sections 92.50; 116.16, subdivision 2; 116M.06, subdivision 3; and 474.19, subdivisions 3; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, 116L, and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961, subdivisions 7, 8, 9, and 10.

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

Page 3, line 15, after the period, insert "*This subdivision does not apply to trust fund land that is leased according to this section.*"

Page 4, line 26, after the period, insert "*This subdivision does not apply to trust fund land that is leased according to this section.*"

Page 20, line 4, delete everything after "*statements*" and insert a semicolon

Page 20, delete line 5

Page 22, line 7, delete "*located*" and insert a period

Page 22, delete line 8

Page 22, line 9, before "*Minnesota*" insert "*Only*" and delete "*full time or part time*" and insert "*in adult farm management programs or enrolled*"

Page 22, line 10, delete "*nonbaccalaureate occupational*"

Page 28, line 34, delete "*10*" and insert "*14*"

And when so amended the bill do pass and be re-referred to the Committee on Agriculture and Natural Resources. Amendments adopted. Report adopted.

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1909: A bill for an act relating to education; clarifying that private proprietary schools may provide certain placement information; modifying the expiration time for solicitor's permits; amending Minnesota Statutes 1984, section 141.26, subdivision 1; Minnesota Statutes 1985 Supplement, section 141.25, subdivision 10.

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

Page 2, line 1, delete "*A*"



Page 2, delete lines 2 to 4

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1789: A bill for an act relating to the city of Minneapolis; providing that certain positions be appointed in the unclassified service; amending Laws 1969, chapter 937, section 1, subdivisions 9, as amended, 11 and 15, and by adding subdivisions.

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

Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1984, section 44.04, subdivision 4, is amended to read:

Subd. 4. [MEETINGS.] The board shall hold regular and special meetings as provided by its rules. All meetings and hearings shall be open to the public. Two members of the board shall constitute a quorum. Members shall be paid all necessary expenses. The board shall select a secretary to serve at the pleasure of the board. The secretary may be a member of the board or an employee of the municipality. The council may authorize the payment of compensation for his services, ~~not exceeding \$100 a year~~ *the secretary* and ~~may authorize the payment of compensation for the members of the board not exceeding \$150 per year.~~

Sec. 2. Laws 1969, chapter 937, section 1, subdivision 1, as amended by Laws 1973, chapter 132, section 1, Laws 1974, chapter 105, section 1, Laws 1978, chapter 652, section 1, Laws 1980, chapter 448, section 1, and Laws 1982, chapter 491, section 1, is amended to read:

Section 1. [MINNEAPOLIS, CITY OF; PERSONNEL.]

Subdivision 1. Notwithstanding any provisions of the Minneapolis city charter, veterans preference act, or civil service rule, law, or regulation to the contrary, the positions referred to in subdivisions 2 to ~~47~~ *18* of this section shall be in the unclassified service of the city of Minneapolis, and any person presently holding or who shall hereafter be appointed to any of such positions shall serve at the pleasure of the appointing authority indicated in the respective subdivision. Except as herein otherwise provided such persons shall be eligible for the same employee benefits as persons in the classified service. Any incumbent of a position referred to in subdivisions 9 to 16 ~~and~~, subdivision 17, clause (b), ~~and subdivision 18~~ shall be appointed to the position on the effective date of the subdivisions, and shall have the right to return to his permanent civil service classification pursuant to Laws 1969, Chapter 937, Section 2, except that an incumbent holding a position under subdivision 14 shall not be terminated by the appointing authority for 270 days following the effective date of subdivision 14. For 270 days after the first 270 days the appointing authority under subdivision 14 shall not terminate an incumbent without a vote of approval by a majority of the city council.”

Page 1, strike lines 17 and 18

Page 1, line 19, strike "(e)" and insert "(c)"

Page 1, line 20, strike "(f)" and insert "(d)"

Page 1, line 21, strike "(g)" and insert "(e)"

Page 1, line 22, strike "(h)" and insert "(f)"

Page 1, line 23, strike "(i)" and insert "(g)"

Page 1, line 24, strike "(j)" and insert "(h)"

Page 1, line 25, strike "(k)" and insert "(i)" and delete the semicolon

Page 1, delete line 26

Page 2, delete lines 1 to 20

Page 2, line 21, delete the new language

Page 2, after line 21, insert:

"Sec. 4. Laws 1969, chapter 937, section 1, is amended by adding a sub-division to read:

*Subd. 9a. The city council shall by ordinance indicate the manner in which the following positions are appointed:*

- (a) Director of federal employment and training;
- (b) Director of inspections;
- (c) Director of women/minorities business enterprise;
- (d) Government relations representative;
- (e) Risk manager;
- (f) Deputy finance officer;
- (g) Assistant budget director;
- (h) Assistant manager of auditorium;
- (i) Manager of sales and marketing at auditorium;
- (j) Director of community crime prevention;
- (k) Deputy purchasing director;
- (l) Urban corps. coordinator;
- (m) Assistant director of licenses;
- (n) Manager of employee benefits;
- (o) Director of Public Information;
- (p) Internal auditor;
- (q) Director of labor relations;
- (r) Director of affirmative action.

*The appointing authority shall not terminate an incumbent holding a position listed under clause (b) for 270 days following the effective date of this act, except for misfeasance or malfeasance in office. For 270 days after the*

*first 270 days, the appointing authority shall not terminate an incumbent holding a position listed under this subdivision, except for misfeasance or malfeasance in office, without vote of approval of a majority of the council."*

Page 3, delete section 5

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "the city of Minneapolis" and insert "municipal civil service systems" and after the semicolon, insert "personnel boards; permitting city councils to set the compensation of board members and secretaries;"

Page 1, line 3, after "positions" insert "in the city of Minneapolis"

Page 1, line 4, after "amending" insert "Minnesota Statutes 1984, section 44.04, subdivision 4; and"

Page 1, line 5, after "subdivisions" insert "1, as amended,"

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1699 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
				1699	1562

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.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1871: A bill for an act relating to health; requiring the licensing and certification of contractors and individuals involved in the application or removal of asbestos from certain buildings; authorizing the commissioner of health to adopt rules, issue licenses, certificates, and orders; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

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

Page 1, lines 12 and 25, delete "11" and insert "10".

Page 1, delete section 2

Page 2, line 22, delete "5" and insert "4"

Page 2, line 26, delete "asbesots" and insert "asbestos"

Page 3, line 2, delete "5" and insert "4"

Page 3, line 11, delete "11" and insert "10"

Page 3, line 23, delete "9" and insert "8"

Page 3, line 36, delete "and"

Page 4, line 2, delete "4" and insert "3; and"

*(4) the commissioner of health shall report the proposed rules to the chairs of the health and human services committees of the house and the senate prior to proceeding with the promulgation of the proposed rules. When reporting to the chairs of the health and human services committees, the commissioner shall address any concerns raised by affected parties'*

Page 4, line 21, delete "8" and insert "7"

Page 5, line 14, delete "11" and insert "10"

Page 6, line 9, delete "one- and two-family residences" and insert "one which contains four or fewer residential units or"

Page 6, line 18, delete "11" and insert "10"

Page 7, lines 3, 7, and 19, delete "11" and insert "10"

Page 7, after line 20, insert:

"Sec. 11. Minnesota Statutes 1984, section 176.155, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYER'S PHYSICIAN.] The injured employee must submit himself to examination by the employer's physician, if requested by the employer, and at reasonable times thereafter upon the employer's request. *If the claim involves more than two employers and the employers are unable to agree upon one physician to conduct an examination under this subdivision, the commissioner, compensation judge, workers' compensation court of appeals, or interested party shall request, pursuant to subdivision 2, that a neutral physician be designated to examine the injured worker instead of an examination by each employer's physician, and in this situation the examination must take place at a site located not more than 50 miles from the employee's home. The employee is entitled upon request to have his own physician present at any such examination. Each party shall defray the cost of his own physician. Any report or written statement made by the employer's physician as a result of an examination of the employee, regardless of whether the examination preceded the injury or was made subsequent to the injury, shall be made available, upon request and without charge, to the injured employee or his representative."*

Page 7, delete line 22 and insert "(a) Sections 3; 5; 7; 8, subdivision 1; 9; and 10 shall take"

Page 7, line 23, delete "as prescribed in" and insert "under"

Page 7, line 24, delete "5" and insert "4"

Page 7, line 26, delete "9" and insert "8" and delete "July 1, 1988" and

insert "one year after the effective date of the rules adopted under section 4"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, delete "appropriating money;" and insert "amending Minnesota Statutes 1984, section 176.155, subdivision 1;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1654: A bill for an act relating to human services; providing for a change in medical assistance and general assistance medical care reimbursements for treatment of mental illness; providing for a utilization review system of inpatient mental health care; amending Minnesota Statutes 1985 Supplement, section 256.969, subdivision 2.

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

Page 2, line 9, after "for" insert "mental illness services or"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 1580, 421, 1546, 1631, 1639, 1838, 1919, 1760, 1909 and 1789 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 1025 and 1699 were read the second time.

## MOTIONS AND RESOLUTIONS

Ms. Berglin moved that the name of Mrs. Adkins be added as a co-author to S.F. No. 1707. The motion prevailed.

Mr. Spear moved that the name of Mr. Storm be added as a co-author to S.F. No. 1717. The motion prevailed.

Ms. Reichgott moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 1753. The motion prevailed.

Mr. Chmielewski moved that the names of Messrs. Renneke and Laidig be added as co-authors to S.F. No. 1792. The motion prevailed.

Mr. Spear moved that his name be stricken as a co-author to S.F. No. 1819. The motion prevailed.

Mr. Petty moved that the name of Ms. Reichgott be added as a co-author to S.F. No. 1862. The motion prevailed.

Mr. Mehrkens moved that the names of Messrs. Chmielewski and Merriam

be added as co-authors to S.F. No. 1893. The motion prevailed.

Mr. Laidig moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1925. The motion prevailed.

Mr. Vega moved that the name of Mr. Merriam be added as a co-author to S.F. No. 1932. The motion prevailed.

Mr. Merriam moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1945. The motion prevailed.

Mr. Luther moved that the names of Messrs. Pogemiller and Sieloff be added as co-authors to S.F. No. 1946. The motion prevailed.

Mr. Merriam moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1947. The motion prevailed.

Mr. Merriam moved that the names of Messrs. Johnson, D.J. and Benson be added as co-authors to S.F. No. 1950. The motion prevailed.

Mr. Jude moved that the name of Mr. Diessner be added as a co-author to S.F. No. 1957. The motion prevailed.

Mr. Novak moved that the names of Messrs. Merriam and Jude be added as co-authors to S.F. No. 1963. The motion prevailed.

Mr. Novak moved that the names of Messrs. Dicklich; Solon; Johnson, D.E. and Mrs. McQuaid be added as co-authors to S.F. No. 1964. The motion prevailed.

Mr. Ramstad moved that the name of Mr. Jude be added as a co-author to Senate Resolution No. 96. The motion prevailed.

Mr. Ramstad moved that the name of Mr. Jude be added as a co-author to Senate Resolution No. 97. The motion prevailed.

### CONSENT CALENDAR

S.F. No. 1600: A bill for an act relating to courts; altering the responsibility for the procedure to be followed when filing a change of name with the county recorder; eliminating the limits on the amount of bond to be posted by the clerk of court; prohibiting employees of the clerk's office from practicing law in the court in which they are employed; amending Minnesota Statutes 1984, section 259.11; and Minnesota Statutes 1985 Supplement, section 485.01.

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:

Adkins	DeCramer	Jude	Mehrkens	Reichgott
Anderson	Dicklich	Kamrath	Merriam	Samuelson
Belanger	Diessner	Knaak	Moe, D.M.	Schmitz
Benson	Frank	Knutson	Novak	Sieloff
Berg	Frederick	Kroening	Pehler	Solon
Berglin	Frederickson	Kronebusch	Peterson, D.C.	Spear
Bernhagen	Freeman	Laidig	Peterson, D.L.	Storm
Bertram	Gustafson	Langseth	Peterson, R.W.	Taylor
Brataas	Hughes	Lantry	Petty	Waldorf
Chmielewski	Isackson	Lessard	Pogemiller	Wegscheid
Dahf	Johnson, D.E.	Luther	Purfeerst	Willet
Davis	Johnson, D.J.	McQuaid	Ramstad	

So the bill passed and its title was agreed to.

**GENERAL ORDERS**

The Senate resolved itself into a Committee of the Whole, with Mr. Hughes in the chair.

After some time spent therein, the committee arose, and Mr. Hughes reported that the committee had considered the following:

S.F. Nos. 641, 1531 and 1597, which the committee recommends to pass.

S.F. No. 1612, which the committee recommends to pass with the following amendment offered by Mr. Wegscheid:

Page 3, line 17, delete "Section 1" and insert "This act"

The motion prevailed. So the amendment was adopted.

S.F. No. 1587, which the committee recommends to pass with the following amendment offered by Mr. Davis:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 366.095, is amended to read:

366.095 [FINANCING PURCHASE OF CERTAIN EQUIPMENT.]

*Subdivision 1. [CERTIFICATES OF INDEBTEDNESS.]* The town board may issue certificates of indebtedness within the existing debt limits for a town purpose otherwise authorized by law. The certificates shall be payable in not more than five years and shall be issued on the terms and in the manner as the board may determine. If the amount of the certificates to be issued to finance the purchase exceeds one percent of the assessed valuation of the town, excluding money and credits, they shall not be issued for at least ten days after publication in a newspaper of general circulation in the town of the board's resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular town election is filed with the clerk, the certificates shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on the certificates as in the case of bonds.

*Subd. 2. [BONDS; OTHER OBLIGATIONS.]* Any town authorized to exercise powers under section 368.01 may issue bonds or other obligations for the acquisition or betterment of warning systems. Bonds or other obligations authorized by this subdivision must be sold, issued, and secured in the manner provided in chapter 475."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after "cities" insert "and towns"

Page 1, line 5, after "1" insert "; and Minnesota Statutes 1985 Supplement, section 366.095"

The motion prevailed. So the amendment was adopted.

S.F. No. 1319, which the committee recommends to pass with the follow-

ing amendment offered by Mrs. Lantry:

Page 1, line 20, delete the paragraph coding

Page 1, line 20, delete "subdivision" and insert "section"

The motion prevailed. So the amendment was adopted.

S.F. No. 1692; which the committee reports progress, subject to the following motions:

Mr. Novak moved to amend S.F. No. 1692 as follows:

Page 18, line 27, delete "Sections 1 and 3 are" and insert "Section 1 is"

Page 18, line 29, after the period, insert "Section 3 is effective for taxable years beginning after December 31, 1985."

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend S.F. No. 1692 as follows:

Page 13, line 16, after "purposes," insert "unless a different basis for the property was allowable under prior law and has been established through the timely filing of an original return for taxable years ending on or before December 31, 1984, or"

Page 14, line 13, after "purposes," insert "unless a different basis for the property was allowable under prior law and has been established through the timely filing of an original return for taxable years ending on or before December 31, 1984, or"

The motion prevailed. So the amendment was adopted.

S.F. No. 1692 was then progressed.

S.F. No. 1591, which the committee reports progress, subject to the following motion:

Mr. Jude moved to amend S.F. No. 1591 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 609.035, is amended to read:

609.035 [CRIME PUNISHABLE UNDER DIFFERENT PROVISIONS.]

Except as provided in section sections 609.251 and, 609.585, and sections 2, 3, and 4, if a person's conduct constitutes more than one offense under the laws of this state, he may be punished for only one of the offenses and a conviction or acquittal of any one of them is a bar to prosecution for any other of them. All the offenses, if prosecuted, shall be included in one prosecution which shall be stated in separate counts.

Sec. 2. Minnesota Statutes 1984, section 609.21, is amended by adding a subdivision to read:

*Subd. 3. [RESULTING IN DEATH TO AN UNBORN CHILD.] Whoever causes the death of an unborn child, as defined in section 4, subdivision 1, as a result of operating a vehicle defined in section 169.01, subdivision 2, or an aircraft or watercraft,*

*(1) in a grossly negligent manner;*



(2) in a negligent manner while under the influence of alcohol, a controlled substance, or any combination of those elements; or

(3) in a negligent manner while having an alcohol concentration of 0.10 or more,

is guilty of criminal vehicular operation resulting in death to an unborn child and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both. A prosecution for or conviction of a crime under this subdivision is not a bar to conviction of or punishment for any other crime committed by the defendant as part of the same conduct.

Sec. 3. Minnesota Statutes 1984, section 609.21, is amended by adding a subdivision to read:

*Subd. 4. [RESULTING IN INJURY TO UNBORN CHILD.]* Whoever causes great bodily harm, as defined in section 609.02, subdivision 8, to an unborn child, as defined in section 4, subdivision 1, who is subsequently born alive, as a result of operating a vehicle defined in section 169.01, subdivision 2, or an aircraft or watercraft,

(1) in a grossly negligent manner;

(2) in a negligent manner while under the influence of alcohol, a controlled substance, or any combination of those elements; or

(3) in a negligent manner while having an alcohol concentration of 0.10 or more,

is guilty of criminal vehicular operation resulting in injury to an unborn child and may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$5,000, or both. A prosecution for or conviction of a crime under this subdivision is not a bar to conviction of or punishment for any other crime committed by the defendant as part of the same conduct.

Sec. 4. [609.228] [DEATH OR INJURY TO AN UNBORN CHILD.]

*Subdivision 1. [DEFINITIONS.]* The definitions in this subdivision apply to this section.

(a) "Injury to an unborn child" means either great bodily harm or substantial bodily harm, as those terms are defined in section 609.02.

(b) "Unborn child" means the unborn offspring of a human being at every stage of biological development.

(c) "Whoever" does not include the pregnant woman.

*Subd. 2. [DEATH OF AN UNBORN CHILD.]* Whoever knowingly, intentionally or recklessly causes the death of an unborn child is guilty of a felony and may be sentenced to imprisonment for not more than 15 years or to payment of a fine of not more than \$30,000 or both.

*Subd. 3. [INJURY TO AN UNBORN CHILD.]* Whoever injures an unborn child, who is subsequently born alive, in the commission of a felony or in a violation of section 609.224, 609.23, or 609.231, is guilty of a felony and may be sentenced to imprisonment for not more than ten years or to

payment of a fine of not more than \$20,000 or both, except that, for purposes of this subdivision, the term "felony" does not include a violation of section 609.21.

*Subd. 4. [LAWFUL ABORTION NOT BARRED.] This section does not apply to an abortion which does not violate section 145.412.*

*Subd. 5. [OTHER CONVICTIONS NOT BARRED.] Notwithstanding section 609.04, a prosecution for or conviction under subdivision 2 or 3 is not a bar to conviction of or punishment for any other crime committed by the defendant as part of the same conduct.*

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

*Sections 1 to 4 are effective August 1, 1986, and apply to crimes committed on or after that date."*

Delete the title and insert:

"A bill for an act relating to crimes; making it a felony to cause the death of or injury to an unborn child; expanding the crime of criminal vehicle operation; imposing penalties; amending Minnesota Statutes 1984, sections 609.035; and 609.21, by adding subdivisions; proposing coding for new law in Minnesota Statutes 1984, chapter 609."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 43 and nays 15, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Lessard	Schmitz
Anderson	DeCramer	Jude	McQuaid	Sieloff
Belanger	Frank	Kamrath	Mehrkens	Storm
Benson	Frederick	Knaak	Merriam	Taylor
Berg	Frederickson	Knutson	Olson	Waldorf
Bernhagen	Gustafson	Kroening	Pehler	Wegscheid
Bertram	Hughes	Kronebusch	Peterson, D.L.	Willet
Chmielewski	Isackson	Langseth	Purfeerst	
Dahl	Johnson, D.E.	Lantry	Samuelson	

Those who voted in the negative were:

Berglin	Diessner	Nelson	Peterson, R.W.	Reichgott
Brataas	Dieterich	Novak	Pogemiller	Solon
Dicklich	Luther	Peterson, D.C.	Ramstad	Spear

The motion prevailed. So the amendment was adopted.

S.F. No. 1591 was then progressed.

S.F. No. 1645, which the committee recommends to pass with the following amendment offered by Mr. Knaak:

Page 1, line 17, after "duties" insert "for the purpose of deterring or interfering with the performance of those duties"

The motion prevailed. So the amendment was adopted.

On motion of Mr. Luther, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

## INTRODUCTION AND FIRST READING OF SENATE BILLS

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

indicated.

Messrs. Laidig and Diessner introduced—

S.F. No. 1972: A bill for an act relating to real property; requiring that property taxes be paid before condominium plans may be recorded; amending Minnesota Statutes 1984, section 272.12.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Benson, Chmielewski, Mmes. Brataas and Kronebusch introduced—

S.F. No. 1973: A bill for an act relating to human services; clarifying certain eligibility requirements for general assistance; reducing the period of assistance; altering disqualification and notification procedures; providing for a period of ineligibility following suspension; amending Minnesota Statutes 1985 Supplement, sections 256D.05, subdivision 1; 256D.051, subdivision 5; 256D.101, subdivision 1, and by adding a subdivision; repealing Minnesota Statutes 1985 Supplement, section 256D.101, subdivision 2.

Referred to the Committee on Health and Human Services.

Mr. Merriam introduced—

S.F. No. 1974: A bill for an act relating to probate; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; amending Minnesota Statutes 1985 Supplement, section 524.2-202.

Referred to the Committee on Judiciary.

Ms. Reichgott introduced—

S.F. No. 1975: A bill for an act relating to venue of actions; modifying venue in actions to recover possession of personal property; amending Minnesota Statutes 1984, section 542.06.

Referred to the Committee on Judiciary.

Messrs. Pehler, Dicklich, DeCramer, Davis and Willet introduced—

S.F. No. 1976: A bill for an act relating to post-secondary education; requiring the higher education coordinating board to study financial aid counseling needs in post-secondary institutions.

Referred to the Committee on Education.

Mr. Pehler introduced—

S.F. No. 1977: A bill for an act relating to occupations and professions; barbers; providing for compensation of board members for the performance of their examination duties; amending Minnesota Statutes 1984, section 154.22.

Referred to the Committee on Economic Development and Commerce.

Mr. Davis introduced—

S.F. No. 1978: A bill for an act relating to environment; providing terms and conditions for the administration of wastewater treatment plant construction grants and loans; appropriating money; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115 and 116.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Davis introduced—

S.F. No. 1979: A bill for an act relating to agriculture; requiring certain corporate owners of agricultural land to pay the state for damage to certain conservation improvements; requiring valuation of certain agricultural land held by corporations at more than the market value; amending Minnesota Statutes 1984, sections 273.11, subdivision 1; and 500.24, by adding subdivisions.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Peterson, R.W. introduced—

S.F. No. 1980: A bill for an act relating to human services; providing for exhaustion of benefits from other programs before payment of adoption subsidies; amending Minnesota Statutes 1984, section 259.40, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 259.

Referred to the Committee on Health and Human Services.

Mr. Stumpf introduced—

S.F. No. 1981: A bill for an act relating to health; changing eligibility requirements for catastrophic health expense protection; including insurance premiums; appropriating money; amending Minnesota Statutes 1984, sections 62E.52, subdivisions 2 and 3; 62E.53, subdivisions 1 and 2; and 62E.531, subdivision 2.

Referred to the Committee on Health and Human Services.

Messrs. Mehrkens and Johnson, D.E. introduced—

S.F. No. 1982: A bill for an act relating to juvenile court; defining escape from a state juvenile correctional facility as a delinquent act; providing that committing a felony as part of, or subsequent to, escape from a juvenile correctional facility is a prima facie case for reference for adult prosecution; providing penalties; amending Minnesota Statutes 1984, sections 260.015, subdivision 5; 260.125, subdivision 3; and 260.185, subdivision 1.

Referred to the Committee on Judiciary.

Messrs. Frank and Johnson, D.E. introduced—

S.F. No. 1983: A bill for an act relating to utilities; abolishing electric service extension exemption for certain utility customers; amending Minnesota Statutes 1984, sections 216B.40; and 216B.43; repealing Minnesota

Statutes 1984, section 216B.42, subdivision 1.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Moe, R.D.; Peterson, C.C. and Bernhagen introduced—

S.F. No. 1984: A bill for an act relating to local government; permitting counties to establish public works reserve funds; amending Minnesota Statutes 1984, section 471.57.

Referred to the Committee on Local and Urban Government.

Mr. Kroening introduced—

S.F. No. 1985: A bill for an act relating to the city of Minneapolis; establishing an election day for the park and recreation board.

Referred to the Committee on Elections and Ethics.

Messrs. Johnson, D.J.; Dicklich and Lessard introduced—

S.F. No. 1986: A bill for an act relating to taxation; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; amending Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; and 299.01, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Mrs. Lantry, Messrs. Pogemiller and Novak introduced—

S.F. No. 1987: A bill for an act relating to metropolitan government; providing for the appointment of a senior citizen to the regional transit board; amending Minnesota Statutes 1985 Supplement, section 473.373, subdivision 4.

Referred to the Committee on Governmental Operations.

Mr. Purfeerst, Mrs. Adkins, Messrs. Mehrkens, Lessard and Johnson, D.E. introduced—

S.F. No. 1988: A bill for an act relating to transportation; providing for reimbursement to towns for costs of reconstructing and maintaining town roads used as a major access to public outdoor recreational area under the jurisdiction of a county or the state; amending Minnesota Statutes 1984, sections 162.08, subdivision 1; 162.081, subdivision 4; and 164.155, by adding a subdivision.

Referred to the Committee on Transportation.

Mr. Frank, Ms. Olson, Messrs. Sieloff, Novak and Freeman introduced—

S.F. No. 1989: A bill for an act relating to utilities; permitting certain energy cost adjustments; amending Minnesota Statutes 1984, section 216B.16, subdivision 7.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Waldorf introduced—

S.F. No. 1990: A bill for an act relating to traffic regulations; requiring increased insurance coverage upon conviction of certain alcohol- and drug-related crimes; authorizing the commissioner to grant certain provisional licenses; amending Minnesota Statutes 1984, section 169.121, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 171.

Referred to the Committee on Transportation.

Messrs. Knaak, Spear, Jude, Sieloff and Frank introduced—

S.F. No. 1991: A bill for an act relating to traffic regulations; requiring school zone speed limits to be in effect at all times; amending Minnesota Statutes 1984, section 169.14, subdivision 5a.

Referred to the Committee on Transportation.

Mr. Bertram introduced—

S.F. No. 1992: A bill for an act relating to veterans; clarifying certain terms; providing for payment of compensation to certain patients and residents of state institutions; amending Minnesota Statutes 1984, section 246.151; and Minnesota Statutes 1985 Supplement, section 136C.13, subdivision 4.

Referred to the Committee on Veterans and General Legislation.

Mr. Jude introduced—

S.F. No. 1993: A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, omitted, and obsolete references and text; eliminating certain redundant, conflicting, and superseded provisions; providing instructions to the revisor; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 47.58, subdivision 5; 62D.22, subdivision 8; 116C.03, subdivision 2; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124.155, subdivision 1; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 327C.07, subdivision 3a; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 462A.21, subdivision 8a; 494.03; 518B.01, subdivision 2; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1;

273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 340A.702; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; proposing coding for new law in Minnesota Statutes, chapter 206; repealing Minnesota Statutes 1984, section 35.067; 383A.23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session: chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91.

Referred to the Committee on Judiciary.

Mr. Jude introduced—

S.F. No. 1994: A bill for an act relating to the city of Medina; authorizing a payment by the city for utility construction.

Referred to the Committee on Local and Urban Government.

Mr. Wegscheid introduced—

S.F. No. 1995: A bill for an act relating to unemployment compensation; requiring employees to notify an employer of change of address; regulating right to benefits; amending Minnesota Statutes 1984, section 268.09, subdivision 1; Minnesota Statutes 1985 Supplement, section 268.08, subdivision 1.

Referred to the Committee on Employment.

Ms. Reichgott, Mr. Schmitz, Mrs. McQuaid, Messrs. Chmielewski and Moe, R.D. introduced—

S.F. No. 1996: A bill for an act relating to local government; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to authorities; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 462C.02, subdivisions 6 and 9; 465.74, subdivision 7; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.75, subdivision 4; 353.01, subdivision 2a; 462C.12, subdivision 2; and 472B.04; proposing coding for new law as Minnesota Statutes, chapter 458C.

Referred to the Committee on Local and Urban Government.

Mr. Petty introduced—

S.F. No. 1997: A bill for an act relating to unemployment compensation; changing the time requirement for employers to respond to claims; amending Minnesota Statutes 1984, section 268.10, subdivision 1.

Referred to the Committee on Employment.

Mr. Moe, R.D. introduced—

S.F. No. 1998: A bill for an act relating to the city of McIntosh; authorizing

the city to issue bonds in excess of its net debt limitations.

Referred to the Committee on Local and Urban Government.

Ms. Reichgott introduced—

S.F. No. 1999: A bill for an act relating to courts; providing for court-annexed alternative dispute resolution mechanisms; providing for custody and support of children; modifying provisions relating to joint custody, child support, and visitation; amending Minnesota Statutes 1984, sections 484.73; 518.17, subdivision 3; 518.175, subdivision 4, and by adding subdivisions; 518.551, subdivision 5; 518.57; and 518.611, by adding a subdivision.

Referred to the Committee on Health and Human Services.

Messrs. Chmielewski, Dicklich, Solon and Gustafson introduced—

S.F. No. 2000: A bill for an act relating to education; establishing a task force to study the feasibility of a community college on the Fond du Lac reservation; appropriating money.

Referred to the Committee on Education.

Mr. Hughes introduced—

S.F. No. 2001: A bill for an act relating to retirement; authorizing certain prior service and military service purchases.

Referred to the Committee on Governmental Operations.

Mr. Lessard introduced—

S.F. No. 2002: A bill for an act relating to independent school district No. 318, Grand Rapids; authorizing the transfer of certain taconite taxes to the district for payment of a portion of debt service on general obligation bonds of the district issued to finance acquisition and betterment of school buildings and facilities; appropriating money.

Referred to the Committee on Education.

Mr. Ramstad introduced—

S.F. No. 2003: A bill for an act relating to alcoholic beverages; authorizing issuance of on-sale and bottle club licenses for watercraft by the Lake Minnetonka conservation district.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Hughes, Waldorf, Renneke, Dicklich and Nelson introduced—

S.F. No. 2004: A bill for an act relating to education; establishing a task force to enhance and assess quality in post-secondary education; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 136A.

Referred to the Committee on Education.



Messrs. Dieterich and Waldorf introduced—

S.F. No. 2005: A bill for an act relating to commerce; prohibiting video games of chance; amending Minnesota Statutes 1984, sections 349.30, subdivision 2; and 609.75, subdivision 4; repealing Minnesota Statutes 1984, sections 349.50; 349.51, subdivisions 1, 2, 3, and 4; 349.52 to 349.60; and Minnesota Statutes 1985 Supplement, section 349.51, subdivision 5.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mrs. Brataas, Messrs. Sieloff; Waldorf; Johnson, D.J. and Knaak introduced—

S.F. No. 2006: A bill for an act relating to intoxicating liquor; authorizing the city of Rochester to issue an on-sale license to a concessionaire at the Mayo civic auditorium.

Referred to the Committee on Public Utilities and State Regulated Industries.

Ms. Reichgott, Messrs. Kamrath, Petty, Luther and Knaak introduced—

S.F. No. 2007: A bill for an act relating to crimes; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to believe it was derived from prostitution; imposing criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; amending Minnesota Statutes 1984, sections 609.322; 609.323; and 609.324, by adding a subdivision.

Referred to the Committee on Judiciary.

Mr. Renneke introduced—

S.F. No. 2008: A bill for an act relating to agriculture; delaying certain mortgage and loan payments; providing for payment of interest by the state; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. DeCramer and Davis introduced—

S.F. No. 2009: A bill for an act relating to education; requiring the higher education representative on the board of teaching to be a teaching faculty member; allowing a counselor to serve on the board of teaching; amending Minnesota Statutes 1984, section 125.183, subdivision 3.

Referred to the Committee on Education.

Messrs. Pehler, Nelson, Davis, Mehrkens and Ms. Peterson, D.C. introduced—

S.F. No. 2010: A bill for an act relating to education; permitting research sites on performance based education; permitting waiver of certain legal

mandates; proposing coding for new law in Minnesota Statutes, chapter 121.

Referred to the Committee on Education.

Mr. Wegscheid introduced—

S.F. No. 2011: A bill for an act relating to industrial development bonds; requiring the refund of application deposits to the city of Hastings.

Referred to the Committee on Local and Urban Government.

Ms. Berglin introduced—

S.F. No. 2012: A bill for an act relating to the family; requiring a parent to provide health and dental insurance as support for a minor child; amending Minnesota Statutes 1984, section 518C.02, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.551, subdivision 8.

Referred to the Committee on Health and Human Services.

Mr. Samuelson introduced—

S.F. No. 2013: A bill for an act relating to traffic regulations; modifying restrictions on loading of vehicles driven on highways; amending Minnesota Statutes 1984, section 169.81, subdivision 5.

Referred to the Committee on Transportation.

Mr. Merriam introduced—

S.F. No. 2014: A bill for an act relating to game and fish; designation and use of waterfowl feeding or resting areas; amending Minnesota Statutes 1984, section 99.26, subdivision 5.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Merriam introduced—

S.F. No. 2015: A bill for an act relating to natural resources; disposition of wild rice license fees; amending Minnesota Statutes 1984, section 97.49, by adding a subdivision.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Petty and Spear introduced—

S.F. No. 2016: A bill for an act relating to commerce; revising the Uniform Trade Secret Act; clarifying remedies; amending Minnesota Statutes 1984, sections 325C.02; 325C.03; and 325C.07; Minnesota Statutes 1985 Supplement, section 325C.01, subdivision 5.

Referred to the Committee on Judiciary.

Messrs. Peterson, R. W. and Merriam introduced—

S.F. No. 2017: A bill for an act relating to environment; providing for

rewards for information leading to recovery of civil penalties and criminal fines for hazardous waste violations; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 115.

Referred to the Committee on Judiciary.

Mr. Willet introduced—

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

Referred to the Committee on Veterans and General Legislation.

Ms. Reichgott introduced—

S.F. No. 2019: A bill for an act relating to discrimination; prohibiting conditioning credit on the signature of another person if the applicant is credit-worthy; amending Minnesota Statutes 1984, section 363.03, subdivision 8.

Referred to the Committee on Judiciary.

Messrs. Davis, Bertram, Purfeerst, Stumpf and DeCramer introduced—

S.F. No. 2020: A bill for an act relating to taxation; real property; prescribing requirements of the sales ratio study used by the state board of equalization; amending Minnesota Statutes 1984, section 270.12, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Messrs. DeCramer, Willet, Pehler, Mrs. Kronebusch and Mr. Langseth introduced—

S.F. No. 2021: A bill for an act relating to education; adding a nonvoting member to the higher education coordinating board to represent post-secondary faculty; creating a faculty advisory council to advise the higher education coordinating board; amending Minnesota Statutes 1984, section 136A.02, by adding a subdivision; amending Minnesota Statutes 1985 Supplement, section 136A.02, subdivision 1.

Referred to the Committee on Education.

Mr. DeCramer introduced—

S.F. No. 2022: A bill for an act relating to unemployment compensation; regulating suitable work for certain temporary employees; amending Minnesota Statutes 1984, section 268.09, subdivision 2.

Referred to the Committee on Employment.

Messrs. Dicklich; Johnson, D.J.; Lessard; Solon and Freeman introduced—

S.F. No. 2023: A bill for an act relating to state lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; pro-

posing coding for new law in Minnesota Statutes, chapter 92.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Peterson, C.C.; Stumpf and DeCramer introduced—

S.F. No. 2024: A bill for an act relating to taxation; gasoline; exempting certain alcohol mixtures; amending Minnesota Statutes 1984, section 296.03.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Peterson, C.C.; Moe, R.D.; Langseth and Stumpf introduced—

S.F. No. 2025: A bill for an act relating to taxation; exempting certain gain realized on sale of agricultural land from income taxation; amending Minnesota Statutes 1984, section 290.16, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 290.01, subdivision 20b; 290.091, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Dieterich, Jude, Purfeerst and DeCramer introduced—

S.F. No. 2026: A bill for an act relating to charitable gambling; providing an exemption from regulation to organizations conducting certain raffles; amending Minnesota Statutes 1984, section 349.214, subdivision 2.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Dieterich and Chmielewski introduced—

S.F. No. 2027: A bill for an act relating to commerce; reducing license fees for distributors and operators; eliminating the bond requirement for distributors of video games of chance; amending Minnesota Statutes 1984, sections 349.51, subdivision 3; and 349.52, subdivision 1; repealing Minnesota Statutes 1984, section 349.51, subdivision 4.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Gustafson and Bernhagen introduced—

S.F. No. 2028: A bill for an act relating to taxation; income; expanding eligibility for the technology transfer credit; amending Minnesota Statutes 1985 Supplement, section 290.069, subdivisions 2 and 2a.

Referred to the Committee on Taxes and Tax Laws.

Mr. Merriam introduced—

S.F. No. 2029: A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in non-

scholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

Referred to the Committee on Education.

Mr. Chmielewski introduced—

S.F. No. 2030: A bill for an act relating to insurance; no-fault auto; authorizing reimbursement for nutritional supplements; amending Minnesota Statutes 1984, section 65B.44, subdivision 2.

Referred to the Committee on Economic Development and Commerce.

Messrs. Luther; Peterson, R.W. and Petty introduced—

S.F. No. 2031: A bill for an act relating to civil actions; providing the manner of claiming punitive damages; proposing coding for new law in Minnesota Statutes, chapter 549.

Referred to the Committee on Judiciary.

Messrs. Luther, Hughes, Ms. Peterson, D.C. and Mr. Johnson, D.E. introduced—

S.F. No. 2032: A bill for an act relating to elections; changing certain procedures in absentee voting; increasing minimum number of election judges in certain precincts; changing certain official ballots for judicial candidates; requiring vendor bonds for certain voting systems; requiring public notice and demonstration for new voting equipment; authorizing standard ballot format; limiting number of ballots at single counting centers; amending Minnesota Statutes 1984, sections 203B.08, subdivisions 1a and 3a; 204B.22, by adding a subdivision; 204B.36, subdivision 4; 204D.14, subdivision 2; 206.56, by adding a subdivision; 206.57, by adding a subdivision; 206.58, subdivision 1; 206.82, by adding a subdivision; 206.84, subdivision 3; and 206.85, subdivision 2.

Referred to the Committee on Elections and Ethics.

Mr. Luther, Mrs. Lantry, Messrs. Freeman; Moe, D.M. and Solon introduced—

S.F. No. 2033: A bill for an act relating to economic development; defining the duties and terms of office of the members of the world trade center board; amending Minnesota Statutes 1984, sections 44A.01, subdivision 1; 44A.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 44A.

Referred to the Committee on Governmental Operations.

Messrs. Isackson; Benson; Peterson, D.L.; Frederickson and Mrs. Kronebusch introduced—

S.F. No. 2034: A bill for an act relating to agriculture; reactivating the agricultural data collection task force; declaring certain data of the task force to be "not public data"; appropriating money; amending Laws 1985, chapter

19, section 2, subdivisions 2 and 6, and by adding a subdivision.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Laidig introduced—

S.F. No. 2035: A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, subdivision 1.

Referred to the Committee on Transportation.

Messrs. Johnson, D.J.; Dicklich; Willet and Lessard introduced—

S.F. No. 2036: A bill for an act relating to economic development; establishing a mineral resources program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 84.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Wegscheid, Solon and Dicklich introduced—

S.F. No. 2037: A bill for an act relating to water; prohibiting the commissioner of natural resources from issuing or approving certain permits or plans for diversion of water from certain water basins before consultation with state and Canadian officials; amending Minnesota Statutes 1984, sections 105.37, by adding a subdivision; 105.405, subdivision 2, and by adding subdivisions; and 105.44, subdivision 4.

Referred to the Committee on Agriculture and Natural Resources.

Ms. Berglin introduced—

S.F. No. 2038: A bill for an act relating to human services; reducing state aid for general assistance to counties which fail to provide literacy training; requiring certain recipients of general assistance to attend adult literacy training; amending Minnesota Statutes 1985 Supplement, sections 256D.03, subdivision 2; and 256D.05, subdivision 1.

Referred to the Committee on Health and Human Services.

Ms. Berglin introduced—

S.F. No. 2039: A bill for an act relating to the attorney general; expanding the powers of the attorney general to obtain certain information and to investigate and prosecute for fraud of the medical assistance program; amending Minnesota Statutes 1984, sections 8.31, subdivision 1; 256B.064, subdivision 1a; 256B.12; 256B.27, subdivisions 3, 4, and 5; and 256B.30; Minnesota Statutes 1985 Supplement, section 214.10, subdivision 8.

Referred to the Committee on Judiciary.

Mr. Bernhagen introduced—

S.F. No. 2040: A bill for an act relating to taxation; providing for reduction

of the original assessed value of a tax increment financing district in the city of Litchfield.

Referred to the Committee on Local and Urban Government.

Messrs. Pogemiller; Sieloff; Knaak; Peterson, R.W. and Ms. Reichgott introduced—

S.F. No. 2041: A bill for an act relating to judges; providing for the manner of filling vacancies in the office of judge; proposing coding for new law as Minnesota Statutes, chapter 480B.

Referred to the Committee on Judiciary.

#### **MEMBERS EXCUSED**

Messrs. Moe, R.D.; Peterson, C.C.; Renneke and Stumpf were excused from the Session of today.

#### **ADJOURNMENT**

Mr. Luther moved that the Senate do now adjourn until 2:00 p.m., Thursday, February 20, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**SEVENTY-SECOND DAY**

St. Paul, Minnesota, Wednesday, February 19, 1986

The House of Representatives met on Wednesday, February 19, 1986, which was the Seventy-Second Legislative Day of the Seventy-Fourth Session of the Minnesota State Legislature. The Senate did not meet on this date.



**SEVENTY-THIRD DAY**

St. Paul, Minnesota, Thursday, February 20, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

**CALL OF THE SENATE**

Mr. Berg imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Rubin Herrmann.

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

Adkins	Diessner	Knutson	Nelson	Renneke
Anderson	Dieterich	Kroening	Novak	Samuelson
Belanger	Frank	Kronebusch	Olson	Schmitz
Benson	Frederick	Laidig	Pehler	Sieloff
Berg	Freeman	Langseth	Peterson, C.C.	Solon
Berglin	Gustafson	Lantry	Peterson, D.C.	Spear
Bernhagen	Hughes	Lessard	Peterson, D.L.	Storm
Brataas	Isackson	Luther	Peterson, R.W.	Stumpf
Chmielewski	Johnson, D.E.	McQuaid	Petty	Taylor
Dahl	Johnson, D.J.	Mehrkens	Pogemiller	Vega
Davis	Jude	Merriam	Purfeerst	Waldorf
DeCramer	Kamrath	Moe, D.M.	Ramstad	Wegscheid
Dicklich	Knaak	Moe, R.D.	Reichgott	Willet

The President declared a quorum present.

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

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

The following communications were received and referred to the committees indicated.

October 2, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Hazardous Substance Injury Compensation Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Constance N. Pries, 1390 - 32nd Ave. N.W., New Brighton, Ramsey

County, has been appointed by me, effective September 23, 1985, for a term expiring the first Monday in January, 1989.

(Referred to the Committee on Judiciary.)

December 10, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Board on Judicial Standards is hereby respectfully submitted to the Senate for confirmation as required by law:

Ruth Plotnicky, 5525 Kellogg Ave., Edina, Hennepin County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Judiciary.)

December 10, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointments to the State Board of Education are hereby respectfully submitted to the Senate for confirmation as required by law:

Dr. Erling O. Johnson, 832 Eastwood Ln., Anoka, Anoka County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

James Hoese, 5520 Polk Ave., Mayer, Carver County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Education.)

January 8, 1986

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Board on Judicial Standards is hereby respectfully submitted to the Senate for confirmation as required by law:

Lawrence D. Cohen, 1501 Eleanor Ave., St. Paul, Ramsey County, has been appointed by me, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Judiciary.)

Sincerely,  
Rudy Perpich, Governor

### 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. 40: A bill for an act relating to transportation; traffic regulations; defining "passenger vehicle"; requiring use of seat belts by passenger vehicle drivers and passengers; imposing a penalty; amending Minnesota Statutes 1984, sections 169.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 169.

Senate File No. 40 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 19, 1986

Mr. Frank moved that S.F. No. 40 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 House File No. 628:

H.F. No. 628: A bill for an act relating to game and fish; enhancement of fish and wildlife; planning and implementation of wildlife management; conservation of marginal agricultural lands; habitat management; aspen recycling program; appropriating money; amending Minnesota Statutes 1984, sections 97.49, subdivision 3; 97.55, by adding a subdivision; 98.52, by adding a subdivision; 290.431; and 296.421, subdivisions 4 and 5; Laws 1985, chapter 4, section 10; proposing coding for new law in Minnesota Statutes, chapters 40, 84, and 88.

The House respectfully requests that a Conference Committee of five members be appointed thereon.

Rose, Redalen, Waltman, Neuenschwander and Jennings, L. have been appointed as such committee on the part of the House.

House File No. 628 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 17, 1986.

Mr. Peterson, R.W. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 628, 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 like 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. 1794 and 1882.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 17, 1986

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1185, 1664, 1815 and 1844.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 19, 1986

### FIRST READING OF HOUSE BILLS

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

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

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1579, now on the Consent Calendar.

H.F. No. 1882: A bill for an act relating to gasoline; changing the definition of agricultural alcohol gasoline; changing the identification marking on gasoline-alcohol blends; amending Minnesota Statutes 1985 Supplement, sections 296.01, subdivision 24; and 296.22, subdivision 13.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 1185: A bill for an act relating to transportation; advertising devices; authorizing advertising on certain telephone booths; amending Minnesota Statutes 1984, section 160.27, subdivision 3.

Referred to the Committee on Transportation.

H.F. No. 1664: A bill for an act relating to local government; regulating contracts for the purchase of fuel by a municipality required for generation of municipal power; amending Minnesota Statutes 1984, section 471.345, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1547, now on General Orders.

H.F. No. 1815: A bill for an act relating to taxation; real property; prescribing requirements of the sales ratio study used by the state board of equalization; amending Minnesota Statutes 1984, section 270.12, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1844: A bill for an act relating to crimes; creating certain crimes against an unborn child; prohibiting acts which cause the death of or injury to an unborn child; imposing penalties; amending Minnesota Statutes 1984, sections 609.035; 609.18; and 609.21, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1591, now on General Orders.

Mr. Jude moved that H.F. No. 1844 be laid on the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 44 and nays 17, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kamrath	McQuaid	Samuelson
Anderson	Frank	Knaak	Mehrkens	Schmitz
Belanger	Frederick	Knutson	Merriam	Sieloff
Benson	Gustafson	Kroening	Olson	Stumpf
Berg	Hughes	Kronebusch	Pehler	Taylor
Bernhagen	Isackson	Laidig	Peterson, C.C.	Waldorf
Chmielewski	Johnson, D.E.	Langseth	Peterson, D.L.	Wegscheid
Dahl	Johnson, D.J.	Lantry	Purfeerst	Willet
Davis	Jude	Lessard	Renneke	

Those who voted in the negative were:

Berglin	Luther	Novak	Pogemiller	Vega
Brataas	Moe, D.M.	Peterson, D.C.	Ramstad	
Diessner	Moe, R.D.	Peterson, R.W.	Reichgott	
Dieterich	Nelson	Petty	Spear	

The motion prevailed.

## REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1969: A bill for an act relating to human services; directing the commissioner of human services to create a mental health service system; setting forth requirements for a mental health service system; amending Minnesota Statutes 1984, section 245.69, by adding a subdivision.

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

Page 1, line 11, after "1a." insert "[MENTAL HEALTH MISSION STATEMENT.]"

Page 1, line 21, after "(1)" insert "increase the level of functioning of people with mental illness or" and delete "people with mental illness" and insert "them"

Page 2, line 12, delete "toward" and insert "and recommendations for" and after "subdivision" insert "and on additional resources needed to further implement this subdivision"

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1581: A bill for an act relating to human services; prohibiting local governments from establishing special fire code requirements for small family day care homes; amending Minnesota Statutes 1984, section

299F.011, subdivision 4a.

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 1984, section 245.802, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall develop and promulgate rules and regulations pursuant to chapter 14 for the operation and maintenance of day care and residential facilities and agencies, and for granting, suspending, revoking, and making licenses probationary. *The commissioner shall conduct a thorough review of the relevant professional literature, identify objectively validated predictors of service outcomes, and incorporate these predictors in rules adopted under this section, to the extent feasible and appropriate.* In developing rules and regulations, he shall consult with:

(1) Other appropriate state agencies including, but not limited to, the state commissioner of health, the state board of education, and the fire marshal. Any agency consulted is directed to cooperate with and assist the commissioner in developing appropriate rules and regulations for the licensing of day care and residential facilities and agencies;

(2) Persons and the relatives of the persons who use the service;

(3) Advocacy groups;

(4) Representatives of those who operate day care or residential facilities or agencies;

(5) Experts in relevant professional fields.

Rules promulgated under this section establishing the maximum number of children permitted to reside in group foster homes shall require that children in the group foster parents' natural family be counted in the number of children actually residing in the group foster home, and the application of the rules providing the maximum number and manner of counting residents shall not be waived.

## Sec. 2. [245.881] [CHILD CARE.]

*Subdivision 1. [PURPOSE.] The legislature recognizes that the availability of child care is essential to the welfare of the state. Further, the legislature recognizes that the regulation of child care services affects the availability of child care. It is the intent of the legislature that child care standards and regulatory methods facilitate the availability of safe, affordable, quality child care throughout the state.*

*Subd. 2. [RULES.] Rules for family day care and group family day care homes and child care centers adopted under section 245.802 must be adopted in consultation with representatives of counties and with families who reflect the diversity of families who use day care, including families from urban, suburban, and rural communities, and with representatives of those who operate day care homes and child care centers in urban, suburban, and rural communities. The commissioner shall summarize day care rules in language understandable to the general public and provide each county agency with an*

adequate supply of each rule and its summary for distribution to each provider. The commissioner shall include with the rule and its summary a description of services available from the department of human services under section 245.783, subdivision 1, and a summary of penalties for failure to license a day care facility and the procedures for appealing a denial, revocation, suspension, or nonrenewal of a license.

*Subd. 3. [STANDARDS AND REGULATORY METHODS.] In writing and enforcing day care rules, the commissioner shall identify, and when feasible and appropriate, incorporate objectively validated indicators of quality day care; methods for establishing child/staff ratios that take into consideration the age distribution of children in day care; and methods for establishing safety standards for day care facilities that take into consideration the findings of empirical studies of fire detection factors, fire spread factors, and evacuation of day care homes in case of fire. The commissioner shall provide an information service that will interpret day care rules and provide assistance to consumers and providers. To the extent feasible and appropriate, the commissioner shall identify and incorporate alternative methods of day care regulation that:*

*(1) increase the variety of day care available to consumers by expanding the types and categories of licensure, including the use of conditional and restricted licenses;*

*(2) establish a substantial compliance standard rather than a full or absolute compliance standard;*

*(3) include providers, consumers, advocacy groups, and experts in relevant professional fields in establishing weighted values that describe the relative importance of compliance with each provision of a day care rule;*

*(4) incorporate the use of national accreditation as an adjunct or partial substitute for state licensing;*

*(5) when appropriate, incorporate performance standards in place of specification standards to allow flexibility in regulation;*

*(6) use licensing fees to provide incentives for high quality child care;*

*(7) set minimum standards for safety, sanitation, and meeting the developmental needs of children; and*

*(8) use graded licenses as a means of informing consumers about the quality of day care delivered by a provider.*

*Subd. 4. [UNIFORMITY; LOCAL AGENCY CERTIFICATION.] The commissioner shall ensure that day care rules are interpreted and enforced uniformly throughout the state by:*

*(1) providing technical assistance to county agencies to improve county agency licensing operations and by providing information, training, and technical assistance to county agencies prior to implementing a day care rule or a revision to a rule; and*

*(2) developing and implementing certification standards and reviewing annually each county agency for compliance with certification standards.*

**Sec. 3. [ACTIONS SUSPENDED.]**

*Until July 1, 1987, the commissioner shall adopt no additional rules governing family day care and group family day care except those for which notice was published in the State Register on January 27, 1986.*

Sec. 4. [REPORT.]

*By January 1, 1987, the commissioner shall submit to the health and human services committees of the legislature a report on the activities and progress undertaken in implementing section 2.*

Sec. 5. Minnesota Statutes 1984, section 299F.011, subdivision 4a, is amended to read:

Subd. 4a. [FAMILY OR GROUP FAMILY DAY CARE HOME REGULATION.] *Notwithstanding subdivision 4, a local unit of government shall not establish more restrictive requirements for family day care homes serving ten or fewer children than the requirements that apply to residential dwellings not used for family day care. Notwithstanding any contrary provision of this section, the fire marshal shall not adopt or enforce a rule:*

(1) establishing staff ratios, age distribution requirements, and limitations on the number of children in care;

(2) regulating the means of egress from family or group family day care homes in addition to the egress regulations that apply to the home as a ~~single family~~ residential dwelling; or

(3) confining family or group family day care home activities to the floor of exit discharge.

For purposes of this subdivision, "family day care home" or "group family day care home" means a ~~single family~~ residential dwelling in which the day care provider: (1) resides as a member of the household; and (2) provides the services referred to in section 245.782, subdivision 5, to one or more *unrelated* persons.

Nothing in this subdivision prohibits the department of human services from adopting or enforcing rules regulating day care, including the subjects in subdivision 4a, clauses (1) and (3). The department may not, however, adopt or enforce a rule stricter than subdivision 4a, clause (2).

The department of human services may by rule adopt procedures for requesting the state fire marshal or a local fire marshal to conduct an inspection of day care homes to ensure compliance with state or local fire codes.

Sec. 6. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 6d. [LICENSING OF PROVIDERS.] A claim against a municipality based on the failure of a provider to meet the standards needed for a license to operate a day care facility, as defined in section 245.782, subdivision 5, for children.*

Sec. 7. [466.13] [PUBLIC WELFARE LICENSING ACTIVITIES; INDEMNIFICATION BY STATE.]

*Until July 1, 1987, a municipality is an employee of the state for purposes of the indemnification provisions of section 3.736, subdivision 9, when the municipality is required by the public welfare licensing act and rules adopted*



*under it to inspect or investigate a provider. After July 1, 1987, a municipality is an employee of the state for purposes of the indemnification provisions of section 3.736, subdivision 9, when the municipality is required by the public welfare licensing act and rules adopted under it to inspect or investigate a provider, and the municipality has been duly certified under standards for certification developed by the commissioner of human services.*

**Sec. 8. [STUDY OF BARRIERS TO CHILD CARE.]**

*Subdivision 1. [TASK FORCE.] The commissioner shall establish a task force under the auspices of the council on children, youth, and families to study major barriers that prevent individual and corporate entrepreneurs from entering the child care marketplace. The task force must include representatives from counties, the legislature, providers, consumers, advocacy groups, and appropriate state agencies.*

*Subd. 2. [FOCUS OF THE STUDY.] The task force shall consider at least the following matters related to day care:*

*(1) availability of liability insurance for providers;*

*(2) administration of the federal department of agriculture child care food program, including guidelines for administering the program in a manner that minimizes financial burdens on providers;*

*(3) wages of day care providers and day care staff;*

*(4) child care information and referral systems;*

*(5) identification of objectively validated indicators of quality day care;*

*(6) methods for establishing child/staff ratios that take into consideration the age distribution of children in day care;*

*(7) methods for establishing safety standards for day care facilities that consider the findings of empirical studies of fire detection factors, fire spread factors, and evacuation of day care homes in case of fire; and*

*(8) alternative methods of day care regulation that increase the variety of day care available to consumers and increase the types and categories of licensure, including conditional and restricted licenses.*

*Subd. 3. [REPORT ON STUDY OF BARRIERS TO CHILD CARE.] By January 1, 1987, the council on children, youth, and families shall submit to the health and human services committees of the legislature a report containing the findings and recommendations of the task force and proposals for legislative action. To the extent possible, the task force shall use existing research and published information in conducting the study and compiling the report.*

*Subd. 4. [ASSISTANCE TO THE TASK FORCE.] At the request of the council on children, youth, and families, state agencies and legislative research offices shall provide assistance to the task force.*

**Sec. 9. [EFFECTIVE DATE.]**

*Sections 1 to 8 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to human services; establishing requirements for

the regulation of child day care; prohibiting local governments from establishing special fire code requirements for small family day care homes; limiting the liability of municipalities for licensing activities; providing for indemnification of municipalities by the state; establishing a task force; requiring reports; amending Minnesota Statutes 1984, sections 245.802, subdivision 1; 299F.011, subdivision 4a; and 466.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 245 and 466."

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

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1590: A bill for an act relating to agriculture; prohibiting deficiency judgments against property used in agricultural production; amending Minnesota Statutes 1984, sections 580.23, subdivision 1; and 581.09; proposing coding for new law in Minnesota Statutes, chapters 580 and 582.

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

Page 2, line 36, after "(b)" insert "Except as provided in subdivision 3,"

Page 3, line 7, delete "PROHIBITION" and insert "GENERAL PROHIBITION FOR PROPERTY WITH A SIX-MONTH REDEMPTION PERIOD"

Page 3, line 9, delete "there is" and insert "has"

Pages 3 and 4, delete subdivisions 3 and 4 and insert:

"Subd. 3. [AMOUNT OF DEFICIENCY JUDGMENT ON AGRICULTURAL PROPERTY IF MORTGAGEE IS PURCHASER.] *For property used in agricultural production, if a deficiency judgment is allowed and the mortgagee purchases the property, the amount of the deficiency judgment is limited to the difference of the fair market value of the property as determined by the court, and the amount remaining unpaid on a mortgage foreclosed under chapter 580 or the amount of the judgment entered on a mortgage foreclosed under chapter 581.*"

Renumber the subdivisions in sequence

Page 4, line 4, delete "or 4"

Page 4, line 6, after the period, insert "No judgment obtained for agriculturally related obligations shall attach to real estate used for agricultural purposes acquired after entry of the judgment."

Sec. 6. [582.31] [ONE ACTION ALLOWED TO ENFORCE AGRICULTURAL MORTGAGE.]

(a) *For a mortgage on property used in agricultural production entered into after the effective date of this act, the mortgagee may only proceed to:*

(1) *obtain a personal judgment for the debt owed on the note secured by the mortgage and execute on the judgment; or*

(2) *foreclose the mortgage and obtain a deficiency judgment, if allowed.*

*(b) An action under paragraph (a), either clause (1) or (2), bars an action under the other clause."*

Page 4, line 8, delete "Sections 1 to 5 are" and insert "This act is"

Renumber the sections in sequence

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

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

S.F. No. 1753: A bill for an act relating to the family; reducing the statutory time of residency required for a change of name; amending Minnesota Statutes 1984, section 259.10.

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

Page 1, line 10, strike "shall have" and insert "has"

Page 1, line 23, strike "shall make" and insert "makes"

Page 2, delete section 2

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

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

S.F. No. 1751: A bill for an act relating to crime; correcting certain erroneous, omitted and obsolete references in and to the criminal sexual conduct statutes; amending Minnesota Statutes 1984, sections 253B.02, subdivision 4a; 260.015, subdivision 24; 494.03; 518B.01, subdivision 2; 609.11, subdivision 9; 609.341, subdivision 3; 609.347, subdivision 3; 609.348; 609.349; 609.35; 611A.03, subdivision 3; and 628.26; and Minnesota Statutes 1985 Supplement, sections 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2 and 3; 609.3471; 609.531, subdivision 1; 626.556, subdivision 2; and 631.045.

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

Page 14, after line 20, insert:

"Sec. 20. Minnesota Statutes 1985 Supplement, section 626.556, subdivision 10b, is amended to read:

Subd. 10b. [DUTIES OF COMMISSIONER; NEGLECT OR ABUSE IN A FACILITY.] (a) If the report alleges that a child in the care of a facility as defined in subdivision 2 is neglected, physically abused, or sexually abused by an individual in that facility, the commissioner shall immediately investigate. The commissioner shall arrange for the transmittal to him of reports received by local agencies and may delegate to a local welfare agency the duty to investigate reports. In conducting an investigation under this section, the commissioner has the powers and duties specified for local welfare agencies under this section. The commissioner or local welfare agency may interview any children who are or have been in the care of a facility under

investigation and their parents, guardians, or legal custodians.

(b) Prior to any interview, the commissioner or local welfare agency shall provide the following information to notify the parent, guardian, or legal custodian of a child who will be interviewed: ~~the name of the facility; the fact that a report alleging neglect, physical abuse, or sexual abuse of a child in the facility has been received; the nature of the alleged neglect, physical abuse, or sexual abuse; that the agency is conducting an investigation; any protective or corrective measures being taken pending the outcome of the investigation; and that a written memorandum will be provided when the investigation is completed in the manner provided for in subdivision 10d, paragraph (a).~~ If reasonable efforts to reach the parent, guardian, or legal custodian of a child in an out-of-home placement have failed, the child may be interviewed if there is reason to believe the interview is necessary to protect the child or other children in the facility. The commissioner or local agency must provide the information required in this subdivision to the parent, guardian, or legal custodian of a child interviewed without parental notification as soon as possible after the interview. *When the investigation is completed, any parent, guardian, or legal custodian notified under this subdivision shall receive the written memorandum provided for in subdivision 10d, paragraph (c).*"

Page 15, line 27, delete "and" and insert a comma and before "21" insert "19, and" and after "21" insert "and 22"

Page 15, line 28, delete "and" and insert a comma and after "7" insert "and 20"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "clarifying requirements in investigation of child abuse;"

Page 1, line 13, delete the second "subdivision" and insert "subdivisions"

Page 1, line 14, after "2" insert "and 10b"

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

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1604: A bill for an act relating to agriculture; declaring crop ownership; prescribing a procedure for planting crop owners to recover crop values; providing liens on crops and property; prescribing satisfaction and enforcement of liens; proposing coding for new law in Minnesota Statutes, chapter 557; repealing Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; and 561.16.

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

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

S.F. No. 1939: A bill for an act relating to judgments; clarifying the general

judgment lien law; amending Minnesota Statutes 1984, section 548.09, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1614: A bill for an act relating to agriculture; requiring data collection and reports on the state's farmers' financial condition and farm ownership; requiring the farmers' percentage of food retail price to be labeled on foods; establishing a program to facilitate buyers and sellers of premium quality agricultural commodities; investigating feasibility of premium quality agricultural markets; requiring a report to the legislature; amending Minnesota Statutes 1984, section 31.12; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Page 1, line 18, delete everything after the period

Page 1, delete lines 19 and 20

Page 1, line 21, delete "*The commissioner*"

Page 1, line 22, delete everything before the second comma and insert "*State agencies and educational institutions*"

Pages 2 to 4, delete sections 3 to 7 and insert:

"Sec. 3. [EFFECTIVE DATE.]

*This act is effective the day after final enactment.*"

Amend the title as follows:

Page 1, line 4, delete everything after the semicolon

Page 1, delete lines 5 to 10 and insert "requiring a report to the legislature"

Page 1, line 11, delete "31.12"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1842: A bill for an act relating to public safety; motor vehicles; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identification card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; amending Minnesota Statutes 1984, sections 168.28;

169.123, subdivision 5c; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.013, subdivisions 1c and 1e; and 171.27; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

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

Page 9, after line 17, insert:

“Sec. 8. Minnesota Statutes 1985 Supplement, section 221.033, subdivision 3, is amended to read:

Subd. 3. [VARIANCE, RULES.] The commissioner shall adopt rules which provide a procedure for granting a variance from those regulations adopted under subdivision 1 which prescribe specifications for tank motor vehicles used to transport gasoline. The variance may be granted only to ~~persons who transport gasoline in~~ for tank motor vehicles with a capacity of 3,000 gallons or less which ~~are used to transport gasoline and were designed and manufactured between 1950 and 1975 according to American society of mechanical engineers specifications in effect at the time of manufacture to transport petroleum products.~~ The commissioner shall prescribe alternative requirements to assure the safety of the tank motor vehicles operated under the variance, and shall register each tank motor vehicle operated under the variance.”

Renumber the remaining section

Amend the title as follows:

Page 1, line 17, delete the second “and” and after the second semicolon, insert “and 221.033, subdivision 3;”

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1841: A bill for an act relating to compacts; enacting enabling language for Minnesota to join driver license compact; allowing exchange of driver license information with other states; promoting consolidated, complete driver record; proposing coding for new law in Minnesota Statutes, chapter 171.

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

Page 6, line 1, delete “LICENSING AUTHORITY” and insert “DEFINITIONS”

Page 6, after line 1, insert:

“Subdivision 1. [EXECUTIVE HEAD.] For purposes of section 1, with reference to this state, the term “executive head” means the governor of Minnesota.”

Page 6, line 2, delete “Subdivision 1. [DEFINITION.]” and insert “Subd.

## 2. [LICENSING AUTHORITY.]

Page 6, line 6, delete "Subd. 2." and insert "Sec. 3." and insert a paragraph code before "The"

Page 6, delete lines 23 to 25

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "authorizing"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1818: A bill for an act relating to public safety; barring traffic citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

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

Page 1, line 8, after the second comma insert "or" and delete ", or in"

Page 1, delete line 9

Page 1, line 10, delete "that the" and insert "a" and after "trooper" insert "to"

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1792: A bill for an act relating to agriculture; state agricultural society; removing the time and geographical restrictions on the society's ability to impose certain restrictions on performers at the state fairgrounds; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision 1.

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1851: A bill for an act relating to state government; changing certain procedures related to the state archaeologist and archaeological sites; amending Minnesota Statutes 1984, sections 138.35, subdivision 1; and 138.40, subdivision 3.

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

Page 1, line 18, after "When" insert "significant"

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1666: A bill for an act relating to public safety; requiring smoke detectors in hallways of apartment houses, lodging houses, and hotels; amending Minnesota Statutes 1985 Supplement, section 299F.362, subdivision 4.

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 1984, section 299F.362, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following definitions shall apply:

(a) "Apartment house" is any building, or portion thereof, which is designed, built, rented, leased, let, or hired out to be occupied, or which is occupied as the home or residence of three or more families living independently of each other and doing their own cooking in the building, and shall include buildings containing three or more flats or apartments.

(b) "Dwelling" is any building constructed, or remodeled after January 1, 1980, or any building rented, or offered for rent after January 1, 1980, or any portion thereof which is not an apartment house, lodging house or a hotel and which contains one or two "dwelling units" which are, or are intended or designed to be, occupied for living purposes.

(c) "Dwelling unit" is a single unit providing complete, independent living facilities for one or more persons including permanent provisions for living, sleeping, eating, cooking and sanitation, or a single unit used by one or more persons for sleeping and sanitation pursuant to a work practice or labor agreement.

(d) "Hotel" is any building or portion thereof containing six or more guest rooms intended or designed to be used, or which are used, rented or hired out to be occupied, or which are occupied for sleeping purposes by guests.

(e) "Lodging house" is any building or portion thereof, containing not more than five guest rooms which are used or are intended to be used for sleeping purposes by guests and where rent is paid in money, goods, labor or otherwise.

Sec. 2. Minnesota Statutes 1984, section 299F.362, subdivision 4, is amended to read:

Subd. 4. [FIRE WARNING SYSTEMS; APARTMENT HOUSES, LODGING HOUSES, AND HOTELS.] (a) Every dwelling unit within an apartment house and every guest room in a lodging house or hotel used for sleeping purposes shall be provided with a smoke detector conforming to the



requirements of Underwriters Laboratories, Inc., or approved by the International Conference of Building Officials. ~~In dwelling units,~~ Detectors shall be mounted in accordance with the rules regarding smoke detector location promulgated under the provisions of subdivision 2. When actuated, the detector shall provide an alarm in the dwelling unit or guest room.

*(b) Every interior hallway, corridor, or similar common area providing access to a dwelling unit in an apartment house shall be provided with (1) a fire alarm system in compliance with the Uniform Fire Code, adopted under section 299F.011, or (2) smoke detectors, including battery-operated smoke detectors, conforming to the requirements of Underwriters Laboratories, Inc., or approved by the International Conference of Building Officials. Detectors shall be spaced and mounted in conformance with standard 72E on automatic fire detectors of the National Fire Code issued by the National Fire Protection Association, in effect on January 1, 1986. In apartment houses where fire alarm systems are required by the Minnesota Uniform Fire Code, adopted under section 299F.011, the requirements of the Uniform Fire Code shall prevail."*

Amend the title as follows:

Page 1, line 2, after "requiring" insert "fire alarm systems or"

Page 1, line 4, delete "1985 Supplement" and insert "1984"

Page 1, line 5, delete "subdivision" and insert "subdivisions 1 and"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1617: A bill for an act relating to conservation; requiring county soil loss ordinances to be adopted; requiring approval of soil loss ordinances by the commissioner of agriculture; prohibiting removal of conservation practices implemented with cost-sharing funds; authorizing remedies and penalties for removing certain conservation practices; making certain conservation practices easements on the land; prohibiting burning or tilling road right-of-ways unless vegetative cover is being established; requiring a report on road right-of-way mowing and grass strip maintenance on drainage ditches; amending Minnesota Statutes 1985 Supplement, sections 40.20; 40.21, subdivision 1; 40.26; 40.28; and 160.232; proposing coding for new law in Minnesota Statutes, chapter 40; repealing Minnesota Statutes 1984, section 40.27.

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

Page 3, line 26, delete everything after "3." and insert "[RECORDING.]"

Page 3, delete lines 27 and 28

Page 3, line 29, delete everything before "The" and delete "easement" and insert "permanent conservation practices"

Page 3, line 30, delete "when" and insert "on the tracts where they occur"

if'

Page 3, line 34, delete "*Permanent conservation*"

Page 3, delete line 35

Page 3, line 36, delete everything before "A"

Page 5, line 12, after "*cover*" insert "*or for prairie vegetation management*"

Page 5, after line 12, insert:

"Sec. 8. Minnesota Statutes 1984, section 160.27, subdivision 5, is amended to read:

Subd. 5. [MISDEMEANORS.] Except for the actions of the road authorities, their agents, employees, contractors, and utilities in carrying out their duties imposed by law or contract, and except as herein provided, it shall be unlawful to:

- (1) Obstruct any highway or deposit snow or ice thereon;
- (2) Plow, *burn*, or perform any other detrimental operation within the road right of way except in the preparation of the land for planting a ~~perennial hay crop~~, and the ~~harvesting of said crop~~ *permanent vegetative cover*;
- (3) Erect a fence on the right of way of a trunk highway, county state-aid highway, county highway or town road, except to erect a lane fence to the ends of a livestock pass;
- (4) Dig any holes in any highway; except to locate markers placed to identify sectional corner positions and private boundary corners.
- (5) Remove any earth, gravel or rock from any highway;
- (6) Obstruct any ditch draining any highway or drain any noisome materials into any ditch;
- (7) Place or maintain any building or structure within the limits of any highway;
- (8) Place or maintain any advertisement within the limits of any highway;
- (9) Paint, print, place, or affix any advertisement or any object within the limits of any highway;
- (10) Deface, mar, damage, or tamper with any structure, work, material, equipment, tools, signs, markers, signals, paving, guardrails, drains, or any other highway appurtenance on or along any highway;
- (11) Remove, injure, displace, or destroy right of way markers, or reference or witness monuments, or markers placed to preserve section or quarter section corners;
- (12) Improperly place or fail to place warning signs and detour signs as provided by law;
- (13) Drive over, through, or around any barricade, fence, or obstruction erected for the purpose of preventing traffic from passing over a portion of a highway closed to public travel or to remove, deface, or damage any such barricade, fence, or obstruction.

Violations hereof shall be prosecuted by the county attorney of the county where the violations occur. Any person convicted of such violations shall be guilty of a misdemeanor."

Page 5, delete lines 14 to 26 and insert:

*"Subdivision 1. [INVESTIGATION.] (a) The commissioner of natural resources shall request information from county highway engineers on:*

*(1) the policy of the county regarding mowing, burning, or tilling the right-of-ways of highways in the county, including town road authority policies;*

*(2) the road distance of right-of-ways that are mowed, burned, or tilled; and*

*(3) the amount spent for mowing, burning, and tilling right-of-ways.*

*(b) The commissioner of natural resources shall determine the length and area of drainage ditches that are required to be planted with permanent grass under section 106A.021 and prior law, and the enforcement actions taken by the commissioner or enforcement personnel to maintain the grass strips."*

Page 5, line 28, after the first comma insert "county highway engineers,"

Page 5, line 30, delete "study" and insert "investigations"

Page 5, delete lines 31 to 34

Page 5, line 36, delete everything after "the" and insert "information collected"

Renumber the subdivisions in sequence

Page 6, after line 2, insert:

"Sec. 10. [REPORT.]

*The soil and water conservation board shall prepare a report on which counties in the state should not adopt a soil loss ordinance under sections 1 and 3. The report must be submitted to the legislature by January 15, 1987."*

Page 6, line 8, delete "1987" and insert "1988"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 13, after "Statutes" insert "1984, section 160.27, subdivision 5; and Minnesota Statutes"

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

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1660: A bill for an act relating to real property; allowing designation, sale, and redemption of an agricultural homestead that is executed on and sold as part of other property; allowing designation, sale, and redemption of a homestead foreclosed on or part of other property; proposing coding for new law in Minnesota Statutes, chapters 550 and 582; repealing Minnesota Statutes 1984, section 582.04.

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

Page 1, line 16, delete "*a portion of*"

Page 1, line 25, delete "*PART OF*" and delete "*HOUSE*" and insert "*HOMESTEAD*"

Page 2, line 1, delete "*UP TO 80 ACRES*" and insert "*A PORTION*"

Page 2, line 13, delete "*80 acres of the property*" and insert "*the area of the homestead set forth in chapter 510.02*"

Page 2, line 33, delete "*a portion of*"

Page 3, lines 9 and 25, delete "*PART OF*" and delete "*HOUSE*" and insert "*HOMESTEAD*"

Page 3, lines 12 and 28, delete "*UP TO 80 ACRES*" and insert "*A PORTION*"

Page 4, line 2, delete "*80 acres of the property*" and insert "*the area of the homestead set forth in chapter 510.02*"

Page 4, line 23, delete "*the day*" and insert "*14 calendar days*"

Amend the title as follows:

Page 1, line 3, delete "*an agricultural*" and insert "*a*"

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

Mr. Chmielewski from the Committee on Employment, to which was referred

S.F. No. 1742: A bill for an act relating to military affairs; authorizing the department of military affairs to purchase certain insurance; amending Minnesota Statutes 1984, section 15.38, by adding a subdivision.

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

Mr. Chmielewski from the Committee on Employment, to which was referred

S.F. No. 1441: A bill for an act relating to human services; providing for computer services to comply with long-term sheltered employment program evaluation criteria and for training and employment of persons with disabilities; 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. Minnesota Statutes 1984, section 129A.08, is amended by adding a subdivision to read:

*Subd. 7. [GRANTS.] The commissioner may use funds allocated to the division of vocational rehabilitation for management information systems to*

*provide grants to long-term sheltered workshops to finance and purchase equipment necessary to: (1) provide the information required to comply with the evaluation criteria developed under subdivision 5; (2) increase sheltered worker productivity; and (3) train severely disabled people in computer and other high-technology applications. As a condition of receiving a grant for the purposes of (2) or (3) above, the commissioner shall require workshops to provide matching funds."*

Amend the title as follows:

Page 1, lines 5 and 6, delete "appropriating money" and insert "amending Minnesota Statutes 1984, section 129A.08, by adding a subdivision"

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1727: A bill for an act relating to local government; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; amending Minnesota Statutes 1984, section 466.03, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1849: A bill for an act relating to appropriations; designating Anoka county as an operating agency in the administration and expenditure of an appropriation for the Mississippi Regional Park.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1680: A bill for an act relating to Anoka county; providing that Anoka county park ordinances supersede local ordinances.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1731: A bill for an act relating to Anoka county; directing the department of energy and economic development to refund a bond deposit; appropriating money.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1765: A bill for an act relating to the city of Red Wing; directing the department of energy and economic development to refund a certain bond deposit; appropriating money.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1721: A bill for an act relating to human services; regulating withholding for purposes of child support; amending Minnesota Statutes 1985 Supplement, section 518.611, subdivisions 4 and 6.

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

Page 1, after line 6, insert:

“Section 1. [518.171] [MEDICAL SUPPORT.]

*Subdivision 1. [ORDER.] As and for additional support, the court shall order the obligor to name the minor child as beneficiary on any health and dental insurance plan that is available to the obligor on a group basis through an employer or union and that provides at least the minimum benefits of a number two qualified plan as prescribed by section 62E.06.*

*If the court finds that dependent health or dental insurance is not available to the obligor on a group basis through an employer or union, or that the group insurer is not accessible to the obligee, the court may require the obligor to obtain dependent health or dental insurance comparable to a number two qualified plan, to be liable for all reasonable and necessary medical or dental expenses of the child, or to be liable to the obligee for the cost of maintaining the dependent health or dental insurance. When the court requires the obligor to be liable to the obligee for the cost to the obligee for maintaining dependent insurance, it shall order the payment as additional child support, and as such, it shall constitute an upward departure from the child support guidelines. The court may waive the requirements of this section upon agreement of the parties, or by making express findings of fact as to why the order would be unreasonable and unfair. An order for waiver must include findings of fact regarding the financial resources and needs of the children.*

*Subd. 2. [SPOUSAL COVERAGE.] The court shall require the obligor to provide dependent health and dental insurance for the benefit of the obligee if it is available at no additional cost to the obligor and in this case the provisions of this section apply.*

*Subd. 3. [IMPLEMENTATION.] A copy of the court order for insurance coverage shall be forwarded to the obligor's employer or union by the obligee or the public authority responsible for support enforcement only when ordered by the court or when the following conditions are met:*

*(1) the obligor fails to provide written proof to the obligee or the public authority, within 30 days of receiving effective notice of the court order, that the insurance has been obtained or that application for insurability has been made;*

(2) the obligee or the public authority serves written notice of its intent to enforce medical support on the obligor by mail at his or her last known post office address; and

(3) the obligor fails within 15 days after the mailing of the notice to provide written proof to the obligee or the public authority that the insurance coverage existed as of the date of mailing.

*Subd. 4. [EFFECT OF ORDER.] The order is binding on the employer or union when service under subdivision 3 has been made. Upon receipt of the order, or upon application of the obligor pursuant to the order, the employer or union shall enroll the minor child as a beneficiary in the insurance plan and withhold any required premium from the obligor's income or wages. If more than one plan is offered by the employer or union, the child shall be enrolled in the insurance plan in which the obligor is enrolled or the least costly plan otherwise available to the obligor that is comparable to a number two qualified plan. The insurance coverage for a child eligible under subdivision 5 shall not be terminated except as authorized in subdivision 5.*

*Subd. 5. [ELIGIBLE CHILD.] A minor child that an obligor is required to cover as a beneficiary pursuant to this section is eligible for insurance coverage as a dependent of the obligor until the child is emancipated or until further order of the court.*

*Subd. 6. [INSURER NOTICE.] The signature of the custodial parent of the insured dependent is a valid authorization to the insurer for purposes of processing an insurance reimbursement payment to the provider of the medical services. When an order for dependent insurance coverage is in effect and the obligor's employment is terminated, or the insurance coverage is terminated, the insurer shall notify the obligee within 10 days of the termination date with notice of conversion privileges.*

*Subd. 7. [RELEASE OF INFORMATION.] When an order for dependent insurance coverage is in effect, the obligor's employer or union shall release to the obligee or the public authority, upon request, information on the dependent coverage, including the name of the insurer. Notwithstanding any other law, information reported pursuant to section 268.121 shall be released to the public agency responsible for support enforcement that is enforcing an order for medical or dental insurance coverage under this section.*

*Subd. 8. [OBLIGOR LIABILITY.] The obligor that fails to maintain the medical or dental insurance for the benefit of the children as ordered shall be liable to the obligee for any medical or dental expenses incurred from the date of the court order. Proof of failure to maintain insurance constitutes a showing of increased need by the obligee pursuant to section 518.64 and provides a basis for a modification of the obligor's child support order.*

*Subd. 9. [APPLICATION FOR SERVICE.] The public agency responsible for support enforcement shall take necessary steps to implement and enforce an order for dependent health or dental insurance whenever the children receive public assistance, or upon application of the obligee to the public agency and payment by the obligee of any fees required by section 518.551."*

Page 2, line 7, delete "2" and insert "3"

Page 2, after line 22, insert:

"Sec. 4. Minnesota Statutes 1984, section 518C.02, subdivision 3, is amended to read:

Subd. 3. [DUTY OF SUPPORT.] "Duty of support" means a duty of support, whether imposed or imposable by law or by order, decree or judgment of a court, whether interlocutory or final, or whether incidental to an action for divorce, separation, separate maintenance or otherwise and includes the duty to pay arrearages of support past due and unpaid, as well as the duty to provide medical, health, or dental insurance or support.

Sec. 5. [REPEALER.]

*Minnesota Statutes 1984, section 518.551, subdivision 8, is repealed."*

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "providing for health and dental coverage as child support;"

Page 1, line 3, after "amending" insert "Minnesota Statutes 1984, section 518C.02, subdivision 3;"

Page 1, line 4, after "6" insert "; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.551, subdivision 8"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1782: A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31; proposing coding for new law in Minnesota Statutes, chapter 62A.

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 1984, section 62A.31, subdivision 1, is amended to read:

Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract or other evidence of accident and health insurance issued or delivered in this state shall be sold or issued to an individual age 65 or older covered by medicare unless the following requirements are met:

(a) The policy must provide a minimum of the coverage set out in subdivision 2;

(b) The policy must cover pre-existing conditions during the first six



months of coverage if the insured was not diagnosed or treated for the particular condition during the 90 days immediately preceding the effective date of coverage;

(c) The policy must contain a provision that the plan will not be canceled or nonrenewed on the grounds of the deterioration of health of the insured; and

(d) An outline of coverage as provided in section 62A.39 must be delivered at the time of application and prior to payment of any premium.

*Subd. 1a.* [APPLICATION TO CERTAIN POLICIES.] The requirements of sections 62A.31 to 62A.44 shall not apply to disability income protection insurance policies, *long-term care policies issued pursuant to sections 2 to 7*, or group policies of accident and health insurance which do not purport to supplement medicare issued to any of the following groups:

(a) A policy issued to an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage.

(b) A policy issued to a labor union or similar employee organization.

(c) A policy issued to an association, a trust or the trustee of a fund established, created or maintained for the benefit of members of one or more associations. The association or associations shall have at the outset a minimum of 100 persons; shall have been organized and maintained in good faith for purposes other than that of obtaining insurance; shall have a constitution and by-laws which provide that (1) the association or associations hold regular meetings not less frequently than annually to further purposes of the members, (2) except for credit unions, the association or associations collect dues or solicit contributions from members, and (3) the members have voting privileges and representation on the governing board and committees.

## Sec. 2. [62A.46] [DEFINITIONS.]

*Subdivision 1.* [APPLICABILITY.] *The definitions in this section apply to sections 2 to 7.*

*Subd. 2.* [LONG-TERM CARE POLICY.] *“Long-term care policy” means an individual or group policy, certificate, subscriber contract, or other evidence of coverage that provides benefits for medically prescribed long-term care, including nursing facility services and home care services, pursuant to the requirements of sections 2 to 7.*

*Subd. 3.* [NURSING FACILITY.] *“Nursing facility” means (1) a facility that is licensed as a nursing home under chapter 144A; (2) a facility that is both licensed as a boarding care home under sections 144.50 to 144.56 and certified as an intermediate care facility for purposes of the medical assistance program; and (3) in states other than Minnesota, a facility that meets licensing and certification standards comparable to those that apply to the facilities described in clauses (1) and (2).*

*Subd. 4.* [HOME CARE SERVICES.] *“Home care services” means one or more of the following medically prescribed services for the long-term care and treatment of an insured that are provided by a home health agency in a noninstitutional setting according to a written diagnosis and plan of care:*

(1) *nursing and related personal care services under the direction of a reg-*

istered nurse, including the services of a home health aide;

(2) physical therapy;

(3) speech therapy;

(4) respiratory therapy;

(5) occupational therapy;

(6) nutritional services provided by a licensed dietician;

(7) homemaker services, meal preparation, and similar nonmedical services;

(8) medical social services; and

(9) other similar medical services and health-related support services.

*Subd. 5. [MEDICALLY PRESCRIBED LONG-TERM CARE.] "Medically prescribed long-term care" means a service, type of care, or procedure that is specified in a plan of care prepared by a physician and a registered nurse and is appropriate and consistent with the physician's diagnosis and that could not be omitted without adversely affecting the patient's illness or condition.*

*Subd. 6. [QUALIFIED INSURER.] "Qualified insurer" means an entity licensed under chapter 62A or 62C.*

*Subd. 7. [PHYSICIAN.] "Physician" means a medical practitioner licensed under sections 147.02, 147.03, 147.031, and 147.037.*

*Subd. 8. [PLAN OF CARE.] "Plan of care" means a written document prepared and signed by a physician and registered nurse that specifies medically prescribed long-term care services or treatment that are consistent with the diagnosis and are in accordance with accepted medical and nursing standards of practice and that could not be omitted without adversely affecting the insured's condition or the quality of medical care rendered.*

*Subd. 9. [INSURED.] "Insured" means a person covered under a long-term care policy.*

*Subd. 10. [HOME HEALTH AGENCY.] "Home health agency" means an entity that provides home care services and is (1) certified for participation in the medicare program; or (2) licensed as a home health agency where a state licensing statute exists, or is otherwise acceptable to the insurer if licensing is not required.*

### Sec. 3. [62A.48] [LONG-TERM CARE POLICIES.]

*Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract, or other evidence of coverage of nursing home care or other long-term care services shall be offered, issued, delivered, or renewed in this state, whether or not the policy is issued in this state, unless the policy is offered, issued, delivered, or renewed by a qualified insurer and the policy satisfies the requirements of sections 2 to 7. A long-term care policy must cover medically prescribed long-term care in nursing facilities and at least the medically prescribed long-term home care services in section 2, subdivision 4, clauses (1) to (5), provided by a home health agency. Coverage must include a maximum lifetime benefit limit of at least*

\$100,000 for services. Nursing facility and home care coverages must not be subject to separate lifetime maximums. Coverage may include a waiting period of up to 90 days before benefits are paid. A requirement of prior hospitalization for up to three days may be imposed only for long-term care in a nursing facility. The policy must include a provision that the plan will not be cancelled or renewal refused on the grounds of the deterioration of the health of the insured. A non-group policyholder may return a policy within 30 days of its delivery and have the premium refunded in full if the policyholder is not satisfied for any reason.

*Subd. 2. [PER DIEM COVERAGE.] If benefits are provided on a per diem basis, the minimum daily benefit for care in a nursing facility must be the lesser of \$60 or actual charges and the minimum daily benefit for home care must be the lesser of \$25 or actual charges. If home care services are provided less frequently than daily, the minimum benefit is the lesser of actual charges or an amount determined by multiplying the number of days of the period during which services will be provided, or a reasonable interval of the service period, by \$25 and dividing the resulting amount by the number of days during this period on which home care services were rendered.*

*Subd. 3. [EXPENSE-INCURRED COVERAGE.] If benefits are provided on an expense-incurred basis, a benefit of not less than 80 percent of covered charges for medically prescribed long-term care must be provided.*

*Subd. 4. [LOSS RATIO.] The anticipated loss ratio for long-term care policies must not be less than 65 percent for policies issued on a group basis or 60 percent for policies issued on an individual or mass-market basis.*

#### Sec. 4. [62A.50] [DISCLOSURES AND REPRESENTATIONS.]

*Subdivision 1. [SEAL OR EMBLEMS.] No graphic seal or emblem shall be displayed on any policy, or in connection with promotional materials on policy solicitations, that may reasonably be expected to convey to the purchaser that the policy form is approved, endorsed, or certified by a state or local unit of government or agency, the federal government, or a federal agency.*

*Subd. 2. [CANCELLATION NOTICE.] Long-term care policies issued on a non-group basis must have a notice prominently printed on the first page of the policy stating that the policyholder may return the policy within 30 days of its delivery and have the premium refunded in full if the policyholder is not satisfied for any reason. A solicitation for a long-term care policy to be issued on a non-group basis pursuant to a direct-response solicitation must state in substance that the policyholder may return the policy within 30 days of its delivery and have the premium refunded in full if the policyholder is not satisfied for any reason.*

*Subd. 3. [DISCLOSURES.] No long-term care policy shall be offered or delivered in this state, whether or not the policy is issued in this state, and no certificate of coverage under a group long-term care policy shall be offered or delivered in this state, unless a statement containing at least the following*

information is delivered to the applicant at the time the application is made:

- (1) a description of the benefits and coverage provided by the policy;
- (2) a statement of the exceptions and limitations in the policy including the following language, as applicable, in bold print: "THIS POLICY DOES NOT COVER ALL NURSING CARE FACILITIES OR NURSING HOME OR HOME CARE EXPENSES AND DOES NOT COVER RESIDENTIAL CARE. READ YOUR POLICY CAREFULLY TO DETERMINE WHICH FACILITIES AND EXPENSES ARE COVERED BY YOUR POLICY.";
- (3) a statement of the renewal provisions including any reservation by the insurer of the right to change premiums;
- (4) a statement that the outline of coverage is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions;
- (5) an explanation of the policy's loss ratio including at least the following language: "This means that, on the average, policyholders may expect that \$\_\_\_\_\_ of every \$100 in premium will be returned as benefits to policyholders over the life of the contract."; and
- (6) a statement of the out-of-pocket expenses, including deductibles and copayments for which the insured is responsible, and an explanation of the specific out-of-pocket expenses that may be accumulated toward any out-of-pocket maximum as specified in the policy.

#### Sec. 5. [62A.52] [REVIEW OF PLAN OF CARE.]

The insurer may review an insured's plan of care at reasonable intervals, but not more frequently than once every 90 days.

#### Sec. 6. [62A.54] [PROHIBITED PRACTICES.]

Unless otherwise provided for in sections 1 to 7, the solicitation or sale of long-term care policies is subject to the requirements and penalties applicable to the sale of medicare supplement insurance policies as set forth in sections 62A.31 to 62A.44.

#### Sec. 7. [62A.56] [RULEMAKING.]

The commissioner may adopt rules pursuant to chapter 14 to carry out the purposes of sections 2 to 7. The rules may:

- (1) establish additional disclosure requirements for long-term care policies designed to adequately inform the prospective insured of the need and extent of coverage offered;
- (2) prescribe uniform policy forms in order to give the purchaser of long-term care policies a reasonable opportunity to compare the cost of insuring with various insurers; and
- (3) establish other reasonable minimum standards as needed to further the purposes of sections 2 to 7.

#### Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective June 1, 1986."

Amend the title as follows:

Page 1, line 6, after "62A.31" insert "", subdivision 1"

And when so amended the bill do pass and be re-referred to the Committee on Economic Development and Commerce. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1672: A bill for an act relating to agriculture; establishing a legal assistance program for family farmers; prescribing eligibility requirements for persons to receive legal assistance; providing requirements for the legal assistance provider; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 480.

Reports the same back with the recommendation that the report from the Committee on Agriculture and Natural Resources, shown in the Journal for February 12, 1986, be amended to read:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Judiciary". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which were referred for proper reference under Rule 35:

S.F. Nos. 1533, 1873, 1875 and 1936 reports the same back with the recommendation that the bills be re-referred as follows:

S.F. Nos. 1533, 1873 and 1875 to the Committee on Agriculture and Natural Resources.

S.F. No. 1936 to the Committee on Local and Urban Government.

Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1826: A resolution memorializing the governments of the United States and the Socialist Republic of Vietnam to take all possible actions to determine the fate of persons missing in action in Southeast Asia; joining with the families of those who are missing in the hope that their long wait will soon be over.

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

Mr. Chmielewski from the Committee on Employment, to which were referred the following appointments as reported in the Journal for February 5, 1986:

DEPARTMENT OF JOBS AND TRAINING  
COMMISSIONER  
Joseph R. Samargia

## FULL PRODUCTIVITY AND OPPORTUNITY COORDINATOR

Kathryn R. Roberts

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was re-referred

S.F. No. 1790: A bill for an act relating to economic development; rural development; providing for time of lease payments for lease of department of natural resources lands; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the department of energy and economic development; establishing the greater Minnesota corporation; establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available issuance authority; appropriating money; amending Minnesota Statutes 1984, sections 89.17; 116.16, subdivision 5; 116J.61; 116J.873, subdivision 1; 462.384, subdivision 7; and 474.19, subdivision 4; Minnesota Statutes 1985 Supplement, sections 92.50; 116.16, subdivision 2; 116M.06, subdivision 3; and 474.19, subdivisions 3; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, 116L, and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961, subdivisions 7, 8, 9, and 10.

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

Page 1, line 32, delete "*disinvestment*" and insert "*withdrawal of investment*"

Page 1, line 36, delete "*and assisted*"

Page 2, line 3, delete "*is already*" and insert "*has been*" and before the period, insert "*to improve the use of forestry resources*"

Page 2, line 3, delete "*The great*"

Page 2, line 4, delete "*not*" and delete "*without state stimulation*"

Page 2, line 5, delete "*of investment, which can be achieved*"

Page 2, line 8, delete "*This*"

Page 2, delete lines 9 to 11

Page 10, line 2, delete everything after "*including*"

Page 10, line 3, delete "*to,*"

Page 10, lines 9 and 19, delete "*, but not limited to,*"

Page 10, line 32, before "*The*" insert "*(a)*"

Page 11, line 8, before "*For*" insert:

“(b)”

Page 11, line 22, after the period, insert:

“(c)”

Page 11, line 23, after the period, insert:

“(d)”

Page 11, line 27, before “The” insert “(a)” and delete “make” and insert “adopt”

Page 12, line 2, before “Except” insert “(b)”

Page 13, line 19, before “The” insert “(a)”

Page 13, line 20, delete everything after “including”

Page 13, line 21, delete “to,”

Page 13, line 30, before “All” insert “(b)”

Page 13, line 36, delete everything after “including”

Page 14, line 14, before “pilot” insert “farm-related”

Page 14, line 15, before the semicolon, insert “, including the beginning farmer scholarship program and the family farm vacation program”

Page 14, line 18, delete the second “and”

Page 14, line 19, after “(6)” insert “coordinate, where possible, rural rehabilitation pilot projects with the soil conservation service and other state and federal agencies and programs; and

(7)”

Page 14, line 24, delete “provides” and insert “shall provide”

Page 14, line 27, delete “follows” and insert “provided in this section”

Page 14, line 28, delete “(a)” and insert “Subd. 2. [FUNDING REGIONS.]”

Page 14, line 32, delete “(b)” and insert “Subd. 3. [REGIONAL REVOLVING FUND ADMINISTRATION.]”

Page 15, line 1, delete “2” and insert “6”

Page 15, line 4, delete everything after “including”

Page 15, line 8, delete “any” and insert “a”

Page 15, line 9, delete “(c)” and insert “Subd. 4. [LOAN CRITERIA AND PRIORITY.] (a)”

Page 15, line 13, delete “, equity,”

Page 15, line 22, delete “capital investment” and insert “project cost”

Page 15, line 23, delete “(d)” and insert “(b)”

Page 15, after line 25, insert:

“(c) Money repaid to the revolving funds must remain in the funds for

*further distribution under this subdivision.*"

Page 15, line 26, delete "(e) No" and insert "Subd. 5. [ADMINISTRATIVE EXPENSES.] Not"

Page 15, delete lines 29 and 30

Page 15, line 33, delete "(g)" and delete "make" and insert "adopt"

Page 15, line 34, delete "QUALIFICATIONS" and insert "SELECTION OF ORGANIZATION TO ADMINISTER REGIONAL FUNDS"

Page 15, line 36, delete "those" and insert "the"

Page 16, line 1, delete everything before "an" and delete "to qualify" and insert "is eligible"

Page 16, line 2, delete ", it must be" and insert "if it is" and delete "prove" and insert "proves"

Page 16, line 4, delete "representatives from"

Page 16, line 5, delete "the banking industry," and delete the second comma

Page 16, line 17, delete "REVOLVING FUND" and after "DUTIES" insert "OF REGIONAL FUND ADMINISTRATION ORGANIZATION"

Renumber the subdivisions in sequence

Page 16, line 18, after "fund" insert "may contract with other regional development authorities to carry out all or part of its duties. The organization"

Page 16, line 19, delete "January" and insert "February"

Page 18, line 10, after "to" insert "this" and delete "116N"

Page 18, line 14, delete "established" and insert "chartered" and delete "16" and insert "19, subdivision 1"

Page 18, line 20, after "is" insert "hereby chartered as"

Page 18, line 22, delete "its" and insert "the" and delete the period and insert "'greater Minnesota corporation.'"

Page 18, line 26, after the period, insert "At least"

Page 18, line 32, after the period, insert "The articles and bylaws must be filed with the secretary of state."

Page 19, line 1, delete "whatever" and after "notice" insert "as provided in"

Page 19, line 2, delete "might provide"

Page 19, line 5, before "The" insert "(a)"

Page 19, line 11, after the period insert:

"(b)"

Page 20, line 6, delete ", but not limited to,"

Page 20, line 14, delete everything after "appropriated"



Page 20, line 15, delete everything before "including" and insert "for purposes" and delete ", but not limited to,"

Page 20, line 17, delete the semicolons and insert commas

Page 20, line 27, delete "for the purpose of promoting" and insert "to promote"

Page 21, line 4, after "businesses" insert a comma and delete "to"

Page 21, line 5, delete "such" and insert "the"

Page 21, line 11, before the first "The" insert "(a)"

Page 21, line 12, delete everything after the period

Page 21, delete lines 13 to 16

Page 21, line 17, delete everything before "The"

Page 21, line 19, delete "Any"

Page 21, after line 24, insert:

"(b) The fund consists of:

(1) all appropriations made to the corporation;

(2) all fees and charges collected by the corporation;

(3) income from investments and purchases;

(4) all revenues from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes; and

(5) all gifts, donations, and bequests made to the corporation."

Page 22, line 5, before "The" insert "(a)"

Page 22, line 8, delete "Minnesota" and after "areas" insert "of the state"

Page 22, line 9, after the period, insert "The board shall develop policies and procedures for the administration of grants, including the allocation of funds to eligible institutions in accordance with section 136A.101.

(b)"

Page 22, line 10, delete "Minnesota" and insert "state"

Page 22, line 17, delete everything after the period

Page 22, delete lines 18 and 19

Page 22, line 20, delete everything before "The" and insert:

"(c)"

Page 22, line 22, delete "covered by" and insert "subject to"

Page 27, delete section 32

Page 28, line 30, delete everything after "the"

Page 28, line 31, delete everything before the period and insert "governor's rural development council for administrative purposes. This appropri-

ation is available until June 30, 1987"

Page 28, after line 31, insert:

"Sec. 37. [APPROPRIATION.]

*\$200,000 is appropriated from the general fund to the greater Minnesota corporation established by section 19 of this act. This appropriation is available until expended."*

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Governmental Operations. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1526: A bill for an act relating to natural resources; recodifying laws governing wild animals in general, the taking and possession of game and fish, and the management of natural resources; providing penalties; amending Minnesota Statutes 1984, sections 9.071; 14.02, subdivision 4; 14.38, subdivision 6; 18.021, subdivision 3; 84.0274, subdivision 6; 84.88, subdivision 2; 84.89; 84A.02; 85.018, subdivision 8; 86A.06; 97.42; 98.45, subdivision 1; 105.391, subdivisions 3 and 12; 105.417, subdivision 4; 105.74; 111.81, subdivision 1; 343.21, subdivision 8; 343.30; 347.011; 352B.01, subdivision 2; 361.25; 383C.13; 477A.12; 477A.13; 609.661; 624.719; proposing coding for new law in Minnesota Statutes, chapters 84; 97A; 97B; 97C; 347; 609; and 624; repealing Minnesota Statutes 1984, sections 97.40; 97.41; 97.43 to 97.47; 97.48, subdivisions 1 to 17 and 19 to 28; 97.481 to 97.487; 97.49 to 97.54; 97.55, subdivisions 1 to 6 and 8 to 16; 98.45, subdivisions 2, 3, and 5 to 8; 98.455 to 98.457; 98.46, subdivisions 1 to 2b, 4 to 17, and 19 to 26; 98.465 to 98.47; 98.48, subdivisions 1 to 8 and 10 to 16; 99.25; and 99.26 to 99.29; and chapters 100; 101; and 102.

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

Delete everything after the enacting clause and insert:

## ARTICLE 1

### CHAPTER 97A

#### GAME AND FISH LAWS

#### GENERAL PROVISIONS

Section 1. [97A.011] [CITATION.]

*Chapters 97A, 97B, and 97C may be cited as the "game and fish laws."*

Sec. 2. [97A.015] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The terms defined in this section apply to chapters 97A, 97B, and 97C. [97.40 s. 1]*

*Subd. 2. [ANGLING.] "Angling" means taking fish with a hook and line. An "angler" is a person who takes fish by angling. [97.40 s. 32]*

*Subd. 3. [BIG GAME.] "Big game" means deer, moose, elk, bear, ante-*

*lope, and caribou.* [97.40 s. 8]

*Subd. 4. [BUY.] "Buy" includes barter, exchange for consideration, offer to buy, or attempt to buy.* [97.40 s. 19]

*Subd. 5. [CAMP.] "Camp" means the temporary abode of a hunter, fisherman, trapper, tourist or vacationist while on a trip or tour including resorts, tourist camps, and other establishments providing temporary lodging.* [97.40 s. 30]

*Subd. 6. [CHUB.] "Chub" means shortnose cisco, shortjaw cisco, long-jaw cisco, bloater, kiyi, blackfin cisco, and deepwater cisco.*

*Subd. 7. [CISCO.] "Cisco" means Coregonus artedii and includes lake herring and tullibee.*

*Subd. 8. [CLOSED SEASON.] "Closed season" means the period when a specified protected wild animal may not be taken.* [97.40 s. 14]

*Subd. 9. [COMMERCIAL FISHING.] "Commercial fishing" means taking fish, except minnows, for sale.* [97.40 s. 33]

*Subd. 10. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.* [97.40 s. 2]

*Subd. 11. [CONDEMNATION.] "Condemnation" means the exercise of the right of eminent domain in the manner provided under chapter 117.*

*Subd. 12. [CONTRABAND.] "Contraband" means a wild animal taken, bought, sold, transported, or possessed in violation of the game and fish laws, and all instrumentalities and devices used in taking wild animals in violation of the game and fish laws that are subject to confiscation.* [97.40 s. 24]

*Subd. 13. [CONVICTION.] "Conviction" means: (1) a final conviction after a trial or a plea of guilty; (2) a forfeiture of cash or collateral deposited to guarantee an appearance of a defendant in court, if the forfeiture has not been vacated or the court has not reinstated the trial within 15 days after the forfeiture; or (3) a breach of a condition of release without bail.* [97.40 s. 35]

*Subd. 14. [DARK HOUSE.] "Dark house" means a structure set on the ice of state waters that is darkened to view fish in the water beneath the structure.* [97.40 s. 23]

*Subd. 15. [DESIGNATED TROUT LAKE; DESIGNATED TROUT STREAM.] "Designated trout lake or designated trout stream" means a lake or stream designated by the commissioner as a trout lake or a trout stream under section 97C.001.*

*Subd. 16. [DIRECTOR.] "Director" means the director of the division of fish and wildlife.* [97.40 s. 4]

*Subd. 17. [DIVISION.] "Division" means the division of fish and wildlife of the department of natural resources.* [97.40 s. 3]

*Subd. 18. [ENFORCEMENT OFFICER.] "Enforcement officer" means the commissioner, the director, a conservation officer, or a game refuge manager.* [97.48]

*Subd. 19. [FIREARM.] "Firearm" means a gun that discharges shot or a*

projectile by means of an explosive, a gas, or compressed air. [97.40 s. 34]

Subd. 20. [FIREARMS SAFETY CERTIFICATE.] "Firearms safety certificate" means the certificate issued under article 2, section 4.

Subd. 21. [FISH HOUSE.] "Fish house" means a structure set on the ice of state waters to provide shelter while taking fish by angling.

Subd. 22. [FUR-BEARING ANIMALS.] "Fur-bearing animals" means mammals that are protected wild animals, except big game. [97.40 s. 7]

Subd. 23. [GAME.] "Game" means big game and small game.

Subd. 24. [GAME BIRDS.] "Game birds" means migratory waterfowl, pheasant, ruffed grouse, sharp-tailed grouse, Canada spruce grouse, prairie chickens, chukar partridge, gray partridge, quail, turkeys, coots, gallinules, sora and Virginia rails, American woodcock, and common snipe.

Subd. 25. [GAME FISH.] "Game fish" means walleye, sauger, yellow perch, channel catfish, flathead catfish; members of the pike family, Esocidae, including muskellunge and northern pike; members of the sunfish family, Centrarchidae, including largemouth bass, smallmouth bass, sunfish, rock bass, white crappie, black crappie, members of the temperate bass family, Percichthyidae, including white bass and yellow bass; members of the salmon and trout subfamily, Salmoninae, including atlantic salmon, chinook salmon, coho salmon, pink salmon, kokanee salmon, lake trout, brook trout, rainbow (steelhead) trout, and splake; members of the paddlefish family, Polyodontidae; members of the sturgeon family, Acipenseridae, including lake sturgeon, and shovelnose sturgeon. "Game fish" includes hybrids of game fish.

Subd. 26. [HUNTING.] "Hunting" means taking birds or mammals. [97.40 s. 31]

Subd. 27. [LICENSE.] "License" means a license or stamp issued under the game and fish laws.

Subd. 28. [MIGRATORY WATERFOWL.] "Migratory waterfowl" means brant, ducks, geese, and swans. [97.4841 s.1]

Subd. 29. [MINNOWS.] "Minnows" means: (1) members of the minnow family, Cyprinidae, except carp and goldfish; (2) members of the mudminnow family, Umbridae; (3) members of the sucker family, Catostomidae, not over 12 inches in length; (4) bullheads, ciscoes, lake whitefish, goldeyes, and mooneyes, not over seven inches long; and (5) leeches. [97.40 s. 12]

Subd. 30. [MINNOW DEALER.] "Minnow dealer" means a person taking minnows for sale, buying minnows for resale, selling minnows at wholesale, or transporting minnows for sale. [97.40 s. 27]

Subd. 31. [MINNOW RETAILER.] "Minnow retailer" means a person selling minnows at retail from an established place of business. [97.40 s. 27]

Subd. 32. [MOTOR VEHICLE.] "Motor vehicle" means a self-propelled vehicle or a vehicle propelled or drawn by a self-propelled vehicle that is operated on a highway, on a railroad track, on the ground, in the water, or in the air. [97.40 s. 29]

Subd. 33. [NONRESIDENT.] "Nonresident" means a person who is not a

resident.

Subd. 34. [OPEN SEASON.] "Open season" means the period when a specified protected wild animal may be taken. [97.40 s. 13]

Subd. 35. [PERSON.] "Person" means only an individual if used in reference to issuing licenses to take wild animals, but otherwise means an individual, firm, partnership, joint stock company, association, or public or private corporation. [97.40 s. 20]

Subd. 36. [POSSESSION.] "Possession" means both actual and constructive possession and control of the things referred to. [97.40 s. 16]

Subd. 37. [PREDATOR.] "Predator" means a timber wolf, coyote, fox, lynx, or bobcat. [97.487 s. 2]

Subd. 38. [PROTECTED BIRDS.] "Protected birds" means all birds except unprotected birds.

Subd. 39. [PROTECTED WILD ANIMALS.] "Protected wild animals" are the following wild animals: big game, small game, game fish, rough fish, minnows, leeches, alewives, ciscoes, chubs, and lake whitefish, and the subfamily Coregoninae, rainbow smelt, frogs, turtles, clams, mussels, timber wolf, mourning doves, and wild animals that are protected by a restriction in the time or manner of taking, other than a restriction in the use of artificial lights, poison, or motor vehicles. [97.40 s. 6]

Subd. 40. [PUBLIC ACCESS.] "Public access" means an access that is owned by the state or a political subdivision and accessible to the public without charge.

Subd. 41. [PUBLIC WATERS.] "Public waters" means waters defined in section 105.37, subdivision 14.

Subd. 42. [RESIDENT.] "Resident" means: (1) an individual who is a citizen of the United States or a resident alien, and has maintained a legal residence in the state at least the immediately preceding 60 days; (2) a nonresident under the age of 21 who is the child of a resident; (3) a domestic corporation; or (4) a foreign corporation authorized to do business in the state that has conducted a licensed business at a location within the state for at least ten years. [97.40 s. 21; 98.45 s. 6]

Subd. 43. [ROUGH FISH.] "Rough fish" means carp, buffalo, sucker, sheepshead, bowfin, burbot, ciscoe, gar, goldeye, and bullhead. [97.40 s. 11]

Subd. 44. [SALE.] "Sale" means an exchange for consideration, and includes barter, offer to sell, and possession with intent to sell. [97.40 s. 18]

Subd. 45. [SMALL GAME.] "Small game" means game birds, gray squirrel, fox squirrel, cottontail rabbit, snowshoe hare, jack rabbit, raccoon, lynx, bobcat, fox, fisher, pine marten, opossum, badger, cougar, wolf, weasels, muskrat, mink, otter, and beaver.

Subd. 46. [SUNFISH.] "Sunfish" means bluegill, pumpkinseed, green sunfish, orange spotted sunfish, longear sunfish, and warmouth. "Sunfish" includes hybrids of sunfish.

Subd. 47. [TAKING.] "Taking" means pursuing, shooting, killing, cap-

turing, trapping, snaring, angling, spearing, or netting wild animals, or placing, setting, drawing, or using a net, trap, or other device to take wild animals. Taking includes attempting to take wild animals, and assisting another person in taking wild animals. [97.40 s. 15]

Subd. 48. [TRANSPORT, TRANSPORTATION.] "Transport, transportation" means causing or attempting to cause wild animals to be carried or moved by a device and includes accepting or receiving wild animals for transportation or shipment. [97.40 s. 17]

Subd. 49. [UNDRESSED BIRD.] "Undressed bird" means:

(1) a bird, excluding migratory waterfowl, with feet and feathered head intact; or

(2) a migratory waterfowl with a fully feathered wing attached. [97.40 s. 25]

Subd. 50. [UNDRESSED FISH.] "Undressed fish" means fish with heads, tails, fins and skins intact, whether entrails, gills, or scales are removed or not. [97.40 s. 26]

Subd. 51. [UNLOADED.] "Unloaded" means, with reference to a firearm, without ammunition in the barrels and magazine. A muzzle loading firearm with a flintlock ignition is unloaded if it does not have priming powder in a pan. A muzzle loading firearm with percussion ignition is unloaded if it does not have a percussion cap on a nipple. [100.29 s. 5]

Subd. 52. [UNPROTECTED BIRDS.] "Unprotected birds" means English sparrow, blackbird, crow, starling, magpie, cormorant, common pigeon, and great horned owl. [100.26 s. 2]

Subd. 53. [UNPROTECTED WILD ANIMALS.] "Unprotected wild animals" means wild animals that are not protected wild animals including weasel, coyote (brush wolf), gopher, porcupine, skunk, and civet cat, and unprotected birds. [100.26 s. 1, 2]

Subd. 54. [WATERS OF THIS STATE, STATE WATERS.] "Waters of this state, state waters" includes all boundary and inland waters. [97.40 s. 22]

Subd. 55. [WILD ANIMALS.] "Wild animals" means all living creatures, not human, wild by nature, endowed with sensation and power of voluntary motion, and includes mammals, birds, fish, amphibians, reptiles, crustaceans, and mollusks. [97.40 s. 5]

Sec. 3. [97A.021] [CONSTRUCTION.]

Subdivision 1. [CODE OF CRIMINAL PROCEDURE.] A provision of the game and fish laws that is inconsistent with the code of criminal procedure or of penal law is only effective under the game and fish laws. [97.41 s. 1]

Subd. 2. [AUTHORITY OF COMMISSIONER.] A provision of the game and fish laws is subject to, and does not change or modify the authority of the commissioner to delegate powers, duties, and functions under sections 84.083 and 84.088. [97.41 s. 2]

Subd. 3. [PARTS OF WILD ANIMALS.] A provision relating to a wild

*animal applies in the same manner to a part of the wild animal. [97.40 s. 10]*

*Subd. 4. [DATES AND OPEN SEASONS.] The dates specified in the game and fish laws and time periods prescribed for certain activities or as open season are inclusive, unless otherwise specified. [97.40 s. 28]*

**Sec. 4. [97A.025] [OWNERSHIP OF WILD ANIMALS.]**

*The ownership of wild animals of the state, is in the state, in its sovereign capacity for the benefit of all the people of the state. A person may not acquire a property right in wild animals, or destroy them, unless authorized under the game and fish laws or sections 84.09 to 84.15. [97.42]*

**Sec. 5. [97A.031] [WANTON WASTE.]**

*Unless expressly allowed, a person may not wantonly waste or destroy a usable part of a protected wild animal. [97.47]*

**Sec. 6. [97A.035] [REMOVAL OF SIGNS PROHIBITED.]**

*A person may not remove or deface a department of natural resources sign, without approval of the commissioner. [99.26 s. 3]*

**Sec. 7. [97A.041] [EXHIBITION OF WILDLIFE.]**

*Subdivision 1. [DEFINITION.] For the purposes of this section, "wildlife" means any wild mammal, wild bird, reptile, or amphibian. [97.611 s. 1]*

*Subd. 2. [POSSESSION.] A person connected with a commercial enterprise may not possess wildlife in captivity for public exhibition purposes, except under permit as provided in this section. [97.611 s. 2]*

*Subd. 3. [PERMIT.] The commissioner may issue a permit to possess wildlife for public exhibition to an applicant qualified by education or experience in the care and treatment of wildlife. The permit fee is \$10. The commissioner may prescribe terms and conditions of the permit. A permit issued under this section shall include a condition that allows an enforcement officer to enter and inspect the facilities where the wildlife covered by the permit are held in captivity. [97.611 s. 2, 3]*

*Subd. 4. [PERMIT APPLICATION.] An application for a permit must include:*

*(1) a statement regarding the education or experience in the care and treatment of wildlife of the applicant and each individual employed by the applicant for that purpose;*

*(2) a description of the facilities used to keep the wildlife in captivity;*

*(3) a statement of the number of species or subspecies of wildlife to be covered by the permit and a statement describing where and from whom the wildlife was acquired;*

*(4) a signed agreement that the standards prescribed by the commissioner will be followed; and*

*(5) other information requested by the commissioner. [97.611 s. 2]*

*Subd. 5. [CARE AND TREATMENT.] The commissioner shall adopt, under chapter 14, reasonable standards for the care and treatment of captive wildlife for public display purposes, including standards of sanitation.*

[97.611 s. 2]

*Subd. 6. [VIOLATION OF POSSESSION STANDARDS.] If a violation is found during an inspection, the commissioner shall give the permittee notice to abate the violation within an adequate time determined by the commissioner. If the violation has not been abated when the time expires, the commissioner may request the attorney general to bring an action to abate the violation. [97.611 s. 4]*

*Subd. 7. [EXEMPTION FOR ZOOS, CIRCUSES, PET SHOPS.] This section does not apply to a publicly owned zoo or wildlife exhibit, privately owned traveling zoo or circus, or a pet shop. [97.611 s. 5]*

**Sec. 8. [97A.045] [COMMISSIONER, GENERAL POWERS AND DUTIES.]**

*Subdivision 1. [DUTIES; GENERALLY.] The commissioner shall do all things the commissioner determines are necessary to preserve, protect, and propagate desirable species of wild animals. The commissioner shall make special provisions for the management of fish and wildlife to insure recreational opportunities for anglers and hunters. The commissioner shall acquire wild animals for breeding or stocking and may dispose of or destroy undesirable or predatory wild animals. [97.48 s. 8, 9, 10]*

*Subd. 2. [POWER TO PROTECT WILD ANIMALS BY SEASONS AND LIMITS.] The commissioner may protect a species of wild animal in addition to the protection provided by the game and fish laws, by further limiting or closing seasons or areas of the state, or by reducing limits in areas of the state, if the commissioner determines the action is necessary to prevent unnecessary depletion or extinction, or to promote the propagation and reproduction of the animal. [97.48 s. 1]*

*Subd. 3. [POWER TO MODIFY DATES OF SEASONS.] If the statutory opening date of a season for taking protected wild animals, except a season prescribed under federal regulations, is not on a Saturday, the commissioner may designate the nearest Saturday to the statutory date as the opening day of the season. If the statutory closing date falls on a Saturday, the commissioner may extend it through the following day. [97.48 s. 23]*

*Subd. 4. [BOUNDARY WATERS.] The commissioner may regulate the taking, possession, and transportation of wild animals from state and international boundary waters. The regulations may include restrictions on the limits of fish that may be taken, possessed, or transported from international boundary waters by a person possessing both a Minnesota angling license and an angling license from an adjacent Canadian province. [97.48 s. 3]*

*Subd. 5. [POWER TO PRESCRIBE THE FORM OF PERMITS AND LICENSES.] The commissioner may prescribe the form of permits, licenses, and tags issued under the game and fish laws. [97.4841 s. 2; 97.4842 s. 1; 97.4843 s. 2; 98.48 s. 14]*

*Subd. 6. [DUTY TO DISSEMINATE INFORMATION.] The commissioner shall collect, compile, publish, and disseminate statistics, bulletins, and information related to conservation. [97.48 s. 19]*

*Subd. 7. [DUTY TO ENCOURAGE STAMP PURCHASES.] The commissioner shall encourage the purchase of:*



(1) *Minnesota migratory waterfowl stamps by nonhunters interested in the migratory waterfowl preservation and habitat development; [97.4841 s. 2]*

(2) *pheasant stamps by persons interested in pheasant habitat improvement; and [97.4843 s. 2]*

(3) *trout and salmon stamps by persons interested in trout and salmon stream and lake improvement. [97.4842 s. 1]*

**Subd. 8. [HUNTING AND FISHING LICENSE RECIPROCITY WITH WISCONSIN.]** *The commissioner may enter into an agreement with game and fish licensing authorities in the state of Wisconsin under which Wisconsin residents owning real property in Minnesota are allowed to purchase annual nonresident game and fish licenses at fees required of Minnesota residents, provided Minnesota residents owning real property in Wisconsin are allowed to purchase identical nonresident licenses in Wisconsin upon payment of the Wisconsin resident license fee. The commissioners of natural resources in Minnesota and Wisconsin must agree on joint standards for defining real property ownership. The commissioner shall present the joint standards to the senate agriculture and natural resources and house environment and natural resources committees. [98.465]*

**Sec. 9. [97A.051] [PUBLICATION OF ORDERS AND LAWS.]**

**Subdivision 1. [COMPILATION OF LAWS.]** *As soon as practicable after each legislative session, the commissioner, under the direction of the attorney general, shall assemble the current laws relating to wild animals and index the laws properly. This compilation shall be printed in pamphlet form of pocket size, and 50 copies distributed to each senator, 25 copies to each representative, and ten copies to each county auditor. Up to 10,000 additional copies may be printed for general distribution. [97.53 s. 1]*

**Subd. 2. [SUMMARY OF FISH AND GAME LAWS.]** *The commissioner shall prepare a summary of the hunting and fishing laws and deliver a sufficient supply to county auditors to furnish one copy to each person obtaining a hunting, fishing, or trapping license. At the beginning of the summary, under the heading "Trespass," the commissioner shall summarize the trespass provisions under article 2, state that conservation officers and peace officers must enforce the trespass laws, and state the penalties for trespassing. [97.53 s. 1]*

**Subd. 3. [PUBLICATION OF ORDERS AND RULES.]** *All orders and rules promulgated by the commissioner or the director that affect matters in more than three counties must be published once in a legal newspaper in Minneapolis, St. Paul, and Duluth. The orders and rules that do not affect more than three counties must be published once in a legal newspaper in each county affected. An order or rule is not effective until seven days after the publication. [97.53 s. 2]*

**Subd. 4. [ORDERS AND RULES HAVE FORCE AND EFFECT OF LAW.]** *When the order or rule is executed and published, it has the force and effect of law. Violation of an order or rule has the same penalty as a violation of the law. [97.53 s. 2]*

**Sec. 10. [97A.055] [GAME AND FISH FUND.]**

**Subdivision 1. [ESTABLISHMENT; PURPOSES.]** *The game and fish*

*fund is established as a fund in the state treasury. The money in the fund is annually appropriated to the commissioner for the activities of the division. [97.49 s. 1]*

*Subd. 2. [RECEIPTS.] The state treasurer shall credit to the game and fish fund all money received under the game and fish laws including receipts from:*

- (1) licenses issued;*
- (2) fines and forfeited bail;*
- (3) sales of contraband, wild animals, and other property under the control of the division;*
- (4) fees from advanced education courses for hunters and trappers;*
- (5) reimbursements of expenditures by the division; and*
- (6) contributions to the division. [97.49 s. 1]*

**Sec. 11. [97A.061] [PAYMENT IN LIEU OF TAXES.]**

*Subdivision 1. [APPLICABILITY; AMOUNT.] (a) The commissioner shall annually make a payment from the game and fish fund to each county having public hunting areas and game refuges. This section does not apply to state trust fund land and other state land not purchased for game refuge or public hunting purposes. The payment shall be the greatest of:*

- (1) 35 percent of the gross receipts from all special use permits and leases of land acquired for public hunting and game refuges;*
- (2) 50 cents per acre on land purchased actually used for public hunting or game refuges; or*
- (3) three-fourths of one percent of the appraised value of purchased land actually used for public hunting and game refuges.*

*(b) the payment must be reduced by the amount paid under subdivision 3 for croplands managed for wild geese. [97.49 s. 7]*

*(c) The appraised value is the purchase price for five years after acquisition. The appraised value shall be determined by the county assessor every five years after acquisition. [97.49 s. 3]*

*Subd. 2. [ALLOCATION.] (a) Except as provided in subdivision 3, the county treasurer shall allocate the payment among the county, towns, and school districts on the same basis as if the payments were taxes on the land received in the current year. The county's share of the payment shall be deposited in the county general revenue fund. [97.49 s. 3]*

*(b) The county treasurer of a county with a population over 39,000 but less than 42,000 in the 1950 federal census, shall allocate the payment only among the towns and school districts on the same basis as if the payments were taxes on the lands received in the current year. [97.49 s. 6]*

*Subd. 3. [GOOSE MANAGEMENT CROPLANDS.] (a) The commissioner shall make a payment on July 1 of each year from the game and fish fund, to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to*

*the taxes assessed on comparable, privately owned, adjacent land. The county treasurer shall allocate the payment as provided in subdivision 2.*

*(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19. [97.49 s. 7]*

**Sec. 12. [97A.065] [DEDICATION OF CERTAIN RECEIPTS.]**

*Subdivision 1. [FISH AND TURTLES FROM ROUGH FISH REMOVAL.] Money received from the sale of fish and turtles taken under rough fish removal operations is continuously available for rough fish removal. [97.49 s. 4]*

*Subd. 2. [FINES AND FORFEITED BAIL.] (a) Fines and forfeited bail collected from prosecutions of violations of the game and fish laws, sections 84.09 to 84.15, and 84.81 to 84.88, chapter 34B, and any other law relating to wild animals, and aquatic vegetation must be paid to the treasurer of the county where the violation is prosecuted. The county treasurer shall submit one-half of the receipts to the commissioner and credit the balance to the county general revenue fund except as provided in paragraph (b). [97.49 s. 5]*

*(b) The commissioner must reimburse a county, from the game and fish fund, for the cost of keeping prisoners prosecuted for violations under this section if the county board, by resolution, directs: (1) the county treasurer to submit all fines and forfeited bail to the commissioner; and (2) the county auditor to certify and submit monthly itemized statements to the commissioner. [97.49 s. 5]*

*Subd. 3. [FISHING LICENSE SURCHARGE.] (a) The commissioner may use the revenue from the fishing license surcharge for:*

*(1) rehabilitation and improvement of marginal fish producing waters, administered on a cost-sharing basis, under agreements between the commissioner and other parties interested in sport fishing;*

*(2) expansion of fishing programs including aeration, stocking of marginal fishing waters in urban areas, shore fishing areas, and fishing piers, with preference given to local units of government and other parties sharing costs;*

*(3) upgrading of fish propagation capabilities to improve the efficiency of fish production, expansion of walleye production by removal from waters subject to winter kill for stocking in more suitable waters, introduction of new biologically appropriate species, and purchase of fish from private hatcheries for stocking;*

*(4) financing the preservation and improvement of fish habitat, with priority given to expansion of habitat improvement programs implemented with other interested parties;*

*(5) increasing enforcement with covert operations, workteams, and added surveillance, communication, and navigational equipment; and*

*(6) purchase of the walleye quota of commercial fishing operators under article 3, section 65, subdivision 9.*

*(b) Not more than ten percent of the money available under this subdivision may be used for administrative and permanent personnel costs. [97.86 s. 1]*

*(c) The commissioner shall prepare an annual work plan for the use of the*

revenue and provide copies of the plan, and amendments, to the house environment and natural resources committee, senate agriculture and natural resources committee, and other interested parties. The committees must review issues and trends in the management and improvement of fishing resources using information obtained by and presented to the committees by public and private agencies and organizations and other parties interested in management and improvement of fishing resources. [97.86 s. 2]

Sec. 13. [97A.071] [WILDLIFE ACQUISITION ACCOUNT.]

*Subdivision 1. [ACCOUNT ESTABLISHED.] The wildlife acquisition account is established as an account in the game and fish fund. [97.483]*

*Subd. 2. [REVENUE FROM THE SMALL GAME LICENSE SURCHARGE.] Revenue from the small game surcharge shall be credited to the wildlife acquisition account and the money in the account shall be used by the commissioner for the purposes of this section, and acquisition of wildlife lands under section 28, in accordance with appropriations made by the legislature. [97.483]*

*Subd. 3. [USE OF WILDLIFE ACQUISITION ACCOUNT MONEY.] The wildlife acquisition account may be used for developing, preserving, restoring, and maintaining waterfowl breeding grounds in Canada under agreement or contract with any nonprofit organization dedicated to the construction, maintenance, and repair of projects that are acceptable to the governmental agency having jurisdiction over the land and water affected by the projects. The commissioner may execute agreements and contracts if the commissioner determines that the use of the funds will benefit the migration of waterfowl into the state. [97.482 s. 2]*

*Subd. 4. [ASSESSMENTS TO BE PAID FROM FUND.] An assessment against the state under sections 106A.015, subdivision 2, 106A.025, or 106A.615 on lands acquired for wildlife habitat shall be paid from the wildlife acquisition account. [97.484]*

Sec. 14. [97A.075] [USE OF LICENSE REVENUES.]

*Subdivision 1. [DEER AND BEAR LICENSES.] (a) For purposes of this subdivision, "deer license" means a license issued under section 68, subdivision 2, clauses (4) and (5), and subdivision 3, clauses (2) and (3).*

*(b) At least \$2 from each deer license shall be used for deer habitat improvement. At least \$1 from each resident deer license and each resident bear license shall be used for deer and bear management programs, including a computerized licensing system. [97.49 s. 1a, 1b]*

*Subd. 2. [MINNESOTA MIGRATORY WATERFOWL STAMP.] The commissioner may use the revenue from the Minnesota migratory waterfowl stamps for:*

*(1) development of wetlands in the state and designated waterfowl management lakes for maximum migratory waterfowl production including the construction of dikes, water control structures and impoundments, nest cover, rough fish barriers, acquisition of sites and facilities necessary for development and management of existing migratory waterfowl habitat and the creation of migratory waterfowl management lakes;*

*(2) protection and propagation of migratory waterfowl;*

(3) development, restoration, maintenance, or preservation of migratory waterfowl habitat;

(4) acquisition of and access to structure sites; and

(5) necessary related administrative costs not to exceed ten percent of the annual revenue. [97.4841 s. 1, 4]

*Subd. 3. [TROUT AND SALMON STAMP.] The commissioner may use the revenue from trout and salmon stamps for:*

(1) the development, restoration, maintenance, and preservation of trout streams and lakes;

(2) rearing and stocking of trout and salmon in trout streams and lakes and Lake Superior; and

(3) necessary related administrative costs not to exceed ten percent of the annual revenue. [97.4842 s. 3]

*Subd. 4. [PHEASANT STAMP.] The commissioner may use the revenue from pheasant stamps for:*

(1) the development, restoration, maintenance, and preservation of suitable habitat for ringnecked pheasants on public and private land including the establishment of nesting cover, winter cover, and reliable food sources;

(2) reimbursement of landowners for setting aside lands for pheasant habitat;

(3) reimbursement of expenditures to provide pheasant habitat on public and private land;

(4) the promotion of pheasant habitat development, maintenance, and preservation; and

(5) necessary related administrative and personnel costs not to exceed ten percent of the annual revenue. [97.4843 s. 1(c), 4]

#### Sec. 15. [97A.081] [POSTING LAND.]

*The commissioner may post land acquired for public hunting grounds, food and cover planting areas, game refuges, wildlife lands, and conservation area lands so as to identify and indicate the management purpose. [97.48 s. 25]*

#### Sec. 16. [97A.085] [GAME REFUGES.]

*Subdivision 1. [STATE PARKS.] All state parks are designated as game refuges. [99.25 s. 1]*

*Subd. 2. [ESTABLISHMENT BY COMMISSIONER'S ORDER.] The commissioner may designate, by order, a contiguous area of at least 640 acres as a game refuge if more than 50 percent of the area is in public ownership. [99.25 s. 2, 5]*

*Subd. 3. [ESTABLISHMENT BY PETITION OF LAND HOLDERS.] The commissioner may designate by order land area described in a petition as a game refuge. The petition must be signed by the owner, the lessee, or the person in possession of each tract in the area. A certificate of the auditor of the county where the lands are located must accompany the petition stating*

that the persons named in the petition are the owners, lessees, or persons in possession of all of the land described according to the county records. The game refuge must be a contiguous area of at least 640 acres unless it borders or includes a marsh, or other body of water or watercourse suitable for wild-life habitat. [99.25 s. 3, 5]

*Subd. 4. [ESTABLISHMENT BY PETITION OF COUNTY RESIDENTS.]* The commissioner may, by order, designate as a game refuge a contiguous area of at least 640 acres, described in a petition, signed by 50 or more residents of the county where the area is located. Before designation, the commissioner must hold a public hearing on the petition. The notices of the time and place of the hearing must be posted in five of the most conspicuous places within the proposed game refuge at least 15 days before the hearing. A notice of the hearing must be published in a legal newspaper in each county where the area is located at least seven days before the hearing. The game refuge may be designated only if the commissioner finds that protected wild animals are depleted and are in danger of extermination, or that it will best serve the public interest. [99.25 s. 4, 5, 6]

*Subd. 5. [SPECIES REFUGE FOR SPECIFIED GAME.]* The commissioner may, by order, designate a species refuge for only specified species. The game refuge must be posted accordingly. [99.25 s. 6a, 7]

*Subd. 6. [AREA INCLUDED IN GAME REFUGE.]* A state game refuge includes all public lands, waters, highways, and railroad right-of-way within the refuge boundary and, in the discretion of the commissioner, may include adjacent public lands and waters. [99.25 s. 6]

*Subd. 7. [GAME REFUGE BOUNDARY POSTING.]* (a) The designation of a state game refuge is not effective until the boundary has been posted with notices that measure at least 12 inches. The notices posted on state park boundaries must have black letters on a yellow background stating that the area is a state park. The notices on other game refuges must have black letters on a white background stating that the area is a state game refuge.

(b) The notices must be posted at intervals of not more than 500 feet or less along the boundary. The notices must also be posted at all public road entrances to the refuges, except where the boundary is also an international or state boundary in public waters. Where the boundary of a refuge extends more than 500 feet continuously through a body of water, instead of placing notices in the water, notices with the words, "Adjacent Waters Included," may be placed on the shoreline at the intersection of the boundary and the water 20 feet or less above the high water mark and at intervals of 500 feet or less along the shoreline.

(c) A certification by the commissioner or the director, or a certification filed with the commissioner or director by a conservation officer, refuge supervisor, or other authorized officer or employee, stating that the required notices have been posted is prima facie evidence of the posting. [99.25 s. 7]

*Subd. 8. [MODIFICATION OR ABANDONMENT.]* A state game refuge may be vacated or modified by order of the commissioner. The commissioner may not vacate or modify boundaries of a state game refuge established under subdivision 4 until the requirements of a petition, notice, and hearing have been complied with to vacate or modify the boundaries. [99.25

s. 8]

Sec. 17. [97A.091] [HUNTING ON GAME REFUGES.]

*Subdivision 1. [HUNTING AND POSSESSION OF FIREARMS.] Except as provided in subdivision 2, a person may not take a wild animal, except fish, within a state game refuge. A person may not carry a firearm within a refuge unless the firearm is unloaded and contained in a case, or unloaded and broken down. [99.26 s. 1]*

*Subd. 2. [WHEN HUNTING ALLOWED.] (a) The commissioner may allow hunting of a protected wild animal species within any portion of a state game refuge, including a state park, during the next regular open season. Hunting in a refuge may only be allowed if the commissioner finds:*

*(1) the population of the species exceeds the refuge's carrying capacity;*

*(2) the species is causing substantial damage to agricultural or forest crops in the vicinity;*

*(3) the species or other protected wild animals are threatened by the species population; or*

*(4) a harvestable surplus of the species exists.*

*(b) The commissioner may prescribe rules for any hunting allowed within a refuge. [99.26 s. 2]*

*Subd. 3. [TRAP OR TARGET SHOOTING.] The commissioner may issue special permits, without fee, to the owner or lessee of privately owned land within the boundaries of a state game refuge for trap or target shooting. [98.48 s. 8]*

Sec. 18. [97A.095] [WATERFOWL PROTECTED AREAS.]

*Subdivision 1. [MIGRATORY WATERFOWL REFUGES.] The commissioner shall designate by order any part of a state game refuge as a migratory waterfowl refuge if there is presented to the commissioner a petition signed by ten resident licensed hunters describing an area that is primarily a migratory waterfowl refuge. The commissioner shall post the area as a migratory waterfowl refuge. A person may not enter a posted migratory waterfowl refuge during the open migratory waterfowl season unless accompanied by a conservation officer or game refuge manager. [99.26 s. 4]*

*Subd. 2. [WATERFOWL FEEDING AND RESTING AREAS.] The commissioner may, by order designate any part of up to 13 lakes as a migratory feeding and resting area. Before designation, the commissioner must receive a petition signed by at least ten resident licensed hunters describing the area of the lake that is a substantial feeding and resting ground for migratory waterfowl, and find that the statements in the petition are correct, and that adequate, free public access to the lake exists near the designated area. The commissioner shall post the area as a migratory waterfowl feeding and resting area. A person may not enter a posted migratory waterfowl feeding and resting area during the open migratory waterfowl season with watercraft or aircraft propelled by a motor. [99.26 s. 5]*

*Subd. 3. [HUNTING ON MUSKRAT LAKE.] The commissioner may prohibit migratory waterfowl hunting on Muskrat Lake in Beltrami county by*

posting accordingly. [99.26 s. 5]

**Sec. 19. [97A.101] [PUBLIC WATER RESERVES AND MANAGEMENT DESIGNATION.]**

*Subdivision 1. [RESERVES.] The commissioner may designate and reserve public waters of the state to propagate and protect wild animals. [97.48 s. 11]*

*Subd. 2. [MANAGEMENT DESIGNATION.] (a) The commissioner may designate, reserve, and manage public waters for wildlife after giving notice and holding a public hearing. The hearing must be held in the county where the major portion of the waters are located. Notice of the hearing must be published in a legal newspaper within each county where the waters are located at least seven days before the hearing.*

*(b) The commissioner may contract with riparian owners for water projects under section 105.39, subdivision 5, and may acquire land, accept local funding, and construct, maintain, and operate structures to control water levels under section 105.48 to manage designated waters. [97.48 s. 11]*

*Subd. 3. [FISHING MAY NOT BE RESTRICTED.] Seasons or methods of taking fish may not be restricted under this section. [97.48 s. 11]*

**Sec. 20. [97A.105] [GAME AND FUR FARMS.]**

*Subdivision 1. [LICENSE REQUIREMENTS.] A person may breed and propagate fur-bearing animals, game birds, bear, or deer only on privately owned or leased land and after obtaining a license. "Privately owned or leased land" includes waters that are shallow or marshy, are not actually navigable, and are not of substantial beneficial public use. Before an application for a license is considered, the applicant must enclose the area to sufficiently confine the animals to be raised in a manner approved by the commissioner. A license may be granted only if the commissioner finds the application is made in good faith with intention to actually carry on the business described in the application and the commissioner determines that the facilities are adequate for the business. [99.27 s. 1, 4]*

*Subd. 2. [TRANSFER OF LICENSE.] (a) A game or fur farm license is transferable with the transfer of all or a portion of the title or leasehold of the land if:*

*(1) the land transferred complies with the license requirements;*

*(2) the land is used for the purposes of the license; and*

*(3) a verified written report of the existing and intended land use is made to the commissioner, accompanied by a copy of deed, assignment, lease, or other instrument transferring the corresponding title or leasehold in the enclosed land.*

*(b) A transfer of less than the whole interest in the license is not valid. Each bona fide partner or associate in the ownership or operation of a game or fur farm must obtain a separate license. [99.27 s. 3, 4]*

*Subd. 3. [OWNERSHIP OF WILD ANIMALS.] All wild animals and their offspring, of the species identified in the license, that are within the enclosure are the property of the game and fur farm licensee. [99.27 s. 2]*



*Subd. 4. [SALE OF LIVE ANIMALS.] A sale of live animals from a licensed fur or game farm is not valid unless the animals are delivered to the purchaser or they are identified and kept separately. The sale agreement or contract must be in writing. The licensee must notify a purchaser of the death of an animal within 30 days and of the number of increase before July 20 of each year. [99.27 s. 6]*

*Subd. 5. [SALE OF PELTS.] The commissioner shall prescribe:*

*(1) the manner that pelts and products of wild animals raised on fur or game farms may be sold or transported; and*

*(2) the tags or seals to be affixed to the pelts and products. [99.27 s. 7]*

*Subd. 6. [FOX AND MINK.] Fox and mink may not be bought or sold for breeding or propagating unless they have been pen-bred for at least two generations. [99.27 s. 5]*

*Subd. 7. [TRANSPORTATION OF LIVE BEAVER.] Live beaver may not be transported without a permit from the commissioner. [99.27 s. 5]*

*Subd. 8. [PENALTY.] A licensee that does not comply with a provision of this section subjects all wild animals on the game or fur farm to confiscation. [99.27 s. 7]*

**Sec. 21. [97A.111] [MUSKRAT FARMS.]**

*Subdivision 1. [APPLICATION FOR A LICENSE.] An owner of suitable land may operate a muskrat farm for breeding, raising, trapping, and dealing in muskrats in accordance with this section. A person may apply for a muskrat farm license by filing with the commissioner a signed statement describing the land, title, and number of acres where the farm is to be located. [99.28 s. 1, 2]*

*Subd. 2. [ISSUANCE OF LICENSE.] (a) The commissioner shall investigate the application filed and may require the applicant to produce evidence of the facts stated. The commissioner shall issue a muskrat farm license to an applicant if the commissioner determines that:*

*(1) the applicant is the owner of the land;*

*(2) the applicant intends to establish and operate a muskrat farm; and*

*(3) the establishment of a muskrat farm in the proposed area will conserve the natural resources.*

*(b) The license must describe the land and certify that the licensee is entitled to use the land to breed, raise, trap, and trade muskrats. The license expires on December 31 each year but may be renewed annually at the discretion of the commissioner upon payment of the license fee. [99.28 s. 3, 7]*

*Subd. 3. [OWNERSHIP, TAKING, SALE, AND TRANSPORTATION.] A licensee is the owner of all muskrats on the licensed muskrat farm. The licensee may take and trap the muskrats at any time and in any manner, except by firearm or spear. Muskrats taken for pelting purposes may only be trapped under a permit issued by the commissioner. The licensee may sell and transport the muskrats or their pelts from the muskrat farm at any time. The pelts must be tagged as prescribed by the commissioner. The commissioner shall furnish tags to the licensee at cost. The tags must be num-*

bered to identify the muskrat farm license. [99.28 s. 4, 11]

*Subd. 4. [POSTING NOTICE.] Within 30 days after a muskrat farm license is issued, the licensee must post and maintain notices on posts, stakes, or enclosures on the boundary of the farm at intervals of not more than 70 feet. The notices stating the existence of a muskrat farm must be furnished by the commissioner to the licensee for 12 cents each. [99.28 s. 6]*

*Subd. 5. [ALTERATION OF BOUNDARIES.] The licensee may not alter the boundaries of the muskrat farm without consent of the commissioner. [99.28 s. 12]*

*Subd. 6. [ILLEGAL TAKING.] An unauthorized person who takes muskrats from a muskrat farm is liable to the licensee for \$25 and all damages. An action for the trespass and taking must be brought by the licensee. [99.28 s. 8]*

*Subd. 7. [ANNUAL REPORT.] By March 1 of each year, the licensee must submit a signed report to the commissioner covering the preceding calendar year. The report must be completed on a form furnished by the commissioner stating the license number, the number and value of muskrats killed, transported, and sold from the muskrat farm, and other information required by the commissioner. [99.28 s. 9]*

**Sec. 22. [97A.115] [ESTABLISHMENT OF PRIVATE SHOOTING PRESERVES.]**

*Subdivision 1. [LICENSES; RULES.] A person must be licensed to operate a private shooting preserve. The commissioner may issue a license for a privately owned and operated shooting preserve if the commissioner determines that it is in the public interest. The commissioner may make rules to implement this section and section 23. [100.32]*

*Subd. 2. [GAME AVAILABLE.] Game that may be released and hunted in a licensed shooting preserve must be specified in the license and is limited to pheasant, quail, chukar partridge, turkey, mallard duck, black duck, and other species designated by the commissioner. These game birds must be pen hatched and raised. [100.33, 100.35 s. 2]*

*Subd. 3. [SIZE OF PRESERVE.] A private shooting preserve must be at least 100 but not more than 1,000 contiguous acres, including any water area. A preserve limited to duck hunting may be a minimum of 50 contiguous acres including water area. [100.34 s. 3]*

*Subd. 4. [POSTING OF BOUNDARIES.] The boundaries of a private shooting preserve must be clearly posted in a manner prescribed by the commissioner. [100.34 s. 4]*

*Subd. 5. [REVOCATION OF LICENSE.] The commissioner may revoke a private shooting preserve license if the licensee or persons authorized to hunt in the preserve have been convicted of a violation under this section or section 23. After revocation, a new license may be issued in the discretion of the commissioner. [100.37]*

**Sec. 23. [97A.121] [HUNTING IN PRIVATE SHOOTING PRESERVES.]**

*Subdivision 1. [HUNTER'S LICENSE.] A person hunting in a private*

shooting preserve must have the licenses required by law for the hunting of game birds. A nonresident may obtain a special private shooting preserve license that is valid for the entire preserve season for the same fee as a resident small game hunting license. [100.35 s. 3]

*Subd. 2.* [SEASON.] *The season for hunting in private shooting preserves is from September 1 through March 31. The commissioner may restrict the season after receiving a complaint, holding a public hearing, and finding that the population of wild game birds is in danger by hunting in the preserve.* [100.36]

*Subd. 3.* [OPERATOR MAY ESTABLISH RESTRICTIONS.] *A private shooting preserve licensee may determine who is allowed to hunt in the preserve. In each preserve the licensee may establish the charge for taking game, the shooting hours, the season, limitations, and restrictions on the age, sex, and number of each species that may be taken by a hunter. These provisions may not conflict with this section or section 22 and may not be less restrictive than any rule or order.* [100.35 s. 4]

*Subd. 4.* [LIMITS AND MARKING OF GAME BIRDS.] *The commissioner shall prescribe the minimum number of each authorized species that may be released and the percentage of each species that may be taken. The commissioner shall prescribe methods for identifying birds to be released.* [100.35 s. 7]

*Subd. 5.* [MARKING HARVESTED GAME.] *Harvested game, except ducks that are marked in accordance with regulations of the United States fish and wildlife service, must be tagged with a self-sealing tag, identifying the private shooting preserve. The commissioner shall issue the tags at a cost of 15 cents each. The tag must remain attached on the bird until the bird is actually prepared for consumption.* [100.35 s. 5]

*Subd. 6.* [RECORDKEEPING.] *A private shooting preserve licensee must maintain a registration book listing the names, addresses, and hunting license numbers of all hunters, the date when they hunted, the amount and species of game taken, and the tag numbers affixed to each bird. A record must be kept of the number of each species raised and purchased and the date and number of each species released. The records must be open to inspection by the commissioner at all reasonable times.* [100.35 s. 6]

#### Sec. 24. [97A.125] [WILDLIFE HABITAT ON PRIVATE LAND.]

*The commissioner may enter into agreements with landowners to develop or improve wildlife habitat on private land and provide financial, technical, and professional assistance and material.* [97.48 s. 27]

#### Sec. 25. [97A.131] [GAME FARMS AND HATCHERIES.]

*The commissioner may acquire property by gift, lease, purchase, or condemnation and may construct, maintain, operate, and alter facilities for game farms and hatcheries.* [97.48 s. 12]

#### Sec. 26. [97A.135] [ACQUISITION OF WILDLIFE LANDS.]

*Subdivision 1.* [PUBLIC HUNTING AND WILDLIFE AREAS.] *(a) The commissioner or the commissioner of administration shall acquire and improve land for public hunting, game refuges, and food and cover planting.*

*The land may be acquired by a gift, lease, easement, or condemnation. At least two-thirds of the total area acquired in a county must be open to public hunting. The commissioner may designate land acquired under this subdivision a wildlife management area for the purposes of the outdoor recreation system. [97.48 s. 13]*

*(b) The commissioner of administration may transfer money to the commissioner for acquiring wetlands to qualify for Pitman-Robertson funds. The transferred money is reappropriated to the commissioner for the wetland acquisition. [97.48 s. 28]*

*Subd. 2. [DISPOSAL OF UNSUITABLE HUNTING AREAS.] The commissioner shall sell or exchange land acquired for public hunting that is unnecessary or unsuitable. The land may not be sold for less than its purchase price. The land may be exchanged for land of equal value that adds to existing public hunting areas. The sales and exchanges must be approved by the executive council. [97.48 s. 14]*

**Sec. 27. [97A.141] [PUBLIC WATER ACCESS SITES.]**

*Subdivision 1. [ACQUISITION; GENERALLY.] The commissioner shall acquire access sites adjacent to public waters and easements and rights-of-way necessary to connect the access sites with public highways. The land may be acquired by gift, lease, or purchase, or by condemnation with approval of the executive council. An access site may not exceed seven acres and may only be acquired where access is inadequate. [97.48 s. 15]*

*Subd. 2. [ACQUISITION; LIMITATIONS.] Access sites may not be acquired under this section adjacent to public waters that are unmeandered or completely surrounded by land owned and maintained for the purpose of an educational or religious institution. Access sites adjacent to public waters that contain less than 200 acres within the meander lines may not be acquired by condemnation and may only be acquired if:*

- (1) the public water contains at least 150 acres within the meander lines; or*
- (2) the public waters are to be managed intensively for fishing. [97.48 s. 15]*

*Subd. 3. [MAINTENANCE.] The commissioner shall maintain the sites, easements, and rights-of-way acquired under this section. The commissioner may make an agreement for the maintenance of the site easements and rights-of-way with a county board if the connecting public highway is a county state-aid highway or county highway, or the town board if the connecting highway is a town road. The county board and town board may spend money from its road and bridge funds for maintenance under the agreement. [97.48 s. 15]*

**Sec. 28. [97A.145] [WETLANDS FOR WILDLIFE.]**

*Subdivision 1. [ACQUISITION; GENERALLY.] (a) The commissioner or the commissioner of administration may acquire wetlands and bordering areas, including marshes, ponds, small lakes, and stream bottoms for water conservation relating to wildlife development. The lands that are acquired may be developed for wildlife, recreation, and public hunting. The wetlands may be acquired by gift, lease, purchase, or exchange of state lands.*

- (b) The commissioner may also acquire land owned by the state and tax-*

forfeited land that is suitable for wildlife development. The wetlands may not be acquired unless public access by right-of-way or easement from a public road is also acquired or available. In acquiring wetlands under this section the commissioner shall assign highest priority to type 3 and 4 wetlands, as defined in United States Fish and Wildlife Service Circular No. 39 (1971 edition), that are public waters. Lands purchased or leased under this section may not be used to produce crops unless needed for wildlife. The commissioner may designate land acquired under this section as a wildlife management area for purposes of the outdoor recreation system. [97.48 s. 28; 97.481 s. 1]

*Subd. 2. [ACQUISITION PROCEDURE.] (a) Lands purchased or leased under this section must be acquired in accordance with this subdivision.*

*(b) The commissioner must notify the county board and the town officers where the land is located and furnish them a description of the land to be acquired. The county board must approve or disapprove the proposed acquisition within 90 days after being notified. The commissioner may extend the time up to 30 days. The soil and water conservation district supervisors shall counsel the county board on drainage and flood control and the best utilization and capability of the land.*

*(c) If the county board approves the acquisition within the prescribed time, the commissioner may acquire the land.*

*(d) If the county board disapproves the acquisition, it must state valid reasons. The commissioner may not purchase or lease the land if the county board disapproves the acquisition and states its reasons within the prescribed time period. The landowner or the commissioner may appeal the disapproval to the district court having jurisdiction where the land is located.*

*(e) The commissioner or the owner of the land may submit the proposed acquisition to the land exchange board if: (1) the county board does not give reason for disapproval, or does not approve or disapprove the acquisition within the prescribed time period; or (2) the court finds that the disapproval is arbitrary and capricious, or that the reasons stated for disapproval are invalid.*

*(f) The land exchange board must conduct a hearing and make a decision on the acquisition within 60 days after receiving the proposal. The land exchange board must give notice of the hearing to the county board, the commissioner, the landowner, and other interested parties. The land exchange board must consider the interests of the county, the state, and the landowner in determining whether the acquisition is in the public interest. If a majority of the land exchange board members approves the acquisition, the commissioner may acquire the land. If a majority disapproves, the commissioner may not purchase or lease the land. [97.481 s. 2]*

*Subd. 3. [MANAGEMENT.] If a drainage outlet is petitioned and drainage proceedings are conducted under the drainage code, chapter 106A, the commissioner should not interfere with or unnecessarily delay the proceedings. [97.481 s. 1]*

**Sec. 29. [97A.151] [LEECH LAKE INDIAN RESERVATION AGREEMENT.]**

*Subdivision 1. [PURPOSE.] The purpose of this section is to give recog-*

dition and effect to the rights of the Leech Lake Band of Chippewa Indians that are preserved by federal treaty relating to hunting, fishing, and trapping, and to the gathering of wild rice on the Leech Lake Indian reservation. These rights have been recognized and given effect by the decision of the United States District Court in the following entitled actions: *Leech Lake Band of Chippewa Indians, et al v. Robert L. Herbst, No. 3-69 Civ. 65*; and *United States of America v. State of Minnesota, No. 3-70 Civ. 228*. The state of Minnesota desires to settle all outstanding issues and claims relating to the above rights. [97.431 s. 1]

*Subd. 2. [DEFINITIONS.] The definitions in this subdivision apply to this section.*

(a) "Band" means the Leech Lake Band of Chippewa Indians.

(b) "Committee" means the reservation business committee of the Leech Lake Band of Chippewa Indians.

(c) "Reservation" means the Leech Lake Indian reservation described in the settlement agreement.

(d) "Settlement agreement" means the document entitled "Agreement and Settlement" on file and of record in the United States District Court for the District of Minnesota, Third Division, in the following entitled actions: *Leech Lake Band of Chippewa Indians, et al v. Robert L. Herbst, No. 3-69 Civ. 65*; and *United States of America v. State of Minnesota, No. 3-70 Civ. 228*. [97.431 s. 2]

*Subd. 3. [RATIFICATION OF SETTLEMENT AGREEMENT.] Notwithstanding the provisions of any other law to the contrary, the state of Minnesota by this section ratifies and affirms the agreement set forth in the settlement agreement. [97.431 s. 3]*

*Subd. 4. [COMMISSIONER'S POWERS AND DUTIES.] (a) Notwithstanding the provisions of any other law to the contrary, the commissioner, on behalf of the state of Minnesota, shall take all actions, by order or otherwise, necessary to carry out the duties and obligations of the state of Minnesota arising from the agreement entered into by the parties to the settlement agreement.*

(b) *These actions include but are not limited to the following:*

(1) *the implementation of the exemption of members of the band and other members of the Minnesota Chippewa tribe from state laws relating to hunting, fishing, trapping, the taking of minnows and other bait, and the gathering of wild rice within the reservation, together with exemption from related possession and transportation laws, to the extent necessary to effectuate the terms of the settlement agreement;*

(2) *the establishment of a system of special licenses and related license fees for persons who are not members of the Minnesota Chippewa tribe for the privilege of hunting, fishing, trapping, or taking minnows and other bait within the reservation. All money collected by the commissioner for special licenses shall be deposited in the state treasury and credited to the Leech Lake Band and White Earth Band special license account, which is hereby created. All money in the state treasury credited to the Leech Lake Band and White Earth Band special license account, less any deductions for adminis-*

trative costs authorized by the terms of the settlement agreement, is appropriated to the commissioner who shall remit the money to the committee pursuant to the terms of the settlement agreement;

(3) to the extent necessary to effectuate the terms of the settlement agreement, the promulgation of rules for the harvesting of wild rice within the reservation by non-Indians;

(4) to the extent necessary to effectuate the terms of the settlement agreement, the establishment of policies and procedures for the enforcement of conservation officers of the conservation code adopted by the band; and

(5) the arbitration of disputes arising under the terms of the settlement agreement. [97.431 s. 4]

Sec. 30. [97A.155] [AMENDMENTS TO LEECH LAKE INDIAN RESERVATION AGREEMENT.]

*Subdivision 1. [PAYMENT IN LIEU OF SPECIAL LICENSES.] The commissioner may enter into an agreement with authorized representatives of the Leech Lake Band of Chippewa Indians to amend the settlement agreement adopted by section 29 by providing that in lieu of the system of special licenses and license fees for persons who are not members of the Minnesota Chippewa tribe for the privilege of hunting, fishing, trapping, or taking minnows and other bait within the reservation, five percent of the proceeds from all licenses sold in the state for hunting, fishing, trapping, and taking minnows and other bait shall be credited to the special license account established by section 29. The funds shall be remitted to the Leech Lake Band in the manner and subject to the terms and conditions that may be mutually agreed upon. [97.433 s. 2]*

*Subd. 2. [PAYMENT IN LIEU OF MIGRATORY WATERFOWL STAMP FEE.] The commissioner may enter into an agreement with the reservation business committee of the Leech Lake Indian Reservation to amend the settlement agreement adopted in section 29 by providing that in lieu of collecting an additional fee in connection with the state migratory waterfowl stamp for the privilege of hunting waterfowl on the Leech Lake Indian Reservation five percent of the proceeds from the sale of state migratory waterfowl stamps shall be credited to the special license account established by section 29. The funds shall be remitted to the Leech Lake reservation business committee in the manner and subject to the terms and conditions provided in section 29. [97.432]*

Sec. 31. [97A.161] [AGREEMENT WITH WHITE EARTH INDIANS.]

*The commissioner may enter into an agreement with authorized representatives of the White Earth Band of Chippewa Indians on substantially the same terms as the agreement adopted by section 29 and amended under section 30; except that the agreement shall provide that 2-1/2 percent of the proceeds from all licenses sold in the state for hunting, fishing, trapping, and taking of minnows and other bait shall be credited to the special license account established by section 29. The funds shall be remitted to the White Earth Band in the manner and subject to the terms and conditions that may be mutually agreed upon. An agreement negotiated under this section shall be for a term of at least four years following the date of its execution. [97.433 s.*

Sec. 32. [97A.165] [SOURCE OF PAYMENTS FOR INDIAN AGREEMENT.]

*Money to make payments to the Leech Lake Band and White Earth Band special license account under sections 94.16 and section 29, subdivision 4, is annually appropriated for that purpose in a ratio of 60 percent from the game and fish fund and 40 percent from the general fund. [97.433 s. 3]*

ENFORCEMENT

Sec. 33. [97A.201] [ENFORCEMENT.]

*Subdivision 1. [ENFORCEMENT BY THE COMMISSIONER.] The commissioner shall execute and enforce the laws relating to wild animals. The commissioner may delegate execution and enforcement of the wild animal laws to the director, game refuge managers, and conservation officers. [84.083, 97.48 s. 7]*

*Subd. 2. [DUTY OF COUNTY ATTORNEYS AND PEACE OFFICERS.] County attorneys and all peace officers must enforce the game and fish laws. [97.52 s. 1]*

Sec. 34. [97A.205] [ENFORCEMENT OFFICER POWERS.]

*An enforcement officer is authorized to:*

*(1) execute and serve court issued warrants and processes relating to wild animals, wild rice, public waters, water pollution, conservation, and use of water, in the same manner as a constable or sheriff; [97.50 s. 1]*

*(2) enter any land to carry out the duties and functions of the division; [97.50 s. 2]*

*(3) make investigations of violations of the game and fish laws; [97.50 s. 2]*

*(4) take an affidavit, if it aids an investigation; [97.50 s. 2]*

*(5) arrest, without a warrant, a person that is detected in the actual violation of the game and fish laws, a provision of chapters 84A, 85, 86A, 88 to 106A, 361, and sections 18.341 to 18.436; 609.66, subdivision 1, clauses (1), (2), (5), and (7); and 609.68; and [97.50 s. 1]*

*(6) take an arrested person before a court in the county where the offense was committed and make a complaint. [97.50 s. 1]*

Sec. 35. [97A.211] [ARREST PROCEDURES.]

*Subdivision 1. [NOTICE TO APPEAR IN COURT.] (a) A person must be given notice to appear in court for a misdemeanor violation of the game and fish laws, chapters 84, 105, or 106, or section 609.68 if:*

*(1) the person is arrested and is released from custody prior to appearing before a court; or*

*(2) the person is subject to a lawful arrest and is not arrested because it reasonably appears to the enforcement officer that arrest is unnecessary to prevent further criminal conduct and that there is a substantial likelihood that the person will respond to a notice.*

*(b) The enforcement officer shall prepare, in quadruplicate, a written notice to appear in court. The notice must be in the form and has the effect of*



*a summons and complaint. The notice must contain the name and address of the person charged, the offense, and the time and the place to appear in court. The court must have jurisdiction within the county where the offense is alleged to have been committed. [97.50 s. 1]*

*Subd. 2. [RELEASE AFTER ARREST.] A person arrested for a misdemeanor violation of the game and fish laws, chapters 84, 105, or 106 or section 609.68 may obtain release by signing the written notice prepared by the arresting officer promising to appear in court. The officer shall deliver a copy marked "SUMMONS" to the person arrested. The officer must then release the person from custody. [97.50 s. 1]*

*Subd. 3. [COURT APPEARANCE.] On or before the court appearance date, the enforcement officer must deliver the summons and complaint to the court. If the person summoned fails to appear in court on the day specified, the court shall issue a warrant for the person's arrest. [97.50 s. 1]*

### Sec. 36. [97A.215] [INSPECTIONS.]

*Subdivision 1. [STORAGE OF WILD ANIMALS.] (a) An enforcement officer may enter and inspect any commercial cold storage warehouse, hotel, restaurant, ice house, locker plant, butcher shop, and other building used to store dressed meat, game, or fish, to determine whether wild animals are kept and stored in compliance with the game and fish laws.*

*(b) When an enforcement officer has probable cause to believe that wild animals taken or possessed in violation of the game and fish laws are present, the officer may:*

*(1) enter and inspect any place or vehicle; and*

*(2) open and inspect any package or container. [97.45 s. 14; 97.50 s. 3]*

*Subd. 2. [RECORDS.] An enforcement officer may inspect the relevant records of any person that the officer has probable cause to believe has violated the game and fish laws. [97.50 s. 3]*

*Subd. 3. [LICENSED ACTIVITY.] An enforcement officer may, at reasonable times:*

*(1) enter and inspect the premises of an activity requiring a license under the game and fish laws; and [97.50 s. 4]*

*(2) stop and inspect a motor vehicle requiring a license under the game and fish laws. [97.50 s. 9]*

### Sec. 37. [97A.221] [CONFISCATION OF PROPERTY.]

*Subdivision 1. [PROPERTY SUBJECT TO CONFISCATION.] (a) An enforcement officer may confiscate:*

*(1) wild animals, wild rice, and other aquatic vegetation taken, bought, sold, transported, or possessed in violation of the game and fish laws or chapter 84; and*

*(2) firearms, bows and arrows, nets, boats, lines, poles, fishing rods and tackle, lights, lanterns, snares, traps, spears, dark houses, fish houses, and wild rice harvesting equipment used, with the owner's knowledge to unlawfully take or transport wild animals, wild rice, or other aquatic vegetation.*

(b) An enforcement officer must confiscate nets and equipment unlawfully possessed within 10 miles of Lake of the Woods or Rainy Lake.

(c) Confiscated property may be disposed of, retained for use by the division, or sold at the highest price obtainable as prescribed by the commissioner. [97.50 s. 5, 102.26 s. 5]

*Subd. 2. [CONFISCATION OF COMMINGLED SHIPMENTS.] A whole shipment or parcel is contraband if two or more wild animals are shipped or possessed in the same container, vehicle, or room, or in any way commingled, and any of the animals are contraband. Confiscation of any part of a shipment includes the entire shipment. [97.46]*

**Sec. 38. [97A.225] [SEIZURE AND CONFISCATION OF MOTOR VEHICLES AND BOATS.]**

*Subdivision 1. [SEIZURE.] (a) An enforcement officer must seize all motor vehicles used to:*

- (1) shine wild animals in violation of article 2, section 17, subdivision 1;
- (2) transport big game animals illegally taken or fur-bearing animals illegally purchased; or
- (3) transport minnows in violation of article 3, sections 46, 49, or 51.

*(b) An enforcement officer must seize all boats and motors used in netting fish on Lake of the Woods, Rainy Lake, Lake Superior, Namakan Lake, and Sand Point Lake in violation of licensing or operating requirements of section 68, subdivisions 31, 32, 33, or 37, or article 3, sections 65, 66, or 67, or an order or rule of the commissioner relating to these provisions. [97.50 s. 6]*

*Subd. 2. [PROCEDURE FOR CONFISCATION OF PROPERTY SEIZED.] The enforcement officer must hold the seized property, subject to the order of the court having jurisdiction where the offense was committed. The property held is confiscated when the commissioner complies with this section and the person from whom it was seized is convicted of the offense. [97.50 s. 6]*

*Subd. 3. [COMPLAINT AGAINST PROPERTY.] The commissioner shall file with the court a separate complaint against the property held. The complaint must identify the property, describe its use in the violation, and specify the time and place of the violation. A copy of the complaint must be served upon the defendant or the owner of the property. [97.50 s. 6]*

*Subd. 4. [RELEASE OF PROPERTY AFTER POSTING BOND.] At any time after seizure of the property specified in this section, the property must be returned to the owner or person having the legal right to possession upon execution of a valid bond to the state with a corporate surety. The bond must be approved by a judge of the court of jurisdiction, conditioned to abide by an order and judgment of the court and to pay the full value of the property at the time of seizure. The bond must be for \$100 or for a greater amount not more than twice the value of the property seized. [97.50 s. 6]*

*Subd. 5. [COURT ORDER.] (a) If the person arrested is acquitted, the court shall dismiss the complaint against the property and order it returned to the person legally entitled to it.*

*(b) Upon conviction of the person, the court shall issue an order directed to*

any person that may have any right, title, or interest in, or lien upon, the seized property. The order must describe the property and state that it was seized and that a complaint against it has been filed. The order shall require a person claiming right, title, or interest in, or lien upon, the property to file with the clerk of court an answer to the complaint, stating the claim, within ten days after the service of the order. The order shall contain a notice that if the person fails to file an answer within the time limit, the property may be ordered sold by the commissioner.

(c) The court order must be served upon any person known or believed to have any right, title, interest, or lien in the same manner as provided for service of a summons in a civil action, and upon unknown persons by publication, in the same manner as provided for publication of a summons in a civil action. [97.50 s. 6]

Subd. 6. [COURT ORDERED SALE AFTER NO ANSWER.] If an answer is not filed within the time provided in subdivision 5, the court administrator shall notify the court and the court shall order the commissioner to sell the property. The net proceeds of the sale shall be deposited in the state treasury and credited to the game and fish fund. [97.50 s. 6]

Subd. 7. [HEARING AFTER ANSWER.] If an answer is filed within the time provided in subdivision 5, the court shall schedule a hearing within ten to 30 days after the time expired for filing the answer. The court, without a jury, shall determine whether any of the property was used in a violation specified in the complaint and whether the owner had knowledge or reason to believe that the property was being used, or intended to be used, in the violation. The court shall order the commissioner to sell the property that was unlawfully used with knowledge of the owner and to return to the owner property that was not unlawfully used with the knowledge of the owner. If the property is to be sold, the court shall determine the priority of liens against the property and whether the lienholders had knowledge that the property was being used or was intended to be used. Lienholders that had knowledge of the property's use in the violation are not to be paid. The court order must state the priority of the liens to be paid. [97.50 s. 6]

Subd. 8. [PROCEEDS OF SALE.] After determining the expense of seizing, keeping, and selling the property, the commissioner must pay the liens from the proceeds according to the court order. The remaining proceeds shall be deposited in the state treasury and credited to the game and fish fund. [97.50 s. 6]

Subd. 9. [CANCELATION OF SECURITY INTERESTS.] A sale under this section cancels all liens on and security interests in the property sold. [97.50 s. 6]

### Sec. 39. [97A.231] [SEARCH WARRANTS.]

Upon complaint establishing that the complainant has probable cause to believe that a wild animal taken, bought, sold, transported, or possessed in violation of the game and fish laws, or contraband is concealed or illegally kept in a place, a judge, authorized to issue warrants in criminal cases, may issue a search warrant. The judge may direct that the place be entered, broken open, and examined. Property seized under the warrant shall be safely kept under the direction of the court so long as necessary for the purpose of

*being used as evidence in a trial and subsequently disposed of as otherwise provided.* [97.50 s.7]

Sec. 40. [97A.235] [JURISDICTION OVER BOUNDARY WATERS.]

*Courts in counties having jurisdiction adjacent to boundary waters and enforcement officers have jurisdiction over the entire boundary waters. The courts and enforcement officers of North Dakota, South Dakota, Iowa, Wisconsin, and Michigan have concurrent jurisdiction over boundary waters.* [97.50 s. 8]

Sec. 41. [97A.241] [RECIPROCITY WITH OTHER STATES IN APPOINTING OFFICERS.]

*Subdivision 1. [OFFICERS OF OTHER JURISDICTIONS AS SPECIAL CONSERVATION OFFICERS.] With approval of the proper authority of another state or the United States, the commissioner may appoint any salaried and bonded officer of that jurisdiction authorized to enforce its wild animal laws a special conservation officer of this state. A special conservation officer is subject to the supervision and control of and serves at the pleasure of the commissioner, but may not be compensated by this state. A special conservation officer has powers of and is subject to the liabilities of conservation officers of this state, except as otherwise directed by the commissioner.* [97.501 s. 2]

*Subd. 2. [OFFICERS OF THIS STATE AS OFFICERS OF OTHER JURISDICTIONS.] An enforcement officer or peace officer of this state may enforce wild animal laws of another state, or the United States, under conditions prescribed by the commissioner. The officer may serve under the laws of another jurisdiction to the extent they are compatible with the duties of an officer of this state.* [97.501 s. 3]

*Subd. 3. [RECIPROCAL EFFECT.] This section is effective with respect to another state or the United States to the extent that there is a similar provision in effect in that jurisdiction with respect to this state.* [97.501 s. 1]

Sec. 42. [97A.245] [REWARDS.]

*The commissioner may pay rewards for information leading to the conviction of a person that has violated a provision of laws relating to wild animals or threatened or endangered species of wildlife. A reward may not exceed \$500, except a reward for information relating to big game or threatened or endangered species of wildlife, may be up to \$1,000. The rewards may only be paid from funds donated to the commissioner for these purposes and may not be paid to salaried conservation officers or peace officers.* [97.51]

Sec. 43. [97A.251] [OBSTRUCTION OF OFFICERS.]

*Subdivision 1. [UNLAWFUL CONDUCT.] A person may not:*

*(1) intentionally hinder, resist, or obstruct an enforcement officer, agent, or employee of the division in the performance of official duties;*

*(2) refuse to submit to inspection of firearms while in the field, licenses, or wild animals; or*

*(3) refuse to allow inspection of a motor vehicle, boat, or other conveyance used while taking or transporting wild animals.* [97.52 s. 2]

*Subd. 2. [CIVIL ACTIONS.] In addition to criminal prosecution, the state may bring a civil action to recover damages resulting from and enjoin the continuance of a violation of this section. The civil actions may be brought by the attorney general on the request of the commissioner. [97.52 s. 3]*

Sec. 44. [97A.255] [PROSECUTIONS.]

*Subdivision 1. [STATUTE OF LIMITATIONS.] A prosecution under the game and fish laws may not be brought more than three years after commission of the offense. [97.54 s. 1]*

*Subd. 2. [BURDEN OF PROOF.] In a prosecution that alleges animals have been taken, bought, sold, transported, or possessed in violation of the game and fish laws, the burden of establishing that the animals were domesticated, reared in a private preserve, raised in a private fish hatchery, taken for scientific purposes, or lawfully taken outside of this state, is on the defendant. [97.54 s. 2]*

*Subd. 3. [PRESUMPTION OF ILLEGAL TAKING.] Possession of protected wild animals more than five days after the close of the season, or in excess of the prescribed limits is presumptive evidence that the animals were unlawfully taken, except as to those tagged, sealed, or identified under the game and fish laws. [97.54 s. 3]*

*Subd. 4. [EACH VIOLATION A SEPARATE OFFENSE.] Each wild animal unlawfully taken, bought, sold, transported, or possessed is a separate offense. If acquitted, a person may not be prosecuted for a similar offense involving another animal in the same incident. [97.55 s. 1]*

PENALTIES

Sec. 45. [97A.301] [GENERAL PENALTY PROVISIONS.]

*Subdivision 1. [MISDEMEANOR.] Unless a different penalty is prescribed, a person is guilty of a misdemeanor if that person:*

*(1) takes, buys, sells, transports or possesses a wild animal in violation of the game and fish laws;*

*(2) aids or assists in committing the violation;*

*(3) knowingly shares in the proceeds of the violation;*

*(4) fails to perform a duty or comply with a requirement of the game and fish laws;*

*(5) knowingly makes a false statement related to an affidavit regarding a violation of the game and fish laws; or*

*(6) violates or attempts to violate an order or rule under the game and fish laws. [97.55 s. 1, 2, 3, 4, 11]*

*Subd. 2. [GROSS MISDEMEANOR.] Unless a different penalty is prescribed, a person convicted of violating a provision of the game and fish laws that is defined as a gross misdemeanor is subject to a fine of not less than \$100 nor more than \$3,000 and imprisonment in the county jail for not less than 90 days or more than one year. [97.55 s. 5]*

Sec. 46. [97A.305] [IMPERSONATION OF AN ENFORCEMENT OFFICER.]

*A person that purports to be acting in an official capacity and causes another to be injured or defrauded while falsely impersonating an enforcement officer or other officer acting under authority of the game and fish laws, or falsely claiming to have special authority under those laws, is guilty of a gross misdemeanor. [97.55 s. 6]*

Sec. 47. [97A.311] [LICENSES.]

*Subdivision 1. [ALTERATION OF A LICENSE.] A person that alters a license in a material manner is guilty of a misdemeanor. [97.55 s. 12]*

*Subd. 2. [FALSE STATEMENT.] A person that knowingly makes a false statement related to an application for a license, a license, or certificate, required by or issued under the game and fish laws, is guilty of a misdemeanor. [97.48 s. 22; 97.55 s. 11]*

*Subd. 3. [LICENSE AGENT VIOLATIONS.] A license agent that knowingly issues a license to an ineligible person or predates a license is guilty of a misdemeanor. [97.55 s. 11]*

*Subd. 4. [SUSPENSION OF LICENSE.] In addition to other penalties, a license agent that violates a law, rule, or order of the commissioner relating to license sales, handling, or accounting forfeits the right to sell and handle licenses for a period of one year. [98.50 s. 7]*

Sec. 48. [97A.315] [TRESPASS.]

*Subdivision 1. [CRIMINAL PENALTIES.] (a) A person that violates a provision of article 2, section 1, relating to trespass is guilty of a misdemeanor except as provided in paragraph (b).*

*(b) A person is guilty of a gross misdemeanor if the person:*

*(1) knowingly disregards signs prohibiting trespass;*

*(2) trespasses after personally being notified by the landowner or lessee not to trespass; or*

*(3) is convicted of violating this section more than once in a three-year period. [100.273 s. 9]*

*Subd. 2. [LICENSE REVOCATIONS.] (a) If a person convicted under subdivision 1 of trespassing while exercising or attempting to exercise an activity licensed under the game and fish laws or requiring snowmobile registration under section 84.82, the applicable license and registration are null and void. [100.273 s. 9]*

*(b) A person convicted of a gross misdemeanor under subdivision 1, paragraph (b), may not be issued a license to take game for two years after the conviction. [100.273 s. 9]*

Sec. 49. [97A.321] [DOGS PURSUING OR KILLING BIG GAME.]

*The owner of a dog that kills or pursues a big game animal is guilty of a petty misdemeanor and is subject to a civil penalty of up to \$500 for each violation. [100.29 s. 19]*

Sec. 50. [97A.325] [PENALTIES FOR UNLAWFULLY BUYING OR SELLING WILD ANIMALS.]

*Subdivision 1. [GROSS MISDEMEANOR FOR SALES OF \$300 OR*

MORE.] (a) A person that buys or sells protected wild animals in violation of the game and fish laws where the sales total \$300 or more is guilty of a gross misdemeanor. The person is subject to the penalty in section 45, subdivision 2, except that the fine is not less than \$3,000 or more than \$10,000.

(b) Licenses possessed by a person convicted under this subdivision are null and void and the person may not take wild animals for three years after the conviction. [97.55 s. 16]

Subd. 2. [DEER; MOOSE; ELK; CARIBOU.] Except as provided in subdivision 1, a person that violates a provision of the game and fish laws relating to buying or selling deer, moose, elk, or caribou is guilty of a gross misdemeanor. [97.55 s. 8, 9; 100.29 s. 11]

Subd. 3. [SMALL GAME AND GAME FISH.] Except as provided in subdivision 1, a person that buys or sells small game or game fish in violation of the game and fish laws where the sales total \$50 or more is guilty of a gross misdemeanor. [97.55 s. 15]

Subd. 4. [FUR-BEARING ANIMALS.] Except as provided in subdivision 1, a person that buys fur-bearing animals in violation of the game and fish laws is guilty of a gross misdemeanor. [100.29 s. 11; 97.55 s. 9]

#### Sec. 51. [97A.331] [PENALTIES RELATED TO HUNTING.]

Subdivision 1. [HUNTING WHILE INTOXICATED OR USING NARCOTIC DRUGS.] A person that violates a provision relating to hunting while visibly intoxicated or under the influence of a narcotic drug under article 2, section 14, is guilty of a gross misdemeanor. [97.55 s. 10]

Subd. 2. [SHINING.] A person that violates article 2, section 17, relating to the use of an artificial light to locate wild animals while in possession of a firearm, bow, or other implement capable of killing big game is guilty of a gross misdemeanor. [97.55 s. 9]

Subd. 3. [TRANSPORTING ILLEGAL BIG GAME.] A person that knowingly transports big game taken in violation of the game and fish laws is guilty of a gross misdemeanor. [97.55 s. 9]

Subd. 4. [TAKING AND POSSESSING BIG GAME OUT OF SEASON.] A person that takes or illegally possesses big game during the closed season is guilty of a gross misdemeanor. [97.55 s. 9]

Subd. 5. [MOOSE; ELK; CARIBOU.] A person that unlawfully takes, transports, or possesses moose, elk, or caribou in violation of the game and fish laws is guilty of a gross misdemeanor. [97.55 s. 8]

Subd. 6. [PINE MARTEN; OTTER; FISHER; WOLVERINE.] A person that takes, transports, or possesses pine marten, otter, fisher, or wolverine in violation of the game and fish laws is guilty of a gross misdemeanor. [97.55 s. 8]

#### Sec. 52. [97A.335] [PENALTIES RELATED TO FISHING.]

Subdivision 1. [TAKING FISH WITH ILLEGAL DEVICES OR SUBSTANCES.] A person that takes fish with devices, chemicals or substances in violation of article 3, section 27, is guilty of a gross misdemeanor. [97.55 s. 14]

*Subd. 2. [ILLEGALLY TAKING OR POSSESSING MUSKELLUNGE.] A person who takes or possesses a muskellunge in violation of the game and fish laws is guilty of a misdemeanor and subject to a fine of up to \$1,000. [97.55 s. 17]*

#### LICENSES AND PERMITS

##### Sec. 53. [97A.401] [SPECIAL PERMITS.]

*Subdivision 1. [COMMISSIONER'S AUTHORITY.] The commissioner may issue special permits for the activities in this section. [98.48]*

*Subd. 2. [ZOOLOGICAL SPECIMEN COLLECTING.] Special permits may be issued without a fee to municipalities, incorporated natural history societies, high schools, colleges, and universities that maintain a zoological collection, to collect specimens of eggs, nests, and wild animals for scientific or exhibition purposes. [98.48 s. 1]*

*Subd. 3. [TAKING, POSSESSING, AND TRANSPORTING WILD ANIMALS FOR CERTAIN PURPOSES.] (a) Except as provided in paragraph (b), special permits may be issued without a fee to take, possess, and transport wild animals as pets and for scientific, educational, and exhibition purposes. The commissioner shall prescribe the conditions for taking, possessing, transporting, and disposing of the wild animals.*

*(b) A special permit may not be issued to take or possess wild or native deer for exhibition or propagation.*

*(c) The commissioner shall establish criteria for issuing special permits for persons to possess wild and native deer as pets. [98.48 s. 3]*

*Subd. 4. [TAKING WILD ANIMALS FROM GAME REFUGES AND WILDLIFE MANAGEMENT AREAS.] Special permits may be issued, with or without a fee, to take a wild animal from game refuges, wildlife management areas, and state parks. [98.48 s. 4]*

*Subd. 5. [WILD ANIMALS DAMAGING PROPERTY.] Special permits may be issued with or without a fee to take protected wild animals that are damaging property. A special permit issued under this subdivision to take beaver must state the number to be taken. [98.48 s. 5]*

*Subd. 6. [ENDANGERED MUSKRATS.] Special permits may be issued with or without a fee to take muskrats in danger of freezing out or starving in the winter. [98.48 s. 6]*

##### Sec. 54. [97A.405] [LICENSE REQUIREMENTS.]

*Subdivision 1. [PROTECTED WILD ANIMALS.] Unless allowed under the game and fish laws, a person may not take, buy, sell, transport, or possess protected wild animals of this state without a license. [98.45 s. 1; 98.46 s. 24]*

*Subd. 2. [PERSONAL POSSESSION.] A person to whom a license is issued must have the license in personal possession while acting under the license and while traveling to and from the area where the licensed activity is performed. If possession of a license is required, a person must exhibit the proper license when requested by a conservation officer or peace officer. A receipt for license fees, a copy of a license, or evidence showing the issuance*



of a license does not entitle a licensee to exercise the rights or privileges conferred by a license. [98.45 s. 2]

*Subd. 3. [DUPLICATE LICENSES.] The commissioner shall prescribe rules for issuing duplicate licenses to persons whose licenses are lost or destroyed. A duplicate license may not be issued unless the applicant takes an oath covering the facts of loss or destruction of the license. [98.50 s. 6]*

**Sec. 55. [97A.411] [VALIDITY OF LICENSES.]**

*Subdivision 1. [LICENSE PERIOD.] A license is valid during the lawful time within the license year that the licensed activity may be performed. A license year begins on the first day of March and ends on the last day of February. [97.4841 s. 3; 97.4842 s. 2; 97.4843 s. 2; 98.45 s. 1]*

*Subd. 2. [SIGNATURE ON STAMPS.] A stamp issued under the game and fish laws must be signed by the licensee across the front of the stamp to be valid. [97.4841 s. 2; 97.4842 s. 1; 97.4843 s. 2]*

*Subd. 3. [ARCHERY DEER LICENSE.] A license to take deer by archery issued after the opening of the archery deer season is not valid until the fifth day after it is issued. [98.45 s. 1]*

**Sec. 56. [97A.415] [LICENSE RESTRICTIONS.]**

*Subdivision 1. [ONE LICENSE PER PERSON.] Only one license of each kind may be issued to a person in a license year, except the nonresident short term angling license, unless authorized by commissioner's order. [98.45 s. 1]*

*Subd. 2. [TRANSFER PROHIBITED.] A person may not lend, transfer, borrow, or solicit a license, application for a license, coupon, tag, or seal, or use a license, coupon, tag, or seal not issued to the person unless otherwise expressly authorized. [98.45 s. 1, 3, 100.271 s. 5]*

*Subd. 3. [NONRESIDENTS.] Nonresidents may not obtain a license for an activity unless the activity is expressly authorized for nonresidents. [98.45 s. 4, 5]*

**Sec. 57. [97A.421] [VALIDITY AND ISSUANCE OF LICENSES AFTER CONVICTION.]**

*Subdivision 1. [GENERAL.] (a) The license of a person convicted of a violation of the game and fish laws relating to the license or wild animals covered by the license is void when: [98.52 s. 1]*

*(1) a second conviction occurs within three years under a license to take small game or to take fish by angling or spearing;*

*(2) a third conviction occurs within one year under a minnow dealer's license; or*

*(3) the conviction occurs under a license not described in clauses (1) or (2). [98.52 s. 1, 2]*

*(b) Except as provided in this section, and for one year after the conviction, the person may not obtain that kind of license.*

*Subd. 2. [ISSUANCE OF LICENSE AFTER CONVICTION FOR BUYING AND SELLING WILD ANIMALS.] A person may not obtain a license*

to take any wild animal for a period of three years after being convicted of buying or selling game fish, big game, or small game, and the total amount of the sale is \$300 or more. [98.52 s. 6]

*Subd. 3. [ISSUANCE OF A BIG GAME LICENSE AFTER CONVICTION.] A person may not obtain any big game license for three years after the person is convicted of:*

*(1) a gross misdemeanor violation under the game and fish laws relating to big game;*

*(2) doing an act without a required big game license; or*

*(3) the second violation within three years under the game and fish laws relating to big game. [98.52 s. 1]*

*Subd. 4. [ISSUANCE AFTER INTOXICATION OR NARCOTICS CONVICTION.] A person convicted of a violation under article 2, section 14, relating to hunting while intoxicated or using narcotics, may not obtain a license to hunt with a firearm or by archery for five years after conviction. [98.52 s. 4]*

*Subd. 5. [COMMISSIONER MAY REINSTATE CERTAIN LICENSES AFTER CONVICTION.] If the commissioner determines that the public welfare will not be injured, the commissioner may reinstate licenses voided under subdivision 1 and issue licenses to persons ineligible under subdivision 2. The commissioner's authority applies only to licenses to:*

*(1) maintain and operate fur or game farms or private fish hatcheries;*

*(2) take fish commercially in Lake of the Woods, Rainy Lake, Namakan Lake, or Lake Superior;*

*(3) buy fish from Lake of the Woods, Rainy Lake, Namakan Lake, or Lake Superior commercial fishermen; and*

*(4) sell live minnows. [98.52 s. 3]*

*Subd. 6. [APPLICABILITY TO MOOSE LICENSES.] In this section the term "license" includes an application for a license to take moose. [98.50 s. 9]*

**Sec. 58. [97A.425] [RECORD AND REPORTING REQUIREMENTS FOR DEALERS, TANNERS, AND TAXIDERMISTS.]**

*Subdivision 1. [REQUIREMENT.] A person required to have a license under the game and fish laws to buy or sell wild animals, to tan or dress raw furs, or to mount specimens of wild animals, must keep complete records in a book of all transactions and activities covered by the license and submit reports to the commissioner. [98.51 s. 2]*

*Subd. 2. [RECORDS.] (a) The records must show:*

*(1) the names and addresses of persons from whom wild animals were obtained and to whom they were transferred;*

*(2) the dates of receipt, shipment, and sale of wild animals;*

*(3) detailed descriptions of the number and type of wild animals purchased, sold, and shipped;*

(4) serial numbers of seals, tags, or permits required to be attached to the wild animals; and

(5) trapping license numbers for protected fur-bearing animals, unless the trapper is exempt from the license requirement, which must be noted.

(b) A licensed fur dealer, buying for one employer at the employer's place of business is not required to keep separate records if the employer notifies the commissioner in writing that the employer will account for the fur dealer.

(c) The records required under this section must be available for inspection by the commissioner, the director, or their agents at all reasonable times. The records must be preserved and available for two years after the expiration of a license that required them. [98.51 s. 2]

*Subd. 3. [REPORTS.] An annual notarized report covering the preceding calendar year must be submitted to the commissioner by January 15. The commissioner may require other reports for statistical purposes. The reports must be on forms supplied by the commissioner. [98.51 s. 3]*

#### Sec. 59. [97A.431] [MOOSE LICENSES.]

*Subdivision 1. [NUMBER OF LICENSES.] The commissioner shall include in an order setting the dates for a moose season the number of licenses to be issued. [100.271 s. 1]*

*Subd. 2. [ELIGIBILITY.] Persons eligible for a moose license shall be determined under this section and commissioner's order. A person is eligible for a moose license only if the person:*

(1) is a resident;

(2) is at least age 16 before the season opens; and

(3) has not been issued a moose license for any of the last five seasons. [100.271 s. 3, 3a]

*Subd. 3. [APPLICATION FOR LICENSE.] An application for a moose license must be on a form provided by the commissioner and accompanied by a \$1 application fee. A person may not make more than one application for each season. If a person makes more than one application, the person is ineligible for a license for that season after determination by the commissioner, without a hearing. [100.271 s. 2, 4]*

*Subd. 4. [SEPARATE SELECTION; ELIGIBILITY.] The commissioner may conduct a separate selection for up to 20 percent of the moose licenses to be issued for an area. Only owners of, and tenants living on, at least 160 acres of agricultural or grazing land in the area are eligible for the separate selection. Persons that are unsuccessful in a separate selection must be included in the selection for the remaining licenses. [100.271 s. 1]*

#### Sec. 60. [97A.435] [TURKEY LICENSES; APPLICATION AND ELIGIBILITY.]

*Subdivision 1. [NUMBER OF LICENSES TO BE ISSUED.] The commissioner shall include in an order setting the dates for a turkey season the number of licenses to be issued. [100.271 s. 1]*

*Subd. 2. [ELIGIBILITY.] Persons eligible for a turkey license shall be*

determined by this section and commissioner's order. A person is eligible for a turkey license only if the person is a resident and at least age 16 before the season opens. [100.271 s. 3]

*Subd. 3. [APPLICATION FOR LICENSE.] An application for a turkey license must be on a form provided by the commissioner and accompanied by a \$3 application fee. A person may not make more than one application for each season. If a person makes more than one application the person is ineligible for a license for that season after determination by the commissioner, without a hearing. [100.271 s. 2, 4]*

*Subd. 4. [SEPARATE SELECTION OF ELIGIBLE LICENSEES.] The commissioner may conduct a separate selection for up to 20 percent of the turkey licenses to be issued for any area. Only persons that are owners or tenants of and that live on at least 40 acres of agricultural or grazing land in the area are eligible applicants for turkey licenses for the separate selection. Persons that are unsuccessful in a separate selection must be included in the selection for the remaining licenses. Persons that obtain a license in a separate selection must allow public turkey hunting on their land during that turkey season. [100.271 s. 1]*

Sec. 61. [97A.441] [LICENSES TO BE ISSUED WITHOUT A FEE.]

*Subdivision 1. [ANGLING AND SPEARING; DISABLED RESIDENTS.] Licenses to take fish by angling or spearing shall be issued without a fee to a resident that is:*

- (1) blind;*
- (2) a recipient of supplemental security income for the aged, blind, and disabled;*
- (3) a recipient of social security aid to the disabled under United States Code, title 42, section 416, paragraph (i)(1) or section 423(d); or*
- (4) is a recipient of workers' compensation based on a finding of total and permanent disability. [98.47 s. 8]*

*Subd. 2. [ANGLING; FOREIGN EXCHANGE STUDENTS.] A license to take fish by angling shall be issued without a fee to a citizen of a foreign country that is attending school in this state as an exchange student. [98.47 s. 11]*

*Subd. 3. [ANGLING; RESIDENTS OF STATE INSTITUTIONS.] The commissioner may issue a license, without a fee, to take fish by angling to a person that is a ward of the commissioner of human services and a resident of a state institution upon application by the commissioner of human services. [98.47 s. 13]*

*Subd. 4. [ANGLING; MENTALLY RETARDED RESIDENTS.] A person authorized to issue licenses must issue, without a fee, a permanent license to take fish by angling to a resident at least 16 years old that is mentally retarded upon being furnished satisfactory evidence of the disability. [98.47 s. 15]*

*Subd. 5. [ANGLING; DISABLED VETERANS.] A person authorized to issue licenses must issue, without a fee, a permanent license to take fish by angling to a resident that is a veteran, as defined in section 197.447, and that*

has a 100 percent service connected disability as defined by the United States Veterans Administration upon being furnished satisfactory evidence. [98.47 s. 16]

*Subd. 6. [TAKING DEER; DISABLED VETERANS.] A person authorized to issue licenses must issue, without a fee, a license to take deer with firearms or by archery to a resident that is a veteran, as defined in section 197.447, and that has a 100 percent service connected disability as defined by the United States Veterans Administration upon being furnished satisfactory evidence. [98.47 s.18]*

**Sec. 62. [97A.445] [EXEMPTIONS FROM LICENSE REQUIREMENT.]**

*Subdivision 1. [ANGLING; TAKE A KID FISHING WEEKEND.] A resident over age 18 may take fish by angling without a license during the second Saturday and Sunday of the angling season if accompanied by a child who is under age 16. The commissioner shall publicize the Saturday and Sunday as "Take a Kid Fishing Weekend." [98.45 s. 9]*

*Subd. 2. [ANGLING; INSTITUTIONAL RESIDENTS.] A license is not required to take fish by angling with the written consent of the superintendent or chief executive of the institution for the following persons:*

- (1) a resident of a state hospital;*
- (2) a patient of a United States Veteran's Administration hospital; and*
- (3) an inmate of a state correctional facility. [98.47 s. 12]*

*Subd. 3. [ANGLING AND SPEARING; DISABLED RAILROAD AND POSTAL RETIREES.] A license is not required to take fish by angling or spearing for a resident that is:*

- (1) receiving aid under the federal Railroad Retirement Act of 1937, 45 United States Code Annotated, section 228b(a)5; or*
- (2) a former employee of the United States Postal Service receiving disability pay under United States Code Annotated, title 5, section 8337. [98.47 s. 17]*

**Sec. 63. [97A.451] [LICENSE REQUIREMENTS AND EXEMPTIONS RELATING TO AGE.]**

*Subdivision 1. [RESIDENTS OVER AGE 65; FISHING.] A resident age 65 or over may take fish by angling or spearing without a license if the resident has a valid driver's license, Minnesota identification card, or other document showing age and residency in possession while taking fish and while traveling to and from the location where fish are taken. The person must exhibit the proof of age at the request of a conservation officer or peace officer. [97.4842 s. 1, 98.45 s. 2, 98.47 s. 1]*

*Subd. 2. [RESIDENTS UNDER AGE 16; FISHING.] A resident under the age of 16 years may take fish without a license. [97.4842 s. 1; 98.47 s. 1]*

*Subd. 3. [PERSONS UNDER AGE 16; SMALL GAME.] (a) A person under age 16 may not obtain a small game license but may take small game by firearms or bow and arrow without a license if the person is a resident:*

- (1) age 14 or 15 and possesses a firearms safety certificate;*

(2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian; or

(3) age 12 or under and is accompanied by a parent or guardian. [98.47 s. 1]

(b) A resident under age 16 may take small game by trapping without a small game license, but a resident over age 13 must have a trapping license. A resident under age 14 may trap without a trapping license.

*Subd. 4. [PERSONS UNDER AGE 16; BIG GAME.] A person under the age of 16 may not obtain a license to take big game unless the person possesses a firearms safety certificate. A person under the age of 14 must be accompanied by a parent or guardian to hunt big game. [98.47 s. 1]*

*Subd. 5. [NONRESIDENTS UNDER AGE 16; FISHING WITH PARENTS.] A nonresident under the age of 16 may take fish by angling without a license if a parent or guardian has a nonresident fishing license. Fish taken by a nonresident under the age of 16 without a license must be included in the limit of the parent or guardian. [97.45 s. 6, 98.47 s. 1]*

*Subd. 6. [NONRESIDENTS UNDER AGE 16 ATTENDING CAMPS; FISHING.] A nonresident under the age of 16 that is attending a camp conducted by a nonprofit organization may take fish by angling in adjacent and connected public waters without a license. The organization must have a certificate from the commissioner that describes the public waters where the fishing is allowed. The nonresident must possess a document, prescribed by the commissioner, for identification of the nonresident and the authorized fishing waters. The document must be signed and dated within the current calendar year by the person in charge of the camp. [98.47 s. 1]*

**Sec. 64. [97A.455] [NONRESIDENT STUDENTS; FISHING AND SMALL GAME.]**

*A nonresident that is a full-time student at an educational institution in the state and resides in the state during the school year may obtain a resident license to take fish or small game by providing proof of student status as prescribed by the commissioner. [98.45 s. 7]*

**Sec. 65. [97A.461] [NONRESIDENT LICENSES FOR BOUNDARY WATER HUNTING OR FISHING.]**

*Licenses to take fish or small game in or on boundary waters may be granted to nonresidents upon the same terms and conditions as licenses granted by the adjacent state or province to nonresidents of the adjacent state or province for those boundary waters. The fees for a license granted by this state may not be less than the fees for a corresponding resident license. [98.47 s. 5]*

**Sec. 66. [97A.465] [MILITARY PERSONNEL; FISHING AND HUNTING.]**

*Subdivision 1. [RESIDENTS ON LEAVE.] A resident that is in the armed forces of the United States, stationed outside of the state, and in the state on leave, may hunt and fish without a license if the resident possesses official military leave papers. The resident must obtain the seals, tags, and coupons required of a licensee, which must be furnished without charge. This subdivision does not apply to the taking of moose. [98.47 s. 2]*

*Subd. 2. [CAMP RIPLEY PERSONNEL.] A nonresident who is in the military and in training at Camp Ripley may obtain a resident license to take fish. [98.47 s. 3a]*

*Subd. 3. [NONRESIDENTS STATIONED IN THE STATE.] The commissioner may issue a resident license to take fish or game to a person in the armed forces of the United States that is stationed in the state. This subdivision does not apply to the taking of moose. [98.47 s. 3]*

*Subd. 4. [DISCHARGED RESIDENT; OBTAINING DEER LICENSE DURING SEASON.] Notwithstanding section 69, subdivision 9, a resident that is discharged from the United States armed forces during, or within ten days before, the firearms deer season may, upon showing the official discharge paper, obtain a firearm deer license during the season. [98.45 s. 1]*

**Sec. 67. [97A.471] [NONRESIDENT COURTESY LICENSES.]**

*Subdivision 1. [GAME AND FISH OFFICERS OF OTHER JURISDICTIONS.] The commissioner may issue a courtesy nonresident license to take game or fish without charge to a game and fish or conservation employee of another state or of the United States that is in the state to assist or cooperate with the commissioner. [98.47 s. 4]*

*Subd. 2. [GUESTS OF THE GOVERNOR OR COMMISSIONER.] The commissioner may issue a nonresident courtesy license to take game or fish without charge to an official of another state, the United States, or foreign country and to a representative of a conservation organization or publication that is in the state as a guest of the governor or commissioner. [98.47 s. 4]*

*Subd. 3. [NONAPPLICABILITY TO MOOSE HUNTING.] This section does not apply to taking moose. [98.47 s. 4]*

**Sec. 68. [97A.475] [LICENSE FEES.]**

*Subdivision 1. [REQUIREMENTS FOR ISSUANCE.] A license shall be issued when the requirements of the law are met and the license fee specified in this section is paid. [98.46 s. 1]*

*Subd. 2. [RESIDENT HUNTING.] Fees for the following licenses, to be issued to residents only, are:*

- (1) for persons under age 65 to take small game, \$7;*
- (2) for persons age 65 or over, \$3.50;*
- (3) to take turkey, \$10;*
- (4) to take deer with firearms, \$15;*
- (5) to take deer by archery, \$15;*
- (6) to take moose, for a party of not more than four persons, \$200; and*
- (7) to take bear, \$25. [98.45 s. 8, 98.46 s. 2]*

*Subd. 3. [NONRESIDENT HUNTING.] Fees for the following licenses, to be issued to nonresidents, are:*

- (1) to take small game, \$46;*
- (2) to take deer with firearms, \$100;*

(3) to take deer by archery, \$100;

(4) to take bear, \$150;

(5) to take turkey, \$30; and

(6) to take raccoon, bobcat, fox, coyote, or lynx, \$100. [98.46 s. 14]

*Subd. 4. [SMALL GAME SURCHARGE.] Fees for licenses to take small game must be increased by a surcharge of \$4. An additional commission may not be assessed on the surcharge and this must be stated on the back of the license with the following statement: "This \$4 surcharge is being paid by hunters for the acquisition and development of wildlife lands."* [97.482 s. 1]

*Subd. 5. [HUNTING STAMPS.] Fees for the following stamps are:*

(1) migratory waterfowl stamp, \$5; and

(2) pheasant stamp, \$5. [97.4841 s. 3, 98.4843 s. 3]

*Subd. 6. [RESIDENT FISHING.] Fees for the following licenses to be issued to residents only are:*

(1) to take fish by angling, \$6.50;

(2) to take fish by angling, for a combined license for a married couple, \$10.50; and

(3) to take fish by spearing from a dark house, \$7.50. [98.46 s. 2, 5]

*Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, shall be*

(1) to take fish by angling, \$16;

(2) to take fish by angling limited to seven consecutive days, \$13

(3) to take fish by angling for three days, \$10; and

(4) to take fish by angling for a combined license for a family, \$27.50. [98.46 s. 15]

*Subd. 8. [MINNESOTA SPORTSMAN.] The commissioner shall issue Minnesota sportsman licenses to residents only. The licensee may take fish by angling and small game. The fee for the license is:*

(1) for an individual, \$12; and

(2) for a combined license for a married couple to take fish and for one spouse to take small game, \$16. [98.46 s. 2a]

*Subd. 9. [FISHING SURCHARGE.] The fees for the following licenses must be increased by a surcharge of \$2.50:*

(1) resident angling, under subdivision 6, clauses (1) and (2);

(2) nonresident angling, under subdivision 7;

(3) Minnesota sportsman, under subdivision 8;

(4) nonresident fish houses, under subdivision 12; and

(5) to net fish for domestic use, under subdivision 13. [97.86 s. 1]



*Subd. 10. [TROUT AND SALMON STAMP.] The fee for a trout and salmon stamp is \$5. [97.4842 s. 2]*

*Subd. 11. [FISH HOUSES AND DARK HOUSES; RESIDENTS.] Fees for the following licenses are:*

*(1) for a fish house or dark house that is not rented, \$5; and*

*(2) for a fish house or dark house that is rented, \$15. [98.46 s. 5]*

*Subd. 12. [FISH HOUSES; NONRESIDENT.] The fee for a fish house license for a nonresident is \$15. [98.46 s. 5]*

*Subd. 13. [NETTING WHITEFISH AND CISCOES FOR PERSONAL CONSUMPTION.] The fee for a license to net whitefish and ciscoes in inland lakes and international waters for personal consumption is, for each net, \$3. [98.46 s. 5]*

*Subd. 14. [ROUGH FISH; MINNESOTA AND MISSISSIPPI RIVERS.] The fee for a license to take rough fish for domestic use with a set line, in the Minnesota and Mississippi rivers is \$13. [98.46 s. 9]*

*Subd. 15. [LAKE SUPERIOR FISHING GUIDES.] The fee for a license to operate a charter boat and guide anglers on Lake Superior is:*

*(1) for a resident, \$25;*

*(2) for a nonresident, \$100; or*

*(3) if another state charges a Minnesota resident a fee greater than \$100 for a Lake Superior fishing guide license in that state, the nonresident fee for a resident of that state is that greater fee. [98.457]*

*Subd. 16. [RESIDENT HUNTING GUIDES.] The fees for the following resident guide licenses are:*

*(1) to guide bear hunters, \$75; and*

*(2) to guide turkey hunters, \$20. [98.46 s. 4]*

*Subd. 17. [NONRESIDENT BEAR GUIDES.] The fee for a license to guide bear hunters for a nonresident is \$400. [98.46 s. 16]*

*Subd. 18. [SHOOTING PRESERVES.] The fee for a shooting preserve license is \$75. [100.35 s. 1]*

*Subd. 19. [TAXIDERMISTS.] The fee for a taxidermist license, to be issued for a three-year period to residents only is:*

*(1) for persons age 18 and older, \$40; and*

*(2) for persons under age 18, \$25. [98.46 s. 5]*

*Subd. 20. [TRAPPING LICENSE.] The fee for a license to trap fur-bearing animals is:*

*(1) for persons over age 13 and under age 18, \$3.50; and*

*(2) for persons age 18 and older, \$13. [98.46 s. 4]*

*Subd. 21. [FUR BUYING AND SELLING; RESIDENTS.] (a) The fee for a license for a resident to buy and sell raw furs is \$100.*

*(b) The fee for a supplemental license to buy and sell furs is \$50. [98.46 s.*

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*Subd. 22. [FUR BUYING AND SELLING; NONRESIDENTS.] The fee for a license for a nonresident to buy and sell raw furs is \$500. [98.46 s. 16]*

*Subd. 23. [RAW FUR TANNING.] The fee for a license to tan and dress raw furs to be issued to residents and nonresidents is \$15. [98.46 s. 19(3)]*

*Subd. 24. [GAME AND FUR FARMS.] The fee for a game and fur farm license is \$15. [98.46 s. 5]*

*Subd. 25. [MUSKRAT FARMS.] The fee for a muskrat farm license is \$10. [99.28 s. 5]*

*Subd. 26. [MINNOW DEALERS.] The fees for the following licenses are:*

*(1) minnow dealer, \$70;*

*(2) minnow dealer's helper, \$5;*

*(3) minnow dealer's vehicle, \$10;*

*(4) exporting minnow dealer, \$250; and*

*(5) exporting minnow dealer's vehicle, \$10. [98.46 s. 5]*

*Subd. 27. [MINNOW RETAILERS.] The fees for the following licenses, to be issued to residents and nonresidents, are:*

*(1) minnow retailer, \$10; and*

*(2) minnow retailer's vehicle, \$10. [98.46 s. 17]*

*Subd. 28. [NONRESIDENT MINNOW HAULERS.] The fees for the following licenses, to be issued to nonresidents, are:*

*(1) exporting minnow hauler, \$525; and*

*(2) exporting minnow hauler's vehicle, \$10. [98.46 s. 5]*

*Subd. 29. [PRIVATE FISH HATCHERIES.] The fees for the following licenses to be issued to residents and nonresidents are:*

*(1) for a private fish hatchery, with annual sales under \$200, \$25;*

*(2) for a private fish hatchery, with annual sales of \$200 or more, \$50; and*

*(3) To take sucker eggs from public waters for a private fish hatchery, \$150, plus \$3 for each quart in excess of 100 quarts. [98.46 s. 17]*

*Subd. 30. [COMMERCIAL NETTING OF FISH IN INLAND WATERS.] The fee for a license to net commercial fish in inland waters, to be issued to residents and nonresidents is \$70, plus:*

*(1) for each hoop net pocket, 75 cents;*

*(2) for each 1,000 feet of seine, \$15; and*

*(3) for each helper's license, \$5. [98.46 s. 9a, 102.285 s. 1]*

*Subd. 31. [COMMERCIAL NETTING OF FISH IN LAKE OF THE WOODS.] The fee for a license to commercially net fish in Lake of the Woods is:*

*(1) for each pound net or staked trap net, \$45;*

(2) for each fyke net, \$10, plus \$5 for each two-foot segment, or fraction, of the wings or lead in excess of four feet in height;

(3) for each 100 feet of gill net, \$2.50;

(4) for each submerged trap net, \$15; and

(5) for each helper's license, \$15. [98.46 s. 10].

*Subd. 32. [COMMERCIAL NETTING OF FISH IN RAINY LAKE.] The fee for a license to commercially net fish in Rainy Lake is:*

(1) for each pound net, \$45;

(2) for each 100 feet of gill net, \$2.50; and

(3) for each helper's license, \$15. [98.46 s.11]

*Subd. 33. [COMMERCIAL NETTING OF FISH IN NAMAKAN AND SAND POINT LAKES.] The fee for a license to commercially net fish in Namakan Lake and Sand Point Lake is:*

(1) for each 100 feet of gill net, \$1.50;

(2) for each pound, fyke, and submerged trap net, \$15; and

(3) for each helper's license, \$5. [98.46 s. 13]

*Subd. 34. [COMMERCIAL SEINE AND SET LINES TO TAKE FISH IN THE MISSISSIPPI RIVER.] (a) The fee for a license to commercially seine rough fish in the Mississippi river from St. Anthony Falls to the St. Croix river junction is:*

(1) for a seine not exceeding 500 feet, \$25; or

(2) for a seine over 500 feet, \$40, plus \$2 for each 100 foot segment or fraction over 1,000 feet.

(b) The fee for each helper's license issued under paragraph (a) is \$5. [98.46 s. 8]

*Subd. 35. [COMMERCIAL SEINING OF FISH IN WISCONSIN BOUNDARY WATERS.] The fee for a license to commercially seine fish in the boundary waters between Wisconsin and Minnesota from Taylors Falls to the Iowa border is:*

(1) for a seine not exceeding 500 feet, \$25; or

(2) for a seine over 500 feet, \$40, plus \$2.50 for each 100 feet over 1,000 feet; and

(3) for each helper's license to be issued to residents and nonresidents, \$5. [98.46 s. 6]

*Subd. 36. [COMMERCIAL NETTING IN WISCONSIN BOUNDARY WATERS.] The fee for a license to commercially net in the boundary waters between Wisconsin and Minnesota from Lake St. Croix to the Iowa border is:*

(1) for each gill net not exceeding 500 feet, \$13;

(2) for each gill net over 500 feet, \$25;

(3) for each fyke net and hoop net, \$10;

- (4) for each bait net, \$1.50;
- (5) for each turtle net, \$1.50;
- (6) for each set line identification tag, \$13; and
- (7) for each helper's license to be issued to residents and nonresidents, \$5. [98.46 s. 7]

*Subd. 37. [COMMERCIAL NETTING OF FISH IN LAKE SUPERIOR.] The fee for a license to commercially net fish in Lake Superior is:*

- (1) for each gill net, \$70 plus \$2 for each 1,000 feet over 1,000 feet;
- (2) for a pound or trap net, \$70 plus \$2 for each additional pound or trap net; and
- (3) for each helper's license, \$5. [98.46 s. 12a]

*Subd. 38. [FISH BUYERS.] The fees for licenses to buy fish from licensed commercial fishermen to be issued residents and nonresidents are:*

- (1) for Lake Superior fish bought for sale to retailers, \$50;
- (2) for Lake Superior fish bought for sale to consumers, \$10;
- (3) for Lake of the Woods, Namakan, Sand Point, and Rainy Lake fish bought for sale to retailers, \$100; and
- (4) for Lake of the Woods, Namakan, Sand Point, and Rainy Lake fish bought for shipment only on international boundary waters, \$10. [98.46 s. 19]

*Subd. 39. [FISH PACKER.] The fee for a license to prepare dressed game fish for transportation or shipment is \$13. [98.46 s. 5]*

*Subd. 40. [FISH VENDORS.] The fee for a license to use a motor vehicle to sell fish is \$25. [98.46 s. 19]*

*Subd. 41. [TURTLE SELLERS.] The fee for a license to take, transport, purchase, and possess unprocessed turtles for sale is \$50. [98.46 s. 5]*

*Subd. 42. [FROG DEALERS.] The fee for the licenses to deal in frogs that are to be used for purposes other than bait are:*

- (1) for a resident to purchase, possess, and transport frogs, \$70;
- (2) for a nonresident to purchase, possess, and transport frogs, \$200; and
- (3) for a resident to take, possess, transport, and sell frogs, \$10. [101.44]

#### Sec. 69. [97A.481] [LICENSE APPLICATIONS UNDER OATH.]

*All information required on a license application form must be furnished. The application must be made in writing and under oath. A person authorized to issue licenses has the authority to administer oaths to applicants, and a license may not be issued without actually administering the oath. [98.49 s. 2]*

#### Sec. 70. [97A.485] [ISSUANCE OF LICENSES.]

*Subdivision 1. [COMMISSIONER.] The commissioner shall issue and sell licenses. The commissioner shall furnish licenses and applications to agents*

authorized to issue licenses. [97.4841 s. 2; 97.4842 s. 1; 97.4843 s. 2; 98.49 s. 1; 98.50]

*Subd. 2. [COUNTY AUDITORS TO SELL LICENSES.] County auditors are agents of the commissioner for the issuance and sale of licenses. The commissioner may require a county auditor to provide a corporate surety bond in addition to the auditor's official bond. [98.50 s. 1, 2]*

*Subd. 3. [APPOINTMENT OF SUBAGENTS.] A county auditor may appoint residents to be subagents of the auditor within the county or adjacent counties to issue and sell licenses. The auditor shall notify the commissioner of the name and address of a subagent when appointed. The appointment may be revoked by the auditor at any time, and when directed by the commissioner, the auditor must revoke the appointment. [98.50 s. 1, 5]*

*Subd. 4. [APPLICATION TO SELL LICENSES BY SUBAGENT.] To be a subagent, a person must apply in writing to an appropriate county auditor in a manner approved by the commissioner. The auditor may require a subagent to provide a bond or pay for licenses before furnishing the licenses. License application forms may only be furnished to subagents in groups of ten or more for resident licenses and five or more for nonresident licenses. [98.50 s. 1, 5, 10]*

*Subd. 5. [COUNTY AUDITORS RESPONSIBLE FOR LICENSES AND FEES.] (a) The county auditor is responsible for licenses and fees received by the subagents, except in a county that has a population over 150,000 and an area greater than 5,000 square miles and in a county where the county auditor does not retain fees paid for licenses. In these counties the responsibility imposed on the county auditor is imposed on the county. [98.50 s. 1]*

*(b) The county auditor must promptly deposit all money received from the sale of licenses with the county treasurer. The auditor must promptly submit payments and required reports as required by the commissioner. [98.50 s. 5]*

*Subd. 6. [LICENSES TO BE SOLD AND ISSUING FEES.] (a) Persons authorized to sell licenses under this section must sell the following licenses for the license fee and the following issuing fees:*

*(1) to take deer with firearms and by archery, the issuing fee is \$1;*

*(2) Minnesota sporting, the issuing fee is \$1; and*

*(3) to take bear and small game, to take fish by angling or spearing, and to trap furbearing animals, the issuing fee is 75 cents.*

*(b) An issuing fee for a stamp may not be collected when a stamp is issued simultaneously with the related small game, fishing, or sportsman license. Only one issuing fee may be collected when selling more than one stamp in the same transaction after the end of the season for which the stamp was issued.*

*(c) The auditor or subagent shall keep the issuing fee as a commission for selling the licenses. [98.501]*

*(d) The commissioner shall collect the issuing fee on licenses sold by the commissioner.*

*(e) A license, except stamps, must state the amount of the issuing fee and*

that the issuing fee is kept by the seller as a commission for selling the licenses. [98.50 s. 5]

*Subd. 7. [COUNTY AUDITOR'S COMMISSION.] The county auditor shall retain for the county treasury a commission of four percent of all license fees collected by the auditor and the auditor's subagents, excluding the small game surcharge and issuing fees. In addition, the auditor shall collect the issuing fees on licenses sold by the auditor to a licensee. [98.50 s. 5]*

*Subd. 8. [REDEMPTION OF UNSOLD LICENSES.] The commissioner must redeem unsold licenses submitted within the redemption time prescribed by the commissioner. Licenses that are not submitted for redemption within the prescribed time are considered to have been sold and the auditor or county to whom the licenses were furnished are accountable for them. A county auditor must refund the license fees prepaid by the auditor's subagent for unsold licenses submitted within a time period established by the commissioner. [98.50 s. 5]*

*Subd. 9. [CERTAIN LICENSES NOT TO BE ISSUED AFTER SEASON OPENS.] (a) The following licenses may not be issued after the day before the opening of the related firearms season:*

*(1) to take deer with firearms or by archery; [98.45 s. 1]*

*(2) to guide bear hunters; and [98.455]*

*(3) to guide turkey hunters. [98.456]*

*(b) Paragraph (a) does not apply to deer licenses for discharged military personnel under section 66, subdivision 4. [98.45 s. 1]*

*(c) A nonresident license or tag to take and possess raccoon, bobcat, Canada lynx, or fox may not be issued after the fifth day of the open season. [98.46 s. 26]*

*Subd. 10. [RETURN OF UNSOLD DEER AND BEAR LICENSES.] Subagents must return stubs and unsold licenses for the taking of deer to the county auditor on the first business day after the first day of the firearms deer season. Subagents must return stubs and unsold licenses for guiding bear hunters to the county auditor as prescribed by the commissioner. [98.45 s.1, 98.455]*

*Subd. 11. [RULES FOR ACCOUNTING AND PROCEDURES.] The commissioner shall prescribe rules for the accounting and procedural requirements necessary to assure the efficient handling of licenses and license fees. The commissioner may, by order, establish standards for the appointment and revocation of subagents to assure the efficient distribution of licenses throughout the state. [98.50 s. 2]*

## POSSESSION AND TRANSPORTATION OF WILD ANIMALS

### Sec. 71. [97A.501] [WILD ANIMALS; GENERAL RESTRICTIONS.]

*Subdivision 1. [GENERAL RESTRICTIONS.] A person may not take, buy, sell, transport, or possess a protected wild animal unless allowed by the game and fish laws. The ownership of all wild animals is in the state, unless the wild animal has been lawfully acquired under the game and fish laws. The ownership of a wild animal that is lawfully acquired reverts to the state if*

a law relating to sale, transportation, or possession of the wild animal is violated. [97.43]

*Subd. 2. [ENDANGERED SPECIES.] A person may not take, import, transport, or sell an endangered species of wild animal, or sell, or possess with intent to sell an article made from the parts of a wild animal, except as provided in article 4, section 8. [97.488 s. 1]*

Sec. 72. [97A.505] [POSSESSION OF WILD ANIMALS.]

*Subdivision 1. [POSSESSION OUTSIDE OF THE SEASON PROHIBITED:] A person may only possess a protected wild animal during the open season and the following five days as prescribed by law, unless otherwise allowed by law or authorized by the commissioner. [97.44 s. 2]*

*Subd. 2. [POSSESSION OF UNLAWFUL ANIMALS BROUGHT INTO THE STATE PROHIBITED.] A person may not possess a wild animal that has been unlawfully taken, bought, sold, or possessed outside the state, or unlawfully shipped into the state. [97.44 s. 1]*

*Subd. 3. [PERMIT TO BRING ANIMALS INTO STATE.] Wild animals lawfully taken, bought, sold, or possessed outside the state may be brought or shipped into the state:*

*(1) during the open season and the following five days; or*

*(2) after obtaining a permit from the commissioner. [97.44 s. 3]*

*Subd. 4. [STORAGE OF PROTECTED WILD ANIMALS.] A person that stores protected wild animals must plainly mark the package, in ink, with the name and address of the owner, the license number of the person taking the animal, and the number and species in the package. A person may not use a commercial cold storage warehouse for protected wild animals, except lawfully taken fish and furs. [97.44 s. 4]*

*Subd. 5. [LICENSE NOT REQUIRED FOR ANIMALS ACQUIRED BY GIFT.] Protected wild animals may be transferred by gift. A person is not required to have a license to possess and transport protected wild animals acquired by gift. If wild animals are transported out of the county where the recipient resides, the recipient must:*

*(1) attach a tag marked in ink, with the name and address of the owner and the license number of the person taking the animals; or*

*(2) furnish an affidavit showing the name and address of the donor. [97.44 s. 5]*

*Subd. 6. [BEAVER AND MUSKRAT PELTS; TAGS REQUIRED.] A licensed tanner must attach a tag or seal prescribed by the commissioner to each beaver or muskrat pelt or hide in possession. [97.44 s. 7]*

*Subd. 7. [EXCEPTIONS TO THIS SECTION.] This section does not apply to mounted specimens of wild animals, antlers, tanned hides, and dressed furs lawfully taken. [97.44 s. 6]*

Sec. 73. [97A.511] [FUR-BEARING ANIMALS.]

*The skins of fur-bearing animals and the flesh of beaver, muskrat, raccoon, rabbits and hares, legally taken and bearing the required seals or tags*

required by the game and fish laws, may be bought, sold, and transported at any time. The flesh of beaver, raccoon, rabbits, and hare may not be transported out of the state. [100.30]

**Sec. 74. [97A.515] [PELTS, SKINS, AND HIDES TAKEN ON INDIAN RESERVATIONS.]**

*The pelts, skins, and hides of protected wild animals taken on an Indian reservation in this state, except the Fond du Lac reservation, may be transported, sold, and disposed of as prescribed by the commissioner. [100.303]*

**Sec. 75. [97A.521] [TRANSPORTATION OF WILD ANIMALS; GENERALLY.]**

*Subdivision 1. [GENERAL AUTHORITY; RESIDENTS.] A resident may transport wild animals to any place in the state if the resident and the animals are in the same vehicle. [97.45 s. 3]*

*Subd. 2. [GENERAL AUTHORITY; NONRESIDENTS.] A nonresident may transport wild animals taken in the state if the nonresident and the animals are in the same vehicle. [97.45 s. 6, 7]*

*Subd. 3. [WILD ANIMALS IN CONTAINERS.] A person that transports wild animals in a container must mark or identify the container as prescribed under the game and fish laws or by commissioner's order. [97.45 s. 1]*

*Subd. 4. [ANIMALS THAT MAY BE LAWFULLY SOLD.] During the open season a person may transport a protected wild animal within the state, and to a destination outside the state, if the animal may be lawfully sold and the transportation is not otherwise prohibited. [97.45 s. 2]*

*Subd. 5. [UNLAWFUL WILD ANIMALS PROHIBITED.] A person may not transport wild animals taken, bought, sold, or possessed in violation of the game and fish laws. [97.45 s. 1]*

**Sec. 76. [97A.525] [TRANSPORTATION OF WILD ANIMALS BY COMMON CARRIER.]**

*Subdivision 1. [RESIDENTS.] A resident may transport wild animals within the state by common carrier without being in the vehicle if the resident has the license required to take the animals and they are shipped to the resident. The wild animals that may be transported by common carrier are:*

- (1) deer, bear, and moose;*
- (2) undressed game birds; and*
- (3) fish. [97.45 s. 4]*

*Subd. 2. [NONRESIDENTS.] A nonresident may transport wild animals by common carrier without being in the vehicle if the nonresident has the license required to take the animals and they are shipped to the nonresident. [97.45 s. 6, 7]*

*Subd. 3. [EMPLOYEE OF CARRIER.] An employee of a carrier may not transport wild animals as baggage while performing duties for the carrier. [97.45 s. 3]*

*Subd. 4. [STATEMENT REQUIRED FOR PROTECTED WILD ANIMALS.] A person that transports protected wild animals by common carrier,*



*including animals carried in baggage, must attach a statement to each shipment. The statement must include the name, address, and license number of the person shipping the animals, the number and species of the animals in the shipment, and the signature of the licensee. [97.45 s. 3, 12]*

*Subd. 5. [CARRIER MUST BE SHOWN SHIPPER'S LICENSE.] A common carrier may not accept a shipment of big or small game unless the carrier is shown the license of the shipper to take the game. [97.45 s. 11]*

*Subd. 6. [WAYBILL MUST SPECIFY ANIMALS.] The waybill or receipt issued by a common carrier to a shipper must specify the number and species of wild animals being shipped. [97.45 s. 14]*

*Subd. 7. [ANIMALS IN POSSESSION OF SHIPPER.] Wild animals that are transported by common carrier are considered to be in the possession of the shipper. [97.45 s. 7(a), 10]*

**Sec. 77. [97A.531] [SHIPMENT OF WILD ANIMALS TAKEN IN CANADA.]**

*A person may ship, within or out of the state, wild animals lawfully taken and possessed in Canada and that have lawfully entered the state. The shipper must have the shipping coupons required for a shipment originating in the province where the animals were taken. Fish that are lawfully taken and possessed in Canada may be brought into the state for filleting and packing and may be transported within the state or out of the state. [97.45 s. 8]*

**Sec. 78. [97A.535] [POSSESSION AND TRANSPORTATION OF DEER, BEAR, AND MOOSE.]**

*Subdivision 1. [TAGS REQUIRED.] A person may not possess or transport deer, bear, or moose taken in the state unless a tag is attached to the carcass in a manner prescribed by the commissioner. The commissioner must prescribe the type of tag that has the license number of the owner, the year of its issue, and other information prescribed by the commissioner. The tag must be attached to the deer, bear, or moose when:*

*(1) the animal is in a camp, or a place occupied overnight or the yard surrounding the place; or*

*(2) the animal is on a motor vehicle. [98.46 s. 22]*

*Subd. 2. [DEER TAKEN BY ARCHERY AND MOOSE MUST HAVE ADDITIONAL TAG.] Deer taken by archery and moose must be tagged as prescribed by the commissioner, in addition to the tag required in subdivision 1. [98.46 s. 22]*

*Subd. 3. [TRANSPORTATION PERIOD RESTRICTED.] A person may transport one deer, one bear, or one moose during the open season and the two days following the season, and afterwards as prescribed by the commissioner. [97.45 s. 1, 7]*

*Subd. 4. [TRANSPORTATION BY PERSON OTHER THAN LICENSEE.] A person other than the licensee may transport deer, bear, or moose that the licensee has registered as prescribed by the commissioner. The person must transport the animal by the most direct route. A tag must be attached to the animal and marked in ink with the address, license number, signature of the licensee, and the locations from which and to which the animal is being*

transported. [97.45 s. 4a]

*Subd. 5. [HEADS, HIDES, AND CLAWS.] A resident that has a license to take deer, bear, or moose may transport the head or hide of the animal within or out of the state for mounting or tanning. The hides of deer, bear, and moose, and the claws of bear legally taken and with the tags that are required by this section, may be bought, sold, and transported at any time. [97.45 s. 3, 4, 100.30]*

**Sec. 79. [97A.541] [NONRESIDENT: SMALL GAME TAGS.]**

*A nonresident may not possess or transport a raccoon, bobcat, Canada lynx, or fox taken in this state without a tag attached to the animal. The commissioner shall prescribe, by order, the type of tag and the number of tags to be issued with each nonresident raccoon, bobcat, Canada lynx, or fox license and shall furnish the tags with the licenses to be issued. [98.46 s. 26]*

**Sec. 80. [97A.545] [TRANSPORTATION OF GAME BIRDS.]**

*Subdivision 1. [RESIDENTS SHIPPING BY COMMON CARRIER.] A resident that ships undressed game birds to the resident by common carrier without being in the vehicle may not make more than three shipments during a license year. A shipment may not contain more than the resident's daily limit. [97.45 s. 4]*

*Subd. 2. [NONRESIDENTS SHIPPING BY COMMON CARRIER.] A nonresident that ships undressed game birds to the nonresident by common carrier without being in the vehicle must obtain a shipping permit from the commissioner. The commissioner shall issue the permit upon request, without a fee. The carrier receiving the shipment must cancel the permit as prescribed by the commissioner. [97.45 s. 7b]*

*Subd. 3. [SHIPPING TO OTHER PERSONS.] A person must obtain a permit from the commissioner to ship game birds to another person within or out of the state. The person must have the licenses required to take the game birds. [97.45 s. 9]*

*Subd. 4. [UNDRESSED GAME BIRDS TAKEN IN ADJACENT STATES.] A person may transport into the state dressed game birds that are lawfully taken and possessed in adjacent states. A resident may ship the undressed game birds by common carrier within the state. A nonresident may ship the undressed game birds out of the state by common carrier. Each shipment must be tagged or sealed by a conservation officer as prescribed by the commissioner. [97.45 s. 9]*

**Sec. 81. [97A.551] [TRANSPORTATION OF FISH.]**

*Subdivision 1. [NONRESIDENTS SHIPPING BY COMMON CARRIER.] (a) A nonresident that ships fish to the nonresident by common carrier without being in the vehicle may only make one shipment of fish during a license year. The shipment may contain one of the following:*

- (1) one undressed fish of any size;*
- (2) 25 pounds or less of undressed fish; or*
- (3) 15 pounds or less of filleted or dressed game fish. [97.45 s. 6(1)]*

*(b) The nonresident must obtain a shipping permit from the commissioner.*

*The commissioner shall issue a shipping permit upon request, without a fee. The carrier receiving the shipment must cancel the permit as prescribed by the commissioner. [97.45 s. 6(1)]*

*(c) For shipments of filleted or dressed game fish under this subdivision, the statement required under section 76, subdivision 4, must include the net weight of the fish. [97.45 s. 6]*

*Subd. 2. [FISH TRANSPORTED THROUGH STATE.] A person may not transport game fish taken in another state or country through the state during the closed season or in excess of the possession limit unless the fish are:*

*(1) transported by common carrier; or*

*(2) tagged, sealed, or marked as prescribed by the commissioner. [97.45 s. 13]*

*Subd. 3. [SHIPPING ONE FISH TO ANY PERSON.] A person that has a license to take fish may ship one fish to any person within or out of the state after obtaining a permit from the commissioner. [97.45 s. 9]*

## ARTICLE 2

### CHAPTER 97B

#### HUNTING

#### HUNTING RESTRICTIONS AND REQUIREMENTS

##### Section 1. [97B.001] [TRESPASS.]

*Subdivision 1. [AGRICULTURAL LAND DEFINITION.] For purposes of this section, "agricultural land" means land:*

*(1) that is plowed or tilled;*

*(2) that has standing crops or crop residues; or*

*(3) within a maintained fence for enclosing domestic livestock. [100.273 s. 1]*

*Subd. 2. [PERMISSION REQUIRED TO ENTER AGRICULTURAL LAND TO HUNT OR OPERATE VEHICLES.] Except as provided in subdivisions 5 and 6, a person may not enter agricultural land to hunt or operate a motor vehicle for pleasure purposes, unless the person obtains permission of the owner, occupant, or lessee. [100.273 s. 2]*

*Subd. 3. [ENTERING LAND PROHIBITED AFTER NOTICE.] Except as provided in subdivisions 5 and 6, a person may not enter any land to take a wild animal after being notified not to do so orally by the owner, occupant, or lessee. [100.273 s. 3]*

*Subd. 4. [ENTERING POSTED LAND PROHIBITED; SIGNS.] (a) Except as provided in subdivision 6, a person may not enter any land that is posted under this subdivision to take a wild animal unless the person has obtained the permission of the owner, occupant, or lessee. [100.273 s. 3]*

*(b) The owner, occupant, or lessee of private land, or an authorized manager of public land may prohibit unauthorized hunting, trapping, fishing, or trespassing on the land by posting signs that:*

*(1) display letters at least two inches high;*

(2) are signed by the owner, occupant, lessee, or authorized manager; and

(3) are at intervals of 1,000 feet or less along the boundary of the area, or in a wooded area where boundary lines are not clear, at intervals of 500 feet or less.

(c) A person may not erect a sign that states "no hunting," "no trapping," "no fishing," "no trespassing," or another sign that prohibits trespass on land or water where the person does not have a property right, title, or interest to use the land. [100.273 s. 6]

*Subd. 5. [RETRIEVING WOUNDED GAME FROM AGRICULTURAL LAND.]* A hunter, on foot, may retrieve wounded game, during the open season for the game, from agricultural land that is not posted under subdivision 4, without permission of the landowner. The hunter must leave the land immediately after retrieving the wounded game. [100.273 s. 7]

*Subd. 6. [RETRIEVING DOGS FROM PRIVATE LAND.]* A person may, without permission of the landowner, enter private land on foot to retrieve a dog that has treed or is at bay with a raccoon, bobcat, coyote, or fox. After retrieving the dog, the person must immediately leave the premises. [100.273 s. 7]

*Subd. 7. [TAKING WITH FIREARMS IN CERTAIN AREAS.]* (a) A person may not take a wild animal with a firearm within 500 feet of a building occupied by a human or livestock without the written permission of the owner or occupant:

(1) on another person's private agricultural land; or

(2) on a public right-of-way.

(b) A person may not take a wild animal with a firearm without the written permission of the owner within 500 feet of a stockade or corral containing livestock.

(c) A person may not take a wild animal with a firearm:

(1) on land other than agricultural land within 200 feet of a building occupied by a human without the oral permission of the owner or occupant of the building; or [100.273 s. 5]

(2) within 500 feet of a burning area.

*Subd. 8. [DESTRUCTION OF PROPERTY; GATE CLOSING.]* A person may not:

(1) wound or kill another person's domestic animal;

(2) destroy, cut, or tear down another person's fence, building, grain, crops, live tree, or sign erected under subdivision 4; or

(3) pass through another person's closed gate without returning the gate to its original position. [100.273 s. 4]

Sec. 2. [97B.005] [TRAINING DOGS.]

*Subdivision 1. [FIELD TRAINING; PERMIT REQUIRED FOR CERTAIN PERIOD.]* A person may not train hunting dogs afield from April 16 to July 14 except by special permit. The commissioner may issue a special

*permit, without a fee, to train hunting dogs afield on land owned by the trainer or on land that the owner provides written permission. The written permission must be carried in personal possession of the trainer while training the dogs. [98.48 s. 13, 100.29 s. 20]*

*Subd. 2. [RESTRICTION ON AMMUNITION WHILE TRAINING.] A person that is training a dog afield and carrying a firearm may only have blank cartridges and shells in personal possession when the season is not open for any game bird. [100.29 s. 20]*

*Subd. 3. [PERMITS FOR ORGANIZATIONS TO USE GAME BIRDS AND FIREARMS.] The commissioner may issue special permits, without a fee, to organizations to use firearms and live ammunition on domesticated birds or banded game birds from game farms for holding field trials and training retrieving dogs. [98.48 s. 2]*

*Subd. 4. [USE OF RACCOONS.] The commissioner may issue special permits, without a fee, to possess one raccoon to train dogs for raccoon hunting. [98.48 s. 7]*

**Sec. 3. [97B.011] [DOGS PURSUING BIG GAME.]**

*A dog that is known to have killed or is observed wounding, killing, or pursuing in a manner that endangers big game may be killed by a peace officer or conservation officer, or, between January 1 and July 14, by any person. The officer or person is not liable for damages for killing the dog. [100.29 s. 19]*

**Sec. 4. [97B.015] [FIREARM SAFETY COURSE.]**

*Subdivision 1. [ESTABLISHMENT.] The commissioner shall make rules establishing a statewide course in the safe use of firearms. At least one course must be held within the boundary of each school district. The courses must be conducted by the commissioner in cooperation with other organizations. The courses must instruct youths in commonly accepted principles of safety in hunting and handling common hunting firearms. [97.81 s. 1]*

*Subd. 2. [ADMINISTRATION, SUPERVISION, AND ENFORCEMENT.] (a) The commissioner shall appoint a qualified person from the enforcement division under civil service rules as supervisor of hunting safety and prescribe the duties and responsibilities of the position. The commissioner shall determine and provide the enforcement division with the necessary personnel for this section.*

*(b) The commissioner may appoint one or more county directors of hunting safety in each county. An appointed county director is responsible to the enforcement division. The enforcement division may appoint instructors necessary for this section. County directors and instructors shall serve on a voluntary basis without compensation. The enforcement division must supply the materials necessary for the course. [97.82, 97.85 s. 1]*

*Subd. 3. [LIABILITY INSURANCE.] The commissioner shall obtain insurance to cover all liability incurred by the county directors and instructors for bodily injury, death, and property damage in the performance of their duties under this section. [97.85 s. 2]*

*Subd. 4. [STUDENT FEE.] To defray the expense of the course, the*

enforcement division shall collect a fee not to exceed \$5 from each person that takes the firearm safety course. [97.85 s. 1]

*Subd. 5. [FIREARMS SAFETY CERTIFICATE.] The commissioner shall issue a firearms safety certificate to a person that satisfactorily completes the required course of instruction. A certificate may not be issued to a person under age 12. A person that is age 11 may take the firearms safety course and may receive a firearms safety certificate at age 12. The form and content of the firearms safety certificate shall be prescribed by the commissioner. [97.81 s. 2, 97.83 s. 1]*

**Sec. 5. [97B.021] [POSSESSION OF FIREARMS BY PERSONS UNDER AGE 16.]**

*Subdivision 1. [RESTRICTIONS.] (a) Except as provided in this subdivision, a person under the age of 16 may not possess a firearm, unless accompanied by a parent or guardian. [97.83 s. 1]*

*(b) A person under age 16 may possess a firearm without being accompanied by a parent or guardian:*

*(1) on land owned by, or occupied as the principal residence of, the person or the person's parent or guardian;*

*(2) while participating in an organized target shooting program with adult supervision;*

*(3) while the person is participating in a firearms safety program or traveling to and from class; or*

*(4) if the person is age 14 or 15 and has a firearms safety certificate.*

*(c) For purposes of this section a guardian is a legal guardian or a person age 18 or older that has been authorized by the parent or legal guardian to supervise the person under age 16. [97.83 s. 1]*

*Subd. 2. [SEIZURE OF UNLAWFULLY POSSESSED FIREARMS.] A law enforcement officer shall seize a firearm used in violation of this section. The officer must tag the seized firearm with the name and address of the person from whom it was taken and give the person a receipt. The firearm shall be placed in the custody of the conservation officer in charge of the area where the seizure was made. [97.83 s. 2]*

*Subd. 3. [RETURN OR FORFEITURE OF SEIZED FIREARMS.] A firearm seized under this section must be returned to the person from whom it was seized when the person presents a firearms safety certificate to the conservation officer. The person must present the certificate within 90 days after the beginning of the first firearms training course in the county after the firearm was seized. If the person does not present a certificate, the firearm is contraband and forfeited to the state, and shall be disposed of as prescribed by the commissioner. [97.83 s. 3]*

**Sec. 6. [97B.025] [ADVANCED HUNTER EDUCATION.]**

*The commissioner may establish advanced education courses for hunters and trappers. The commissioner, with the approval of the commissioner of finance, may impose a fee not to exceed \$10 for each person attending an advanced education course. The commissioner shall establish the fee under*

section 16A.128. [97.851]

Sec. 7. [97B.031] [USE AND POSSESSION OF FIREARMS.]

*Subdivision 1. [FIREARMS AND AMMUNITION THAT MAY BE USED TO TAKE BIG GAME.] (a) A person may take big game with a firearm only if:*

- (1) the rifle, shotgun, and handgun used is a caliber of at least .23 inches;*
- (2) the firearm is loaded only with single projectile ammunition;*
- (3) a projectile used is a caliber of at least .23 inches and has a soft point or is an expanding bullet type;*
- (4) the ammunition has a case length of at least 1.285 inches;*
- (5) the muzzle-loader used is incapable of being loaded at the breech;*
- (6) the smooth-bore muzzle-loader used is a caliber of at least .45 inches; and*
- (7) the rifled muzzle-loader used is a caliber of at least .40 inches.*

*(b) A person may not take big game with a .30 caliber M-1 carbine cartridge. [100.29 s. 9]*

*Subd. 2. [HANDGUNS FOR SMALL GAME.] A person may take small game with a handgun of any caliber in a manner prescribed by the commissioner. [100.29 s. 2]*

*Subd. 3. [FIREARMS LARGER THAN TEN GAUGE PROHIBITED.] A person may not use a firearm with a bore larger than a ten gauge to take a protected wild animal. [100.29 s. 2]*

*Subd. 4. [SILENCERS PROHIBITED.] A person may not own or possess a silencer for a firearm or a firearm equipped to have a silencer attached. [100.29 s. 4]*

Sec. 8. [97B.035] [RESTRICTIONS ON ARCHERY EQUIPMENT.]

*Subdivision 1. [HUNTING WITH BOWS RELEASED BY MECHANICAL DEVICES.] A person may not hunt with a bow drawn, held, or released by a mechanical device, except with a disabled hunter permit issued under section 29. [100.29 s. 7, 26]*

*Subd. 2. [POSSESSION OF CROSSBOWS.] A person may not possess a crossbow outdoors or in a motor vehicle during the open season for any game, unless the crossbow is unstrung, and in a case or in a closed trunk of a motor vehicle. [100.29 s. 26]*

*Subd. 3. [POISONED AND EXPLOSIVE ARROWS.] A person may not hunt with an arrow that is poisoned or has an explosive tip. [100.29 s. 7]*

Sec. 9. [97B.041] [POSSESSION OF FIREARMS AND AMMUNITION RESTRICTED IN DEER ZONES.]

*A person may not possess a firearm or ammunition outdoors during the period beginning the tenth day before the open firearms season and ending the second day after the close of the season within an area where deer may be taken by a firearm, except:*

(1) during the open season and in an area where big game may be taken, a firearm and ammunition authorized for taking big game in that area may be used to take big game in that area if the person has a valid big game license in possession;

(2) a firearm that is unloaded and in a case or in a closed trunk of a motor vehicle;

(3) a shotgun and only shells containing shot;

(4) a handgun or rifle and only short, long, and long rifle cartridges that are caliber of .22 inches;

(5) handguns possessed by a person authorized to carry a handgun under sections 624.714 and 624.715 for the purpose authorized; and

(6) on a target range operated under a permit from the commissioner. [100.29 s.3]

Sec. 10. [97B.045] [TRANSPORTATION OF FIREARMS.]

A person may not transport a firearm in a motor vehicle unless the firearm is:

(1) unloaded and in a gun case expressly made to contain a firearm, and the case fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened, and without any portion of the firearm exposed;

(2) unloaded and in the closed trunk of a motor vehicle; or

(3) a handgun carried in compliance with sections 624.714 and 624.715. [100.29 s. 5]

Sec. 11. [97B.051] [TRANSPORTATION OF ARCHERY BOWS.]

A person may not transport an archery bow in a motor vehicle unless the bow is:

(1) unstrung;

(2) completely contained in a case; or

(3) in the closed trunk of a motor vehicle. [100.29 s. 5]

Sec. 12. [97B.055] [DISCHARGING FIREARMS AND BOWS AND ARROWS.]

*Subdivision 1.* [RESTRICTIONS RELATED TO HIGHWAYS.] A person may not discharge a firearm or an arrow from a bow on, over, or across an improved public highway at a big game animal. A person may not discharge a firearm or bow and arrow within the the right-of-way of an improved public highway at a big game animal. The commissioner may by order extend the application of this subdivision to the taking of migratory waterfowl in designated locations. [100.31]

*Subd. 2.* [RESTRICTIONS RELATED TO MOTOR VEHICLE.] A person may not take a wild animal with a firearm or by archery from a motor vehicle except as permitted in this section. [100.29 s. 5]

*Subd. 3.* [HUNTING FROM VEHICLE BY DISABLED HUNTERS.] The commissioner may issue a special permit, without a fee, to discharge a



firearm or bow and arrow from a stationary motor vehicle to a licensed hunter that is physically unable to walk with or without crutches, braces, or other mechanical support. A person with a temporary disability may be issued an annual permit and a person with a permanent disability may be issued a permanent permit. [98.48 s. 12]

Subd. 4. [TAKING BOUNTY ANIMALS FROM AIRPLANES AND SNOWMOBILES.] *The commissioner may issue a special permit, without fee, to take animals that the state pays a bounty for, from an airplane or a snowmobile.* [98.48 s. 10]

Sec. 13. [97B.061] [REPORTS AND RECORDS.]

*If requested by the commissioner, a person who has taken game must submit a report to the commissioner on a furnished form before February 1, stating the number and kind of each game animal taken during the preceding calendar year.* [98.51 s. 1]

Sec. 14. [97B.065] [HUNTING WHILE INTOXICATED OR USING NARCOTICS PROHIBITED.]

*A person may not take protected wild animals with a firearm or by archery while visibly intoxicated or under the influence of narcotics.* [100.29 s. 6]

Sec. 15. [97B.071] [RED OR BLAZE ORANGE REQUIREMENTS.]

*A person may not hunt or trap during the open season in a zone or area where deer may be taken by firearms, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is bright red or blaze orange. Blaze orange includes a camouflage pattern of at least 50 percent blaze orange within each foot square.* [100.29 s. 8]

Sec. 16. [97B.075] [HUNTING RESTRICTED BETWEEN EVENING AND MORNING.]

*A person may not take protected wild animals, except raccoon and fox, with a firearm or by archery between the evening and morning times established by commissioner's order.* [100.29 s. 1]

Sec. 17. [97B.081] [USING ARTIFICIAL LIGHTS TO LOCATE ANIMALS.]

Subdivision 1. [WITH FIREARMS AND BOWS.] (a) *A person may not cast the rays of a spotlight, headlight, or other artificial light on a highway, or in a field, woodland, or forest, to spot, locate, or take a wild animal, while having in possession, either individually or as one of a group of persons, a firearm, bow, or other implement that could be used to kill big game.*

(b) *This subdivision does not apply to a firearm that is:*

(1) *unloaded;*

(2) *in a gun case expressly made to contain a firearm that fully encloses the firearm by being zipped, snapped, buckled, tied, or otherwise fastened without any portion of the firearm exposed; and*

(3) *in the closed trunk of a motor vehicle.*

(c) *This subdivision does not apply to a bow that is:*

(1) *completely encased or unstrung; and*

(2) in the closed trunk of a motor vehicle.

(d) If the motor vehicle under paragraph (b) or (c) does not have a trunk, the firearm or bow must be placed in the rearmost location of the vehicle. [100.29 s. 10]

Subd. 2. [WITHOUT FIREARMS.] Between the hours of 10:00 p.m. and 6:00 a.m. from September 1 to December 31, a person may not cast the rays of a spotlight, headlight, or other artificial light in a field, woodland, or forest to spot, locate, or take a wild animal except to take raccoons under section 46, subdivision 3. It is not a violation of this subdivision for a person to carry out any agricultural, occupational, or recreational practice, including snowmobiling that is not related to spotting, locating or taking a wild animal. [100.29 s. 9a]

Sec. 18. [97B.085] [USE OF RADIOS TO TAKE ANIMALS.]

Subdivision 1. [TAKING PROTECTED ANIMALS PROHIBITED.] A person may not use radio equipment to take a protected wild animal. [100.29 s. 27]

Subd. 2. [TAKING UNPROTECTED WILD ANIMALS; PERMIT REQUIRED.] A person may not use radio equipment to take unprotected wild animals without a permit. The commissioner may issue a permit to take unprotected animals with radio equipment. The commissioner shall cancel the permit upon receiving a valid complaint of misconduct regarding the permittee's hunting activities. [100.29 s. 27]

Sec. 19. [97B.091] [USE OF MOTOR VEHICLES TO CHASE WILD ANIMALS PROHIBITED.]

A person may not use a motor vehicle to intentionally drive, chase, run over, kill, or take a wild animal. [100.26 s. 1, 100.29 s. 28, 29]

Sec. 20. [97B.095] [DISTURBING BURROWS AND DENS.]

A person may not disturb the burrow or den of a wild animal between November 1 and April 1 without a permit. [100.29 s. 24]

Sec. 21. [97B.101] [HUNTING WITH FERRETS PROHIBITED.]

A person may not take a protected wild animal with the aid of a ferret. [100.29 s. 23]

Sec. 22. [97B.105] [HUNTING BY FALCONRY.]

A person may take a protected wild animal by falconry under rules prescribed by the commissioner. [100.27 s. 8]

## BIG GAME

Sec. 23. [97B.201] [NO OPEN SEASON FOR ELK, CARIBOU, AND ANTELOPE.]

There may not be an open season on elk, caribou, or antelope. [100.27 s. 1]

Sec. 24. [97B.205] [USE OF DOGS AND HORSES TO TAKE BIG GAME PROHIBITED.]

A person may not use a dog or horse to take big game. [100.29 s. 14]

Sec. 25. [97B.211] [HUNTING BIG GAME BY ARCHERY.]

*Subdivision 1. [POSSESSION OF FIREARMS PROHIBITED.] A person may not take big game by archery while in possession of a firearm. [100.29 s. 7]*

*Subd. 2. [ARROWHEAD REQUIREMENTS.] Arrowheads used for taking big game must be sharp and barbless and have a single two-edged blade at least one inch wide, or three or more blades at least three inches in circumference. The arrowhead must be made of:*

*(1) high carbon steel and weigh at least 110 grains; or*

*(2) mill-tempered spring steel with a plastic core or ferrule and weigh at least 90 grains. [100.29 s. 7]*

## DEER

### Sec. 26. [97B.301] [DEER LICENSES AND LIMITS.]

*Subdivision 1. [LICENSES REQUIRED.] A person may not take deer without a license. A person must have a firearms deer license to take deer with firearms and an archery deer license to take deer by archery except as provided in this section. [98.45 s. 1, 100.272]*

*Subd. 2. [LIMIT OF ONE DEER.] Except as provided in subdivisions 3 and 4, a person may obtain one firearms deer license and one archery deer license in the same license year, but may take only one deer. [100.272]*

*Subd. 3. [PARTY HUNTING.] If two or more persons with licenses to take deer by firearms, or two or more persons with licenses to take deer by archery, are hunting as a party, a member of the party may take more than one deer, but the total number of deer taken by the party may not exceed the number of persons licensed to take deer in the party. [100.272]*

*Subd. 4. [EXPERIMENTAL TWO DEER.] The commissioner may, by order, allow a person to take two deer during each of the 1986 and 1987 calendar years. The commissioner shall prescribe the conditions for taking the second deer including:*

*(1) taking by firearm or archery;*

*(2) obtaining an additional license; and*

*(3) payment of a fee not more than the fee for a firearms deer license. [100.281]*

### Sec. 27. [97B.305] [COMMISSIONER MAY LIMIT NUMBER OF DEER HUNTERS.]

*The commissioner may limit the number of persons that may hunt deer in an area if it is necessary to prevent an overharvest or improve the distribution of hunters. The commissioner may, by order, establish a method, including a drawing, to impartially select the hunters for an area. The commissioner shall give preference to hunters that have previously applied and have not been selected. [97.48 s. 24]*

### Sec. 28. [97B.311] [DEER SEASONS AND RESTRICTIONS.]

*The commissioner may, by order, prescribe restrictions and designate areas where deer may be taken. The commissioner may, by order, prescribe the open seasons for deer within the following periods:*

(1) taking with firearms, other than muzzle-loading firearms, between November 1 and December 15;

(2) taking with muzzle-loading firearms between September 1 and December 31; and

(3) taking by archery between September 1 and December 31. [100.27 s. 2]

**Sec. 29. [97B.315] [CROSSBOW PERMITS.]**

*The commissioner may issue a special permit, without a fee, to take deer with a crossbow to a person that is unable to hunt in another manner because of a permanent physical disability. The disability, established by medical evidence, and the inability to hunt in another manner must be verified in writing by a licensed physician. The person must obtain an archery deer license. The crossbow must:*

(1) be fired from the shoulder;

(2) deliver at least 42 foot-pounds of energy at a distance of ten feet;

(3) have a stock at least 30 inches long;

(4) have a working safety; and

(5) be used with arrows or bolts of at least ten inches long with a broad-head. [98.48 s. 16]

**Sec. 30. [97B.321] [SNARES, TRAPS, SET GUNS, AND SWIVEL GUNS PROHIBITED.]**

*A person may not take deer with the aid of a snare, trap, set gun, or swivel gun. [100.29 s. 12]*

**Sec. 31. [97B.325] [DEER STAND RESTRICTIONS.]**

*A person may not take deer from a man-made platform or other structure higher than nine feet above the ground. The restriction does not apply to a portable stand that is chained, belted, clamped, or tied with rope. [100.29 s. 14]*

**BEAR**

**Sec. 32. [97B.401] [BEAR LICENSE REQUIRED.]**

*A person may not take bear without a bear license except as provided in section 35 to protect property. [98.45 s. 1]*

**Sec. 33. [97B.405] [COMMISSIONER MAY LIMIT NUMBER OF BEAR HUNTERS.]**

*The commissioner may limit the number of persons that may hunt bear in an area, if it is necessary to prevent an overharvest or improve the distribution of hunters. The commissioner may establish, by order, a method, including a drawing, to impartially select the hunters for an area. The commissioner shall give preference to hunters that have previously applied and have not been selected. [97.48 s. 24, 100.27 s. 2, 9]*

**Sec. 34. [97B.411] [BEAR SEASON AND RESTRICTIONS.]**

*The commissioner may, by order, prescribe the open season and the areas and restrictions for the taking of bear. [100.27 s. 2, 9]*

## Sec. 35. [97B.415] [TAKING BEAR TO PROTECT PROPERTY.]

*A person may take a bear at any time to protect the person's property. The person must report the bear taken to a conservation officer within 48 hours. The bear may be disposed of as prescribed by the commissioner. [100.27 s. 9]*

## Sec. 36. [97B.421] [PERMIT REQUIRED TO SNARE BEARS.]

*A person may not use a snare to take a bear except under a permit from the commissioner. [100.29 s. 13]*

## Sec. 37. [97B.425] [BAITING BEARS.]

*A person placing bait to take bear must display a tag at each site where bait is placed and register the sites. The commissioner shall prescribe the method of tagging and registering the sites. A person may not use solid waste containing bottles, cans, plastic, paper, metal, or other materials that are not readily biodegradable as a bait to attract bear. [100.29 s. 31]*

## Sec. 38. [97B.431] [BEAR HUNTING GUIDES.]

*A person may not place bait for bear, or guide hunters to take bear, for compensation without a bear hunting guide license. A bear hunting guide is not required to have a license to take bear unless the guide is attempting to shoot a bear. The commissioner shall adopt rules for qualifications for issuance and administration of the licenses. [98.455]*

## MOOSE

## Sec. 39. [97B.501] [MOOSE LICENSE REQUIRED.]

*A person may not take moose without a moose license. [98.45 s. 1]*

## Sec. 40. [97B.505] [MOOSE SEASON AND RESTRICTIONS.]

*The commissioner may, by order, prescribe the open season and the areas and conditions for the taking of moose. [100.27 s. 2]*

## Sec. 41. [97B.511] [MOOSE STAND RESTRICTIONS.]

*A person may not take moose from a man-made platform or other structure higher than nine feet above the ground. The restriction does not apply to a portable stand that is chained, belted, clamped, or tied with rope. [100.29 s. 14]*

## SMALL GAME

## Sec. 42. [97B.601] [SMALL GAME LICENSES.]

*Subdivision 1. [REQUIREMENT.] A person may not take small game without a small game license except as provided in subdivision 4. [98.47 s. 6]*

*Subd. 2. [TRAPPING SMALL GAME.] A person may not take small game with traps without a trapping license and a small game license except as provided in subdivision 4. [98.47 s. 6]*

*Subd. 3. [NONRESIDENTS: RACCOON, BOBCAT, FOX, COYOTE, CANADA LYNX.] A nonresident may not take raccoon, bobcat, fox, coyote, or Canada lynx without a separate license to take that animal in addition to a small game license. [98.46 s. 14]*

*Subd. 4. [EXCEPTION TO LICENSE REQUIREMENTS.] (a) A resident under age 16 may take small game without a small game license, and a resident under age 13 may trap without a trapping license, as provided in article 1, section 63, subdivision 3.*

*(b) A person may take small game without a small game license on land occupied by the person as a principal residence.*

*(c) An owner or occupant may take certain small game causing damage without a small game or trapping license as provided in section 53. [98.47 s. 1, 10, 100.27 s. 7]*

**Sec. 43. [97B.605] [COMMISSIONER MAY RESTRICT TAKING OF CERTAIN SMALL GAME ANIMALS.]**

*The commissioner may prescribe restrictions on and designate areas where gray and fox squirrels; cottontail and jack rabbits; snowshoe hare; raccoon; lynx; bobcat; fox; fishers; and badger may be taken and possessed. [100.27 s. 3]*

**Sec. 44. [97B.611] [SQUIRRELS.]**

*Subdivision 1. [SEASONS FOR GRAY AND FOX SQUIRRELS.] The statewide open season for gray and fox squirrels may be prescribed by the commissioner between October 15 and December 31. The commissioner may prescribe areas with additional open seasons. [100.27 s. 3]*

*Subd. 2. [FIRE AND SMOKE PROHIBITED.] A person may not set fire to a tree or use smoke to take squirrels. [100.29 s. 15]*

**Sec. 45. [97B.615] [RABBIT AND HARE SEASON.]**

*The statewide open season for cottontail, jack rabbits, and snowshoe hare may be prescribed by the commissioner between September 16 and March 1. [100.27 s. 3]*

**Sec. 46. [97B.621] [RACCOONS.]**

*Subdivision 1. [SEASON.] The statewide open season for raccoon may be prescribed by the commissioner between October 15 and December 31. [100.27 s. 3]*

*Subd. 2. [PERIOD FOR TREEING RACCOONS.] Notwithstanding subdivision 1, a person may use dogs to pursue and tree raccoons without killing or capturing the raccoons from January 1 to April 15 and July 15 to October 14. [100.27 s. 3]*

*Subd. 3. [NIGHTTIME HUNTING RESTRICTIONS.] To take raccoons between sunset and sunrise, a person:*

*(1) must be on foot;*

*(2) may use an artificial light only if hunting with dogs;*

*(3) may not use a rifle other than one of a .22 inch caliber with .22 short, long, or long rifle, rimfire ammunition; and*

*(4) may not use shotgun shells with larger than No. 4 shot. [100.29 s. 10]*

*Subd. 4. [PROHIBITED METHODS OF TAKING.] A person may not take a raccoon:*

(1) in a den or hollow tree;

(2) by cutting down a tree occupied by raccoon; or

(3) by setting fire to a tree or using smoke. [100.29 s. 15]

Sec. 47. [97B.625] [LYNX AND BOBCAT.]

*Subdivision 1.* [SEASON.] *Based upon population estimates, the commissioner may set the open season for lynx or bobcat.* [100.27 s. 3]

*Subd. 2.* [PERMIT REQUIRED TO SNARE.] *A person may not use a snare to take lynx or bobcat except under a permit from the commissioner.* [100.29 s. 13]

Sec. 48. [97B.631] [FOX.]

*Subdivision 1.* [RESTRICTIONS ON TAKING.] *A person may not remove a fox from a den or trap fox within 300 feet of a fox den from April 1 to August 31.* [100.27 s. 3]

*Subd. 2.* [PERMIT REQUIRED TO SNARE.] *A person may not use a snare to take fox except under a permit from the commissioner.* [100.29 s. 13]

Sec. 49. [97B.635] [FISHER; BADGER; OPPOSSUM; AND PINE MARTEN.]

*Based upon population estimates, the commissioner may set the open season for fisher, badger, opossum, and pine marten.* [100.27 s. 3]

Sec. 50. [97B.641] [COUGAR AND WOLVERINE.]

*There is no open season for cougar or wolverine.* [100.27 s. 1]

Sec. 51. [97B.645] [WOLVES.]

*Subdivision 1.* [USE OF DOGS AND HORSES PROHIBITED.] *A person may not use a dog or horse to take a timber wolf.* [100.29 s. 14]

*Subd. 2.* [PERMIT REQUIRED TO SNARE.] *A person may not use a snare to take a wolf except under a permit from the commissioner.* [100.29 s. 13]

Sec. 52. [97B.651] [UNPROTECTED MAMMALS.]

*Mammals that are unprotected wild animals may be taken at any time and in any manner, except with artificial lights, or by using a motor vehicle in violation of section 19. Poison may not be used to take unprotected mammals unless the safety of humans and domestic livestock is ensured. Unprotected mammals may be possessed, bought, sold, or transported in any quantity.* [100.26 s. 1, 3]

Sec. 53. [97B.655] [TAKING ANIMALS CAUSING DAMAGE.]

*Subdivision 1.* [OWNERS AND OCCUPANTS MAY TAKE CERTAIN ANIMALS.] *A person may take mink, squirrel, rabbit, hare, raccoon, lynx, bobcat, fox, or beaver on land owned or occupied by the person where the animal is causing damage. The person may take the animal without a license and in any manner except by poison, or artificial lights in the closed season. Raccoons may be taken under this subdivision with artificial lights during*

*open season. A person that kills mink, raccoon, lynx, bobcat, fox, or beaver under this subdivision must bring the entire animal to a conservation officer or employee of the division within 24 hours after the animal is killed. [100.27 s. 7]*

*Subd. 2. [SPECIAL PERMIT FOR TAKING PROTECTED WILD ANIMALS.] The commissioner may issue special permits under article 1, section 53, subdivision 5, to take protected wild animals that are damaging property. A person must have the required license and seals to take beaver under the permit. [98.48 s. 5]*

**Sec. 54. [97B.661] [REMOVAL OF BEAVER FROM STATE LANDS.]**

*The commissioner may remove beaver at state expense from state land if the county board where the land is located adopts a resolution requesting the removal. [97.56]*

**Sec. 55. [97B.665] [IMPAIRMENT OF DRAINAGE BY BEAVER DAMS.]**

*Subdivision 1. [AGREEMENT BY COUNTY BOARD, LANDOWNER, AND COMMISSIONER.] (a) When a drainage watercourse is impaired by a beaver dam, the commissioner shall take action to remove the impairment, if:*

- (1) the county board unanimously consents;*
- (2) the landowner approves;*
- (3) the commissioner agrees; and*
- (4) the action is financially feasible.*

*(b) In a county with unanimous consent of the county board of commissioners and approval of the landowner, the department shall take action agreed to by unanimous consent of the county board, the commissioner, and the landowner. The action may include destruction or alteration of beaver dams and removal of beaver. This subdivision does not apply to state parks, state game refuges, and federal game refuges. [97.57 s. 1]*

*Subd. 2. [PETITION TO DISTRICT COURT.] If a beaver dam causes a threat to personal safety or a serious threat to damage property, and a person cannot obtain consent under subdivision 1, a person may petition the district court for relief. The court may order the commissioner to take action to reduce the threat. [97.57 s. 2]*

**Sec. 56. [97B.671] [PREDATOR CONTROL PROGRAM.]**

*Subdivision 1. [AUTHORIZATION TO TAKE PREDATORS.] If the commissioner determines that predators are damaging domestic or wild animals and further damage can be prevented, the commissioner shall authorize the taking of the predators by predator controllers. The commissioner shall define the area where the predators may be taken, the objectives to be achieved, payments to be made, the methods to be used, and when the predator control shall cease. [97.487 s. 3]*

*Subd. 2. [CERTIFICATION OF PREDATOR CONTROLLERS.] The commissioner shall certify a person as a predator controller if the person has not violated a provision of this section and meets qualifications of experience, ability, and reliability. The commissioner shall establish application*



*procedures, prescribe forms, and maintain a list of predator controllers. The application procedures must include reports from conservation officers and other department field personnel as to the ability and reliability of the applicants. [97.487 s. 4, 6]*

*Subd. 3. [PREDATOR CONTROL PAYMENTS.] The commissioner shall pay a predator controller the amount the commissioner prescribes for each predator taken. The commissioner shall pay at least \$25 but not more than \$60 for each wolf or coyote taken. The commissioner may require the predator controller to submit proof of the taking and a signed statement concerning the predators taken. [97.487 s. 5]*

## BIRDS

### Sec. 57. [97B.701] [PROTECTED BIRDS.]

*Subdivision 1. [TAKING OF BIRDS, NESTS, AND EGGS MUST BE AUTHORIZED.] Protected birds, their nests, and their eggs may be taken only as authorized under the game and fish laws. [100.26 s. 2]*

*Subd. 2. [PROHIBITED METHODS OF TAKING.] A person may not take protected birds:*

- (1) with a trap, net, or snare;*
- (2) using bird lime;*
- (3) with a swivel or set gun; or*
- (4) by dragging a rope, wire, or other device across a field. [100.29 s. 16]*

### Sec. 58. [97B.705] [RESTRICTIONS ON TRAPPING BIRDS.]

*(a) Except as provided in this section, a person may not take a bird with a steel jaw leg-hold trap mounted on a pole, post, tree stump, or other perch more than three feet above the ground.*

*(b) A person that has a game farm license and a permit to take great horned owls issued under United States Code, title 16, section 704, may trap great horned owls from April 1 to October 15. The trap must be a padded jaw trap as prescribed by the commissioner and mounted at a height so that the trapped owl may rest on the ground. Uninjured birds shall be released alive and injured birds receive appropriate veterinary treatment. [100.29 s. 32]*

### Sec. 59. [97B.711] [GAME BIRDS.]

#### *Subdivision 1. [SEASONS FOR CERTAIN UPLAND GAME BIRDS.]*

*(a) The commissioner may, by order, prescribe an open season in designated areas between September 16 and December 31 for:*

- (1) pheasant;*
- (2) ruffed grouse;*
- (3) sharp tailed grouse;*
- (4) Canada spruce grouse;*
- (5) prairie chicken;*
- (6) gray partridge;*
- (7) chukar partridge;*

(8) quail; and

(9) turkey.

(b) *The commissioner may by order prescribe an open season for turkey in the spring.* [100.27 s. 5]

**Subd. 2. [DAILY AND POSSESSION LIMITS FOR CERTAIN UPLAND GAME BIRDS.]** (a) *A person may not take more than five in one day or possess more than ten of each of the following:*

(1) pheasant;

(2) ruffed grouse;

(3) sharp tailed grouse;

(4) prairie chicken;

(5) gray partridge; and

(6) chukar partridge.

(b) *A person may not take more than ten quail in one day or possess more than 15 bob-white quail.*

(c) *The commissioner may, by order, reduce the daily and possession limits established in this subdivision.* [100.28 s.2]

**Sec. 60. [97B.715] [PHEASANTS.]**

**Subdivision 1. [STAMP REQUIRED.]** (a) *Except as provided in paragraph (b), a person required to possess a small game license may not hunt pheasants without a pheasant stamp in possession.*

(b) *The following persons are exempt from this subdivision:*

(1) *residents under age 18 or over age 65; and*

(2) *persons hunting on licensed private shooting preserves in Norman, Becker, Wadena, Cass, Crow Wing, Aitkin, or Carlton county, and locations north of the northern boundaries of these counties.* [97.4843 s. 2]

**Subd. 2. [DAILY AND POSSESSION HEN PHEASANT LIMITS.]** *A person may not take more than one hen pheasant in one day or possess more than two hen pheasants.* [100.28 s. 2]

**Subd. 3. [HUNTING HOURS.]** *A person may not take pheasants between the evening time that the commissioner establishes by order and 9 a.m.* [100.29 s. 1]

**Sec. 61. [97B.721] [LICENSE REQUIRED TO TAKE TURKEY.]**

*A person may not take turkey without a small game license and a turkey license.* [98.46 s. 2, 14]

**Sec. 62. [97B.725] [LICENSE REQUIRED TO GUIDE HUNTERS.]**

*A person may not guide turkey hunters for compensation without a turkey hunter guide license. The license must be obtained before the day of the opening of the turkey season. The commissioner shall prescribe qualifications for the issuance of turkey hunter guide licenses.* [98.456]

**Sec. 63. [97B.731] [MIGRATORY BIRDS.]**

*Subdivision 1. [MIGRATORY GAME BIRDS.] Migratory game birds may be taken and possessed. A person may not take migratory game birds in violation of federal law. [100.27 s. 6]*

*Subd. 2. [TAKING MOURNING DOVES PROHIBITED.] Mourning doves may not be taken in the state. [100.27 s. 6]*

#### MIGRATORY WATERFOWL

**Sec. 64. [97B.801] [MINNESOTA MIGRATORY WATERFOWL STAMP REQUIRED.]**

*Except as provided in this section, a person required to possess a small game license may not take migratory waterfowl without a Minnesota migratory waterfowl stamp in possession. Residents under age 18 or over age 65 and persons hunting on their own property are not required to possess the stamp. [97.4841 s. 2]*

**Sec. 65. [97B.805] [RESTRICTIONS ON METHOD OF TAKING WATERFOWL ON WATER.]**

*Subdivision 1. [HUNTER MUST BE CONCEALED.] (a) A person may not take migratory waterfowl, coots, or rails in open water unless the person is:*

*(1) within a natural growth of vegetation sufficient to partially conceal the person or boat; or*

*(2) pursuing or shooting wounded birds.*

*(b) A person may not take migratory waterfowl, coots, or rails in public waters from a permanent artificial blind or sink box. [100.29 s. 17]*

*Subd. 2. [RESTRICTIONS ON WATERCRAFT.]*

*(a) A person using watercraft to take migratory waterfowl must comply with subdivision 1.*

*(b) Migratory waterfowl may be taken from a watercraft propelled by motor or sails only if the watercraft has stopped and the motor is shut off and the sails are furled. [100.29 s. 5]*

*(c) Migratory waterfowl may be taken from a floating watercraft if the craft is drifting, beached, moored, resting at anchor, or is being propelled by paddle, oars, or pole. [100.29 s. 5]*

*Subd. 3. [UNATTENDED BOATS.] During the open season for waterfowl, a person may not leave an unattended boat used for hunting waterfowl in public waters between sunset and one hour before sunrise, unless the boat is adjacent to private land under the control of the person and the water does not contain a natural growth of vegetation sufficient to partially conceal a hunter or a boat. [100.29 s. 18]*

**Sec. 66. [97B.811] [DECOYS AND BLINDS ON PUBLIC LANDS AND WATERS.]**

*Subdivision 1. [BLINDS AND DECOYS PROHIBITED BEFORE SEASON.] A person may not erect a blind or place decoys in public waters or on public land more than one hour before the open season for waterfowl. [100.29 s. 18]*

*Subd. 2. [HOURS FOR PLACING DECOYS.] Except as provided in subdivisions 3 and 4, a person may not place decoys in public waters or on public lands more than one hour before sunrise during the open season for waterfowl. [100.29 s. 18]*

*Subd. 3. [RESTRICTIONS ON LEAVING DECOYS OVERNIGHT.] During the open season for waterfowl, a person may not leave decoys in public waters between sunset and one hour before sunrise unless:*

*(1) the decoys are in waters adjacent to private land under the control of the hunter; and*

*(2) there is not natural vegetation growing in water sufficient to partially conceal a hunter. [100.29 s. 18]*

*Subd. 4. [DECOYS THAT ARE NAVIGATIONAL HAZARD PROHIBITED.] A person may not leave decoys in public waters between sunset and one hour before sunrise if the decoys constitute a navigational hazard. [100.29 s. 18]*

#### FUR-BEARING ANIMALS, TRAPPING

**Sec. 67. [97B.901] [COMMISSIONER MAY REQUIRE TAGS ON FUR-BEARING ANIMALS.]**

*The commissioner may, by order, require persons taking fur-bearing animals to tag the animals where they are taken. The commissioner shall prescribe the manner of issuance and the type of tag, which must show the year of issuance. The commissioner shall issue the tag, without a fee, upon request. [98.46 s. 21]*

**Sec. 68. [97B.905] [FUR BUYING AND SELLING LICENSES.]**

*Subdivision 1. [RESIDENT LICENSE.]*

*(a) A resident that has a license to buy and sell raw furs may buy and sell raw furs in the state including:*

*(1) selling raw furs to a manufacturer, representing nonresidents;*

*(2) selling raw furs to a broker or agent, representing a nonresident; and*

*(3) conducting a fur auction that makes sales to resident manufacturers and nonresidents.*

*(b) An employee, partner, or officer buying or selling only for a raw fur dealer licensee at an established place of business licensed under article 1, section 68, subdivision 21, clause (a), may obtain a supplemental license under article 1, section 68, subdivision 21, clause (b). [98.46 s. 4]*

*Subd. 2. [NONRESIDENT LICENSE.] A nonresident must obtain a license under article 1, section 68, subdivision 22, to buy or sell raw furs within the state, except a license is not required to buy from a person licensed under article 1, section 68, subdivision 21. [98.46 s. 16]*

*Subd. 3. [BOND REQUIRED FOR FUR BUYER LICENSE APPLICANTS.] Applicants for a raw fur dealer's license must, at the time of application for the license, furnish a corporate surety bond in favor of the state for \$1,000 payable upon violation of the game and fish laws. [98.46 s. 23]*

Sec. 69. [97B.911] [MUSKRAT SEASONS.]

*The commissioner may establish open seasons for muskrat between October 25 and April 30. The open season in an area may not exceed 90 days. The commissioner may prescribe restrictions for the taking of muskrat. [100.27 s. 4]*

Sec. 70. [97B.915] [MINK SEASONS.]

*The commissioner may establish open seasons for mink between October 25 and April 30. The open season in an area may not exceed 90 days. The commissioner may prescribe restrictions for the taking of mink. [100.27 s. 4]*

Sec. 71. [97B.921] [OTTER SEASONS.]

*The commissioner may establish open seasons for otter between October 25 and April 30. The open season in an area may not exceed 30 days. Otter may be taken only by trapping and is subject to restrictions prescribed by the commissioner. [100.27 s. 4]*

Sec. 72. [97B.925] [BEAVER SEASONS.]

*The commissioner may establish open seasons for beaver between October 25 and April 30. Beaver may be taken only by trapping and is subject to restrictions prescribed by the commissioner. [100.27 s. 4]*

Sec. 73. [97B.931] [HOURS FOR TENDING TRAPS RESTRICTED.]

*A person may not tend a trap set for wild animals between 7:00 p.m. and 5:00 a.m. [100.29 s. 25]*

Sec. 74. [97B.935] [USE OF VEHICLES FOR TRAPPING BEAVER AND OTTER.]

*Subdivision 1. [GENERAL PROHIBITION.] Except as provided in this section, a person may not use a snowmobile or an all-terrain vehicle during the open season for beaver or otter, and for two days after the open seasons end, to transport or check beaver or otter traps or to transport beaver or otter carcasses or pelts. [100.29 s. 30]*

*Subd. 2. [ALLOWED IN DESIGNATED COUNTIES.] The commissioner may, by order, designate counties where snowmobiles and all-terrain vehicles may be used to transport and check beaver and otter traps and to transport beaver or otter carcasses or pelts. [100.29 s. 30]*

*Subd. 3. [SPECIAL PERMIT FOR DISABLED.] 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 a licensed trapper physically unable to walk as specified in section 12, subdivision 3. [100.29 s. 30]*

Sec. 75. [97B.941] [TAMPERING WITH TRAPS.]

*A person may not remove or tamper with a trap legally set to take fur-bearing animals or unprotected wild animals without authorization. Authorized persons include the commissioner and the owner or lessee of the land where the trap is located. [100.29 s. 33]*

Sec. 76. [97B.945] [SETTING OF TRAPS NEAR WATER RESTRICTED.]

*A person may not set a trap within 150 feet of a stream, lake, or navigable water within 30 days before the open season for mink and muskrat without a special permit by the commissioner. [100.295]*

### ARTICLE 3

### CHAPTER 97C

### FISHING

### FISHING HABITAT

#### Section 1. [97C.001] [EXPERIMENTAL WATERS.]

*Subdivision 1. [DESIGNATION.] The commissioner may designate all or part of a lake or stream as experimental waters. The designated experimental waters may not exceed 100 lakes and 25 streams at one time. Only lakes and streams that have a public access may be designated. The commissioner shall establish methods and criteria for public initiation of experimental waters designation and for public participation in the evaluation of the waters designated. [97.48 s. 26]*

*Subd. 2. [PUBLIC MEETING.] Before the commissioner designates experimental waters, a public meeting must be held in the county where the largest portion of the lake or stream is located. At least seven days before the public meeting, notice of the meeting must be published in a legal newspaper within the counties where the lake or stream is located. If a lake to be designated has a water area of more than 1,500 acres, a public meeting must also be held in the seven-county metropolitan area. [97.48 s. 26]*

*Subd. 3. [SEASONS, LIMITS, AND REGULATIONS.] The commissioner may, by order, establish open seasons, limits, methods, and other regulations to take fish on experimental waters. [97.48 s. 26]*

#### Sec. 2. [97C.005] [SPECIAL MANAGEMENT LAKES.]

*The commissioner may classify waters for their primary use as trophy lakes, family fishing lakes, special species management lakes, and other designated uses. [97.48 s. 26a]*

#### Sec. 3. [97C.011] [MUSKELLUNGE LAKES.]

*(a) The commissioner may, after holding a public meeting, designate waters with muskellunge as muskellunge waters.*

*(b) The commissioner may prescribe rules for each designated muskellunge waters that:*

- (1) restrict spearing from a darkhouse;*
- (2) restrict angling from a darkhouse;*
- (3) limit the open season to take fish;*
- (4) limit the size of fish that may be kept; and*
- (5) limit the number of each species of fish that may be kept.*

*(c) The commissioner must give notice and hold a hearing before adopting rules under this subdivision. The rules must have a termination date and may only be extended upon a showing by the commissioner, at a hearing, that the*

*muskellunge population in the designated waters has been enhanced.*

*(d) The provisions of section 39, subdivision 1, requiring the angling season on a lake to be closed in proportion to the spearing season do not apply to designated muskellunge lakes. [101.475 s. 1, 2]*

**Sec. 4. [97C.015] [MISSISSIPPI RIVER FISH REFUGE.]**

*Subdivision 1. [ESTABLISHMENT.] The portion of the Mississippi river described in subdivision 3 is a fish refuge when the commissioner concludes a fish refuge agreement with the appropriate state authority in Wisconsin. The agreement must require that a similar fish refuge is established in the Wisconsin waters of the Mississippi river described in subdivision 3. [99.29 s. 1, 3]*

*Subd. 2. [FISHING RESTRICTION.] A person may not take fish from a fish refuge after it is established under this section. [99.29 s. 2]*

*Subd. 3. [LOCATION.] The location of the fish refuge is the portion of the Mississippi river downstream from lock and dam No. 3 located at milepost 796.9 above the mouth of the Ohio river, to the downstream end of Diamond island located at milepost 794.8. [99.29 s. 1]*

**Sec. 5. [97C.021] [ANGLING RESTRICTED IN TROUT STREAMS.]**

*A person may only take fish from a designated trout stream during the open season for trout in the stream. [97.4842 s. 1, 101.42 s. 9]*

**Sec. 6. [97C.025] [FISHING AND MOTORBOATS PROHIBITED IN SPAWNING BEDS AND FISH PRESERVES.]**

*A person may not take fish from or drive motorboats over waters designated as spawning beds or fish preserves. [101.42 s. 15]*

**Sec. 7. [97C.031] [LAKES WITH UNBALANCED FISH POPULATIONS.]**

*The commissioner may establish and amend a list of lakes and rivers that have been found by the director, to contain an unbalanced fish population, or to contain species of fish that have become stunted from overpopulation. The list may not include more than 100 lakes and rivers, or more than six in a county. The commissioner may, by order, establish open seasons, limits, and methods of taking fish from lakes and rivers on the list. The order must be published in each county containing the lake or river. [101.47 s. 1]*

**Sec. 8. [97C.035] [ENDANGERED FISH POPULATIONS.]**

*Subdivision 1. [CONDITIONS.] If the commissioner determines that fish in shallow waters are endangered by lack of oxygen in the winter, or if waters will be restored with the use of piscicides, the commissioner shall rescue the fish under subdivision 2 or allow taking of the fish under subdivision 3. [97.48 s. 16]*

*Subd. 2. [RESCUE OF FISH.] If the commissioner rescues fish endangered by lack of oxygen in the winter, the fish may be transferred to other waters, sold, or otherwise disposed of. [97.48 s. 16]*

*Subd. 3. [TAKING OF FISH.] (a) The commissioner may, by order, authorize residents to take fish:*

(1) in any quantity;

(2) in any manner, except by use of seines, hoop nets, fyke nets, and explosives; and

(3) for personal use only, except rough fish may be sold.

(b) In an emergency the commissioner may authorize the taking of fish without publishing the order if notice is posted conspicuously along the shore of the waters. [97.48 s. 16]

Sec. 9. [97C.041] [COMMISSIONER MAY REMOVE ROUGH FISH.]

The commissioner may take rough fish, lake whitefish, and rainbow smelt with seines, nets, and other devices. The commissioner may hire or contract persons, or issue permits, to take the fish. The commissioner shall prescribe the manner of taking and disposal. The commissioner may award a contract under this section without competitive bidding. Before establishing the contractor's compensation, the commissioner must consider the qualifications of the contractor, including the contractor's equipment, knowledge of the waters, and ability to perform the work. [97.48 s. 2, 4]

Sec. 10. [97C.045] [REMOVAL OF ROUGH FISH FROM BOUNDARY WATERS.]

The commissioner may enter into agreements with North Dakota, South Dakota, Wisconsin, and Iowa, relating to the removal of rough fish in boundary waters. The agreements may include:

(1) contracting to remove rough fish;

(2) inspection of the work;

(3) the division of proceeds; and

(4) regulating the taking of rough fish. [97.48 s. 2]

Sec. 11. [97C.051] [SPECIAL PERMITS TO USE PISCICIDES.]

Subdivision 1. [PERMIT.] The commissioner may issue a special permit, without a fee, to apply piscicides to restore waters at the permittee's expense. The permit may be issued to an individual, a group of riparian owners, or a lake improvement association. The permit may only be issued if all riparian owners have consented in writing. [98.48 s. 15]

Subd. 2. [TAKING OF FISH.] The commissioner may set special open seasons, limits, and methods to take fish before the piscicides are applied. The commissioner must post the special provisions at or near the waters. [98.48 s. 15]

Sec. 12. [97C.055] [DEAD FISH REMOVAL.]

The commissioner shall remove and dispose of dead fish that accumulate in or upon the shores of public waters in quantities that are a public nuisance or are detrimental to game fish. [101.46]

Sec. 13. [97C.061] [DRAGGING A WEIGHT OR AN ANCHOR THROUGH VEGETATION.]

A person may not use a motorboat to drag an anchor or other weight through aquatic vegetation, except by commissioner's order. [101.42 s. 19]



**Sec. 14. [97C.065] [POLLUTANTS IN WATERS.]**

*A person may not dispose of any substance in state waters, or allow any substance to enter state waters, in quantities that injure or are detrimental to the propagation of wild animals or taint the flesh of wild animals. Each day of violation is a separate offense. An occurring or continuous violation is a public nuisance. An action may be brought by the attorney general to enjoin and abate nuisance upon request of the commissioner. This section does not apply to chemicals used for pest control for the general welfare of the public. [101.42 s. 17]*

**Sec. 15. [97C.071] [PERMIT REQUIRED FOR STRUCTURE IN PUBLIC WATERS.]**

*A person may not construct or maintain a dam or other obstruction, except a boat pier, in or over public waters without a permit from the commissioner. The commissioner may establish permit conditions for the construction or modification of a fishway around or over a dam or obstruction. [101.42 s. 13]*

**Sec. 16. [97C.075] [FISH SCREENS IN FLOWING WATERS.]**

*A person may not obstruct a creek, stream, or river to prevent the passage of fish with a rack or screen without the permission of the commissioner. The person that erected the obstruction, or the owner of the land where the obstruction is located, must immediately remove the obstruction upon order of the commissioner. [101.43]*

**Sec. 17. [97C.081] [FISHING CONTESTS.]**

*Subdivision 1. [RESTRICTIONS.] A person may not conduct a fishing contest on waters except as provided in this section. [101.42 s. 21]*

*Subd. 2. [CONTESTS WITHOUT A PERMIT.] A person may conduct a fishing contest with entry fees of \$10, or less, per person and total prizes valued at \$2,000, or less, without a permit from the commissioner. The commissioner may, by order, establish restrictions on the fishing contest to protect fish and fish habitat and for the safety of contest participants. [101.42 s. 21]*

*Subd. 3. [CONTESTS AUTHORIZED BY COMMISSIONER.] The commissioner may, by order or permit, allow fishing contests with entry fees over \$10 per person and total prizes valued at more than \$2,000. Permits must be issued without a fee and if the commissioner does not deny the permit within 14 days, excluding holidays, after receipt of an application, the permit is granted. [101.42 s. 21]*

**PROPAGATION****Sec. 18. [97C.201] [STATE FISH STOCKING PROHIBITED WITHOUT PUBLIC ACCESS.]**

*The commissioner and state agencies may only stock fish in waters where there is public access. [97.485]*

**Sec. 19. [97C.205] [RULES FOR SPORTING ORGANIZATIONS TO REAR AND STOCK FISH.]**

*The commissioner shall prescribe rules designed to encourage local sporting organizations to propagate game fish by using rearing ponds. The rules*

must:

[POLLUTANTS IN WATERS.]

(1) prescribe methods to acquire brood stock for the ponds by seining public waters;

(2) allow the sporting organizations to own and use seines and other necessary equipment; and

(3) prescribe methods for stocking the fish in public waters that give priority to the needs of the community where the fish are reared and the desires of the organization operating the rearing pond. [97.48 s. 20]

Sec. 20. [97C.211] PRIVATE FISH HATCHERIES.

Subdivision 1. [LICENSE REQUIRED.] A person may not operate a private fish hatchery without a private fish hatchery license. [98.46 s. 17]

Subd. 2. [RULES FOR OPERATION.] The commissioner shall prescribe rules that allow a person to maintain and operate a private fish hatchery to raise and dispose of fish indigenous to state waters. [97.48 s. 22]

Subd. 3. [FISHING LICENSE NOT REQUIRED FOR PERSONS TO TAKE FISH.] A person may take fish by angling without a fishing license at a licensed private fish hatchery or an artificial pool containing only fish purchased from a private fish hatchery, if the operator of the hatchery or pool furnishes each person catching fish a certificate prescribed by the commissioner. The certificate must state the number and species of the fish caught and other information as prescribed by the commissioner. A person without a fishing license may possess, ship, and transport within the state the fish caught in the same manner as fish taken by a resident with a fishing license. [97.48 s. 22]

Subd. 4. [LICENSE REQUIRED TO TAKE SUCKER EGGS.] A person may not take sucker eggs from public waters for a private fish hatchery without a license to do so. [98.46 s. 17]

Sec. 21. [97C.215] SPECIAL PERMITS FOR UNITED STATES AGENTS.]

The commissioner may issue a special permit, without a fee, to an authorized agent of the United States to conduct fish culture operations, rescue work, and related fishery operations. [98.48 s. 11]

FISHING METHODS

Sec. 22. [97C.301] LICENSE REQUIRED TO TAKE FISH.]

Subdivision 1. [REQUIREMENT.] Unless exempted under article 1, section 62, 63, or 66, subdivision 1, a person must have a license to take fish as provided in this section. [98.45 s. 1]

Subd. 2. [ANGLING.] A person may not take fish without an angling license. [98.47 s. 6]

Subd. 3. [SPEARING.] A person may not take fish by spearing from a dark house without a dark house spearing license and an angling license. [98.47 s. 6]

Subd. 4. [NETTING.] A person may not take fish by netting without the required license to net fish and an angling license. [98.47 s. 6]

Sec. 23. [97C.305] [TROUT AND SALMON STAMP.] gating (4)

A person over age 16 and under age 65 required to possess an angling license must have a trout and salmon stamp in possession to take fish by angling in:

- (1) a stream designated by the commissioner as a trout stream;
- (2) a lake designated by the commissioner as a trout lake; or
- (3) Lake Superior. [97.4842 s. 1]

Sec. 24. [97C.311] [LAKE SUPERIOR FISHING GUIDE LICENSE.]

A person may not operate a charter boat and guide anglers on Lake Superior for compensation without a Lake Superior fishing guide license. The commissioner shall prescribe rules for qualification and issuance of the licenses. [98.457]

Sec. 25. [97C.315] [ANGLING LINES AND HOOKS.]

Subdivision 1. [LINES.] An angler may not use more than one line except:

- (1) two lines may be used to take fish through the ice; and
- (2) the commissioner may, by order, authorize the use of two lines in areas designated by the commissioner in Lake Superior. [97.40 s. 32, 101.41 s. 2, 2a]

Subd. 2. [HOOKS.] An angler may not have more than one hook on a line, except:

- (1) three artificial flies may be on a line used to take largemouth bass, smallmouth bass, trout, crappies, sunfish, and rock bass; and
- (2) a single artificial bait may contain more than one hook. [97.40 s. 32, 101.42 s. 2]

Sec. 26. [97C.321] [RESTRICTIONS ON UNATTENDED LINES.]

Subdivision 1. [GENERAL PROHIBITION.] A person may not take fish by angling with a set line or an unattended line except as provided in this section and section 60. [101.42 s. 20]

Subd. 2. [ICE FISHING.] A person may use an unattended line to take fish through the ice if:

- (1) the person is within sight of the line; or
- (2) a tip-up is attached to the line and the person is within 80 feet of the tip-up. [101.42 s. 20]

Sec. 27. [97C.325] [PROHIBITED METHODS OF TAKING FISH.]

(a) Except as specifically authorized, a person may not take fish with:

- (1) explosives, chemicals, drugs, poisons, lime, medicated bait, fish berries, or other similar substances;
- (2) substances or devices that kill, stun, or affect the nervous system of fish;
- (3) nets, traps, trot lines, or snares; or

(4) *spring devices that impale, hook, or capture fish.*

(b) *If a person that possesses a substance or device listed in paragraph (a) on waters, shores, or islands, it is presumptive evidence that the person is in violation of this section. [101.42 s. 11]*

Sec. 28. [97C.331] [SNAGGING FISH PROHIBITED.]

*A person may not take fish with a snagline, snagpole, snaghook, or cluster of fish hooks, designed to be placed in or drawn through the water to hook the body of a fish. [101.42 s. 4]*

Sec. 29. [97C.335] [USE OF ARTIFICIAL LIGHTS TO TAKE FISH PROHIBITED.]

*A person may not use artificial lights to lure or attract fish, or to see fish in the water while spearing. [101.42 s. 3]*

Sec. 30. [97C.341] [CERTAIN FISH PROHIBITED FOR BAIT.]

*A person may not use live minnows imported from outside of the state, game fish, gold fish, or carp for bait. [101.42 s. 6]*

Sec. 31. [97C.345] [RESTRICTIONS ON USE AND POSSESSION OF NETS AND SPEARS.]

*Subdivision 1. [PERIOD WHEN USE PROHIBITED.] Except as specifically authorized, a person may not take fish from February 16 to April 30 with a spear, fish trap, net, dip net, seine, or other device capable of taking fish. [101.42 s. 18]*

*Subd. 2. [POSSESSION.] (a) Except as specifically authorized, a person may not possess a spear, fish trap, net, dip net, seine, or other device capable of taking fish on or near any waters. Possession includes personal possession and in a vehicle.*

*(b) A person may possess spears, dip nets, bows and arrows, and spear guns allowed under section 38 on or near waters between sunrise and sunset after April 30. [101.42 s. 18]*

*Subd. 3. [DIP NETS.] A person may possess and use a dip net between one hour before sunrise and one hour after sunset after April 30. [101.42 s. 18a]*

*Subd. 4. [EXCEPTIONS.] This section does not apply to:*

- (1) nets used to take rainbow smelt during the open season;*
- (2) nets used to land game fish taken by angling;*
- (3) seines or traps used for the taking of minnows for bait; and*
- (4) angling equipment. [101.42 s. 18, 18a]*

Sec. 32. [97C.351] [FISH NETS MUST HAVE TAG ATTACHED.]

*A person may not possess a fish net unless specifically authorized or a metal tag is attached bearing the name and address of the owner when the net is not in use and the name and address of the operator when the net is in use, as prescribed by the commissioner. This section does not apply to minnow nets, landing nets, dip nets, and nets in stock for sale by dealers. [101.42 s. 12]*

Sec. 33. [97C.355] [DARK HOUSES AND FISH HOUSES.]

*Subdivision 1. [IDENTIFICATION REQUIRED.] All shelters on the ice of state waters, including dark houses and fish houses, must have the name and address of an owner legibly painted on the exterior in letters with characters at least three inches high. [101.42 s. 16]*

*Subd. 2. [LICENSE REQUIRED.] A person may not take fish from a dark house or fish house unless the house is licensed and has a metal license tag attached to the exterior as prescribed by the commissioner. The commissioner must issue a metal tag that is at least two inches in diameter with a 3/16 inch hole in the center with a dark house or fish house license. The metal tag must be stamped with a number to correspond with the license and the year of issue. [98.46 s. 5] [101.42 s. 16]*

*Subd. 3. [DOOR MUST OPEN FROM OUTSIDE.] A person may not use a dark house or fish house unless the door is constructed so that it can be opened from the outside when it is in use. [101.42 s. 16].*

*Subd. 4. [DISTANCE BETWEEN HOUSES.] A person may not erect a dark house or fish house within ten feet of an existing dark house or fish house. [101.42 s. 16]*

*Subd. 5. [BURNING OF STRUCTURES.] A person may not burn a structure on the ice of state waters without permission of the commissioner. The commissioner may allow burning only after determining that the structure cannot be removed from the ice by another reasonable manner. The owner must remove the remains of the burned structure from the ice. [101.42 s. 16]*

*Subd. 6. [RESTRICTIONS FOR NONRESIDENTS.] A nonresident may only obtain a license for a fish house that is collapsible and portable, and the house may not be unattended. [98.46 s. 15]*

*Subd. 7. [DATES AND TIMES HOUSES MAY REMAIN ON ICE.] (a) After February 28, a fish house or dark house may not be on the ice between 12:00 a.m. and 7:00 a.m. A fish house or dark house on the ice in violation of this subdivision is subject to the enforcement provisions of paragraph (b). The commissioner may, by order, extend the date beyond February 28 for any part of international boundary waters. Copies of the order must be conspicuously posted on the shores of the waters as prescribed by the commissioner. [101.42 s. 16]*

*(b) A conservation officer must confiscate a fish house or dark house in violation of paragraph (a). The officer may remove, burn, or destroy the house. The officer shall seize the contents of the house and hold them for 60 days. If the seized articles have not been claimed by the owner, they may be retained for the use of the division or sold at the highest price obtainable in a manner prescribed by the commissioner. [101.42 s. 16]*

*Subd. 8. [CONFISCATION OF UNLAWFUL STRUCTURES.] Structures on the ice in violation of this section may be confiscated and disposed of, retained by the division, or sold at the highest price obtainable, in a manner prescribed by the commissioner. [101.42 s. 16]*

Sec. 34. [97C.361] [RESTRICTIONS ON FISH HOUSES AND DARK HOUSES IN THE BOUNDARY WATERS CANOE AREA.]

*A person may only use a portable fish house or dark house within the boundary waters canoe area. The house must be removed from the waters and collapsed or disassembled each night. The house may not remain in the boundary waters canoe area if the person leaves the boundary waters canoe area. [101.425]*

**Sec. 35. [97C.365] [SPEARS PROHIBITED WHILE ANGLING IN FISH HOUSE OR DARK HOUSE.]**

*A person may not have a spear within a dark house or fish house while angling. [101.42 s. 16]*

**Sec. 36. [97C.371] [SPEARING FISH.]**

*Subdivision 1. [SPECIES ALLOWED.] Only rough fish, catfish, lake whitefish, and northern pike may be taken by spearing. [101.41 s. 4]*

*Subd. 2. [DARK HOUSES REQUIRED FOR CERTAIN SPECIES.] Catfish, lake whitefish, and northern pike may be speared only from dark houses. [101.41 s. 4]*

*Subd. 3. [RESTRICTIONS WHILE SPEARING FROM DARK HOUSE.] A person may not take fish by angling or the use of tip-ups while spearing fish in a dark house. [101.42 s. 20]*

*Subd. 4. [OPEN SEASON.] The open season for spearing through the ice is December 1 to February 15. [101.41 s. 4]*

**Sec. 37. [97C.375] [TAKING ROUGH FISH BY SPEARING OR ARCHERY.]**

*A resident may take rough fish by spearing or archery during the times, in waters, and in the manner prescribed by the commissioner. [101.411]*

**Sec. 38. [97C.381] [HARPOONING ROUGH FISH.]**

*A resident may use a rubber powered gun, spring gun, or compressed air gun to take rough fish by harpooning. The harpoon must be fastened to a line not more than 20 feet long. The commissioner may prescribe the times, the waters, and the manner for harpooning rough fish. [101.51]*

**Sec. 39. [97C.385] [COMMISSIONER'S AUTHORITY TO REGULATE WINTER FISHING.]**

*Subdivision 1. [SUMMER ANGLING SEASON TO BE CLOSED IN SAME PROPORTION.] If the commissioner closes the statutory open season for the spearing of a game fish species in any waters, the commissioner must, in the same order, close the following statutory open season for angling for the same species in the waters in the same proportion. [97.48 s. 1]*

*Subd. 2. [SUMMER ANGLING LIMITS MUST BE SAME AS SPEARING.] If the commissioner reduces the limit of a species of game fish taken by spearing in any waters under article 1, section 8, subdivision 2, the commissioner must reduce the limit for taking of the species by angling in the waters during the following open season for angling. [97.48 s. 1]*

*Subd. 3. [CLOSING LAKES AND STREAMS IN A COUNTY.] The commissioner may not close the open season for taking game fish through the ice on more than 50 percent of the named lakes or streams of a county under*

article 1, section 8, subdivision 2. [97.48 s. 1]

Sec. 40. [97C.391] [BUYING AND SELLING FISH.]

*Subdivision 1. [GENERAL RESTRICTIONS.] A person may not buy or sell fish taken from the waters of this state, except:*

- (1) minnows;
- (2) rough fish excluding ciscoes;
- (3) fish taken under licensed commercial fishing operations;
- (4) fish raised in a private hatchery that are tagged or labeled as prescribed by the commissioner; and
- (5) fish lawfully taken and subject to sale from other states and countries. [101.41 s. 4; 101.42 s. 3]

*Subd. 2. [RESTRICTIONS ON CERTAIN GAME FISH.] Largemouth bass, smallmouth bass, rock bass, muskellunge, and sunfish may not be bought or sold unless bought or sold by a private hatchery to stock waters for recreational fishing as prescribed by the commissioner. [101.42 s. 7]*

Sec. 41. [97C.395] [OPEN SEASONS FOR ANGLING.]

*Subdivision 1. [DATES FOR CERTAIN SPECIES.] The open seasons to take fish by angling are as follows:*

- (1) for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, from May 15 to the third Monday in February;
- (2) for lake trout, from January 1 to October 31;
- (3) for brown trout, brook trout, rainbow trout, and splake, between January 1 to October 31 as prescribed by the commissioner by order except as provided in section 45, subdivision 2; and
- (4) for salmon, as prescribed by the commissioner by order. [101.41 s. 2; 101.50]

*Subd. 2. [CONTINUOUS SEASON FOR CERTAIN SPECIES.] For sunfish, white crappie, black crappie, yellow perch, catfish, rock bass, white bass, lake whitefish, and rough fish, the open season is continuous. [101.41 s. 2]*

Sec. 42. [97C.401] [COMMISSIONER AUTHORIZED TO PRESCRIBE LIMITS.]

*Unless otherwise provided in this chapter, the commissioner shall, by order, prescribe the limits on the number of each species of fish that may be taken in one day and the number that may be possessed. [101.41 s. 6]*

Sec. 43. [97C.405] [MUSKELLUNGE SIZE LIMITS.]

(a) *Except as allowed under paragraph (b), if a person catches a muskellunge less than 36 inches long in waters north of trunk highway No. 210, the person must immediately release the fish into the waters.*

(b) *The commissioner may designate lakes north of trunk highway No. 210 where muskellunge less than 36 inches, but not less than 30 inches long, may be retained. [101.42 s. 1a]*

Sec. 44. [97C.411] [STURGEON AND PADDLEFISH.]

*Lake sturgeon, shovelnose sturgeon, and paddlefish may not be taken, bought, sold, transported or possessed except as provided by order of the commissioner. The commissioner may only allow the taking of these fish in waters that the state boundary passes through except that an order that applies to the St. Croix river must also apply to its tributaries. [101.41 s. 1]*

Sec. 45. [97C.415] [TROUT AND SALMON.]

*Subdivision 1. [HOURS FOR TAKING TROUT RESTRICTED.] A person may not take trout, except lake trout between 11:00 p.m. and one hour before sunrise. [101.42 s. 8]*

*Subd. 2. [LAKE SUPERIOR STREAMS.] The commissioner may prescribe the open season and conditions for taking brook trout, brown trout, rainbow trout, steelhead trout, and salmon in any portion of a stream that flows into Lake Superior. [101.48]*

*Subd. 3. [SALMON.] The commissioner may prescribe, by order, the method of taking and possessing salmon. [101.50]*

MINNOWS

Sec. 46. [97C.501] [MINNOW LICENSES REQUIRED.]

*Subdivision 1. [MINNOW RETAILERS.] (a) A person may not be a minnow retailer without a minnow retailer license except as provided in subdivision 3. [98.46 s. 17]*

*(b) A minnow retailer must obtain a minnow retailer's vehicle license for each motor vehicle used by the minnow retailer to transport more than 12 dozen minnows to the minnow retailer's place of business, except as provided in subdivision 3. [97.40 s. 27; 98.46 s. 17(1)]*

*Subd. 2. [MINNOW DEALERS.] (a) A person may not be a minnow dealer without a minnow dealer license except as provided in subdivision 3.*

*(b) A minnow dealer must obtain a minnow dealer's helper license for each person employed to take, buy, sell, or transport minnows by the minnow dealer. The minnow dealer may transfer a helper's license from a former helper to a new helper.*

*(c) A minnow dealer must obtain a minnow dealer's vehicle license for each motor vehicle used to transport minnows. The serial number, motor vehicle license number, make, and model must be on the license. The license must be conspicuously displayed in the vehicle.*

*(d) A minnow dealer may not transport minnows out of the state without an exporting minnow dealer license. A minnow dealer must obtain an exporting minnow dealer's vehicle license for each motor vehicle used to transport minnows out of the state. The serial number, motor vehicle license number, make, and model must be on the license. The license must be conspicuously displayed in the vehicle. [98.46 s. 5]*

*Subd. 3. [LICENSE EXEMPTION FOR MINORS SELLING LEECHES.] A resident under age 18 may take leeches, sell leeches at retail, and transport leeches without a minnow retailer or dealer license. [97.40 s. 12]*



*Subd. 4. [NONRESIDENT MINNOW HAULERS.] (a) A nonresident may not transport minnows in a motor vehicle without an exporting minnow hauler license. [97.45 s. 15, 98.46 s. 5a]*

*(b) A nonresident must obtain an exporting minnow hauler's vehicle license for the motor vehicle used to transport minnows. The serial number, motor vehicle license number, make, and model must be on the license. The license must be conspicuously displayed in the vehicle. [98.46 s. 5a]*

*(c) Only one nonresident motor vehicle license may be issued to an exporting minnow hauler. [98.46 s. 5a]*

**Sec. 47. [97C.505] [MINNOWS.]**

*Subdivision 1. [AUTHORITY TO TAKE, POSSESS, BUY, AND SELL.] Minnows may be taken, possessed, bought, and sold, subject to the restrictions in this chapter. [101.41 s. 4]*

*Subd. 2. [CONTINUOUS OPEN SEASON.] The open season for taking minnows is continuous, except as provided in subdivisions 3 and 4. [101.41 s. 4]*

*Subd. 3. [CLOSING WATERS.] The commissioner may close any state waters for commercially taking minnows if a survey is conducted and the commissioner determines it is necessary to close the waters to prevent depletion or extinction of the minnows. [97.48 s. 6]*

*Subd. 4. [HOURS OF TAKING.] A person may not take minnows from one hour after sunset to one hour before sunrise. [101.42 s. 5]*

*Subd. 5. [RESTRICTIONS ON TAKING FROM TROUT WATERS.] A person may not take minnows from designated trout lakes or trout streams without a special permit issued by the commissioner. [101.42 s. 5]*

*Subd. 6. [APPROVED EQUIPMENT REQUIRED.] A person must use equipment approved by the commissioner to possess or transport minnows for sale. [101.42 s. 5]*

**Sec. 48. [97C.511] [MINNOW SEINES.]**

*Subdivision 1. [SIZE RESTRICTIONS.] Except as provided in subdivision 2, a person may not take minnows with a seine longer than 25 feet, and deeper than:*

- (1) 148 meshes of 1/4 inch bar measure;*
- (2) 197 meshes of 3/16 inch bar measure; or*
- (3) four feet of material of less than 3/16 inch bar measure. [101.42 s. 5]*

*Subd. 2. [LICENSED MINNOW DEALERS.] A minnow dealer may take minnows with a seine that is not longer than 50 feet, and not deeper than:*

- (1) 222 meshes of 1/4 inch bar measure;*
- (2) 296 meshes of 3/16 inch bar measure; or*
- (3) six feet of material of less than 3/16 inch bar measure. [101.42 s. 5]*

**Sec. 49. [97C.515] [IMPORTED MINNOWS.]**

*Subdivision 1. [GENERAL PROHIBITION.] A person may not bring live*

*minnows into the state except as provided in this section.* [101.42 s. 6]

*Subd. 2. [PERMIT FOR TRANSPORTATION.] A person may transport minnows through the state with a permit from the commissioner. The permit must state the name and address of the person, the number and species of minnows, the point of entry into the state, the destination, and the route through the state. The permit is not valid for more than 12 hours after it is issued.* [101.42 s. 6]

*Subd. 3. [USE IN HOME AQUARIUMS ALLOWED.] A person may bring live minnows into the state for home aquariums.* [101.42 s. 6]

**Sec. 50. [97C.521] [TRANSPORTATION OF CARP FINGERLINGS PROHIBITED.]**

*A person may not transport live carp fingerlings.* [101.42 s. 6]

**Sec. 51. [97C.525] [RESTRICTIONS ON TRANSPORTATION OF MINNOMS.]**

*Subdivision 1. [APPLICABILITY.] This section does not apply to the transportation of 24 dozen minnows, or less, or to transportation with a permit issued under section 49, subdivision 2.* [97.45 s. 15]

*Subd. 2. [TRANSPORTING OUT OF THE STATE.] A person may not transport minnows out of the state, except as provided in this section.* [97.45 s. 15]

*Subd. 3. [MINNOW DEALERS AND HAULERS.] A resident minnow dealer or a nonresident exporting minnow hauler may transport leeches, suckers, and fathead minnows out of the state. A nonresident exporting minnow hauler must possess a bill of lading issued by a minnow dealer with an exporting minnow dealer's license. The bill of lading must be on a form furnished by the commissioner and must state the exporting minnow hauler's name and address, the route through the state, number and species of minnows, and the time it was issued.* [97.45 s. 15]

*Subd. 4. [MINNOW RETAILERS.] A minnow retailer transporting minnows from a place of wholesale purchase to the retailer's place of business must use the most reasonably direct route.* [97.45 s. 15]

*Subd. 5. [OUT OF STATE VEHICLES.] The exporting minnow hauler must transport the minnows out of the state within 24 hours of the time of issuance stated on the bill of lading. A person may not transport minnows in a motor vehicle licensed in another state without an exporting minnow hauler's vehicle license.* [97.45 s. 15, 98.46 s. 5]

#### AMPHIBIANS

**Sec. 52. [97C.601] [FROGS.]**

*Subdivision 1. [SEASON.] The open season for frogs is May 16 to March 31. The commissioner may, by order, establish closed seasons in specified areas.* [101.44]

*Subd. 2. [LICENSE REQUIRED.] (a) A person may not take or possess frogs without an angling license if the person is required to have an angling license to take fish.*

*(b) A person may not purchase, possess, and transport frogs for purposes*

*other than bait without a license to purchase, possess, and transport frogs.*

*(c) A person may not take, possess, transport, and sell frogs for purposes other than bait without a license to take, possess, transport, and sell frogs. [101.44]*

*Subd. 3. [TAKING WITH CLOTH SCREENS PROHIBITED.] A person may not use cloth screens or similar devices to take frogs. [101.44]*

*Subd. 4. [TAKING WITH ARTIFICIAL LIGHTS.] The commissioner may issue permits to take frogs with the use of artificial lights in waters designated in the permit. [97.48 s. 21]*

*Subd. 5. [LIMITS.] (a) A person may possess frogs, up to six inches long, without limit if the frogs are possessed, bought, sold, and transported for bait.*

*(b) Unless the commissioner prescribes otherwise, a person may possess frogs over six inches long and:*

*(1) transport the frogs, except by common carrier; and*

*(2) sell the frogs in any quantity during the open season.*

*(c) The length of a frog is measured from the tip of the nose to the tip of the hind toes, with the legs fully extended. [101.44]*

*Subd. 6. [BUYING AND SELLING FOR PURPOSES OTHER THAN BAIT.] The commissioner shall prescribe rules for buying, selling, possessing, and transporting frogs for purposes other than bait. [101.44]*

*Subd. 7. [FOR HUMAN CONSUMPTION.] The commissioner may issue permits for importing, raising, and selling frogs for human consumption. [101.441]*

**Sec. 53. [97C.605] [TURTLES.]**

*Subdivision 1. [LICENSE REQUIRED.] A person may not take, possess, buy, sell, or transport turtles without an angling license. [101.45]*

*Subd. 2. [SALES LICENSE.] A person may not take, transport, or purchase unprocessed turtles for sale without a turtle seller's license. A person with a turtle seller's license may take turtles for sale as prescribed by the commissioner. [101.45]*

*Subd. 3. [TAKING; METHODS PROHIBITED.] A person may take turtles in any manner, except by use of explosives, drugs, poisons, lime, and other harmful substances, or by the use of traps or nets other than landing nets. [101.45]*

*Subd. 4. [ARTIFICIAL LIGHTS.] The commissioner may issue permits to take turtles with the use of artificial lights in designated waters. [97.48 s. 21]*

**Sec. 54. [97C.611] [SNAPPING TURTLES; LIMITS.]**

*A person may not possess more than ten snapping turtles of the species *Chelydra serpentina*. The size of the turtles must have a dorsal surface of the shell that measures at least ten inches long. [101.45]*

**Sec. 55. [97C.615] [COMMISSIONER MAY REMOVE TURTLES.]**

*The commissioner may take turtles with seines, nets, and other devices.*

*The commissioner may hire or contract persons, or issue permits, to take the turtles. The commissioner shall prescribe the manner of taking and disposal. The commissioner may award a contract under this section without competitive bidding. Before establishing the contractor's compensation, the commissioner must consider the qualifications of the contractor, including the contractor's equipment, knowledge of the waters, and ability to perform the work. [97.48 s. 4]*

Sec. 56. [97C.621] [AREAS MAY BE CLOSED TO TAKING TURTLES.]

*The commissioner may prohibit the taking of turtles from state waters where operations are being conducted to aid fish propagation. [97.48 s. 17]*

#### MUSSELS AND CLAMS

Sec. 57. [97C.701] [TAKING MUSSELS.]

*Subdivision 1. [COMMISSIONER'S AUTHORITY.] The commissioner may prescribe conditions for taking mussels. [97.48 s. 5]*

*Subd. 2. [USE OF BOATS TO TAKE MUSSELS.] A person may not use more than one boat or rig to take mussels except a boat for towing without a mussel-taking apparatus attached. [102.24 s. 2]*

*Subd. 3. [NUMBER AND SIZE OF BARS RESTRICTED.] While taking mussels a person may not:*

- (1) possess more than four crow-foot bars or bars having hooks attached;*
- (2) have more than two bars in the water; or*
- (3) use bars longer than 20 feet in length. [102.24 s. 2]*

*Subd. 4. [DREDGES; RESTRICTIONS.] A person may only use one dredging apparatus to take mussels. The dredge openings may not be greater than three feet or have prongs longer than four inches. [102.24 s. 2]*

*Subd. 5. [PITCHFORKS PERMITTED FOR CLAM SHELLS.] A person may use a pitchfork to gather clam shells. [102.24 s. 2]*

*Subd. 6. [POSSESSION, SALE, AND TRANSPORTATION.] Mussels and clams may be possessed, bought, sold, and transported in any quantity during the open season and seven days after the season closes. [102.23]*

Sec. 58. [97C.705] [MUSSEL SEASONS.]

*Subdivision 1. [OPEN SEASON.] The open season for taking mussels is from May 16 to the last day of February. [102.24 s. 1]*

*Subd. 2. [CLOSED AREAS.] The commissioner may close up to 50 percent of the mussel producing waters of the state to the taking of mussels. [97.48 s. 5]*

Sec. 59. [97C.711] [MUSSEL SIZE LIMITS.]

*A person may not take mussels less than one and three-fourths inches in the greatest dimension, except pigtoes. A person must return undersized mussels to the water without injury. [102.24 s. 1, 2]*

#### NETTING AND COMMERCIAL FISHING

Sec. 60. [97C.801] [TAKING ROUGH FISH ON MISSISSIPPI AND

## MINNESOTA RIVERS.]

*Subdivision 1. [ROUGH FISH ON MINNESOTA AND MISSISSIPPI RIVERS.] (a) A license is required to take rough fish by set line in the Minnesota river from Mankato to its junction with the Mississippi river, and in the Mississippi river from St. Anthony Falls to the St. Croix junction. [98.46 s. 9]*

*(b) A person may use only one set line to take rough fish in the Minnesota river from Mankato to its junction with the Mississippi river, and in the Mississippi river from St. Anthony Falls to the St. Croix river junction, and the set line must:*

*(1) have not more than ten hooks;*

*(2) be set only in the flowing waters of the river;*

*(3) staked only at one end; and*

*(4) remain at the location designated in the application for license unless approval of the commissioner has been given to change the location. [102.25 s. 2]*

*(c) Notwithstanding section 40, subdivision 1, rough fish taken under this subdivision may not be bought or sold. [98.46 s. 9]*

*Subd. 2. [COMMERCIAL FISH NETTING AND SET LINES ON MISSISSIPPI RIVER.] (a) A license is required to commercially take rough fish with seines and set lines in the Mississippi river from the St. Croix river junction to St. Anthony Falls. [98.46 s. 7, 8]*

*(b) A person may take rough fish in the Mississippi river, from the St. Croix river junction to St. Anthony Falls, only with the following equipment and methods:*

*(1) operations shall be conducted only in the flowing waters of the river and in tributary backwaters prescribed by the commissioner;*

*(2) only one set line may be used that has an identification tag and not more than 100 hooks;*

*(3) seines may be used only as prescribed by the commissioner;*

*(4) seines must be hauled to a landing immediately after being placed;*

*(5) two seines may not be joined together in the water;*

*(6) a net may not be raised, laid out, or landed, between sunset and sunrise; and*

*(7) the location of a net or seine may not be changed from the place specified in the license application without notifying the commissioner of the proposed change. [102.25 s. 1]*

**Sec. 61. [97C.805] [NETTING OF LAKE WHITEFISH AND CISCOES.]**

*Subdivision 1. [OPEN SEASON.] The commissioner shall, by order, prescribe the open season and open state waters for netting lake whitefish and ciscoes. The commissioner may prescribe that the date for the open season to begin is prior to the effective date of the order under article 1, section 9, if the*

commissioner posts notice of the date and time in appropriate public places at least 48 hours before the open season begins. [97.53 s. 3, 101.41 s. 5]

Subd. 2. [RESTRICTIONS.] (a) The netting of lake whitefish and ciscoes is subject to the restrictions in this subdivision.

(b) A person may not use:

- (1) more than two nets;
- (2) a net more than 100 feet long; or
- (3) a net more than three feet wide.

(c) The mesh size of the nets may not be less than:

(1) one and three-fourths inches, extension measure, for nets used to take ciscoes in Lake Superior; and

(2) three and one-half inches, extension measure, for all other nets.

(d) A net may not be set in water, including ice thickness, deeper than six feet.

(e) The commissioner may designate waters where nets may be set so that portions of the net extend into water deeper than six feet under conditions prescribed by the commissioner to protect game fish. A pole or stake must project at least two feet above the surface of the water or ice at one end of each net.

(f) A net may not be set within 50 feet of another net. [101.41 s. 5]

Subd. 3. [FISH MAY NOT BE SOLD.] Notwithstanding section 40, subdivision 1, lake whitefish and ciscoes taken under this section may not be bought or sold. [101.41, s. 5]

Subd. 4. [NO LIMIT ON ROUGH FISH NETTED.] Lake whitefish and ciscoes taken under this section may be taken and possessed without limit. Rough fish caught while netting may be retained. [101.41 s. 5]

Sec. 62. [97C.811] [COMMERCIAL FISHING IN INLAND WATERS.]

Subdivision 1. [INLAND WATERS DEFINED.] For the purposes of this section and article 1, section 68, subdivision 30, "inland waters" means all waters entirely located within the boundaries of the state and the border waters between Minnesota and North Dakota, South Dakota and Iowa, excluding those waters described in section 60. [102.285 s. 1]

Subd. 2. [COMMERCIAL FISH DEFINED.] For purposes of this section and article 1, section 68, subdivision 30, "commercial fish" are carp; bowfin; burbot; ciscoe; goldeye; rainbow smelt; black bullhead, brown bullhead, and yellow bullhead; lake whitefish; members of the sucker family, Catostomidae, including white sucker, redbhorse, bigmouth buffalo, and smallmouth buffalo; members of the drum family, Sciaenidae, including sheepshead; and members of the gar family, Lepisosteidae. [102.285 s. 1]

Subd. 3. [REGULATION.] The commissioner shall, by order, regulate the taking, possession, transportation, and sale of commercial fish, and the licensing of commercial fishing operators in inland waters. [102.285 s. 1]

Subd. 4. [LICENSES REQUIRED.] A person may not commercially fish

*inland waters without a commercial fishing license. Nonresidents may only be licensed to fish waters not previously assigned to residents. In the license application the applicant must list the number of feet of seine of each depth to be licensed. [98.46 s. 9a, 100.285 s. 1]*

*Subd. 5. [SEASON.] Licenses to net commercial fish in inland waters are issued to residents and nonresidents annually subject to this section and shall be valid for commercial fishing during the open season for commercial fishing in inland waters from the day after Labor Day to the day before the open season for walleye. [98.46 s. 9a]*

*Subd. 6. [LICENSE INVALIDATION.] (a) A license to take commercial fish is void upon:*

- (1) the licensee's death;*
- (2) sale of the commercial fishing business;*
- (3) removal of the commercial fishing business from the state;*
- (4) conviction of two or more violations of inland commercial fishing laws within a license period; or*
- (5) failure to apply for a new or renewal license prior to June 15 of any year.*

*(b) A commercial inland fishing license is not subject to the license revocation provisions of article 1, section 57. Commercial fishing rights and area assignments covered by a license that becomes void reverts to the commissioner for reassignment. [102.285 s. 6]*

*Subd. 7. [MONTHLY REPORTS.] A licensed inland commercial fishing operator shall submit a report on the licensed activities the operator was engaged in to the commissioner each month. The report must be on a form provided by the commissioner and submitted prior to the 15th day of the following month. The report shall be submitted whether fishing activity took place unless the operator has a written release from this obligation signed by the commissioner. [102.285 s. 5]*

#### **Sec. 63. [97C.815] [COMMERCIAL FISHING AREAS.]**

*Subdivision 1. [DESIGNATION.] The commissioner shall specify inland commercial fishing areas, taking into account the amount, size, and proximity of waters specified, the species to be removed, and the type and quantity of fishing gear and equipment necessary to provide an adequate removal effort. The commissioner may change inland commercial fishing area boundaries by order prior to a new licensing period. [102.285 s. 2]*

*Subd. 2. [ASSIGNMENT.] The commissioner shall assign licensed inland commercial fishing operators to commercial fishing areas and each operator shall be obligated to fish in the area that the commissioner has assigned to them. The commissioner's assignment shall be valid as long as the assigned operator continues to purchase a license, continues to provide an adequate removal effort in a good and professional manner, and is not convicted of two or more violations of laws or rules governing inland commercial fishing operations during any one license period. In the operator assignment, the commissioner shall consider the proximity of the operator to the area, the type and quantity of fish gear and equipment possessed, knowledge of the*

affected waters, and general ability to perform the work well. [102.285 s. 3]

*Subd. 3. [UNUSED AREAS.] If an area is not assigned, or the operator licensed for the area is not fishing that area, the commissioner may issue a special inland commercial fishing permit for the area. The permit may be issued to an individual holding a valid inland commercial fishing license. The permit must describe the specific waters involved, the county, the species to be removed, the equipment to be used, and the time period of the total operation. [102.285 s. 4]*

*Subd. 4. [INLAND COMMERCIAL FISHERMEN'S TRADE ASSOCIATION; LICENSE PROBLEMS.] The commissioner shall consult with representatives of the inland commercial fishermen's trade association when disagreements arise in the areas of license issuance, problems with performance pursuant to the license, area assignments, and the entry of new commercial fishing operators into the inland commercial fishery. [102.285 s. 7]*

**Sec. 64. [97C.821] [POSSESSION, SALE, AND TRANSPORTATION OF COMMERCIAL FISH.]**

*Subject to the applicable provisions of the game and fish laws, fish taken under commercial fishing licenses may be possessed in any quantity, bought, sold, and transported during the open seasons provided for the fish, and for seven days after the season closes. Fish frozen or cured during the open season may be transported, bought, and sold at any time. [102.23]*

**Sec. 65. [97C.825] [LAKE OF THE WOODS AND RAINY LAKE FISHING.]**

*Subdivision 1. [NEW COMMERCIAL FISHING LICENSES PROHIBITED.] The commissioner may not issue a new commercial fishing license that allows netting of game fish on Lake of the Woods and Rainy Lake. [102.235]*

*Subd. 2. [RESTRICTIONS ON FISH AND NETS.] The following regulations and restrictions shall apply to all commercial fishing operations conducted in Lake of the Woods and Rainy Lake unless otherwise changed by order of the commissioner under authority of article 1, section 8, subdivision 4:*

*(a) Any fish, except largemouth bass, smallmouth bass, rock bass, muskellunge, crappies, sturgeon, and sunfish, may be taken subject to all other restrictions contained in the game and fish laws.*

*(b) Pound net mesh and staked trap net mesh may not be less than two and one-half inches nor more than four inches stretch measure in the pound or crib.*

*(c) Gill net mesh may not be less than four inches stretch measure, and may not be more than 30 meshes in width.*

*(d) Fyke net mesh may not be less than two and one-half inches nor more than four inches stretch measure in the pot or crib. Fyke nets may not have a hoop or opening more than six feet in height, wings more than 100 feet in length, nor a lead more than 400 feet in length.*

*(e) Submerged trap net mesh may not be less than two and one-half inches nor more than three inches stretch measure in the heart, pot, or crib. A sub-*



*merged trap net may not have a pot or crib exceeding 150 square feet in area, a lead exceeding 300 feet in length, nor a pot or lead exceeding 12 feet in depth. [102.26 s. 1]*

*Subd. 3. [NET LIMITS FOR INDIVIDUAL OPERATORS.] A person may not operate more than six pound nets, 4,000 feet of gill nets, eight submerged trap nets, ten fyke or staked trap nets, or one pound net station. [102.26 s. 2]*

*Subd. 4. [NET LOCATION.] Nets may only be set at a place consented to by the commissioner. [102.26 s. 2]*

*Subd. 5. [NET LIMITS FOR LAKE OF THE WOODS AND RAINY LAKE.] The maximum amount of nets permitted to be licensed shall be:*

*(a) In Lake of the Woods, 50-pound nets, 80,000 feet of gill nets or 160 submerged trap nets, and 80 fyke or staked trap nets. Licenses for submerged trap nets may be issued instead of licenses for gill nets in the ratio of not more than one submerged trap net per 500 feet of gill net, and the maximum permissible amount of gill nets shall be reduced by 500 feet for each submerged trap net licensed.*

*(b) In Rainy Lake, 20-pound nets and 20,000 feet of gill nets.*

*(c) When a licensee has had a license revoked or surrendered, the commissioner shall not be required to issue licenses for the amount of netting previously authorized under the revoked or surrendered license.*

*(d) Commercial fishing may be prohibited in the Minnesota portions of international waters when it is prohibited in the international waters by Canadian authorities.*

*(e) The commissioner may adopt rules to limit the total amount of game fish taken by commercial fishing operators in Lake of the Woods in any one season and shall apportion the amount to each licensee in accordance with the number and length of nets licensed. [102.26 s. 3]*

*Subd. 6. [WALLEYE LIMITS, LAKE OF THE WOODS.] The commissioner shall limit the maximum poundage of walleye that may be taken by commercial fishing operators in Lake of the Woods in any one season on the following schedule:*

YEAR	SEASONAL COMMERCIAL WALLEYE TAKE IN POUNDS
1984	164,000
1985	150,000
1986	135,000
1987	120,000
1988	100,000
1989	80,000
1990	60,000
1991	30,000
1992	0

*The allocation of walleye poundage among the licensees shall be determined by order of the commissioner. [102.26 s. 3a]*

*Subd. 7. [WALLEYE LIMITS; RAINY LAKE.] The commissioner shall limit the maximum poundage of walleye that may be taken by commercial fishing operators in Rainy Lake in any one season on the following schedule:*

YEAR	SEASONAL COMMERCIAL WALLEYE TAKE IN POUNDS
1984	14,500
1985	12,500
1986	10,500
1987	8,500
1988	6,500
1989	4,500
1990	2,500
1991	1,000
1992	0

*The seasonal commercial walleye take in pounds in Rainy Lake shall be allocated among the licensees by order of the commissioner. [102.26 s. 3b]*

*Subd. 8. [GILL NETS; LAKE OF THE WOODS AND RAINY LAKE.] Gill net licenses on Lake of the Woods and Rainy Lake shall be canceled after the 1987 license year. A gill net licensee whose license is canceled as provided in this subdivision retains the walleye quota held at the time of cancellation, subject to the quota phase-out schedule in subdivision 6 or 7. Notwithstanding subdivision 1, the licensee may be issued a pound or trap net license for the netting of game fish in accordance with the quota of the licensee. [102.26 s. 3c]*

*Subd. 9. [WALLEYE QUOTAS; SALE, TRANSFER.] An existing licensee may transfer the walleye quota allocated to the licensee under subdivision 6 or 7 to any other existing licensee or, after July 1, 1985, the licensee may sell the quota to the state. If a licensee sells the quota to the state, the licensee must sell the quota for all years remaining in the quota schedule as provided in subdivision 6 or 7. A sale to the state shall be at the present wholesale value of the quota as determined assuming the following:*

*(1) an allocation to the licensee of the same proportion of the total remaining walleye quota as allocated in the year of sale; and*

*(2) a walleye wholesale price in the round of \$1.15 per pound. A licensee may elect to receive payment for a sale to the state in a lump sum or in up to four annual installments. A quota sold to the state cancels and is not available for reallocation to another licensee. When a walleye quota is sold to the state and canceled, the gill net license of the licensee is canceled. [102.26 s. 3d]*

*Subd. 10. [TAKING EGGS FOR PROPAGATION; COMMISSIONER'S RULE.] The commissioner may require a person licensed to take fish for commercial purposes in the waters covered by this section to take eggs for propagation purposes when it can be done in connection with the licensed commercial fishing. The eggs must be taken under rules prescribed by the commissioner. [102.26 s. 4]*

*Sec. 66. [97C.831] [NAMAKAN AND SAND POINT LAKES; COMMERCIAL FISHING.]*

*Subdivision 1. [LAKE WHITEFISH AND ROUGH FISH.] Lake whitefish and rough fish may be taken by licensed commercial fishing operators unless otherwise changed by order of the commissioner, under section 61, subdivision 1, from Namakan Lake and Sand Point Lake. [102.27 s. 1]*

*Subd. 2. [GILL NETS PROHIBITED ON SAND POINT LAKE.] Gill nets may not be used in Sand Point Lake. [102.27 s. 1]*

*Subd. 3. [MAXIMUM AMOUNT OF NETS IN SAND POINT LAKE.] The maximum amount of nets permitted to be licensed in Sand Point Lake shall be 12 pound, fyke, or submerged trap nets. [102.27 s. 3]*

*Subd. 4. [MAXIMUM AMOUNT OF NETS IN NAMAKAN LAKE.] The maximum amount of nets that may be licensed in Namakan Lake shall be (1) 7,000 feet of gill net, with a mesh not less than four inches stretch measure, and (2) 12 pound, fyke, or submerged trap nets. [102.27 s. 2]*

**Sec. 67. [97C.835] [LAKE SUPERIOR COMMERCIAL FISHING.]**

*Subdivision 1. [COMMERCIAL FISHING LICENSE FOR LAKE SUPERIOR.] (a) A license to fish commercially in Lake Superior shall be issued only to a resident who possesses 5,000 feet of gill net of mesh sizes permitted in subdivisions 4 and 5 or two pound nets, has landed fish in the previous year with a value of at least \$1,500, except for those state waters from Duluth to Silver Bay upon the discretion of the commissioner, and has engaged in commercial fishing for at least 50 days of the previous year. An applicant shall be issued a license without meeting these requirements if the applicant is 65 or more years of age and has held a license continuously since 1947. An applicant may be issued a license, at the discretion of the commissioner, if failure to meet these requirements resulted from illness or other mitigating circumstances, or the applicant has reached the age of 65 and has been licensed at least ten of the previous 15 years. Persons receiving licenses under these provisions for applicants 65 years of age or more must be in attendance at the setting and lifting of nets. The commissioner may issue multiple licenses to individuals who meet these requirements and have held multiple licenses prior to 1978. [98.46 s. 12]*

*(b) A license may be issued to a resident who has not previously fished commercially on Lake Superior and has not been convicted of a game and fish law violation in the preceding three years, if the applicant:*

*(1) shows a bill of sale indicating the purchase of gear and facilities connected with an existing license;*

*(2) shows proof of inheritance of all the gear and facilities connected with an existing license; or*

*(3) has served at least two years as a helper in a Minnesota Lake Superior licensed commercial fishing operation. [98.46 s.12]*

*Subd. 2. [TYPES OF FISH PERMITTED.] Lake trout, ciscoes, chubs, alewives, lake whitefish, round whitefish, pygmy whitefish, rainbow smelt, and rough fish may be taken by licensed commercial fishing operators from Lake Superior, in accordance with this section. [102.28 s. 1]*

*Subd. 3. [POUND NETS AND TRAP NETS.] Pound or trap nets may be used to take round whitefish, pygmy whitefish, ciscoes, chubs, alewives,*

rainbow smelt, and rough fish in Lake Superior, including St. Louis Bay, under the rules prescribed by the commissioner. [102.28 s. 2]

*Subd. 4. [GILL NETS; LAKE TROUT AND LAKE WHITEFISH.] Gill nets for taking lake trout and lake whitefish may not be less than 4-1/2 inch extension measure mesh. The commissioner may prescribe rules to limit the total amount of gill net to be licensed for the taking of lake trout and lake whitefish and may limit the amount of net to be operated by each licensee. [102.28 s. 3]*

*Subd. 5. [GILL NETS; CISCOES.] Gill nets for taking ciscoes and chubs may not be less than 2-1/4 inch extension measure mesh and may not exceed 2-3/4 inch extension measure mesh. [102.28 s. 4]*

*Subd. 6. [MAXIMUM AMOUNT OF GILL NET IN LAKE SUPERIOR.] The amount of gill net licensed in Minnesota waters of Lake Superior may not exceed 300,000 feet of net weighted to fish in a floating or suspended position off the bottom and 300,000 feet of net weighted to fish on the bottom. [102.28 s. 4]*

*Subd. 7. [MAXIMUM AMOUNT OF GILL NET FOR EACH LAKE SUPERIOR LICENSEE.] A licensee may not operate more than 6,000 feet of gill net weighted to fish in a floating or suspended position off the bottom or 25,000 feet of gill net weighted to fish on the bottom. The commissioner may authorize gill net footage in excess of the individual limits when the commissioner determines that all of the gill net footage permitted for Minnesota waters of Lake Superior would not otherwise be allocated in a license year. The commissioner must allocate this excess gill net footage equitably among the licensees who have applied for it. [102.28 s. 4]*

*Subd. 8. [SPECIAL PERMITS.] The commissioner may issue special permits to duly licensed commercial fishing operators not exceeding 20 in number, for the purpose of taking trout and lake whitefish spawn during the closed season for the propagation of trout in Lake Superior and adjacent waters under rules prescribed by the commissioner. [102.28 s. 5]*

**Sec. 68. [97C.841] [HELPER'S LICENSE.]**

*A person assisting the holder of a master's license, in going to and from fishing locations, or in setting or lifting nets, or removing fish from nets, must have a helper's license, unless the person is the holder of a master's license.*

*(b) A helper's license is transferable from one helper to another by the holder of a master's license applying to the commissioner. [98.47 s.9]*

**Sec. 69. [97C.845] [INTERFERENCE WITH COMMERCIAL FISHING.]**

*A person may not:*

*(1) knowingly place or maintain an obstruction that will hinder, prevent, or interfere with a licensed commercial fishing operation;*

*(2) remove fish from nets licensed under the game and fish laws; or*

*(3) knowingly damage, disturb, or interfere with commercial fishing nets. [102.29]*

Sec. 70. [97C.851] [COMMERCIAL FISHING IN INTERNATIONAL WATERS; RESORT OWNERS.]

*A license to buy or sell fish or to take fish commercially in international waters extending from Pigeon Point West to the North Dakota boundary line may not be issued to a person engaged in the business of conducting a summer resort, or to a member of the person's household or to an employee of the person.* [98.47 s. 7]

Sec. 71. [97C.855] [UPPER AND LOWER RED LAKE AND NETT LAKE; TRANSPORTATION, SALE, AND DISPOSAL.]

*The commissioner may, by order, allow the transportation, sale, and disposal of fish taken within the Red Lake Indian Reservation on Upper Red Lake and Lower Red Lake and from waters within the Nett Lake Indian Reservation also known as Bois Forte Indian Reservation.* [102.30]

Sec. 72. [97C.861] [FISH VENDOR REQUIREMENTS.]

*Subdivision 1. [LICENSE REQUIRED.] A person may not sell fish with the use of a motor vehicle without a fish vendor's license.* [98.46 s. 19]

*Subd. 2. [MISREPRESENTATION OF FISH.] (a) A licensed fish vendor or the vendor's employee may not misrepresent a species of fish to be sold. If a licensed fish vendor or employee of the fish vendor is convicted of misrepresenting a species of fish that is sold, the license shall be revoked, and the licensee is not eligible to obtain a fish vendor's license for one year after revocation.*

*(b) Misrepresentation includes the designation of fish by a name other than its common name in:*

*(1) the state; and*

*(2) in the locality where it was taken if it is not generally known by any common name in the state.* [98.46 s. 19(4)]

Sec. 73. [97C.865] [FISH PACKERS.]

*(a) A person may not prepare dressed game fish for shipment without a fish packer's license. The fish packer must maintain a permanent record of:*

*(1) the name, address, and license number of the shipper;*

*(2) the name and address of the cosignee; and*

*(3) the number of each species and net weight of fish in the shipment.*

*(b) The records of the fish packer must be made available to an enforcement officer upon request.* [97.45 s. 6(4)]

#### ARTICLE 4

#### AMENDMENTS TO OTHER STATUTES AND CROSS REFERENCE AMENDMENTS

Section 1. Minnesota Statutes 1984, section 9.071, is amended to read:

9.071 [SETTLEMENT OF CLAIMS; OTHER SPECIFIED POWERS.]

The council has the powers with respect to the:

(1) Cancellation or compromise of claims due the state provided in sections

10.11 to 10.15;

(2) Timberlands provided in sections 90.031, 90.041, 90.151;

(3) Lands acquired from the United States provided in section 94.50;

(4) Lands subject to delinquent drainage assessments provided in section 84A.20;

(5) Transfer of lands between departments of state government provided in section 15.16;

(6) Sale or exchange of lands within national forests provided in sections 92.30, 92.31;

(7) Approval of acquisition of land for camping or parking area provided in ~~section 97.48~~ *article 1, sections 26 and 27*;

(8) Modification of iron leases provided in section 93.191;

(9) Awarding permits to prospect for iron ore provided in section 93.17;

(10) Approval of regulations for issuance of permits to prospect for minerals under state lands provided in section 93.08;

(11) Construction of dams provided in section 110.13.

Sec. 2. Minnesota Statutes 1984, section 14.02, subdivision 4, is amended to read:

Subd. 4. [RULE.] "Rule" means every agency statement of general applicability and future effect, including amendments, suspensions, and repeals of rules, adopted to implement or make specific the law enforced or administered by it or to govern its organization or procedure. It does not include (a) rules concerning only the internal management of the agency or other agencies, and which do not directly affect the rights of or procedure available to the public; (b) rules of the commissioner of corrections relating to the internal management of institutions under the commissioner's control and those rules governing the inmates thereof prescribed pursuant to section 609.105; (c) rules of the division of game and fish published in accordance with *article 1, section 97-53 9*; (d) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs; (e) opinions of the attorney general; (f) the systems architecture plan and long range plan of the state education management information system provided by section 121.931; (g) the data element dictionary and the annual data acquisition calendar of the department of education to the extent provided by section 121.932; (h) the comprehensive statewide plan of the crime control planning board provided in section 299A.03; (i) special terms and conditions for an interim certificate of confirmation of the Minnesota cable communications board provided in section 238.09; (j) occupational safety and health standards provided in section 182.655; or (k) rules of the commissioner of public safety adopted pursuant to section 169.128.

Sec. 3. Minnesota Statutes 1984, section 14.38, subdivision 6, is amended to read:

Subd. 6. [EXEMPT RULES.] Rules adopted, amended, suspended, or repealed by any agency but excluded from the definition of "rule" in section 14.02, subdivision 4, shall have the force and effect of law upon compliance

with subdivision 7.

However, subdivisions 5 to 9 do not apply to:

(1) rules concerning only the internal management of the agency or other agencies, and which do not directly affect the rights of or procedure available to the public; or,

(2) opinions of the attorney general; or,

(3) rules published in accordance with *article 1*, section ~~97.53~~ 9.

Sec. 4. Minnesota Statutes 1984, section 18.021, subdivision 3, is amended to read:

Subd. 3. [DESTRUCTIVE OR NUISANCE ANIMALS.] "Destructive or nuisance animals" includes such animals as rats, gophers, mice, and other unprotected wild animals as defined in ~~Minnesota Statutes 1961, article 2, section 100.26~~ 53, and acts amendatory thereof, which the commissioner may designate as dangerous to the welfare of the people.

Sec. 5. Minnesota Statutes 1984, section 84.0274, subdivision 6, is amended to read:

Subd. 6. [STATE'S RESPONSIBILITIES.] When the state proposes to purchase land for natural resources purposes, the commissioner of natural resources and, where applicable, the commissioner of administration shall have the following responsibilities:

(a) The responsibility to deal fairly and openly with the landowner in the purchase of property;

(b) The responsibility to refrain from discussing price with the landowner before an appraisal has been made. In addition, the same person shall not both appraise and negotiate for purchase of a tract of land;

(c) The responsibility to use private fee appraisers to lower the state's acquisition costs to the greatest extent practicable; and

(d) The responsibility to acquire land in as expeditious a manner as possible. No option shall be made for a period of greater than two months if no survey is required or for nine months if a survey is required, unless the landowner, in writing, expressly requests a longer period of time. Provided that, if county board approval of the transaction is required pursuant to *article 1*, section ~~97.481~~ 28, no time limits shall apply. If the state elects not to purchase property upon which it has an option, it shall pay the landowner \$500 after the expiration of the option period. If the state elects to purchase the property, unless the landowner elects otherwise, payment to the landowner shall be made no later than 90 days following the state's election to purchase the property provided that the title is marketable and the owner acts expeditiously to complete the transaction.

Sec. 6. [84.034] [MAINTENANCE OF CEMETERY IN WHITEWATER WILDLIFE MANAGEMENT AREA.]

*The commissioner shall maintain in a proper and decent manner and keep free of weeds any cemetery in the Whitewater state wildlife management area.* [99.251]

Sec. 7. [84.0894] [ENFORCEMENT OF AQUATIC PLANTS AND

## ENDANGERED SPECIES.]

*An enforcement officer shall enforce a violation of sections 8 to 12 in the same manner as a violation of the game and fish laws. [97.50 s.1, 5]*

## Sec. 8. [84.0895] [PROTECTION OF THREATENED AND ENDANGERED SPECIES.]

*Subdivision 1. [PROHIBITION.] Notwithstanding any other law, a person may not take, import, transport, or sell any portion of an endangered species of wild animal or plant, or sell or possess with intent to sell an article made with any part of the skin, hide, or parts of an endangered species of wild animal or plant, except as provided in subdivisions 2 and 7. [97.488 s.7]*

*Subd. 2. [APPLICATION.] (a) Subdivision 1 does not apply to:*

*(1) plants on land classified for property tax purposes as class 2a or 2c agricultural land under section 273.13, or on ditches and roadways; and*

*(2) noxious weeds designated pursuant to sections 18.171 to 18.315 or to weeds otherwise designated as troublesome by the department of agriculture.*

*(b) If control of noxious weeds is necessary, it takes priority over the protection of endangered plant species, as long as a reasonable effort is taken to preserve the endangered plant species first.*

*(c) The taking or killing of an endangered plant species on land adjacent to class 3 or 3b agricultural land as a result of the application of pesticides or other agricultural chemical on the class 3 or 3b land is not a violation of subdivision 1, if reasonable care is taken in the application of the pesticide or other chemical to avoid impact on adjacent lands. For the purpose of this paragraph, class 3 or 3b agricultural land does not include timber land, waste land, or other land for which the owner receives a state paid wetlands or native prairie tax credit.*

*(d) The accidental taking of an endangered plant, where the existence of the plant is not known at the time of the taking, is not a violation of subdivision 1. [97.488 s.1a]*

*Subd. 3. [DESIGNATION.] (a) The commissioner shall adopt rules under chapter 14, to designate species of wild animal or plant as:*

*(1) endangered, if the species is threatened with extinction throughout all or a significant portion of its range;*

*(2) threatened, if the species is likely to become endangered within the foreseeable future throughout all or a significant portion of its range; or*

*(3) species of special concern, if although the species is not endangered or threatened, it is extremely uncommon in this state, or has unique or highly specific habitat requirements and deserves careful monitoring of its status. Species on the periphery of their range that are not listed as threatened may be included in this category along with those species that were once threatened or endangered but now have increasing or protected, stable populations.*

*(b) The range of the species in this state is a factor in determining its status as endangered, threatened, or of special concern. A designation by the secretary of the interior that a species is threatened or endangered is a prima facie showing under this section.*



(c) *The commissioner shall reevaluate the designated species list every three years after it is first adopted and make appropriate changes. The review must consider the need for further protection of species on the species of special concern list. Species may be withdrawn from designation in the same manner that species are designated.* [97.488 s.2]

*Subd. 4. [STUDIES.] The commissioner may conduct investigations to determine the status and requirements for survival of a resident species of wild animal or plant.* [97.488 s.3].

*Subd. 5. [MANAGEMENT.] (a) Notwithstanding any other law, the commissioner may undertake management programs, issue orders, and adopt rules necessary to bring a resident species of wild animal or plant that has been designated as threatened or endangered to a point at which it is no longer threatened or endangered.*

*(b) Subject to the provisions of subdivision 6, management programs for endangered or threatened species include research, census, law enforcement, habitat acquisition, habitat maintenance, propagation, live trapping, transplantation, and regulated taking.* [97.488 s.4]

*Subd. 6. [ENFORCEMENT.] A peace officer or conservation officer, pursuant to chapter 626, may execute a warrant to search for and seize goods, merchandise, plant or animal taken, sold or offered for sale in violation of this section, or items used in connection with a violation of this section. Seized property must be held pending judicial proceedings. Upon conviction, seized property is forfeited to the state and must be offered to a scientific or educational institution or destroyed.* [97.488 s.5]

*Subd. 7. [GENERAL EXCEPTIONS.] (a) The commissioner may prescribe conditions for an act otherwise prohibited by subdivision 1 if:*

- (1) the act is for the purpose of zoological, educational, or scientific study;*
- (2) the act enhances the propagation or survival of the affected species;*
- (3) the act prevents injury to persons or property; or*
- (4) the social and economic benefits of the act outweigh the harm caused by it.*

*(b) A member of an endangered species may not be destroyed under clauses (3) or (4) until all alternatives, including live trapping and transplantation, have been evaluated and rejected. The commissioner may prescribe conditions to propagate a species or subspecies.*

*(c) A person may capture or destroy a member of an endangered species, without permit, to avoid an immediate and demonstrable threat to human life or property.*

*(d) The commissioner must give approval under this subdivision for forest management, including permit, sale, or lease of land for timber harvesting.* [97.488 s.6]

*Subd. 8. [APPLICATION.] This section does not apply retroactively or prohibit importation into this state and subsequent possession, transport, and sale of wild animals, wild plants, or parts of wild animals or plants that are legally imported into the United States or legally acquired and exported from*

another territory, state, possession, or political subdivision of the United States. [97.488 s.7]

*Subd. 9. [VIOLATIONS.] A violation of this section is a misdemeanor. [97.488 s.8]*

**Sec. 9. [84.091] [AQUATIC VEGETATION IN PUBLIC WATERS.]**

*Subdivision 1. [OWNERSHIP.] The state is the owner of wild rice and other aquatic vegetation growing in public waters. A person may not acquire a property interest in wild rice or other aquatic vegetation or destroy wild rice or aquatic vegetation, except as authorized under this chapter. [97.42]*

*Subd. 2. [LICENSE REQUIRED.] A person may not harvest, buy, sell, transport, or possess aquatic plants without a license required under this chapter. A license shall be issued in the same manner as provided under the game and fish laws. [98.45 s.1; 98.50 s.1]*

*Subd. 3. [LICENSE FEES.] (a) The fees for the following licenses, to be issued to residents only, are:*

*(1) for harvesting wild rice, \$10; [98.46 s.3]*

*(2) for buying and selling wild ginseng, \$5; [98.46 s.3]*

*(3) for a wild rice dealer's license to buy and sell 50,000 pounds or less, \$70; and [98.46 s.18]*

*(4) for a wild rice dealer's license to buy and sell more than 50,000 pounds, \$250. [98.46 s.18]*

*(b) The weight of the wild rice shall be determined in its raw state. [98.46 s.18]*

**Sec. 10. [84.092] [PERMITS TO HARVEST OR DESTROY AQUATIC PLANTS OTHER THAN WILD RICE.]**

*Subdivision 1. [AUTHORIZATION.] The commissioner may issue permits, with or without a fee, to:*

*(1) gather or harvest aquatic plants, or plant parts, other than wild rice from public waters;*

*(2) transplant any aquatic plants into other public waters;*

*(3) destroy harmful or undesirable aquatic vegetation or organisms in public waters under prescribed conditions to protect the waters, desirable species of fish, vegetation, other forms of aquatic life, and the public. An application for a permit must be accompanied by a permit fee, if required. [98.48 s.9]*

*Subd. 2. [FEES.] (a) The commissioner shall establish a fee schedule for permits to harvest aquatic plants other than wild rice, by order, after holding a public hearing. The fees may not exceed \$100 per permit based upon the cost of receiving, processing, analyzing, and issuing the permit, and additional costs incurred after the application to inspect and monitor the activities authorized by the permit.*

*(b) A fee may not be charged to the state or a federal governmental agency applying for a permit.*

*(c) The money received for the permits under this subdivision shall be*

deposited in the treasury and credited to the game and fish fund. [98.48 s.9]

*Subd. 3. [PERMIT STANDARDS.] The commissioner shall, by order, prescribe standards to issue and deny permits under subdivision 2. The standards must insure that aquatic plant control is consistent with shoreland conservation ordinances, lake management plans and programs, and wild and scenic river plans. [98.48 s.9]*

**Sec. 11. [84.093] [WILD GINSENG.]**

*The commissioner may establish regulations including seasons for harvesting to conserve wild ginseng. [97.48 s.18a]*

**Sec. 12. [84.151] [WILD RICE.]**

*Subdivision 1. [REGULATIONS.] The commissioner shall prescribe rules for harvesting and possessing wild rice. [97.48 s.18]*

*Subd. 2. [LICENSE REQUIRED.] A person who buys wild rice within the state for resale to anyone except consumers, or sells wild rice imported from outside the state to anyone within the state except consumers must have a wild rice dealer's license. [97.48 s.18]*

*Subd. 3. [APPLICATION.] (a) An application for a wild rice dealer's license must be made under a written oath. The form of a wild rice dealer's license application must include:*

*(1) the amount of wild rice, whether raw or processed, bought or sold by the applicant during the preceding calendar year;*

*(2) the amount of wild rice the applicant estimates will be bought or sold under the license; and*

*(3) other pertinent information required by the commissioner.*

*(b) The license fee must be paid in advance, based on the applicant's estimate. A license may not be issued for a fee based on a lesser amount of wild rice than was bought or sold by the applicant during the preceding calendar year. [98.46 s.18]*

*Subd. 4. [SUPPLEMENTAL LICENSE.] A wild rice dealer may not buy or sell wild rice for which a license is required in excess of the amount covered by the license. If a wild rice dealer desires to buy or sell wild rice in excess of the licensed amount, the dealer must apply for a supplemental license. The supplemental license shall be issued for the additional amount of wild rice upon payment of the prescribed fee, less credit for the fees paid for the previous license or licenses issued for the same calendar year. When the supplemental license is issued, the previous licenses held by the dealer shall be surrendered to the commissioner. [98.46 s.18]*

*Subd. 5. [REPORTING REQUIREMENTS FOR BUYING WILD RICE.] Raw rice purchased by a dealer must be reported in accordance with this subdivision. A wild rice dealer shall submit an annual report to the commissioner and keep a complete record in a book of all wild rice bought or sold during the period covered by the license. The record book must show: (1) the date of each transaction; (2) the names and addresses of all parties involved in the transaction other than the dealer; and (3) the amount of wild rice transferred, whether raw or processed. The record book must be available for*

inspection by the commissioner, the coordinator of wild rice, conservation officer, or agent of the commissioner at all reasonable times. A wild rice dealer must transmit a written report to the commissioner within ten days after the end of each calendar month during the period covered by the license. The commissioner shall prescribe the form of the report which must be signed by the licensee and state the total amount of wild rice bought or sold during the calendar month, whether raw or processed. [98.46 s.18]

*Subd. 6. [PENALTIES.] (a) A person is guilty of a misdemeanor who:*

*(1) willfully makes a false statement in an application for a license or in a required report or record; or*

*(2) violates a provision relating to wild rice dealers.*

*(b) Each violation is a separate offense. An acquittal prohibits later prosecution based on a similar charge involving other wild rice in the same transaction.*

*(c) If a wild rice dealer is convicted of two offenses under this subdivision within three years, the dealer's license is null and void and the dealer may not be issued a license for one year after the date of the conviction. [98.46 s.18]*

Sec. 13. Minnesota Statutes 1984, section 84.88, subdivision 2, is amended to read:

Subd. 2. A person registered as owner of a snowmobile may be fined not to exceed \$300 if a snowmobile bearing his registration number is operated contrary to the provisions of sections 84.81 to 84.88, ~~100.26, subdivision 1, or 100.29, subdivisions 28 or 29 article 2, section 19.~~ The registered owner may not be so fined if (a) the snowmobile was reported as stolen to the commissioner or a law enforcement agency at the time of the alleged unlawful act, or if (b) the registered owner demonstrates that the snowmobile either was stolen or was not in use at the time of the alleged unlawful act, or if (c) the registered owner furnishes to law enforcement officers upon request the identity of the person in actual physical control of the snowmobile at the time of such violation. The provisions of this subdivision do not apply to any person who rents or leases a snowmobile if such person keeps a record of the name and address of the person or persons renting or leasing such snowmobile, the registration number thereof, the departure date and time, and expected time of return thereof. Such record shall be preserved for at least six months and shall be prima facie evidence that the person named therein was the operator thereof at the time it was operated contrary to sections 84.81 to 84.88, ~~100.26, subdivision 1, or 100.29, subdivisions 28 or 29 article 2, section 19.~~ The provisions of this subdivision do not prohibit or limit the prosecution of a snowmobile operator for violating any of the sections referred to in this subdivision.

Sec. 14. Minnesota Statutes 1984, section 84.89, is amended to read:

**84.89 [CONFISCATION OF SNOWMOBILE USED IN BURGLARY.]**

A law enforcement officer shall seize any snowmobile, as defined in section 84.81, used for the purpose of gaining access to property for the purpose of committing the crime of burglary, as defined in section 609.58. Any snowmobile seized pursuant to this section shall be held, subject to the order of the district court of the county in which the burglary was committed, and

shall be confiscated after conviction of the person from whom the snowmobile was seized and disposed of in accordance with the procedure provided for equipment used in committing game and fish violations by *article 1*, section 97.50, subdivision 6 38, except that the balance of the proceeds from the sale of a confiscated snowmobile which are paid into the state treasury shall be credited to the general fund.

Sec. 15. Minnesota Statutes 1984, section 84A.02, is amended to read:

#### 84A.02 [MANAGEMENT.]

Red Lake game preserve shall be under the management and control of the department, which shall have, and it is hereby given, full power and authority to make, establish, promulgate, and enforce all necessary rules and regulations, not inconsistent with the laws of the state, for the care, preservation, protection, breeding, propagation, and disposition of any and all species of wild life therein and the regulation, issuance, sale, and revocation of special licenses or special permits for hunting, fishing, camping, and other uses of this area, not inconsistent with the terms of sections 84A.01 to 84A.11 or other laws of the state now or hereafter applicable thereto. The department shall have power and authority, by means of rules and regulations, to declare the terms and conditions of these licenses and permits and the charges to be made therefor. These regulations may specify and control the terms under and by which wild life may be taken, captured, or killed therein, and under and by which fur-bearing animals, or animals and fish otherwise having commercial value, may be taken, captured, trapped, killed, sold, and removed therefrom. These rules and regulations may also provide for the afforestation and reforestation of lands now or hereafter owned by the state in this game preserve and hunting grounds, and for the sale of merchantable timber from these lands when and where, in the opinion of the department, the same can be sold and removed without damage or injury to the further use and development of the land for a habitat of wild life and game in this game preserve and hunting ground, and for the purposes for which this preserve and hunting ground is established by sections 84A.01 to 84A.11. The department may provide for the policing of this preserve and hunting ground in such manner as may be needful for the proper development and use of the preserve and hunting ground for the purposes specified, and all supervisors, guards, custodians, and caretakers assigned to duty in this preserve and hunting ground shall have and possess the authority and powers of peace officers while in their employment. The department shall also make and enforce such rules and regulations, not inconsistent with the laws of the state, concerning the burning of grass, timber slashings, and other inflammable matter, and the clearing, development, and use of lands in this preserve and hunting ground as may be necessary and advisable to prevent destructive forest fires and grass fires which would injure the use and development of this area for the preservation and propagation of wild life therein, and for the proper protection of the forest and wooded areas thereof. All lands within the boundaries of this preserve and hunting ground shall be subject to such rules and regulations, whether owned by the state or privately, consistent with the rights of the private owners and with the laws of this state now or hereafter applicable thereto. By such rules and regulations there may be established areas and zones within this preserve and hunting ground where hunting, fishing, trapping, or camping may be prohibited or specially regulated, for

the purpose of protection and propagation of particular wild life therein.

All rules and regulations adopted and promulgated under the provisions of sections 84A.01 to 84A.11 shall be published in the manner now required by law under the provisions of *article 1*, section ~~97.53~~ 9, and shall be, in addition thereto, posted on the boundaries of this preserve and hunting ground.

Sec. 16. Minnesota Statutes 1984, section 85.018, subdivision 8, is amended to read:

Subd. 8. [ENFORCEMENT.] The provisions of this section may be enforced by officers of the department of natural resources as provided in ~~section 97.50~~ *article 1*, sections 33 to 40.

Sec. 17. Minnesota Statutes 1984, section 86A.06, is amended to read:

86A.06 [RULES.]

Each managing agency, in consultation with the commissioner of energy, planning and development, shall promulgate rules relating to the units of the outdoor recreation system within its jurisdiction, which shall provide for administration of the units in the manner specified in section 86A.05 and the laws relating to each type of unit. The authority provided by this subdivision does not amend or repeal authority possessed by the commissioner of natural resources pursuant to *article 1*, section ~~97.53~~ 9, subdivision 2 3, and in no way is intended to modify or diminish authority possessed by the commissioner in relation to *article 1*, section ~~97.53~~ 9, subdivision 2 3.

Sec. 18. Minnesota Statutes 1984, section 105.391, subdivision 3, is amended to read:

Subd. 3. Except as provided below, no public waters or wetlands shall be drained, and no permit authorizing drainage of public waters or wetlands shall be issued, unless the public waters or wetlands being drained are replaced by public waters or wetlands which will have equal or greater public value. However, after a state waterbank program has been established, wetlands which are eligible for inclusion in that program may be drained without a permit and without replacement of wetlands of equal or greater public value if the commissioner does not elect, within 60 days of the receipt of an application for a permit to drain the wetlands, to either (1) place the wetlands in the state waterbank program, or (2) acquire it pursuant to *article 1*, section ~~97.481~~ 28, or (3) indemnify the landowner through any other appropriate means, including but not limited to conservation restrictions, easements, leases, or any applicable federal program. If the applicant is not offered his choice of the above alternatives, he is entitled to drain the wetlands involved.

In addition, the owner or owners of lands underlying wetlands situated on privately owned lands may apply to the commissioner for a permit to drain the wetlands at any time after the expiration of ten years following the original designation thereof. Upon receipt of an application, the commissioner shall review the current status and conditions of the wetlands. If he finds that the current status or conditions are such that it appears likely that the economic or other benefits to the owner or owners which would result from drainage would exceed the public benefits of maintaining the wetlands, he shall grant the application and issue a drainage permit. If the application is

denied, no additional application shall be made until the expiration of an additional ten years.

Sec. 19. Minnesota Statutes 1984, section 105.391, subdivision 12, is amended to read:

Subd. 12. The designation of waters as "public waters" or "wetlands" pursuant to this section shall not grant any additional or greater right of access to the public to those waters, nor is the commissioner required to acquire access to those waters under *article 1*, section ~~97.48~~, ~~subdivision 45~~ 27, nor is any right of ownership or usage of the beds underlying those waters diminished. Notwithstanding the designation of waters or lands as public waters or wetlands, all provisions of Minnesota law forbidding trespass upon private lands shall remain in full force and effect.

Sec. 20. Minnesota Statutes 1984, section 105.417, subdivision 4, is amended to read:

Subd. 4. [TROUT STREAMS.] Permits issued after June 3, 1977 to appropriate water for any purpose from streams designated trout streams by the commissioner's orders pursuant to *article 3*, section ~~401.42~~ 5, shall be limited to temporary appropriations.

Sec. 21. Minnesota Statutes 1985 Supplement, section 105.74, is amended to read:

#### 105.74 [ADDITIONAL DUTIES OF BOARD.]

In addition to duties elsewhere prescribed, the board has the function defined in sections 105.72 to 105.79 when the decision of the agency in a proceeding involves a question of water policy in one or more of the areas of water conservation, water pollution, preservation and management of wildlife, drainage, soil conservation, public recreation, forest management, and municipal planning under any of the following: Sections 84.57, ~~97.48~~, ~~subdivision 43~~ *article 1*, section 26, 105.41, 105.42, 105.43, 105.44, 105.64, 106A.011, 106A.015, 115.04, 115.05, and chapter 110.

Sec. 22. Minnesota Statutes 1984, section 111.81, subdivision 1, is amended to read:

Subdivision 1. The governing body of any city or town may expend funds for the control or destruction of harmful or undesirable aquatic vegetation or organisms in public waters and may cooperate with other such governing bodies and any landowners in such control or destruction. No such control or destruction shall be started unless a permit therefor has been issued by the commissioner of natural resources pursuant to section ~~98.48~~, ~~subdivision 9~~, 10 and all work shall be done in accordance with the terms and conditions of such permit.

Sec. 23. Minnesota Statutes 1984, section 343.21, subdivision 8, is amended to read:

Subd. 8. [CAGING.] No person shall cage any animal for public display purposes unless the display cage is constructed of solid material on three sides to protect the caged animal from the elements and unless the horizontal dimension of each side of the cage is at least four times the length of the caged animal. The provisions of this subdivision do not apply to the Minne-

sota state agricultural society, the Minnesota state fair, or to the county agricultural societies, county fairs, to any agricultural display of caged animals by any political subdivision of the state of Minnesota, or to district, regional or national educational livestock or poultry exhibitions. The provisions of this subdivision do not apply to captive wildlife, the exhibition of which is regulated by *article 1*, section ~~97.611~~ 7.

Sec. 24. Minnesota Statutes 1984, section 343.30, is amended to read:

343.30 [INJURY TO BIRDS.]

A person who in any manner maliciously maims, kills, or destroys any bird designated as unprotected by *article 1*, section ~~400.26~~ 2, subdivision 2 52, or who maliciously destroys the nests or eggs of any such bird shall be guilty of a petty misdemeanor.

Sec. 25. Minnesota Statutes 1984, 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 *article 1*, section ~~97.50~~ 33, 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.

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. 26. Minnesota Statutes 1984, section 361.25, is amended to read:

361.25 [REGULATIONS.]

The commissioner shall adopt, in the manner provided in sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62, and shall publish in the manner prescribed in *article 1*, section ~~97.53~~ 9, subdivision 2 3, regulations relating to the application for, and form and numbering of watercraft licenses and the size, form, reflectorize material and display of watercraft



license numbers which shall comply with the requirements of the federal watercraft numbering system, placement and regulation of docks, piers, buoys, mooring or marking devices and other structures in the waters of this state, rules of the road for watercraft navigation and standards for equipment used in the towing of persons on water skis, aquaplanes, surfboards, saucers, and other devices, standards for lights, signals, fire extinguishers, bilge ventilation, and lifesaving equipment, standards of safe load and power capacity, accounting, procedural and reporting requirements for county sheriff, designation of and swimming or bathing areas, standards of safety for watercraft offered for rent, lease, or hire; and in accordance with section 361.26, subdivision 2, clause (c), the commissioner shall by no later than January 1, 1975, adopt rules and regulations relating to the use of surface waters of this state by watercraft including but not limited to (1) standards and criteria for resolving conflicts in the use of water surfaces by watercraft, (2) procedures for dealing with problems involving more than one local governmental unit, (3) procedures for local enforcement and (4) procedures for carrying out the provisions of section 361.26, subdivision 2; and such other regulations as he deems necessary to carry out the provisions of this chapter.

Sec. 27. Minnesota Statutes 1984, section 383C.13, is amended to read:

383C.13 [COUNTY AUDITOR; SALARY.]

In each county in this state now or hereafter having a population of more than 150,000 and an area of over 5,000 square miles the county auditor shall receive an annual salary of \$7,000 as full compensation for all services. He shall, on the first day of each month, file in his office a complete statement of all the fees and commissions received by him of every name and nature whatsoever, including his commission as agent of the commissioner of game and fish pursuant to ~~Minnesota Statutes 1949, article 1, section 98.50-70~~, and turn the same into the county treasury.

Sec. 28. Minnesota Statutes 1984, section 477A.12, is amended to read:

477A.12 [ANNUAL APPROPRIATIONS; LANDS ELIGIBLE; CERTIFICATION OF ACREAGE.]

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 ~~article 1, section 97.49 11~~, subdivision ~~7 3~~, 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. 29. Minnesota Statutes 1984, section 477A.13, is amended to read:

## 477A.13 [TIME OF PAYMENT, DEDUCTIONS.]

Payments to the counties shall be made from the general fund during the month of July 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 89.036, 97.49, subdivision 3 article 1, section 11, subdivisions 1 and 2, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 477A.12.

Payments under section 477A.12 must also be reduced by the following percentages of the amounts paid during the preceding year under section 84A.51:

- (1) for the payment made July 15, 1984, 75 percent;
- (2) for the payment made July 15, 1985, 50 percent;
- (3) for the payment made July 15, 1986, 25 percent; and
- (4) for the payment made thereafter, 0 percent.

## Sec. 30. [609.661] [PENALTY FOR SET GUNS; SWIVEL GUNS.]

*A person who violates a provision relating to set guns or swivel guns is guilty of a gross misdemeanor. [97.55 s.7]*

## Sec. 31. [624.719] [POSSESSION OF FIREARM BY NONRESIDENT ALIEN.]

*A nonresident alien may not possess a firearm except to take game as a nonresident under the game and fish laws. A firearm possessed in violation of this section is contraband and may be confiscated. [98.45 s.4]*

## Sec. 32. [REPEALER.]

*Minnesota Statutes 1984, sections 97.40; 97.41; 97.42; 97.43; 97.431; 97.432; 97.433; 97.44; 97.45; 97.46; 97.47; 97.48; 97.481; 97.482; 97.483; 97.4841, subdivisions 1, 2, and 4; 97.4842, subdivisions 1 and 3; 97.4843, subdivisions 1, 3, and 4; 97.485; 97.487; 97.488, subdivisions 1 and 2 to 8; 97.49; 97.50, subdivisions 2 to 9; 97.501; 97.51; 97.52; 97.53; 97.54; 97.55, subdivisions 1 to 15; 97.56; 97.57; 97.611; 97.81; 97.82; 97.83; 97.85; 97.86; 98.45, subdivisions 1 to 8; 98.455; 98.456; 98.457; 98.46, subdivisions 1, 2a, 2b, 3, 4, 5a, 6 to 13, 16 to 26; 98.465; 98.47, subdivisions 1 to 3, 4 to 13, 15 to 18; 98.48, subdivisions 1 to 4, 6 to 16; 98.49; 98.50; 98.501; 98.51; 98.52, subdivisions 1 to 4; 99.25; 99.251; 99.26; 99.27; 99.28; 99.29; 100.26; 100.27, subdivisions 2 and 5 to 9; 100.271, subdivisions 1 and 3 to 5; 100.272; 100.273, subdivisions 1 to 5, 7, and 8; 100.28; 100.29, subdivisions 1 to 14, 16, 17, 18, 20, 23, 24, and 26 to 33; 100.295; 100.30; 100.303; 100.31; 100.32; 100.33; 100.34; 100.35; 100.36; 100.37; 101.41; 101.411; 101.42; 101.425; 101.43; 101.44; 101.441; 101.45; 101.46; 101.47; 101.48; 101.49; 101.50; 101.51; 102.23; 102.235; 102.24; 102.25; 102.26; 102.27; 102.28; 102.285; 102.29; 102.30; Minnesota Statutes 1985 Supplement, sections 97.484; 97.4841, subdivision 3; 97.4842, subdivision 2; 97.4843, subdivision 2; 97.488, subdivision 1a; 97.50, subdivision 1; 97.55, subdivisions 16 and 17; 97.851; 98.45, subdivision 9; 98.46, subdivisions 2, 5, 14, and 15; 98.47, subdivision 3a; 98.48, subdivision 5; 98.52, subdivision 6; 100.27, subdivisions 1, 3, and 4; 100.271, subdivision 2; 100.273, subdivisions 6 and 9; 100.281; 100.29, subdivisions 15, 19 and 25; and 101.475 are*

*repealed."*

Delete the title and insert:

"A bill for an act relating to natural resources; recodifying laws governing wild animals in general, the taking and possession of game and fish, and the management of natural resources; providing penalties; amending Minnesota Statutes 1984, sections 9.071; 14.02, subdivision 4; 14.38, subdivision 6; 18.021, subdivision 3; 84.0274, subdivision 6; 84.88, subdivision 2; 84.89; 84A.02; 85.018, subdivision 8; 86A.06; 105.391, subdivisions 3 and 12; 105.417, subdivision 4; 111.81, subdivision 1; 343.21, subdivision 8; 343.30; 352B.01, subdivision 2; 361.25; 383C.13; 477A.12; 477A.13; Minnesota Statutes 1985 Supplement, section 105.74; proposing coding for new law in Minnesota Statutes, chapters 84; 97A; 97B; 97C; 609; and 624; repealing Minnesota Statutes 1984, and 1985 Supplement, chapters 97, 98, 99, 100, 101, and 102."

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

## SECOND READING OF SENATE BILLS

S.F. Nos. 1969, 1581, 1590, 1753, 1751, 1604, 1939, 1614, 1842, 1841, 1818, 1792, 1851, 1666, 1617, 1660, 1742, 1441, 1849, 1680 and 1526 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. No. 1826 was read the second time.

## MOTIONS AND RESOLUTIONS

Mr. Dieterich moved that the appointment of Roger Laufenburger as the Chairperson of the Transportation Regulation Board be withdrawn from the Committee on Public Utilities and State Regulated Industries and re-referred to the Committee on Transportation. The motion prevailed.

Mr. Langseth moved that the names of Messrs. DeCramer and Mehrkens be added as co-authors to S.F. No. 641. The motion prevailed.

Mr. Merriam moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1550. The motion prevailed.

Ms. Berglin moved that the name of Mr. Benson be added as a co-author to S.F. No. 1581. The motion prevailed.

Mr. Kamrath moved that the name of Mrs. Kronebusch be added as a co-author to S.F. No. 1764. The motion prevailed.

Mr. Chmielewski moved that the name of Mr. Knaak be added as a co-author to S.F. No. 1792. The motion prevailed.

Mr. Frank moved that the name of Mrs. Kronebusch be added as a co-author to S.F. No. 1842. The motion prevailed.

Mr. Dieterich moved that the name of Mr. Storm be added as a co-author to S.F. No. 1869. The motion prevailed.

Mr. Moe, D.M. moved that the name of Mr. Wegscheid be added as a

co-author to S.F. No. 1911. The motion prevailed.

Mr. Samuelson moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1929. The motion prevailed.

Mr. Merriam moved that the name of Mr. Lessard be added as a co-author to S.F. No. 1947. The motion prevailed.

Mr. Davis moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1979. The motion prevailed.

Mr. Stumpf moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1981. The motion prevailed.

Mrs. Lantry moved that the name of Mr. Dahl be added as a co-author to S.F. No. 1987. The motion prevailed.

Mr. Merriam moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2014. The motion prevailed.

Mr. Peterson, R.W. moved that the name of Mr. Dahl be added as a co-author to S.F. No. 2017. The motion prevailed.

Mr. Merriam moved that the names of Messrs. Wegscheid and Dahl be added as co-authors to S.F. No. 2029. The motion prevailed.

Mr. Johnson, D.J. moved that the name of Mr. Stumpf be added as a co-author to S.F. No. 2036. The motion prevailed.

Mr. Wegscheid moved that the names of Messrs. Merriam and Frederickson be added as co-authors to S.F. No. 2037. The motion prevailed.

Mr. Frank moved that S.F. No. 40 be taken from the table. The motion prevailed.

S.F. No. 40: A bill for an act relating to transportation; traffic regulations; defining "passenger vehicle"; requiring use of seat belts by passenger vehicle drivers and passengers; imposing a penalty; amending Minnesota Statutes 1984, sections 169.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 169.

### CONCURRENCE AND REPASSAGE

Mr. Frank moved that the Senate concur in the amendments by the House to S.F. No. 40 and that the bill be placed on its repassage as amended.

Mr. Pogemiller moved that the Senate do not concur in the amendments by the House to S.F. No. 40, 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 like Conference Committee to be appointed on the part of the House. The motion did not prevail.

The question recurred on the motion of Mr. Frank. The motion prevailed.

S.F. No. 40: A bill for an act relating to transportation; traffic regulations; defining "passenger vehicle"; requiring use of seat belts by passenger vehicle drivers and passengers; amending Minnesota Statutes 1984, sections 169.01, by adding a subdivision; proposing coding for new law in Minnesota

Statutes, chapter 169.

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 21, as follows:

Those who voted in the affirmative were:

Benson	Frank	Kroening	Nelson	Sieloff
Berglin	Frederick	Laidig	Novak	Solon
Brataas	Freeman	Langseth	Olson	Spear
Dahl	Gustafson	Lantry	Pehler	Storm
Davis	Hughes	Luther	Peterson, D. C.	Vega
DeCramer	Johnson, D. E.	McQuaid	Peterson, R. W.	Waldorf
Dicklich	Johnson, D. J.	Mehrkens	Petty	
Diessner	Knaak	Merriam	Pogemiller	
Dieterich	Knutson	Moe, D. M.	Schmitz	

Those who voted in the negative were:

Adkins	Isackson	Moe, R. D.	Reichgott	Willet
Anderson	Jude	Peterson, C. C.	Renneke	
Belanger	Kamrath	Peterson, D. L.	Samuelson	
Bernhagen	Kronebusch	Purfeerst	Stumpf	
Chmielewski	Lessard	Ramstad	Taylor	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

### SUSPENSION OF RULES

Mr. Moe, R. D. 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. 1826 and that the rules of the Senate be so far suspended as to give H.F. No. 1826, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

H.F. No. 1826: A resolution memorializing the governments of the United States and the Socialist Republic of Vietnam to take all possible actions to determine the fate of persons missing in action in Southeast Asia; joining with the families of those who are missing in the hope that their long wait will soon be over.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Olson	Sieloff
Anderson	Dieterich	Kronebusch	Peterson, C. C.	Solon
Belanger	Frank	Laidig	Peterson, D. C.	Spear
Benson	Frederick	Langseth	Peterson, D. L.	Storm
Berg	Freeman	Lantry	Peterson, R. W.	Stumpf
Berglin	Hughes	Lessard	Petty	Taylor
Bernhagen	Isackson	Luther	Pogemiller	Vega
Brataas	Johnson, D. E.	McQuaid	Purfeerst	Waldorf
Chmielewski	Johnson, D. J.	Mehrkens	Ramstad	Wegscheid
Dahl	Jude	Merriam	Reichgott	Willet
Davis	Kamrath	Moe, D. M.	Renneke	
DeCramer	Knaak	Moe, R. D.	Samuelson	
Dicklich	Knutson	Novak	Schmitz	

So the resolution passed and its title was agreed to.

### CALENDAR

H.F. No. 1699: A bill for an act relating to licenses; requiring operators of campgrounds and manufactured home parks to procure a license; amending Minnesota Statutes 1984, section 157.03:

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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Olson	Solon
Anderson	Dieterich	Kronebusch	Peterson, C. C.	Spear
Belanger	Frank	Laidig	Peterson, D. C.	Storm
Benson	Frederick	Langseth	Peterson, R. W.	Stumpf
Berg	Freeman	Lantry	Petty	Taylor
Berglin	Gustafson	Lessard	Pogemiller	Vega
Bernhagen	Hughes	Luther	Purfeerst	Waldorf
Brataas	Isackson	McQuaid	Ramstad	Wegscheid
Chmielewski	Johnson, D. J.	Mehrkens	Reichgott	Willet
Dahl	Jude	Merriam	Renneke	
Davis	Kamrath	Moe, D. M.	Samuelson	
DeCramer	Knaak	Moe, R. D.	Schmitz	
Dicklich	Knutson	Novak	Sieloff	

So the bill passed and its title was agreed to.

S.F. No. 1612: A bill for an act relating to insurance; changing certain incorporation requirements for domestic insurance corporations; changing certain investment requirements for life insurance companies; amending Minnesota Statutes 1984, sections 60A.07, subdivision 1; and 61A.282, 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:

Adkins	Diessner	Kroening	Novak	Samuelson
Anderson	Dieterich	Kronebusch	Olson	Schmitz
Belanger	Frank	Laidig	Pehler	Sieloff
Benson	Frederick	Langseth	Peterson, C.C.	Solon
Berg	Freeman	Lantry	Peterson, D.C.	Spear
Berglin	Hughes	Lessard	Peterson, D.L.	Storm
Bernhagen	Isackson	Luther	Peterson, R.W.	Stumpf
Brataas	Johnson, D.E.	McQuaid	Petty	Taylor
Chmielewski	Johnson, D.J.	Mehrkens	Pogemiller	Vega
Dahl	Jude	Merriam	Purfeerst	Waldorf
Davis	Kamrath	Moe, D. M.	Ramstad	Wegscheid
DeCramer	Knaak	Moe, R. D.	Reichgott	Willet
Dicklich	Knutson	Nelson	Renneke	

So the bill passed and its title was agreed to.

S.F. No. 1587: A bill for an act relating to public indebtedness; permitting home rule charter and statutory cities to incur debt for warning systems; amending Minnesota Statutes 1984, section 475.52, 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kronebusch	Pehler	Solon
Anderson	Frank	Laidig	Peterson, C.C.	Spear
Belanger	Frederick	Langseth	Peterson, D.L.	Storm
Benson	Freeman	Lantry	Peterson, R.W.	Stumpf
Berg	Hughes	Lessard	Petty	Taylor
Berglin	Isackson	McQuaid	Pogemiller	Vega
Bernhagen	Johnson, D.E.	Mehrkens	Purfeerst	Waldorf
Brataas	Johnson, D.J.	Merriam	Ramstad	Wegscheid
Dahl	Jude	Moe, D. M.	Reichgott	Willet
Davis	Kamrath	Moe, R. D.	Renneke	
DeCramer	Knaak	Nelson	Samuelson	
Dicklich	Knutson	Novak	Schmitz	
Diessner	Kroening	Olson	Sieloff	

So the bill passed and its title was agreed to.

S.F. No. 641: A bill for an act relating to taxation; changing the date by which the second installment of property taxes on agricultural property must be paid; amending Minnesota Statutes 1984, sections 276.09; 276.10; and 278.03; Minnesota Statutes 1985 Supplement, sections 278.05, subdivision 5; and 279.01, 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:

Adkins	Dieterich	Kroening	Novak	Samuelson
Anderson	Frank	Kronebusch	Olson	Schmitz
Belanger	Frederick	Laidig	Pehler	Sieloff
Benson	Freeman	Langseth	Peterson, C.C.	Solon
Berg	Gustafson	Lantry	Peterson, D.C.	Spear
Berglin	Hughes	Lessard	Peterson, D.L.	Storm
Bernhagen	Isackson	Luther	Peterson, R.W.	Stumpf
Chmielewski	Johnson, D.E.	McQuaid	Petty	Taylor
Dahl	Johnson, D.J.	Mehrkens	Pogemiller	Vega
Davis	Jude	Merriam	Purfeerst	Waldorf
DeCramer	Kamrath	Moe, D. M.	Ramstad	Wegscheid
Dicklich	Knaak	Moe, R. D.	Reichgott	Willet
Diessner	Knutson	Nelson	Renneke	

So the bill passed and its title was agreed to.

S.F. No. 1319: A bill for an act relating to motor vehicles; removing liability of motor vehicle lessors for unpaid citations for traffic violations committed by operators of leased or rented motor vehicles; proposing coding for new law in Minnesota Statutes, chapter 168.

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:

Adkins	Diessner	Kroening	Pehler	Sieloff
Anderson	Dieterich	Kronebusch	Peterson, C.C.	Solon
Belanger	Frank	Laidig	Peterson, D.C.	Spear
Benson	Frederick	Langseth	Peterson, D.L.	Storm
Berg	Gustafson	Lantry	Peterson, R.W.	Stumpf
Berglin	Hughes	Lessard	Petty	Taylor
Bernhagen	Isackson	McQuaid	Pogemiller	Vega
Brataas	Johnson, D.E.	Mehrkens	Purfeerst	Waldorf
Chmielewski	Johnson, D.J.	Merriam	Ramstad	Wegscheid
Dahl	Jude	Moe, D. M.	Reichgott	Willet
Davis	Kamrath	Nelson	Renneke	
DeCramer	Knaak	Novak	Samuelson	
Dicklich	Knutson	Olson	Schmitz	

So the bill passed and its title was agreed to.

S.F. No. 1531: A bill for an act relating to agriculture; ratifying the Interstate Compact on Agricultural Grain Marketing; proposing coding for new law as Minnesota Statutes, chapter 236A.

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:



Adkins	Diessner	Knutson	Novak	Samuelson
Anderson	Dieterich	Kroening	Olson	Schmitz
Belanger	Frank	Kronebusch	Pehler	Sieloff
Benson	Frederick	Laidig	Peterson, C.C.	Solon
Berg	Freeman	Langseth	Peterson, D.C.	Spear
Berglin	Gustafson	Lantry	Peterson, D.L.	Storm
Bernhagen	Hughes	Lessard	Peterson, R.W.	Stumpf
Brataas	Isackson	Luther	Petty	Taylor
Chmielewski	Johnson, D.E.	McQuaid	Pogemiller	Vega
Dahl	Johnson, D.J.	Mehrkens	Purfeerst	Waldorf
Davis	Jude	Merriam	Ramstad	Willet
DeCramer	Kamrath	Moe, R. D.	Reichgott	
Dicklich	Knaak	Nelson	Renneke	

So the bill passed and its title was agreed to.

S.F. No. 1645: A bill for an act relating to crime; using force or threat of force against revenue department employees; amending Minnesota Statutes 1984, section 609.50.

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:

Adkins	Dieterich	Kronebusch	Olson	Schmitz
Anderson	Frank	Laidig	Pehler	Sieloff
Belanger	Frederick	Langseth	Peterson, C.C.	Solon
Benson	Freeman	Lantry	Peterson, D.C.	Spear
Berg	Gustafson	Lessard	Peterson, D.L.	Storm
Berglin	Hughes	Luther	Peterson, R.W.	Stumpf
Bernhagen	Isackson	McQuaid	Petty	Taylor
Chmielewski	Johnson, D.E.	Mehrkens	Pogemiller	Vega
Dahl	Johnson, D.J.	Merriam	Purfeerst	Waldorf
Davis	Jude	Moe, D. M.	Ramstad	Wegscheid
DeCramer	Kamrath	Moe, R. D.	Reichgott	Willet
Dicklich	Knutson	Nelson	Renneke	
Diessner	Kroening	Novak	Samuelson	

So the bill passed and its title was agreed to.

S.F. No. 1597: A bill for an act relating to agriculture; removing the liability of persons who buy farm products; repealing the notification and registration system for security interests in farm products; amending Minnesota Statutes 1985 Supplement, sections 17A.04, subdivisions 2 and 5; and 336.9-307; repealing Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; and 386.42.

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:

Adkins	Diessner	Knutson	Nelson	Renneke
Anderson	Dieterich	Kroening	Novak	Samuelson
Belanger	Frank	Kronebusch	Olson	Schmitz
Benson	Frederick	Laidig	Pehler	Sieloff
Berg	Freeman	Langseth	Peterson, C. C.	Solon
Berglin	Gustafson	Lantry	Peterson, D. C.	Spear
Bernhagen	Hughes	Lessard	Peterson, D. L.	Storm
Brataas	Isackson	Luther	Peterson, R. W.	Stumpf
Chmielewski	Johnson, D. E.	McQuaid	Petty	Taylor
Dahl	Johnson, D. J.	Mehrkens	Pogemiller	Vega
Davis	Jude	Merriam	Purfeerst	Waldorf
DeCramer	Kamrath	Moe, D. M.	Ramstad	Wegscheid
Dicklich	Knaak	Moe, R. D.	Reichgott	Willet

So the bill passed and its title was agreed to.

### CONSENT CALENDAR

S.F. No. 1575: A bill for an act relating to local improvements; permitting counties to make certain improvements anywhere within their territory; amending Minnesota Statutes 1984, section 429.011, subdivision 5; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

Mr. Knaak moved to amend S.F. No. 1575 as follows:

Page 2, line 5, after "procedure" insert "*nor may the county allocate any cost*"

Page 2, line 6, strike "a" and insert "*the*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1575 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:

Adkins	Diessner	Kronebusch	Olson	Schmitz
Anderson	Frank	Laidig	Pehler	Sieloff
Belanger	Frederick	Langseth	Peterson, C. C.	Solon
Benson	Freeman	Lantry	Peterson, D. C.	Spear
Berg	Gustafson	Lessard	Peterson, D. L.	Storm
Berglin	Hughes	Luther	Peterson, R. W.	Stumpf
Bernhagen	Isackson	McQuaid	Petty	Taylor
Brataas	Johnson, D. J.	Mehrkens	Pogemiller	Vega
Chmielewski	Jude	Merriam	Purfeerst	Waldorf
Dahl	Kamrath	Moe, D. M.	Ramstad	Wegscheid
Davis	Knaak	Moe, R. D.	Reichgott	Willet
DeCramer	Knutson	Nelson	Renneke	
Dicklich	Kroening	Novak	Samuelson	

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

### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Messrs. Isackson, Anderson and Kamrath introduced—

S.F. No. 2042: A bill for an act relating to workers' compensation; making

the three-day waiting period nonreimbursable; eliminating supplemental benefits for new claims; amending Minnesota Statutes 1984, sections 176.121; and 176.132, subdivision 1.

Referred to the Committee on Employment.

Mr. Dicklich introduced—

S.F. No. 2043: A bill for an act relating to employment; requiring training of employees who may be exposed to infectious agents; amending Minnesota Statutes 1985 Supplement, section 182.653, subdivision 4f.

Referred to the Committee on Employment.

Messrs. Storm, Laidig and Peterson, R.W. introduced—

S.F. No. 2044: A bill for an act relating to port authorities; prohibiting the use of state money or credit to pay or guarantee the debt of a port authority or its debtor; proposing coding for new law in Minnesota Statutes, chapter 458.

Referred to the Committee on Local and Urban Government.

Ms. Berglin introduced—

S.F. No. 2045: A bill for an act relating to insurance; establishing mandatory assigned risk plans for foster and group homes, developmental achievement centers, and day care providers; providing liability insurance coverage for foster parents; amending Minnesota Statutes 1984, sections 70A.09; and 245.814.

Referred to the Committee on Health and Human Services.

Mr. Petty introduced—

S.F. No. 2046: A bill for an act relating to human services; providing that developmental achievement centers must be nonprofit corporations; amending Minnesota Statutes 1985 Supplement, section 252.23.

Referred to the Committee on Health and Human Services.

Mr. Petty and Mrs. Lantry introduced—

S.F. No. 2047: A bill for an act relating to human services; removing the limitation on negotiated rate payments for adult foster care arrangements; amending Minnesota Statutes 1985 Supplement, sections 256D.01, subdivision 1b; and 256D.37, subdivision 1.

Referred to the Committee on Health and Human Services.

Messrs. Solon; Johnson, D.J.; Lessard; Chmielewski and Gustafson introduced—

S.F. No. 2048: A bill for an act relating to taxation; sales and use; exempting materials consumed in certain manufacturing construction in distressed counties; amending Minnesota Statutes 1985 Supplement, sections 297A.15, subdivision 5; and 297A.257, by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Solon, Nelson, Frederick and Schmitz introduced—

S.F. No. 2049: A bill for an act relating to horse racing; modifying certain set-asides for purses; modifying certain tax provisions; amending Minnesota Statutes 1984, section 240.15, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, section 240.13, subdivision 5.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Wegscheid introduced—

S.F. No. 2050: A bill for an act relating to natural resources; creating the state board of water and soil resources and providing for its administration and powers and duties; abolishing the state soil and water conservation board and the water resources board; amending the duties of the environmental quality board; amending Minnesota Statutes 1984, sections 40.01, subdivision 4; 40.035, subdivision 2; 105.73; 112.35, subdivision 4; 116C.03, subdivision 2; 473.876, by adding a subdivision; 473.877, subdivision 2; 473.8771, subdivisions 1 and 2; and 473.878, subdivisions 7 and 8; Minnesota Statutes 1985 Supplement, sections 40.03, subdivision 4; and 110B.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 110B; repealing Minnesota Statutes 1984, sections 40.03, subdivisions 1a, 2, and 3; 105.71; 116C.40, subdivision 3; Minnesota Statutes 1985 Supplement, sections 40.03, subdivision 1; and 116C.41, subdivision 2.

Referred to the Committee on Agriculture and Natural Resources.

Ms. Peterson, D.C. and Mr. Purfeerst introduced—

S.F. No. 2051: A bill for an act relating to highways; providing for transfers of ownership of certain highways between the commissioner of transportation and Hennepin county; adding new routes to the trunk highway system in substitution of existing routes; deleting routes from the trunk highway system; authorizing the commissioner of transportation to add certain routes to the trunk highway system; amending Minnesota Statutes 1984, section 161.117.

Referred to the Committee on Transportation.

Mr. Lessard introduced—

S.F. No. 2052: A bill for an act relating to the city of Grand Rapids; permitting the creation of the Central School commission.

Referred to the Committee on Local and Urban Government.

Mr. Chmielewski introduced—

S.F. No. 2053: A bill for an act relating to human services; authorizing county boards to set salaries and fringe benefits for its employees; amending Minnesota Statutes 1984, section 256.012.

Referred to the Committee on Local and Urban Government.

Mr. Dahl introduced—

S.F. No. 2054: A bill for an act relating to taxation; sales; clarifying the application of the exemption for certain fundraising activities to certain school organizations; amending Minnesota Statutes 1985 Supplement, section 297A.256.

Referred to the Committee on Taxes and Tax Laws.

Mr. Dahl introduced—

S.F. No. 2055: A bill for an act relating to retirement; Andover firefighters relief association; authority to amend bylaws.

Referred to the Committee on Governmental Operations.

Messrs. Ramstad and Storm introduced—

S.F. No. 2056: A bill for an act relating to courts; regulating the jurisdiction of conciliation courts in worthless check cases; amending Minnesota Statutes 1984, section 487.30, subdivision 4; Minnesota Statutes 1985 Supplement, sections 488A.12, subdivision 3; and 488A.29, subdivision 3.

Referred to the Committee on Judiciary.

Mr. Wegscheid introduced—

S.F. No. 2057: A bill for an act relating to public indebtedness; providing for the power of municipalities to enter into repurchase and reverse repurchase agreements with qualified dealers; providing for the safekeeping of investments by qualified dealers; amending Minnesota Statutes 1984, section 475.66, subdivision 2; and Minnesota Statutes 1985 Supplement, sections 475.66, subdivision 1; and 475.76, subdivision 1.

Referred to the Committee on Local and Urban Government.

Mr. Pogemiller introduced—

S.F. No. 2058: A bill for an act relating to retirement; state employees surviving spouse benefits; amending Minnesota Statutes 1984, section 352.12, subdivision 2.

Referred to the Committee on Governmental Operations.

Mrs. McQuaid introduced—

S.F. No. 2059: A bill for an act relating to solid waste; prohibiting the pollution control agency from issuing solid waste processing permits to certain facilities; amending Minnesota Statutes 1984, section 116.07, by adding a subdivision.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Merriam, Wegscheid and Lessard introduced—

S.F. No. 2060: A bill for an act relating to game and fish; establishing a special elk season; prescribing application for licenses, and application and

license fees; appropriating money to reimburse nongame wildlife fund for elk removal; dedicating license and application fees for elk depredation; amending Minnesota Statutes 1985 Supplement, section 98.46, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 100; repealing Laws 1985, chapter 272, section 2.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Benson and Mrs. Kronebusch introduced—

S.F. No. 2061: A bill for an act relating to education; restoring former provisions on the appointment of the commissioner; amending Minnesota Statutes 1984, section 121.16, subdivision 1.

Referred to the Committee on Education.

Mrs. McQuaid and Mr. Solon introduced—

S.F. No. 2062: A bill for an act relating to occupations and professions; modifying the membership of the board of architecture, engineering, land surveying, and landscape architecture; amending Minnesota Statutes 1984, section 326.04.

Referred to the Committee on Economic Development and Commerce.

Messrs. DeCramer, Pehler, Langseth and Purfeerst introduced—

S.F. No. 2063: A bill for an act relating to transportation; legislature; creating a legislative commission on transportation; establishing duties; proposing coding for new law in Minnesota Statutes, chapter 174.

Referred to the Committee on Transportation.

Messrs. Davis and DeCramer introduced—

S.F. No. 2064: A bill for an act relating to agriculture; establishing a windbreak management program; exempting certain windbreaks from property taxes; providing a state-paid windbreak credit; appropriating money; amending Minnesota Statutes 1985 Supplement, section 272.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 40 and 273.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Pogemiller, Ramstad and Freeman introduced—

S.F. No. 2065: A bill for an act relating to highway traffic regulations; clarifying the evidentiary use of partial alcohol concentration breath tests; amending Minnesota Statutes 1984, section 169.121, subdivision 2.

Referred to the Committee on Judiciary.

Mr. Kamrath introduced—

S.F. No. 2066: A bill for an act relating to the city of Redwood Falls; authorizing the city to exercise development and redevelopment powers.

Referred to the Committee on Local and Urban Government.

Mr. Knutson introduced—

S.F. No. 2067: A bill for an act relating to local government; permitting the establishment of special service districts in the city of Mendota Heights; providing taxing and other financial authority for the city.

Referred to the Committee on Local and Urban Government.

Messrs. Hughes; Peterson, R.W.; Nelson; Knutson and Pehler introduced—

S.F. No. 2068: A bill for an act relating to education; establishing a loan program for teachers making a commitment to a career teaching program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 136A.

Referred to the Committee on Education.

Messrs. Hughes, Samuelson, Ms. Peterson, D.C.; Messrs. Johnson, D.E. and Willet introduced—

S.F. No. 2069: A bill for an act relating to elections; providing for postponement of precinct caucuses in case of inclement weather; amending Minnesota Statutes 1984, section 202A.14, subdivision 1.

Referred to the Committee on Elections and Ethics.

Mr. Laidig introduced—

S.F. No. 2070: A bill for an act relating to insurance; life; providing a limitation on investments of insurance companies; amending Minnesota Statutes 1984, section 61A.28, subdivision 12.

Referred to the Committee on Economic Development and Commerce.

Messrs. Petty, Wegscheid and Belanger introduced—

S.F. No. 2071: A bill for an act relating to credit unions; creating a credit union board to supervise and regulate credit unions; amending Minnesota Statutes 1984, sections 46.01, subdivision 1; 46.04, subdivision 1; 46.05; 46.09, subdivisions 1 and 2; 46.131, subdivisions 2 and 8; 46.23, subdivision 4; 52.01; 52.03, subdivision 3; 52.06, subdivisions 1 and 2; 52.061; 52.062, subdivisions 1, 2, and 3; 52.063; 52.064, subdivisions 1 and 2; 52.08; 52.09, subdivision 2; 52.141; 52.15, subdivision 2; 52.165, subdivision 2; 52.17, subdivisions 1 and 2; 52.20, subdivisions 1, 2, 4, 5, and 6; 52.201; 52.203; and 52.21; Minnesota Statutes 1985 Supplement, sections 46.07, subdivision 2; 52.02, subdivision 3; 52.04, subdivision 1; and 52.24, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 52.

Referred to the Committee on Economic Development and Commerce.

Mrs. Brataas, Messrs. Ramstad, Belanger, Anderson and Kamrath introduced—

S.F. No. 2072: A bill for an act relating to unemployment compensation; altering the public policy statement; changing the taxable wage base; defin-

ing credit week; providing for employer charging; increasing the eligibility requirement; eliminating certain tax rate limitations; changing the weekly benefit amount; setting the maximum weekly benefit; providing for the duration of benefits; increasing the duration of benefits for claimants in counties with high unemployment; providing for seasonal employees; making the waiting week nonreimbursable; amending the benefit offset for severance pay; increasing the period of time and earnings necessary for requalification after disqualification; changing the definition of suitable work; transferring duties to the office of administrative hearings; amending Minnesota Statutes 1984, sections 14.03, subdivision 2; 14.53; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 25 and 29; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.08, subdivision 3; 268.09, subdivisions 1 and 2; 268.10, subdivisions 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.48; 14.51; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivision 30.

Referred to the Committee on Employment.

Mr. Benson introduced—

S.F. No. 2073: A bill for an act relating to financial institutions; removing loans made by the energy and economic development authority from a bank's lending limitations; amending Minnesota Statutes 1984, section 48.24, subdivision 5.

Referred to the Committee on Economic Development and Commerce.

Messrs. Peterson, R.W.; Frederickson; Mmes. Adkins and Brataas introduced—

S.F. No. 2074: A bill for an act relating to government operations; establishing a certification process for set-aside programming in the department of administration; providing penalties; amending Minnesota Statutes 1984, sections 16B.19, subdivisions 2, 5, and 6; 16B.21, subdivision 1; 16B.22; 137.31, subdivision 3; 161.321, subdivisions 3 and 6; 473.129, subdivision 3, and by adding a subdivision; 473.406, subdivision 6; 473.523, by adding a subdivision; and 473.652, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B.

Referred to the Committee on Governmental Operations.

Messrs. Ramstad and Luther introduced—

S.F. No. 2075: A bill for an act relating to commerce; authorizing payment of a certain nominal referral fee by timeshare developers; amending Minnesota Statutes 1985 Supplement, section 82.19, subdivision 3.

Referred to the Committee on Economic Development and Commerce.

Ms. Berglin introduced—

S.F. No. 2076: A bill for an act relating to health; establishing a catastrophic health expense protection program for children; appropriating



money; amending Minnesota Statutes 1984, section 62E.04, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 62E; repealing Minnesota Statutes 1984, sections 62E.51 to 62E.55.

Referred to the Committee on Health and Human Services.

Messrs. Solon; Gustafson; Johnson, D.J. and Chmielewski introduced—

S.F. No. 2077: A bill for an act relating to the Duluth zoo; appropriating money for its costs.

Referred to the Committee on Finance.

Messrs. Solon and Wegscheid introduced—

S.F. No. 2078: A bill for an act relating to insurance; authorizing and regulating the use of nonprofit risk indemnification trusts; prescribing the powers and duties of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 60A.

Referred to the Committee on Economic Development and Commerce.

Mr. Pogemiller, Mrs. Lantry, Mr. Wegscheid and Ms. Berglin introduced—

S.F. No. 2079: A bill for an act relating to human services; creating a service for the blind and visually handicapped in the department of jobs and training; providing for appeals; providing a penalty; amending Minnesota Statutes 1985 Supplement, sections 13.46, subdivision 2; 248.07, subdivisions 1, 2, 3, 4, 5, 7, 12, 14, 14a, and 15; proposing coding for new law in Minnesota Statutes, chapters 13 and 248; repealing Minnesota Statutes 1985 Supplement, section 248.08.

Referred to the Committee on Health and Human Services.

Messrs. Diessner and Purfeerst introduced—

S.F. No. 2080: A bill for an act relating to liquor; increasing the penalty for liquor law violations by underage persons; amending Minnesota Statutes 1985 Supplement, section 340A.702.

Referred to the Committee on Judiciary.

Mr. Peterson, R.W. introduced—

S.F. No. 2081: A bill for an act relating to partnerships; revising the Uniform Limited Partnership Act; stating duties and powers of limited partners and partnerships; amending Minnesota Statutes 1984, sections 322A.01; 322A.02; 322A.05; 322A.11; 322A.12; 322A.14; 322A.15; 322A.18; 322A.24; 322A.26; 322A.27; 322A.31; 322A.32; 322A.39; 322A.40; 322A.41; 322A.45; 322A.47; 322A.49; 322A.52; 322A.58; 322A.63; and 322A.70.

Referred to the Committee on Judiciary.

Mr. Pehler introduced—

S.F. No. 2082: A bill for an act relating to human services; excluding

certain programs from licensing requirements; amending Minnesota Statutes 1984, section 245.791.

Referred to the Committee on Health and Human Services.

Messrs. Dicklich and Solon introduced—

S.F. No. 2083: A bill for an act relating to taxation; individual income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Mr. Dicklich introduced—

S.F. No. 2084: A bill for an act relating to labor; requiring political subdivisions to hire labor negotiators under the municipal contracting law; requiring negotiators' fees to be reported; amending Minnesota Statutes 1985 Supplement, section 179A.05, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 471.

Referred to the Committee on Employment.

Mr. Merriam introduced—

S.F. No. 2085: A bill for an act relating to juvenile justice; providing for membership terms, removal, and filling of vacancies on the juvenile justice advisory committee; amending Minnesota Statutes 1984, section 116J.404.

Referred to the Committee on Governmental Operations.

Mr. Johnson, D.J. introduced—

S.F. No. 2086: A bill for an act relating to tax-forfeited lands; requiring a conveyance of tax-forfeited land in St. Louis county.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Peterson, R.W.; Jude; Luther; Isackson and Bernhagen introduced—

S.F. No. 2087: A bill for an act relating to county courts; specifying the prosecuting attorney for certain offenses; amending Minnesota Statutes 1984, section 487.25, subdivision 10.

Referred to the Committee on Judiciary.

Mrs. Kronebusch introduced—

S.F. No. 2088: A bill for an act relating to small businesses; imposing a moratorium on the operation of the small business set-aside and preference programs; establishing a training program for owners and operators of small businesses; appropriating money; amending Minnesota Statutes 1984, section 116J.68, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B.

Referred to the Committee on Governmental Operations.

Messrs. Stumpf, DeCramer, Bertram and Mehrkens introduced—

S.F. No. 2089: A bill for an act relating to gasoline; changing the definition of agricultural alcohol gasoline; changing the identification marking on gasoline-alcohol blends; amending Minnesota Statutes 1985 Supplement, sections 296.01, subdivision 24; and 296.22, subdivision 13.

Referred to the Committee on Agriculture and Natural Resources.

Mrs. Adkins introduced—

S.F. No. 2090: A bill for an act relating to counties; clarifying county commissioner conflict of interest provisions; authorizing counties to develop and market computer software products; providing a method for consolidation of the offices of county auditor and county treasurer; changing certain referendum provisions for adoption of optional forms of county government; amending Minnesota Statutes 1984, sections 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; and 383C.17; proposing coding for new law in Minnesota Statutes, chapter 375; repealing Minnesota Statutes 1984, sections 394.01 to 394.05.

Referred to the Committee on Local and Urban Government.

Mr. Davis introduced—

S.F. No. 2091: A bill for an act relating to agriculture; creating a rural economy adjustment board; providing for the issuance of bonds or other obligations by the board and the loan of proceeds to counties for grants or loans to farmers to repay or refinance existing indebtedness; authorizing the levy and collection of taxes for the repayment of loans by counties; permitting the acquisition of conservation easements in agricultural property; proposing coding for new law in Minnesota Statutes, chapter 41A.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Solon and Gustafson introduced—

S.F. No. 2092: A bill for an act relating to independent school district No. 709; providing for severance pay for employees.

Referred to the Committee on Education.

Mr. Pogemiller introduced—

S.F. No. 2093: A bill for an act relating to municipal finance; increasing the maximum interest rate payable on municipal obligations that are subject to federal income taxation; exempting the obligations from the requirements of public sale; amending Minnesota Statutes 1984, section 475.55, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 475.56; and 475.60, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Petty and Spear introduced—

S.F. No. 2094: A bill for an act relating to nonprofit corporations; provid-

ing for succession of fiduciary capacity in mergers and consolidations; clarifying authority for separate entities to hold church employee benefit plans; amending Minnesota Statutes 1984, sections 317.38; and 317.66, subdivision 1, and by adding a subdivision.

Referred to the Committee on Judiciary.

Mr. Kamrath introduced—

S.F. No. 2095: A bill for an act relating to crimes; authorizing imposition of the death penalty for murder in certain circumstances; providing a statutory framework, including procedures and criteria, consistent with due process for determining when the imposition of the death penalty is appropriate; providing for election of the mode of execution by the person under sentence of death; providing an administrative framework for implementing the death penalty; appropriating money; amending Minnesota Statutes 1984, sections 243.05, subdivision 1; 609.10; 609.12, subdivision 1; 609.185; 609.19; and 609.195; Minnesota Statutes 1985 Supplement, section 609.135, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 609A.

Referred to the Committee on Judiciary.

Mr. Laidig, by request, and Mr. Diessner introduced—

S.F. No. 2096: A bill for an act relating to state waters; providing for unrestricted use of authorized boat slips by marinas on the lower St. Croix river.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Moe, D.M. and Dahl introduced—

S.F. No. 2097: A bill for an act relating to the Minnesota historical society; defining and establishing control over 1905 Capitol furnishings; amending Minnesota Statutes 1984, sections 138.67, by adding a subdivision; and 138.68.

Referred to the Committee on Veterans and General Legislation.

Mr. Jude introduced—

S.F. No. 2098: A bill for an act relating to public safety; creating the crimes of aggravated unlicensed operation of a motor vehicle in the first, second, third, and fourth degrees; providing for the seizure, impoundment, and forfeiture of a motor vehicle operated by a driver whose license or operating privilege is suspended or revoked; prescribing penalties for persons who operate unregistered motor vehicles on streets or highways; requiring mandatory imprisonment and other sanctions for persons convicted of driving while under the influence of alcohol or a controlled substance for a third time; amending Minnesota Statutes 1984, sections 168.09, subdivision 1; 168.10, subdivision 4; 169.121, by adding a subdivision; and 171.241; proposing coding for new law in Minnesota Statutes, chapter 171; repealing Minnesota Statutes 1984, section 171.24; Minnesota Statutes 1985 Supplement, section 169.129.

Referred to the Committee on Judiciary.

Messrs. Storm and Peterson, R.W. introduced—

S.F. No. 2099: A bill for an act relating to taxation; gasoline; abolishing the credit for agricultural alcohol gasoline; repealing Minnesota Statutes 1985 Supplement, sections 296.01, subdivision 24; and 296.022, subdivisions 7 and 8.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Dicklich; Gustafson; Johnson, D.J. and Solon introduced—

S.F. No. 2100: A bill for an act relating to intoxicating liquor; removing the limit on the number of seasonal on-sale licenses which may be issued by St. Louis county; amending Laws 1973, chapter 663, section 1, as amended.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Gustafson and Lessard introduced—

S.F. No. 2101: A bill for an act relating to state lands; authorizing an exchange of certain state lands with the city of Thomson in Carlton county.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Petty, Ramstad, Spear, Knaak and Ms. Berglin introduced—

S.F. No. 2102: A bill for an act relating to marriage dissolution and legal separation; requiring appointment of guardians ad litem in certain child custody proceedings; amending Minnesota Statutes 1984, section 518.165.

Referred to the Committee on Judiciary.

Mr. Petty introduced—

S.F. No. 2103: A bill for an act relating to corporations; regulating derivative suits; authorizing board-appointed and court-appointed committees; regulating dissolution; amending Minnesota Statutes 1984, sections 302A.243; and 302A.751, by adding a subdivision.

Referred to the Committee on Judiciary.

Mr. DeCramer introduced—

S.F. No. 2104: A bill for an act relating to natural resources; changing eligibility requirements for waterbank agreements; providing requirements for the director of the division of waters; requiring the director to maintain current wetland values; amending drainage law definitions; prescribing payment of attorney fees on certain drainage issues appealed by the commissioner; prescribing general provisions for petitions; amending petition requirements; allowing drainage proceedings to be delayed; prescribing conditions for assessments against property within a municipality; prescribing extent of benefits and damages; requiring a benefits and damages statement and a property owners' report; authorizing easement to access drainage

system; providing drainage liens to be recorded against tracts of property; changing rates of interest to be paid during drainage proceedings; amending definition of repair; authorizing conditions for repair if design depth is different than original construction depth; declaring right to have drainage systems maintained; providing easement for drainage authority to inspect drainage system; requiring permanent grass strips; apportioning repair costs; renumbering sections; amending Minnesota Statutes 1984, sections 105.392; and 105.40; Minnesota Statutes 1985 Supplement, sections 40.072, subdivisions 3 and 6; 106A.005, subdivisions 2, 3, 4, 9, 10, 12, 13, 14, and 19, and by adding subdivisions; 106A.011, subdivisions 3 and 4; 106A.015; 106A.031; 106A.051; 106A.055; 106A.081, subdivisions 2 and 3; 106A.091, subdivisions 2 and 4; 106A.095, subdivisions 1, 3, and 4; 106A.101, subdivisions 2 and 4; 106A.215, subdivisions 4 and 5; 106A.221; 106A.225; 106A.231; 106A.235, subdivisions 1 and 2; 106A.241, subdivisions 1, 2, and 5; 106A.245; 106A.251; 106A.261, subdivisions 1, 3, 4, 5, 6, and 7; 106A.265, subdivision 1; 106A.271, subdivision 1; 106A.275; 106A.281; 106A.285, subdivisions 2, 4, 5, 6, 9, and 10; 106A.295; 106A.301; 106A.305, subdivision 1; 106A.311; 106A.315, subdivisions 1, 2, 5, and 6, and by adding a subdivision; 106A.321, subdivision 1, and by adding a subdivision; 106A.325, subdivisions 2 and 3; 106A.335, subdivisions 1 and 3; 106A.341; 106A.345; 106A.351; 106A.401, subdivisions 2 and 6, and by adding a subdivision; 106A.405; 106A.411, subdivisions 3 and 4; 106A.501, subdivisions 4, 6, and 7; 106A.505, subdivisions 1, 2, 3, 7, and 8; 106A.511, subdivisions 1, 2, 3, and 5; 106A.515; 106A.525, subdivisions 2, 3, and 4; 106A.541; 106A.555, subdivision 2; 106A.601; 106A.605; 106A.611, subdivisions 2, 3, 6, and 7; 106A.615, subdivisions 4 and 7; 106A.635, subdivisions 1 and 10; 106A.645, subdivision 7; 106A.651, subdivision 1; 106A.655, subdivision 1; 106A.701, subdivision 1, and by adding subdivisions; 106A.705, subdivision 1; 106A.715, subdivision 6; 106A.731, subdivision 1; 106A.741, subdivision 5; 106A.811, subdivisions 2, 4, and 5; 112.431, subdivision 2; 112.48, subdivision 1; 112.59; 112.60; and 112.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1984, sections 111.01; 111.02; 111.03; 111.04; 111.05; 111.06; 111.07; 111.08; 111.10; 111.12; 111.14; 111.15; 111.16; 111.17; 111.18; 111.19; 111.20; 111.21; 111.22; 111.23; 111.24; 111.25; 111.26; 111.27; 111.28; 111.29; 111.32; 111.33; 111.34; 111.35; 111.37; 111.38; 111.39; 111.40; 111.41; 111.42; 111.421; Minnesota Statutes 1985 Supplement, sections 106A.005, subdivision 25; 106A.201; 106A.205; 106A.211; 111.09; 111.11; 111.13; 111.30; 111.31; and 111.36.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Peterson, R.W. introduced—

S.F. No. 2105: A bill for an act relating to local government; permitting the establishment of special service districts in the cities of Cambridge and Lindstrom; providing taxing and other powers to the cities of Cambridge and Lindstrom.

Referred to the Committee on Local and Urban Government.

Ms. Peterson, D.C. introduced—

S.F. No. 2106: A bill for an act relating to human rights; defining marital

status discrimination to include actions against an individual because of the spouse's political status; amending Minnesota Statutes 1984, section 363.01, by adding a subdivision.

Referred to the Committee on Judiciary.

Mr. Mehrkens, Mrs. McQuaid and Mr. Ramstad introduced—

S.F. No. 2107: A bill for an act relating to energy; providing renewable residential energy grants; appropriating money.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Frederickson, Wegscheid, Lessard, Schmitz and Mrs. Kronebusch introduced—

S.F. No. 2108: A bill for an act relating to crimes; making it a felony to cause the death of or injure an unborn child; prescribing penalties; amending Minnesota Statutes 1984, section 609.035; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Ms. Berglin introduced—

S.F. No. 2109: A bill for an act relating to criminal procedure; providing for joinder of trials when two or more defendants are charged with criminal sexual conduct; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Messrs. Chmielewski and Jude introduced—

S.F. No. 2110: A bill for an act relating to food; clarifying the food handling license requirements applicable to mobile and itinerant food services; amending Minnesota Statutes 1984, sections 28A.065; 28A.09, subdivision 1; 145.031, subdivision 1; and 145.55, subdivision 1.

Referred to the Committee on Economic Development and Commerce.

Mrs. Lantry, Messrs. Johnson, D.E.; Taylor and Moe, R.D. introduced—

S.F. No. 2111: A bill for an act relating to labor; creating the labor interpretative center; establishing an advisory council governing policies and program purposes; appropriating money.

Referred to the Committee on Veterans and General Legislation.

Messrs. Moe, D.M.; Wegscheid; Renneke; Pogemiller and Spear introduced—

S.F. No. 2112: A bill for an act relating to retirement; police and fire-fighters' relief associations; standardizing auditing requirements; clarifying various duties and responsibilities in the management of local associations; amending Minnesota Statutes 1984, sections 3.85, subdivision 6; 6.72, sub-

division 2; 69.011, subdivision 2; 69.021, subdivisions 4 and 7; 69.051; 69.77; 69.773, subdivision 2; 69.775; 69.80; and 424A.001, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 69.011, subdivision 1; 69.031, subdivision 1; and 356.216; proposing coding for new law in Minnesota Statutes, chapters 6 and 423A.

Referred to the Committee on Governmental Operations.

Messrs. Stumpf, Moe, R.D.; Wegscheid and Davis introduced—

S.F. No. 2113: A bill for an act relating to agriculture; establishing a program of state-guaranteed real estate and operating loans for certain beginning and reentering farmers; authorizing issuance of bonds; proposing coding for new law as Minnesota Statutes, chapter 41B.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Chmielewski and Bernhagen introduced—

S.F. No. 2114: A bill for an act relating to unemployment compensation; providing that benefits resulting from acts of God are nonchargeable to an employer's account; amending Minnesota Statutes 1984, section 268.06, subdivisions 5 and 24.

Referred to the Committee on Employment.

Mr. Schmitz introduced—

S.F. No. 2115: A bill for an act relating to state real estate; permitting the sale of the old Shakopee correctional facility to the local government units.

Referred to the Committee on Health and Human Services.

Mr. Luther introduced—

S.F. No. 2116: A bill for an act relating to elections; providing for recall of certain elected county officials; proposing coding for new law in Minnesota Statutes, chapter 351; repealing Minnesota Statutes 1984, sections 351.03; 351.04; 351.08 to 351.11.

Referred to the Committee on Elections and Ethics.

Messrs. Pehler, Davis, Frank and Bertram introduced—

S.F. No. 2117: A bill for an act relating to taxes; permitting variable taxation within cities based on variations in services; proposing coding for new law in Minnesota Statutes, chapter 272.

Referred to the Committee on Local and Urban Government.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

### MOTIONS AND RESOLUTIONS

Mr. Petty moved that S.F. No. 1670 be withdrawn from the Committee on Economic Development and Commerce and re-referred to the Committee on



Judiciary. The motion prevailed.

Mr. Frank moved that S.F. No. 1665, No. 8 on General Orders, be stricken and returned to its author. The motion prevailed.

### MEMBERS EXCUSED

Messrs. Bertram and Frederickson were excused from the Session of today. Mr. Freeman was excused from the Session of today from 2:00 to 2:30 p.m. Mr. Storm was excused from the Session of today from 2:00 to 2:45 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Monday, February 24, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## SEVENTY-FOURTH DAY

St. Paul, Minnesota, Monday, February 24, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

## CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Craig Belkie.

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

Adkins	Diessner	Knutson	Novak	Schmitz
Anderson	Dieterich	Kroening	Olson	Sieloff
Belanger	Frank	Kronebusch	Pehler	Solom
Benson	Frederick	Laidig	Peterson, C.C.	Spear
Berg	Frederickson	Langseth	Peterson, D.C.	Storm
Berglin	Freeman	Lantry	Peterson, D.L.	Stumpf
Bernhagen	Gustafson	Lessard	Peterson, R.W.	Taylor
Bertram	Hughes	Luther	Petty	Vega
Brataas	Isackson	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid
Dahl	Johnson, D.J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D.M.	Reichgott	
DeCramer	Kamrath	Moe, R.D.	Renneke	
Dicklich	Knaak	Nelson	Samuelson	

The President declared a quorum present.

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

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committees indicated.

August 1, 1985

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Board of the Arts is hereby respectfully submitted to the Senate for confirmation as required by law:

Carol Ann MacKay, 5925 Christmas Lake Rd., Excelsior, Hennepin

County, has been appointed by me, effective August 6, 1985, for a term expiring the first Monday in January, 1987.

(Referred to the Committee on Veterans and General Legislation.)

January 14, 1986

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Minnesota Higher Education Coordinating Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Thomas Auth, 763 Keller Pkwy., Little Canada, Ramsey County, has been appointed by me, effective January 17, 1986, for a term expiring the first Monday in January, 1992.

(Referred to the Committee on Education.)

Sincerely,  
Rudy Perpich, Governor

### 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. 671.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 20, 1986

### FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 671: A bill for an act relating to financial institutions; authorizing interstate acquisition and formation of banks between this state and certain states on a reciprocal basis; proposing coding for new law in Minnesota Statutes, chapter 48.

Mr. Petty moved that H.F. No. 671 be laid on the table. The motion prevailed.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

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

S.F. No. 1619: A bill for an act relating to civil actions; providing a cause of action for sexual exploitation; proposing coding for new law as Minnesota Statutes, chapter 148A.

Reports the same back with the recommendation that the bill be amended

as follows:

Page 1, line 9, delete "6" and insert "5"

Page 1, after line 9, insert:

*"Subd. 2. [EMOTIONALLY DEPENDENT.] "Emotionally dependent" means that the nature of the patient's or former patient's emotional condition and the nature of the treatment provided by the psychotherapist are such that the psychotherapist knows or has reason to believe that the patient or former patient is unable to withhold consent to sexual contact by the psychotherapist.*

*Subd. 3. [FORMER PATIENT.] "Former patient" means a person who was given psychotherapy within one year prior to sexual contact with the psychotherapist."*

Page 1, line 20, delete "includes but"

Page 1, line 21, delete "is not limited to" and insert "means"

Page 1, line 22, before the colon, insert "or former patient"

Page 1, line 25, after "patient's" insert "or former patient's"

*Page 2, line 2, before the semicolon, insert "or any intrusion, however slight, into the genital or anal openings of the psychotherapist's body by any part of the patient's or former patient's body or by any object used by the patient or former patient for this purpose, if agreed to by the psychotherapist"*

Page 2, line 6, after the semicolon, insert "or"

Page 2, delete lines 7 and 8

Page 2, line 9, after "patient" insert "or former patient"

Page 2, line 12, delete the colon

*Page 2, line 13, delete "(a)" and delete "acquiesces in such" and insert "agrees to the"*

Page 2, line 14, delete "initiated by the patient," and insert a period

Page 2, delete lines 15 to 20 and insert:

*"Sexual contact" includes requests by the psychotherapist for conduct described in clauses (1) to (3)."*

Renumber the clauses in sequence

Page 2, delete lines 24 to 29

Renumber the subdivisions in sequence

*Page 2, line 36, after "action" insert "against a psychotherapist" and delete "is created" and insert "exists"*

Page 3, line 1, delete "against a psychotherapist" and delete "who"

*Page 3, delete lines 2 to 10 and insert "for damages caused by sexual contact with the psychotherapist, if:*

*(1) the sexual contact occurred during a psychotherapy session;*

*(2) the sexual contact occurred while the patient or former patient was emotionally dependent on the psychotherapist; or*

*(3) the sexual contact occurred by means of therapeutic deception.”*

Page 3, line 11, delete the comma

Page 3, line 12, delete “including punitive damages.”

Page 3, line 13, delete “the” and insert “an action”

Page 3, delete lines 14 to 17 and insert “under clauses (1) to (3) that the sexual contact occurred off the premises regularly used by the psychotherapist for psychotherapy sessions. It is not a defense to an action under clause (2) or (3) that the sexual contact occurred outside a psychotherapy session.”

Pages 3 and 4, delete sections 3 and 4 and insert:

“Sec. 3. [148A.03] [LIABILITY OF EMPLOYER.]

*(a) An employer of a psychotherapist may be liable under section 2 if:*

*(1) the employer fails or refuses to take reasonable action when the employer knows or has reason to know that the psychotherapist engaged in sexual contact with the plaintiff or any other patient or former patient of the psychotherapist; or*

*(2) the employer fails or refuses to make inquiries of an employer or former employer, whose name and address have been disclosed to the employer and who employed the psychotherapist as a psychotherapist within the last five years, concerning the occurrence of sexual contacts by the psychotherapist with patients or former patients of the psychotherapist.*

*(b) An employer or former employer of a psychotherapist may be liable under section 2 if the employer or former employer:*

*(1) knows of the occurrence of sexual contact by the psychotherapist with patients or former patients of the psychotherapist;*

*(2) receives a specific written request by another employer or prospective employer of the psychotherapist, engaged in the business of psychotherapy, concerning the existence or nature of the sexual contact; and*

*(3) fails or refuses to disclose the occurrence of the sexual contacts.*

*(c) An employer or former employer may be liable under section 2 only to the extent that the failure or refusal to take any action required by paragraph (a) or (b) was a proximate and actual cause of any damages sustained.*

*(d) No cause of action arises, nor may a licensing board in this state take disciplinary action, against a psychotherapist's employer or former employer who in good faith complies with paragraph (b).”*

Page 4, line 12, delete “[148A.05]” and insert “[148A.04]”

Page 4, line 25, delete “is” and insert “may be”

Page 4, line 27, delete “[148A.06]” and insert “[148A.05]”

Page 4, line 28, delete “shall” and insert “must”

Page 4, line 29, delete “seven” and insert “six”

Page 4, line 31, delete "6" and insert "5"

Renumber the sections in sequence

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1963: A bill for an act relating to metropolitan government; changing the treatment of current value credits and modifying the cost allocation system of the metropolitan waste control commission; providing for a reserve fund for the commission; authorizing appointment of advisory committees by the commission; authorizing an implementation period for transition to a new cost allocation system; amending Minnesota Statutes 1984, sections 473.511, subdivision 4; and 473.517, subdivisions 1, 2, 3, and 9; repealing Minnesota Statutes 1984, section 473.517, subdivisions 4, 5, and 7.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1780: A bill for an act relating to local government; authorizing local units of government to reimburse homeowners' associations for the cost of maintaining certain roadways; proposing coding for new law in Minnesota Statutes, chapter 471.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1883: A bill for an act relating to the city of St. Paul; permitting the establishment of special service districts in the city and providing taxing and other authority.

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

Page 1, line 12, delete ", but not limited to"

Page 1, delete lines 17 and 18

Page 1, line 19, delete "(4)" and insert "(3)"

Page 1, line 20, delete the period and insert "; and"

Page 1, after line 20, insert:

*"(4) the repair, maintenance, operation and replacement of improvements constructed or to be constructed as part of the Highland Village Improvement Project and the Grand Avenue Neighborhood Partnership projects, which are within the boundaries of the special service districts established under sec-*

tion 2, subdivision 1.”

Page 3, line 16, delete “*all classes of*”

Page 3, line 17, delete “*taxable property excluding homestead property*” and insert “*properties within zoning districts classified by the city of St. Paul as: OS-1, B-1, B-2C, B-3, I-1 and P-1,*”

Page 3, line 24, delete “*Special service taxes may*”

Page 3, delete lines 25 to 27

Page 3, line 28, delete “*sufficient to pay for the increase.*”

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1548: A bill for an act relating to the city of Becker; authorizing a development fund; authorizing the creation of a board or agency to administer it.

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

Page 1, line 13, delete everything after “*hand*”

Page 1, line 14, delete “*district*”

Page 1, line 18, after “*taxation*” insert “, *provided that the tax levied for this purpose does not exceed two mills annually*”

Page 1, line 22, delete “*financing of private*” and insert “*economic*”

Page 2, line 10, after “273” insert “, *provided that any general obligation bonds must be issued in the same manner as provided in chapter 475*”

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1659: A bill for an act relating to game and fish; authorizing stocking of fish in certain streams where public access is granted; amending Minnesota Statutes 1984, section 97.485.

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

Page 1, line 14, delete “*department*” and insert “*commissioner*”

Page 1, line 15, delete “*streams*” and insert “*any stream*” and delete “*provided*” and insert “*where*”

Page 1, line 16, after “*access*” insert “*to*” and delete “*lands*” and insert “*stream*”

Page 1, after line 17, insert:

“Sec. 2. [PASSAGE OF S.F. No. 1526.]

If S.F. No. 1526 is enacted in the 1986 legislative session, Minnesota Statutes 1984, section 97.485, as amended by section 1, is repealed and article 3, section 18 of S.F. No. 1526 is amended to read:

Sec. 18. [97C.201] [STATE FISH STOCKING PROHIBITED WITHOUT PUBLIC ACCESS.]

The commissioner and state agencies may only stock fish in waters where there is public access. *The commissioner may stock fish in any stream within privately owned lands where the public is granted free access to and use of the stream for fishing purposes.*”

Amend the title as follows:

Page 1, line 5, before the period, insert “; and S.F. No. 1526, if enacted”

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

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

S.F. No. 1744: A bill for an act relating to motor vehicles; providing for special license plates for Vietnam era veterans; amending Minnesota Statutes 1984, section 168.12, by adding a subdivision.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Transportation. Report adopted.

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

S.F. No. 871: A bill for an act relating to health; authorizing the commissioner of health to inspect certain business premises; providing for disclosure of hazardous substances information in certain cases; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 145.

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

Page 2, line 2, after “*information*” insert “*subject to section 13.02, subdivision 9,*”

Page 2, line 11, delete “*through his or her authority,*” and insert “, *directly*”

Page 2, delete lines 14 to 20

Page 2, line 21, delete everything before “*is*” and insert “*Nonpublic data obtained under subdivision 1*”

Page 2, line 24, delete “*information*” and insert “*nonpublic data so obtained*”

Page 2, line 26, after “*information*” insert “, *which is nonpublic data,*”

Page 2, delete section 2.

Renumber the sections in sequence

Amend the title as follows:



Page 1, line 5, delete "appropriating money;"

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

Mr. Willet from the Committee on Finance, to which was referred

S.F. No. 1065: A bill for an act relating to recreational vehicles; regulating all-terrain vehicles; providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 84.92; 84.922, subdivisions 1, 3, 5, 6, 7, 8, and by adding subdivisions; 84.925; 84.927; 84.928; 85.018, subdivisions 1, 2, 3, 4, and 5; 100.273, subdivision 9; and 296.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84.

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

Page 12, line 15, delete "\$830,000" and insert "\$400,000"

Page 12, delete lines 18 to 21 and insert:

"Sec. 24. [APPLICABILITY.]

*Section 22 applies to gasoline received in or produced or brought into this state on and after January 1, 1986.*"

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 1950: A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

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

Page 2, line 22, after "taxes" insert "imposed under subdivision 7"

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 1962: A bill for an act relating to taxation; property; changing the payment date for taxes on certain manufactured homes; amending Minnesota Statutes 1984, section 274.19, subdivision 5; Minnesota Statutes 1985 Supplement, section 274.19, subdivisions 3 and 4.

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

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

S.F. No. 1801: A bill for an act relating to criminal procedure; providing

for in camera hearings on certain evidentiary issues in criminal sexual conduct cases; amending Minnesota Statutes 1984, section 609.347, subdivision 4.

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

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

S.F. No. 1735: A bill for an act relating to probate; providing for an increased sum payable to a surviving spouse by affidavit; increasing the value of a probate estate allowed for purposes of collection by affidavit; amending Minnesota Statutes 1984, sections 181.58; and 524.3-1201.

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

Page 1, line 18, strike "executor or administrator" and insert "*personal representative*"

Page 1, line 21, delete "\$8,000" and insert "\$10,000"

Page 2, line 6, strike "executor or administrator" and insert "*personal representative*"

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

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

S.F. No. 1714: A bill for an act relating to trusts; providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees; amending Minnesota Statutes 1984, sections 501.125, subdivision 1, and by adding a subdivision; and 501.66, subdivision 28, and by adding a subdivision; Minnesota Statutes 1985 Supplement, section 501.125, subdivision 6.

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

Page 2, line 4, after "skills" insert "*or expertise*"

Page 2, line 5, delete "*is named trustee on the basis of representations of*" and insert "*if the trustee holds itself out as having*"

Page 2, line 7, after "skills" insert "*or expertise*"

Page 4, line 30, after "on" insert "*or after*"

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

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

S.F. No. 51: A bill for an act relating to health; requiring licensure of home care agencies; providing a home care bill of rights; providing a complaint procedure for home care clients; appropriating money; amending Minnesota Statutes 1984, sections 144A.51, by adding a subdivision; 144A.52, subdivision 3; 144A.53, subdivisions 1, 2, 3, and 4; 144A.54, subdivision 1;

626.557, subdivision 2; and proposing coding for new law in Minnesota Statutes, chapter 144A.

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 1984, section 144.335, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "Patient" means a natural person who has received health care services from a provider for treatment of a medical, psychiatric or mental condition, or a person he designates in writing as his representative. Except for minors who have received health care services pursuant to sections 144.341 to 144.347, in the case of a minor, "patient" includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(b) "Provider" means (1) any person who furnishes health care services and is licensed to furnish the services pursuant to chapters 147, 148, 150A, 151 or 153; (2) a home care agency licensed under section 6; and (2) (3) a health care facility licensed pursuant to chapters 144 or 144A.

Sec. 2. Minnesota Statutes 1984, section 144.699, subdivision 2, is amended to read:

Subd. 2. [FOSTERING PRICE COMPETITION.] The commissioner of health shall:

(a) Encourage hospitals, outpatient surgical centers, home care agencies, and professionals regulated by the health related licensing boards as defined in section 214.01, subdivision 2, and by the commissioner of health under section 214.13, to publish prices for procedures and services that are representative of the diagnoses and conditions for which citizens of this state seek treatment.

(b) Analyze and disseminate available price information and analyses so as to foster the development of price competition among hospitals, outpatient surgical centers, home care agencies, and health professionals.

Sec. 3. [144A.43] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 7.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of health.

Subd. 3. [HOME CARE SERVICE.] "Home care service" means any of the following services when delivered in a place of residence to a person whose advanced age, illness, disability, or physical condition creates a need for the service:

- (1) nursing services, including the services of a home health aide;
- (2) personal care services not included under sections 148.171 to 148.299;
- (3) physical therapy;

- (4) *speech therapy;*
- (5) *respiratory therapy;*
- (6) *occupational therapy;*
- (7) *nutritional services;*

(8) *homemaker services, meal preparation, and similar nonmedical services when arranged to be provided along with at least one other home care service listed in this subdivision;*

(9) *medical social services; and*

(10) *other similar medical services and health-related support services identified by the commissioner in rule.*

*Subd. 4. [HOME CARE AGENCY.] "Home care agency" means an organization, unit of government, self-employed individual, or other entity that is regularly engaged in the delivery, directly or by contractual arrangement, of home care services, including the provision of home care services in connection with other services or equipment, for a fee. "Home care agency" does not include:*

*(1) any home or nursing services conducted by and for the adherents of any recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing;*

*(2) an individual who only provides services to a relative;*

*(3) an individual who provides chore or housekeeping services with incidental medical, nutritional, or personal care or treatment; or*

*(4) an agency that only provides chore or housekeeping services which do not involve any medical care or treatment or personal care services.*

#### **Sec. 4. [144A.44] [HOME CARE BILL OF RIGHTS.]**

*Subdivision 1. [STATEMENT OF RIGHTS.] A person who receives home care services has these rights:*

*(1) the right to receive written information about rights, including what to do if rights are violated;*

*(2) the right to receive care and services according to a suitable and up-to-date plan, and subject to accepted medical or nursing standards, to take an active part in creating and changing the plan and evaluating care and services;*

*(3) the right to be told about agency services that are being provided or suggested, about other choices that are available, and about the consequences of these choices including the consequences of refusing these services;*

*(4) the right to refuse services or treatment;*

*(5) the right to know, in advance, any limits to the services available from an agency, whether the services are covered by health insurance, medical assistance, or other health programs, and the agency's grounds for a termination of services;*

(6) the right to know what the charges are for services, no matter who will be paying the bill;

(7) the right to know that there may be other services available in the community, including other home care services, agencies, and case management services, and to know where to go for information about these services;

(8) the right to choose freely among available agencies and to change agencies after services have begun, within the limits of health insurance, medical assistance, or other health programs;

(9) the right to have personal, financial, and medical information kept private;

(10) the right to be allowed access to records and written information from records;

(11) the right to be served by people who are properly trained and competent to perform their duties;

(12) the right to be treated with courtesy and respect;

(13) the right to be free from physical and verbal abuse;

(14) the right to reasonable notice of changes in services or charges;

(15) the right to a coordinated transfer when there will be a change in the provider of services;

(16) the right to know how to contact the director of an agency who is responsible for handling problems and where to go for help outside the agency; and

(17) the right to assert these rights without retaliation.

Subd. 2. [INTERPRETATION AND ENFORCEMENT OF RIGHTS.] These rights are established for the benefit of persons who receive home care services. "Home care services" means home care services as defined in section 3, subdivision 3. The right of access to records in subdivision 1, clause (10), is subject to the conditions and requirements of section 144.335. A home care agency may not require a person to surrender these rights as a condition of receiving services. A guardian or conservator or, when there is no guardian or conservator, a designated person, may seek to enforce these rights. This statement of rights does not replace or diminish other rights and liberties that may exist relative to persons receiving home care services, persons providing home care services, or agencies licensed under this act.

Sec. 5. [144A.45] [REGULATION OF HOME CARE SERVICES.]

Subdivision 1. [PURPOSE.] The commissioner shall regulate and control the delivery of home care services in order to protect consumers; assure quality of care; improve access to services; and prevent fraud.

Subd. 2. [REGULATORY FUNCTIONS.] The commissioner shall:

(1) evaluate, monitor, and license home care agencies in accordance with sections 5 to 7 and 16;

(2) inspect the office and records of an agency during regular business hours, provided that when conducting routine office visits or inspections, the

commissioner shall provide at least 48 hours' advance notice to the home care agency;

(3) with the consent of the consumer, visit the home where services are being provided;

(4) issue correction orders and assess civil penalties in accordance with section 144.653, subdivisions 5 to 8;

(5) take other action reasonably required to accomplish the purposes of sections 2 to 7 and 16; and

(6) in conformity with this section and in consultation with representatives of the various kinds of providers of home care services, community health service agencies, and consumers, adopt rules governing home care agencies. The rules adopted by the commissioner may include the following:

(a) provisions to assure, to the extent possible, the health, safety and well-being, and appropriate treatment of persons who receive home care services;

(b) requirements that home care agencies furnish the commissioner specified information necessary to implement sections 2 to 7 and 16;

(c) standards of training of home care agency personnel, which may vary according to the nature of the services provided or the health status of the consumer;

(d) standards of supervision by a physician or registered nurse of personnel providing home care services, which may vary according to the nature of the services provided or the health status of the consumer;

(e) requirements for the involvement of a consumer's physician, the documentation of physicians' orders and the consumer's treatment plan, and the maintenance of accurate, current clinical records;

(f) exemptions of specified classes of agencies, in addition to those provided in section 6, subdivision 2, from licensure requirements. When determining whether to exempt a class of agencies, the commissioner shall consider: (1) the extent to which the agencies, or the individuals who provide services through the agencies, are regulated under another law; (2) the risk to the health, safety, and well-being of the client; and (3) other factors the commissioner considers appropriate;

(g) the establishment of different classes of licenses for different types of agencies and different standards and requirements for different kinds of home care services; and

(h) operating procedures required to implement the home care bill of rights.

In the exercise of the authority granted in sections 2 to 7 and 16, the commissioner shall comply with the applicable requirements of section 144.122, the government data practices act, and the administrative procedure act.

#### Sec. 6. [144A.46] [LICENSURE.]

Subdivision 1. [LICENSE REQUIRED.] (a) A home care agency may not operate in the state without a current license issued by the commissioner of health.

(b) Within ten days after receiving an application for a license, the com-

missioner shall acknowledge receipt of the application in writing. The acknowledgement must indicate whether the application appears to be complete or whether additional information is required before the application will be considered complete. Within 60 days after receiving a complete application, the commissioner shall either grant or deny the license. If an applicant is not granted or denied a license within 60 days after submitting a complete application, the license must be deemed granted. An applicant whose license has been deemed granted must provide written notice to the commissioner before providing a home care service.

*Subd. 2. [EXEMPTIONS.] The following individuals are exempt from the requirement to obtain a home care agency license:*

*(1) a person who is licensed under sections 148.171 to 148.285 and who independently provides nursing services in the home without any contractual or employment relationship to a home care agency or other organization;*

*(2) a personal care attendant who provides services under the medical assistance program as authorized under section 256B.02, subdivision 8, paragraph (17), and section 17;*

*(3) a member professional corporation organized under sections 319A.01 to 319A.22; and*

*(4) a person licensed under chapter 147 who is conducting business as a business trust organized under sections 318.01 to 318.04, a nonprofit corporation organized under section 317.67, a partnership organized under sections 323.01 to 323.43, or any other entities determined by the commissioner.*

*An exemption under this subdivision does not excuse the individual from complying with applicable provisions of the home care bill of rights.*

*Subd. 3. [ENFORCEMENT.] The commissioner may refuse to grant or renew a license, or may suspend or revoke a license, for violation of statutes or rules relating to home care services or for conduct detrimental to the welfare of the consumer. In addition to any other remedy provided by law, the commissioner may, without a prior contested case hearing, temporarily suspend a license or prohibit delivery of services by an agency for not more than 60 days if the commissioner determines that the health or safety of a consumer is in imminent danger, provided (1) advance notice is given to the agency; (2) after notice, the agency fails to correct the problem; (3) the commissioner has reason to believe that other administrative remedies are not likely to be effective; and (4) there is a subsequent opportunity for a contested case hearing. The process of suspending or revoking a license must include a plan for transferring affected clients to other agencies. At the request of a licensee who has been issued a correction order, the commissioner shall order a review of the appropriateness of the correction order by a person designated by the commissioner other than the person who issued the correction order. The review process must allow an opportunity for the licensee to submit a brief explanation of the objections to the correction order. If, after receiving the report and recommendation of the reviewer, the commissioner determines that the correction order was issued inappropriately, the commissioner shall retract the correction order and remove from the licensee's record all references to the order.*

*Subd. 4. [RELATION TO OTHER REGULATORY PROGRAMS.] In the exercise of the authority granted under sections 2 to 7 and 16, the commissioner shall not duplicate or replace standards and requirements imposed under another state regulatory program. The commissioner shall not impose additional training or education requirements upon members of a licensed or registered occupation or profession, except as necessary to address or prevent problems that are unique to the delivery of services in the home or to enforce and protect the rights of consumers listed in section 4. For home care agencies certified under the medicare program, the state standards must not be inconsistent with the medicare standards for medicare services.*

*Subd. 5. [PRIOR CRIMINAL CONVICTIONS.] An applicant for a home care agency license shall disclose to the commissioner all criminal convictions of persons involved in the management, operation, or control of the agency. A home care agency shall require employees of the agency and applicants for employment to disclose all criminal convictions. No person may be employed by a home care agency or involved in the management, operation, or control of an agency, if the person has been convicted of a crime that relates to the provision of home care services or to the position, duties, or responsibilities undertaken by that person in the operation of the home care agency, unless the person can provide sufficient evidence of rehabilitation. The commissioner shall adopt rules for determining whether a crime relates to home care services and what constitutes sufficient evidence of rehabilitation. The rules must require consideration of the nature and seriousness of the crime; the relationship of the crime to the purposes of home care licensure and regulation; the relationship of the crime to the ability, capacity, and fitness required to perform the duties and discharge the responsibilities of the person's position; mitigating circumstances or social conditions surrounding the commission of the crime; the length of time elapsed since the crime was committed; the seriousness of the risk to the home care client's person or property; and other factors the commissioner considers appropriate.*

**Sec. 7. [144A.47] [INFORMATION AND REFERRAL SERVICES.]**

*The commissioner shall ensure that information and referral services relating to home care are available in all regions of the state. The commissioner shall collect and make available information about available home care services, sources of payment, agencies, and the rights of consumers. The commissioner may require home care agencies to provide information requested for the purposes of this section, including price information, as a condition of registration or licensure. Specific price information furnished by agencies under this section is not public data and must not be released without the written permission of the agency. The commissioner may publish and make available:*

- (1) general information and a summary of the range of prices of home care services in the state;*
- (2) limitations on hours, availability of services, and eligibility for third-party payments, applicable to individual agencies; and*
- (3) other information the commissioner determines to be appropriate.*

**Sec. 8. Minnesota Statutes 1984, section 144A.51, subdivision 6, is**



amended to read:

Subd. 6. "Resident" means any resident or patient of a health facility or a consumer of services provided by a home care agency, or the guardian or conservator of a the resident or, patient of a health facility, or consumer, if one has been appointed.

Sec. 9. Minnesota Statutes 1984, section 144A.51, is amended by adding a subdivision to read:

Subd. 7. "Home care agency" means a home care agency as defined in section 3, subdivision 4.

Sec. 10. Minnesota Statutes 1984, section 144A.52, subdivision 3, is amended to read:

Subd. 3. The director may delegate to members of his staff any of his authority or duties except the duty of formally making recommendations to the legislature, administrative agencies, health facilities, health care providers, home care agencies, and the state commissioner of health.

Sec. 11. Minnesota Statutes 1984, section 144A.53, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] The director may:

(a) Promulgate by rule, pursuant to chapter 14, and within the limits set forth in subdivision 2, the methods by which complaints against health facilities, health care providers, home care agencies, or administrative agencies are to be made, reviewed, investigated, and acted upon; provided, however, that he may not charge a fee for filing a complaint;

(b) Recommend legislation and changes in rules to the state commissioner of health, legislature, governor, administrative agencies or the federal government;

(c) Investigate, upon a complaint or upon his own initiative, any action or failure to act by a health care provider, home care agency, or a health facility;

(d) Request and receive access to relevant information, records, or documents in the possession of an administrative agency, a health care provider, a home care agency, or a health facility which he deems necessary for the discharge of his responsibilities;

(e) Enter and inspect, at any time, a health facility; provided that the director shall not unduly interfere with or disturb the activities of a resident unless the resident consents;

(f) Issue a correction order pursuant to section 144.653 or any other law which provides for the issuance of correction orders to health care facilities or home care agencies, or under section 5;

(g) Recommend the certification or decertification of health facilities pursuant to Title XVIII or Title XIX of the United States Social Security Act;

(h) Assist residents of health facilities in the enforcement of their rights under Minnesota law; and

(i) Work with administrative agencies, health facilities, home care agencies, and health care providers and organizations representing consumers on

programs designed to provide information about health facilities to the public and to health facility residents.

Sec. 12. Minnesota Statutes 1984, section 144A.53, subdivision 2, is amended to read:

Subd. 2. [COMPLAINTS.] The director may receive a complaint from any source concerning an action of an administrative agency, a health care provider, a *home care agency*, or a health facility. He may require a complainant to pursue other remedies or channels of complaint open to the complainant before accepting or investigating the complaint.

The director shall keep written records of all complaints and his action upon them. After completing his investigation of a complaint, he shall inform the complainant, the administrative agency having jurisdiction over the subject matter, the health care provider, the *home care agency*, and the health facility of the action taken.

Sec. 13. Minnesota Statutes 1984, section 144A.53, subdivision 3, is amended to read:

Subd. 3. [RECOMMENDATIONS.] If, after duly considering a complaint and whatever material he deems pertinent, the director determines that the complaint is valid, he may recommend that an administrative agency, a health care provider, a *home care agency*, or a health facility should:

- (a) Modify or cancel the actions which gave rise to the complaint;
- (b) Alter the practice, rule or decision which gave rise to the complaint;
- (c) Provide more information about the action under investigation; or
- (d) Take any other step which the director considers appropriate.

If the director requests, the administrative agency, a health care provider, a *home care agency*, or health facility shall, within the time specified, inform the director about the action taken on his recommendation.

Sec. 14. Minnesota Statutes 1984, section 144A.53, subdivision 4, is amended to read:

Subd. 4. [REFERRAL OF COMPLAINTS.] If a complaint received by the director relates to a matter more properly within the jurisdiction of an occupational licensing board or other governmental agency, the director shall forward the complaint to that agency and shall inform the complaining party of the forwarding. The agency shall promptly act in respect to the complaint, and shall inform the complaining party and the director of its disposition. If a governmental agency receives a complaint which is more properly within the jurisdiction of the director, it shall promptly forward the complaint to the director, and shall inform the complaining party of the forwarding. If the director has reason to believe that an official or employee of an administrative agency, a *home care agency*, or health facility has acted in a manner warranting criminal or disciplinary proceedings, he shall refer the matter to the state commissioner of health, the commissioner of human services, an appropriate prosecuting authority, or other appropriate agency.

Sec. 15. Minnesota Statutes 1984, section 144A.54, subdivision 1, is amended to read:

Subdivision 1. Except as otherwise provided by this section, the director may determine the form, frequency, and distribution of his conclusions and recommendations. The director shall transmit his conclusions and recommendations to the state commissioner of health and the legislature. Before announcing a conclusion or recommendation that expressly or by implication criticizes an administrative agency, a health care provider, a home care agency, or a health facility, the director shall consult with that agency, health care provider, home care agency, or facility. When publishing an opinion adverse to an administrative agency, a health care provider, a home care agency, or a health facility, he shall include in the publication any statement of reasonable length made to him by that agency, health care provider, home care agency, or health facility in defense or explanation of the action.

Sec. 16. [TEMPORARY PROCEDURES.]

*Beginning July 1, 1986, no home care agency, as defined in section 3, subdivision 4, except an agency exempt from licensure under section 6, subdivision 2, may provide home care services in this state without registering with the commissioner. A home care agency is registered with the commissioner when the commissioner has received in writing the agency's name; the name of its parent corporation or sponsoring organization, if any; the street address and telephone number of its principal place of business; the street address and telephone number of its principal place of business in Minnesota; the counties in Minnesota in which it may render services; the street address and telephone number of all other offices in Minnesota; and the name, educational background, and ten-year employment history of the person responsible for the management of the agency. A registration fee must be submitted with the application for registration. The fee must be established pursuant to section 144.122 and must be based on the number of clients served by the home care agency. The registration is effective until licensure rules are adopted by the commissioner. In order to maintain its registration and provide services in Minnesota, a home care agency must comply with section 4 and comply with requests for information under section 7. A registered home care agency is subject to sections 144A.51 to 144A.54. Registration under this section does not exempt a home care agency from the licensure and other requirements later adopted by the commissioner.*

Sec. 17. Minnesota Statutes 1984, section 256B.04, is amended by adding a subdivision to read:

*Subd. 16. [PERSONAL CARE ATTENDANTS.] The commissioner shall adopt emergency and permanent rules to implement, administer, and operate the personal care attendant services program. The rules must incorporate the standards and requirements for personal care attendants adopted by the commissioner of health under section 5. The rules must provide, at a minimum:*

*(1) that agencies be selected by competitive bidding to employ and train staff to provide and supervise the provision of personal care services;*

*(2) that agencies employ as a personal care attendant a qualified applicant that a qualified recipient proposes to the agency as his or her choice of attendant;*

*(3) that agencies bill the medical assistance program for a personal care service by a personal care attendant and a visit by the registered nurse super-*

vising the personal care attendant;

(4) that agencies establish a grievance mechanism;

(5) that agencies have a quality assurance program; and

(6) that all recipients requesting personal care services be screened by the preadmission screening team to determine the need for personal care services and the ability of the recipient to direct his or her own care.

Sec. 18. Minnesota Statutes 1984, section 364.09, is amended to read:

364.09 [~~LAW ENFORCEMENT; EXCEPTION EXCEPTIONS.~~]

This chapter shall not apply to the practice of law enforcement or to eligibility for a family day care license ~~or~~, a family foster care license, *or a home care agency license*. Nothing in this section shall be construed to preclude the Minnesota police and peace officers training board from recommending policies set forth in this chapter to the attorney general for adoption in his discretion to apply to law enforcement.

Sec. 19. Minnesota Statutes 1985 Supplement, section 626.557, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms have the meanings given them unless the specific context indicates otherwise.

(a) "Facility" means a hospital or other entity required to be licensed pursuant to sections 144.50 to 144.58; a nursing home required to be licensed to serve adults pursuant to section 144A.02; an agency; day care facility, or residential facility required to be licensed to serve adults pursuant to sections 245.781 to 245.812; or a home ~~health care~~ agency ~~certified for participation in Titles XVIII or XIX of the Social Security Act, United States Code, title 42, sections 1395 et seq licensed under section 6.~~

(b) "Vulnerable adult" means any person 18 years of age or older:

(1) who is a resident or inpatient of a facility;

(2) who receives services at or from a facility required to be licensed to serve adults pursuant to sections 245.781 to 245.812, except a person receiving outpatient services for treatment of chemical dependency or mental illness;

(3) who receives services from a home ~~health care~~ agency ~~certified for participation under Titles XVIII or XIX of the Social Security Act, United States Code, title 42, sections 1395 et seq and 1396 et seq licensed under section 6;~~ or

(4) who, regardless of residence or type of service received, is unable or unlikely to report abuse or neglect without assistance because of impairment of mental or physical function or emotional status.

(c) "Caretaker" means an individual or facility who has responsibility for the care of a vulnerable adult as a result of a family relationship, or who has assumed responsibility for all or a portion of the care of a vulnerable adult voluntarily, by contract, or by agreement.

(d) "Abuse" means:

(1) any act which constitutes a violation under sections 609.221 to 609.223, 609.23 to 609.235, 609.322, 609.342, 609.343, 609.344, or 609.345;

(2) nontherapeutic conduct which produces or could reasonably be expected to produce pain or injury and is not accidental, or any repeated conduct which produces or could reasonably be expected to produce mental or emotional distress;

(3) any sexual contact between a facility staff person and a resident or client of that facility; or

(4) the illegal use of a vulnerable adult's person or property for another person's profit or advantage, or the breach of a fiduciary relationship through the use of a person or a person's property for any purpose not in the proper and lawful execution of a trust, including but not limited to situations where a person obtains money, property, or services from a vulnerable adult through the use of undue influence, harassment, duress, deception, or fraud.

(e) "Neglect" means:

(1) failure by a caretaker to supply a vulnerable adult with necessary food, clothing, shelter, health care or supervision;

(2) the absence or likelihood of absence of necessary food, clothing, shelter, health care, or supervision for a vulnerable adult; or

(3) the absence or likelihood of absence of necessary financial management to protect a vulnerable adult against abuse as defined in paragraph (d), clause (4). Nothing in this section shall be construed to require a health care facility to provide financial management or supervise financial management for a vulnerable adult except as otherwise required by law.

(f) "Report" means any report received by a local welfare agency, police department, county sheriff, or licensing agency pursuant to this section.

(g) "Licensing agency" means:

(1) the commissioner of health, for facilities as defined in clause (a) which are required to be licensed or certified by the department of health;

(2) the commissioner of human services, for facilities required by sections 245.781 to 245.813 to be licensed;

(3) any licensing board which regulates persons pursuant to section 214.01, subdivision 2; and

(4) any agency responsible for credentialing human services occupations.

Sec. 20. [APPROPRIATIONS.]

*\$131,700 is appropriated from the general fund to the commissioner of health for the regulation of home care services to be available until June 30, 1987.*

Sec. 21. [EFFECTIVE DATE.]

*Sections 1 to 20 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to health; requiring licensure of home care agen-

cies; providing a home care bill of rights; providing a complaint procedure for home care clients; appropriating money; amending Minnesota Statutes 1984, sections 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53, subdivisions 1, 2, 3, and 4; 144A.54, subdivision 1; 256B.04, by adding a subdivision; and 364.09; Minnesota Statutes 1985 Supplement, section 626.557, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144A."

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1664: A bill for an act relating to airports; requiring approval of pollution control agency for expanded capacity at Minneapolis-St. Paul International Airport; amending Minnesota Statutes 1984, section 473.612.

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 1984, section 473.612, is amended to read:

473.612 [NOISE ABATEMENT PLAN.]

*Subdivision 1.* By December 31, 1981 the commission shall submit to the legislature a noise abatement plan for the Minneapolis-St. Paul International Airport, containing annual programmatic goals, numerical goals, and objectives until December 31, 1989, for reduction of aircraft noise within the metropolitan area. The plan shall also contain, but not be limited to, documentation of annual change in the maximum hourly noise levels, such as defined by Minnesota pollution control agency rules, Minnesota Rules, chapter 7010, based on the typically worst noise condition on an hourly basis received in residential areas representing the noise-impacted region of the metropolitan area. The pollution control agency shall participate in the selection and review of the monitoring of such residential areas.

*Subd. 2.* By December 31, 1982, and each year thereafter until December 31, 1989, the commission shall submit to the legislature and the pollution control agency a draft report detailing the accomplishment of programmatic goals and objectives and the annual change in noise levels as outlined in the above noise abatement plan. *The report must include a five-year plan describing all proposed expansions of the runways or terminal that will cause an increase in aircraft operations or passenger enplanement levels. The report must analyze the noise impact of the proposed expansions. The report must detail the commission's progress in implementing section 2. The commission shall also submit the draft report to the metropolitan council, which shall review and comment on the report.* By December 31, 1984, and each year thereafter until December 31, 1989, the commission shall submit to the legislature a report which includes any comments provided by the pollution control agency and the metropolitan council and the commission's response to the comments. In addition, the commission shall provide as part of the

annual reports its best estimate, in the form of numerical goals, of noise abatement to be achieved by December 31, 1989, in residential areas representing the noise-impacted region of the metropolitan area. The goals shall be updated annually.

Sec. 2. [473.613] [AIRPORT NOISE REDUCTION.]

*The metropolitan airports commission shall implement at the Minneapolis-St. Paul International Airport the following noise reduction strategies by June 1, 1986:*

*(1) differential landing fees based on the noise levels of individual aircraft, with lower fees for quieter planes;*

*(2) preferential allocation of ground facilities for quieter aircraft; and*

*(3) a noise budget to prevent increases above the aggregate noise level in 1984.*

Sec. 3. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to airports; requiring the metropolitan airports commission to implement noise reduction strategies and report to the legislature; amending Minnesota Statutes 1984, section 473.612; proposing coding for new law in Minnesota Statutes, chapter 473."

And when so amended the bill do pass and be re-referred to the Committee on Agriculture and Natural Resources. Amendments adopted. Report adopted.

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1641: A bill for an act relating to motor vehicles; defining term; establishing category and system of registration of fleet vehicles; amending Minnesota Statutes 1984, section 168.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168.

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 1984, section 168.011, is amended by adding a subdivision to read:

*Subd. 30. [FLEET.] "Fleet" means a combination of 1,000 or more vehicles and trailers owned by a person solely for the use of that person or employees of the person and registered in this state under section 2. It does not include vehicles licensed under section 168.187.*

Sec. 2. [168.127] [FLEET VEHICLES; REGISTRATION, FEES.]

*Subdivision 1. [REGISTRATION CATEGORY.] A unique registration category is established for vehicles and trailers of a fleet. Vehicles registered in the fleet must be issued a distinctive license plate. The design and size of*

*the fleet license plate must be determined by the commissioner.*

*Subd. 2. [ANNUAL REGISTRATION PERIOD.] Instead of the registration period assigned for vehicles registered under sections 168.014, 168.017, and 168.12, subdivisions 1 and 2a, a person may register a fleet on an annual basis. The annual registration period for vehicles in the fleet will be determined by the commissioner. By January 1, the applicant must provide all information necessary to qualify as a fleet registrant including a list of all vehicles in the fleet. On initial registration, all taxes and fees for vehicles in the fleet must be reassessed based on the expiration date. Gross weights for fleet vehicles may not be changed during the registration period.*

*Subd. 3. [REGISTRATION CARDS ISSUED.] On approval of the application for fleet registration the commissioner must issue a registration card for each qualified vehicle in the fleet. The registration card must be carried in the vehicle at all times and be made available to a peace officer on demand. Validation stickers must be issued to vehicles registered by gross weight.*

*Subd. 4. [FILING REGISTRATION APPLICATIONS.] Initial fleet applications for registration must be filed with the registrar or authorized representative at the main headquarters offices of the department of public safety in St. Paul. Renewal applications for fleet registrations may be filed either in the St. Paul office or with a deputy registrar.*

*Subd. 5. [RENEWAL OF FLEET REGISTRATION.] On the renewal of a fleet registration the registrant shall pay full licensing fees for every vehicle registered in the preceding year unless the vehicle has been properly deleted from the fleet. In order to delete a vehicle from a fleet, the fleet registrant must surrender to the commissioner the registration card, validation stickers, and license plates. If the card, stickers, or license plates are lost or stolen, the fleet registrant shall submit a sworn statement stating the circumstances for the inability to surrender the card, stickers, and license plates. The commissioner shall assess a penalty of 20 percent of the total tax due on the fleet against the fleet registrant who fails to renew the licenses issued under this section or fails to report the removal of vehicles from the fleet within 30 days. The penalty must be paid within 30 days after it is assessed.*

*Subd. 6. [FEES.] Instead of the \$3.25 filing fee for each vehicle, the applicant shall pay a \$3.25 administrative fee for each vehicle in the fleet. The administrative fee must be deposited in the state treasury and credited to the highway user tax distribution fund. A filing fee of \$3.25 must be collected by the processing office for an application regardless of the number of vehicles listed."*

Amend the title as follows:

Page 1, line 2, delete "defining term;"

Page 1, line 3, delete "category and" and insert "a"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1690: A bill for an act relating to traffic regulations; authorizing



municipalities to permit handicapped persons to operate three-wheel off-road vehicles on city streets and roads under certain conditions; amending Minnesota Statutes 1984, section 169.045.

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

Page 2, line 18, delete the new language

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1910: A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1853: A bill for an act relating to state government; authorizing the Indian affairs council to accept grants and gifts; amending Minnesota Statutes 1984, section 3.922, subdivision 5.

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

Page 1, line 19, after the period, insert "*The council shall have power to contract in its own name. Contracts must be approved by a majority of the members of the council and executed by the chairperson and the executive director.*"

Amend the title as follows:

Page 1, line 3, after "to" insert "enter contracts and to"

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1852: A bill for an act relating to cemeteries; changing procedures for dealing with certain burial sites; increasing a penalty; amending Minnesota Statutes 1984, section 307.08.

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

Page 1, line 20, strike "or" and insert "and"

Page 2, line 20, after the period, insert "*Only after obtaining written permission from the property owner or lessee.*"

Page 2, line 23, delete everything after "*ceremonies*"

Page 2, line 24, delete "*the property owners, but*" and insert a period

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1613: A bill for an act relating to agriculture; establishing filing requirements, enforcement, and priority of veterinarian's lien; amending Minnesota Statutes 1984, section 514.92.

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

Page 2, after line 27, insert:

*"(5) the fraction of veterinary services performed that were primarily for the purpose of protecting human health, preventing the imminent spread of animal diseases, or necessary to restore the health of the animal or animals treated;"*

Renumber the remaining clauses in sequence

Page 2, line 36, delete "*started*" and insert "*commenced*"

Page 3, line 1, delete "*last veterinary*" and insert "*veterinarian's most recent*"

Page 3, line 1, after "*service*" insert "*to the animals*"

Page 3, line 6, before the period, insert "*to the extent the veterinary services were performed primarily for the purpose of protecting human health, preventing the imminent spread of animal diseases, or restoring the health of the animal or animals treated*"

Page 3, line 8, delete "*first lien filed*" and insert "*most recent service provided*"

Page 3, line 11, delete "*last*" and before "*service*" insert "*most recent*"

Page 3, line 14, delete "*started*" and insert "*commenced*"

Page 3, after line 17, insert:

"Sec. 2. [EFFECTIVE DATE.]

*This act applies to liens arising from services provided on or after May 1, 1986."*

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

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

H.F. No. 1035: A bill for an act relating to frauds; fixing conditions for the legal determination of fraud in property transfers; enacting the uniform fraudulent transfer act; proposing coding for new law in Minnesota Statutes, chapter 513; repealing Minnesota Statutes 1984, sections 513.20; 513.21; 513.22; 513.23; 513.24; 513.25; 513.26; 513.27; 513.28; 513.29; 513.30;

513.31; and 513.32.

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

Page 4, line 4, after the period, insert "'Transfer' does not include a lien, charge, or encumbrance established pursuant to order, judgment, or decree under chapters 518, 518A, 518B, or 518C."

Page 5, line 21, after "believed" insert "or reasonably should have believed" and delete "he or she" and insert "the debtor"

Page 5, line 22, delete "his or her" and insert "the debtor's"

Page 6, line 21, after "to" insert "a spouse, child, or" and after "insider" insert "other than a relative"

Page 6, line 22, after "the" insert "spouse, child, or" and delete "had"

Page 6, line 23, delete "reasonable cause to believe" and insert "knew"

Page 6, delete lines 27 to 36

Page 7, delete lines 1 to 9

Page 7, line 10, delete everything before "transfer" and insert "(1) a"

Renumber the clauses in sequence

Page 7, line 26, delete "in"

Page 7, delete line 27

Page 7, line 28, delete everything before the semicolon and insert "as may be allowed by rule or law"

Page 8, line 2, delete "debtor" and insert "transferee"

Page 8, line 12, after "judgment" insert "from any party joined in the action against whom judgment is entered"

Page 10, after line 5, insert:

"Sec. 14. [EFFECTIVE DATE.]

*This act is effective for transfers made on or after August 1, 1986.*"

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

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

S.F. No. 1752: A bill for an act relating to statutes; adopting a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, section 3C.10, subdivision 1.

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

Page 1, lines 11 and 12, after "on" insert "January"

Page 1, lines 12 and 13, before the first comma, insert "24"

Page 2, after line 33, insert:

“Sec. 5. [AMENDMENTS.]

*Volume 2 of The Gender Revision of 1986 as adopted under section 1 is amended as follows:*

Page 282, line 66, strike “hunter,”

Page 282, line 67, delete “fisher” and strike “, trapper, tourist or vacationist” and insert “person”

Page 284, line 2, before “license” insert “fishing” and after the stricken “fisherman” delete “fisher” and insert “person”

Page 294, line 35, delete “fishers” and insert “licensees”

Page 296, line 13, strike “licensed” and delete “fishers” and insert “fishing licensees”

Page 296, line 17, strike “licensed” and delete “fishers” and insert “fishing licensees”

Page 300, line 53, strike “licensed” and delete “fishers” and insert “fishing licensees”

Amend the title as follows:

Page 1, line 2, after “adopting” insert “as amended”

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

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

S.F. No. 1793: A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

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

Page 2, delete line 6

Page 2, line 7, delete “subdivision 1, clause (a),” and delete “without local”

Page 2, line 8, delete “approval”

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

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

S.F. No. 1643: A bill for an act relating to Aitkin county; permitting the county to levy a tax for development purposes.

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

Page 1, line 7, after “levy” insert “a tax of”

Page 1, after line 14, insert:

“Sec. 2. [REVERSE REFERENDUM.]

*If the Aitkin county board intends to exercise the authority provided by section 1, it shall pass a resolution stating the fact. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or, in the alternative, adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper of the county or, if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a vote on the proposed resolution is filed with the county auditor, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution is in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the election. The referendum must be held at a special or general election prior to October 1 of the first year for which the tax authorized under section 1 is proposed to be levied.*

Sec. 3. Laws 1984, chapter 502, article 13, section 10, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The limitation imposed upon the levy of the city of Breezy Point by Minnesota Statutes, section 275.11, is increased by ~~\$125,000~~ \$175,000 for taxes levied in ~~1984~~ 1986 and thereafter.

Sec. 4. [REVERSE REFERENDUM.]

*If the Breezy Point city council proposes to increase the levy limit base of the city pursuant to section 3, it shall pass a resolution stating the amount by which the levy limit base is proposed to be increased. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city, together with a notice fixing a date for a public hearing on the proposed increase. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the city may determine to take no further action or, in the alternative, adopt a resolution authorizing the increase as originally proposed or approving an increase in the lesser amount it determines. The resolution authorizing an increase shall be published in the official newspaper of the city or if there is no official newspaper, in a newspaper of general circulation in the city. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the city in the last general election requesting a referendum on the proposed resolution is filed with the clerk, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution is in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum.*

*The referendum must be held at a special or general election prior to October of the first levy year in which the tax authorized under section 3 is proposed to be levied."*

Page 1, line 16, delete "compliance with" and insert "final enactment."

Page 1, delete lines 17 and 18

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "Aitkin county" and insert "property taxes" and delete "the" and insert "Aitkin"

Page 1, line 3, after "purposes" insert "; permitting the city of Breezy Point to increase its levy; providing for reverse referendum; amending Laws 1984, chapter 502, article 13, section 10, subdivision 1"

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 1916: A bill for an act relating to state government; ratifying certain labor agreements and compensation and salary plans; granting authority to the legislative commission on employee relations.

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

Page 2, line 8, before the period, insert "*except that the salary of the commissioner of human services is \$62,494; the salary of the chief administrative law judge, office of administrative hearings, is \$57,060; the salary of the chairman, metropolitan council, is \$52,000; the salary of the commissioner of veterans affairs is \$48,100; and the salary of a commissioner, public utilities commission, is \$44,850*"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1913: A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; and 473.303, subdivisions 2 and 4a; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1.

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 1984, section 473.121, is amended by adding a subdivision to read:

*Subd. 5a. "Metropolitan governmental unit" means any unit of government created by chapter 473, including the council, parks and open space commission, transit board, transit commission, waste control commission, airports commission, sports facilities commission, and mosquito control district.*

Sec. 2. Minnesota Statutes 1984, section 473.121, is amended by adding a subdivision to read:

*Subd. 5b. "Metropolitan agency" means the metropolitan waste control commission and the regional transit board.*

Sec. 3. Minnesota Statutes 1984, section 473.121, subdivision 6, is amended to read:

Subd. 6. "Local governmental unit" means any county, city, town, school district, special district or other political subdivisions or public corporation, other than a metropolitan ~~commission~~ *governmental unit*, lying in whole or part within the metropolitan area.

Sec. 4. Minnesota Statutes 1984, section 473.123, subdivision 2a, is amended to read:

Subd. 2a. [TERMS.] Following each apportionment of council districts, as provided under subdivision 3a, ~~the terms of council members shall commence on the effective date of that apportionment,~~ *must be appointed from newly drawn districts as provided in subdivision 3a.* The terms of members are as follows: members representing even-numbered districts for terms ending the first Monday in January of the year ending in the numeral "7"; members representing odd-numbered districts for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member is four years, *with terms ending the first Monday in January*, except that all terms expire on the effective date of the next apportionment. A member shall continue to serve his district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the governor appoints 16 council members, one from each of the newly drawn council districts as provided under subdivision 3a, to serve terms as provided under this section. *The appointment to the council must be made by the first Monday in March of the year in which the term ends.*

Sec. 5. Minnesota Statutes 1984, section 473.123, subdivision 3, is amended to read:

Subd. 3. [MEMBERSHIP; APPOINTMENT; QUALIFICATIONS.] (a) ~~The council shall be composed of 16~~ *Sixteen members must be appointed by the governor from districts defined by this section. The governor shall appoint members on a nonpartisan basis after consultation with all members of the legislature from the council district for which the member is to be appointed. Appointments are subject to the advice and consent of the senate.* Each council member ~~shall~~ *must* reside in the council district which he represents. Each council district ~~shall~~ *must* be represented by one member of the council.

(b) In addition to the notice required by section 15.0597, subdivision 4, notice of vacancies and expiration of terms ~~shall~~ must be published in newspapers of general circulation in the metropolitan area and the appropriate districts. *The governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which a member is to be appointed must be notified in writing. The notices must describe the appointments process and invite participation and recommendations on the appointment.*

(c) *The governor shall create a nominating committee, composed of metropolitan citizens appointed by the governor, to nominate persons for appointment to the council from districts. Following the submission of applications as provided under section 15.0597, subdivision 5, the nominating committee shall conduct public meetings, after appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the governor a list of nominees for each appointment. The governor is not required to appoint from the list.*

(d) *Before making an appointment, the governor shall consult with all members of the legislature from the council district for which the member is to be appointed.*

(e) *Appointments to the council are subject to the advice and consent of the senate as provided in section 15.066.*

(f) *Members of the council must be appointed to reflect fairly the various demographic, political, and other interests in the metropolitan area and the districts.*

(g) *Members of the council must be persons knowledgeable about urban and metropolitan affairs.*

Sec. 6. Minnesota Statutes 1984, section 473.123, subdivision 3a, is amended to read:

Subd. 3a. [APPORTIONMENT.] The legislature shall redraw the boundaries of the council districts after each decennial federal census so that each district has substantially equal population. Redistricting is effective on the first Monday in January in the year ending in the numeral "3." ~~Within two months thereafter~~ *By the first Monday in March of that year,* the governor shall appoint members from the newly drawn districts to serve terms as provided under subdivision 2a.

Sec. 7. Minnesota Statutes 1984, section 473.141, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP; APPOINTMENTS.] (a) Each ~~commission shall consist~~ *agency consists* of eight members, plus a chairman appointed as provided in subdivision 3. The metropolitan council shall appoint the eight members on a nonpartisan basis after consultation with the members of the legislature from the ~~commission~~ district for which the member is to be



appointed. ~~Appointments are subject to the advice and consent of the senate.~~

(b) *In addition to the notice required in section 15.0597, subdivision 4, notice of vacancies and expiration of terms must be published in newspapers of general circulation in the metropolitan area and the appropriate districts. The council shall notify in writing the governing bodies of the statutory and home rule charter cities, counties, and towns having territory in the district for which the member is to be appointed. The notices must describe the appointment process and invite participation and recommendations on the appointment.*

(c) *The council shall establish an appointments committee, composed of members of the council, to screen and review candidates. Following the submission of ~~commission~~ member applications to the metropolitan council as provided under section 15.0597, subdivision 5, the ~~council~~ appointments committee shall conduct ~~one or more~~ public hearings ~~on the matter of the appointments for the commission districts~~ meetings, following appropriate notice, to accept statements from or on behalf of persons who have applied or been nominated for appointment and to allow consultation with and secure the advice of the public and local elected officials. The committee shall hold the meeting on each appointment in the district or in a reasonably convenient and accessible location in the part of the metropolitan area in which the district is located. The committee may consolidate meetings. Following the meetings, the committee shall submit to the council a written report that lists the persons who have applied or been nominated or recommended for the position, along with a description of the background and qualifications of each.*

(e) (d) One member shall be appointed from each of the following ~~commission~~ agency districts:

- (1) ~~Commission~~ district A, consisting of council districts 1 and 2;
- (2) ~~Commission~~ district B, consisting of council districts 3 and 7;
- (3) ~~Commission~~ district C, consisting of council districts 4 and 5;
- (4) ~~Commission~~ district D, consisting of council districts 6 and 10;
- (5) ~~Commission~~ district E, consisting of council districts 8 and 9;
- (6) ~~Commission~~ district F, consisting of council districts 11 and 12;
- (7) ~~Commission~~ district G, consisting of council districts 13 and 14; and
- (8) ~~Commission~~ district H, consisting of council districts 15 and 16.

Sec. 8. Minnesota Statutes 1984, section 473.141, subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] The chairman of each ~~commission~~ agency shall be appointed by the governor with the advice and consent of the senate ~~and~~, shall be the ninth voting member of the ~~commission~~ and shall meet all qualifications established for members, except the chairman need only reside within the metropolitan area. *The council, by resolution after a public meeting on the subject, shall provide the governor with a list of nominees for the position.* Senate confirmation ~~shall be~~ *is* as provided by section 15.066. The chairman shall preside at all meetings of the ~~commission~~ agency, if present,

and shall perform all other duties and functions assigned to him by the ~~commission~~ agency or by law. Each ~~commission~~ agency may appoint from among its members a vice-chairman to act for the chairman during his temporary absence or disability.

Sec. 9. Minnesota Statutes 1984, section 473.141, subdivision 4a, is amended to read:

Subd. 4a. [TERMS.] Following each apportionment of metropolitan council districts, as provided under section 473.123, subdivision 3a, ~~the terms of members and the chairman of each commission shall commence on the effective date of that apportionment, the metropolitan council, newly appointed~~ as provided in section 473.123, subdivision 3a, *shall appoint eight agency board members from newly drawn districts.* The terms of members and chairmen are as follows: members representing ~~commission~~ districts A, B, C, and D, and the chairman of ~~each commission~~, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing ~~commission~~ districts E, F, G, and H, for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member and the chairman is four years, *with terms ending the first Monday in January*, except that all terms expire on the effective date of the next apportionment. A chairman shall continue to serve until a successor is appointed and qualified. A member shall continue to serve his ~~commission~~ district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the metropolitan council appointed pursuant to section 473.123, subdivision 3a appoints eight ~~commission~~ members as provided under subdivision 2, to serve terms as provided under this subdivision. *The appointments to the agency must be made by the first Monday in May of the year in which the term ends.*

Sec. 10. Minnesota Statutes 1984, section 473.146, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] ~~Within 12 months after April 12, 1974, The council shall adopt after appropriate study and such public hearings as may be necessary, as a part of its development guide, a long-range comprehensive policy plans plan for each metropolitan commission and when adopted, the policy plans shall be followed by the council and the affected commissions agency. The plans shall must substantially conform to all policy statements, purposes, goals, standards, and maps in the development guide sections and comprehensive plans as developed and adopted by the council pursuant to the chapters of the Minnesota Statutes directly relating to the council and the metropolitan commissions. In preparing or amending a policy plan the council shall consult with and make maximum use of the expertise of the affected commission, and each such commission shall cooperate with and make its employees, records, studies, plans and other information available to the council under chapter 473. Each such policy plan shall must include, to the extent appropriate to the functions, services, and systems covered thereby, the following:~~

(a) ~~A statement of the needs of the metropolitan area with respect to the functions covered and the objective of and the policies to be forwarded by the policy plan;~~

(b) A general description of the physical facilities and services to be developed by the metropolitan commission in performing its functions;

(c) A statement as to the general location of physical facilities and service areas;

(d) A general statement of timing and priorities in the development by the metropolitan commission of those physical facilities and service areas;

(e) A general statement on the level of public expenditure both capital and operating appropriate to the facilities and

(1) Forecasts of changes in the general levels and distribution of population, households, employment, land uses, and other relevant matters, for the metropolitan area and appropriate subareas, to be used in preparing the implementation plan of the affected metropolitan agency;

(2) A statement of issues, problems, needs, and opportunities with respect to the functions, services, and systems covered;

(3) A statement of the council's goals, objectives, and priorities with respect to the functions, services, and systems covered, addressing areas and populations to be served, the levels, distribution, and staging of services; a general description of the facility systems required to support the services, and other similar matters;

(4) A statement of policies to effectuate the council's goals, objectives, and priorities;

(5) A statement of the fiscal implications of the council's plan, including a statement of: (i) the resources available under existing fiscal policy; (ii) the adequacy of resources under existing fiscal policy and any shortfalls and unattended needs; (iii) additional resources, if any, that are or may be required to effectuate the council's goals, objectives, and priorities; and (iv) any changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that the council has recommended or may recommend;

(6) A statement of the standards, criteria, and procedures that the council will use in monitoring and evaluating the implementation of the plan;

(7) A statement of the matters that must be addressed in the implementation plan of the affected metropolitan agency;

(8) A statement of the relationship of the policy plan to other policy plans and chapters of the metropolitan development guide;

(f) (9) A statement of the relationships to any current local comprehensive plans and any related development programs on file with the council prepared under sections 473.851 to 473.872; and

(g) Such (10) Additional general information as may be necessary to develop the policy plan or as may be required by the laws relating to the metropolitan commission agency and function covered by the policy plan; and

(h) A general statement relating to future population, employment levels, and land use in the metropolitan area and in the individual local governmental units located therein, including population densities and anticipated rates of

change in such densities.

Sec. 11. Minnesota Statutes 1984, section 473.146, subdivision 2, is amended to read:

Subd. 2. [CONSULTATION WITH AGENCY; PRE-DRAFTING NOTICE.] *In preparing or amending the policy plan, the council shall consult with and make maximum use of the expertise of the affected metropolitan agency. The agency shall cooperate with the council and make its records, studies, plans, and other information available to the council.*

*Before beginning to prepare a substantial revision of a policy plan, the council shall publish notice and request comments from the public. At least 90 days before publication of the pre-drafting notice, the council shall submit a draft of the notice to the affected metropolitan agency for review and comment. The pre-drafting notice must include a statement of the subjects expected to be covered by the policy and implementation plans; a summary of important problems, issues, and matters that are expected to be addressed in the plans; and a summary of the studies and other information required as the basis of the plans. All interested persons must be afforded an opportunity to submit data or views on the pre-drafting notice, either orally or in writing.*

*Before adopting a policy plan or substantial revision thereof, the council shall submit the proposed plan to the affected metropolitan ~~commission~~ agency for its review, and the ~~commission~~ agency shall report its comments to the council within 60 90 days and may, within that period request the council to hold a special public hearing for the purpose of receiving the ~~commission's~~ report and comments. Within 60 days after the submission of the proposed plan to the ~~commission~~, any local governmental unit may request a public hearing for the purpose of receiving testimony from local governmental units and the general public concerning the proposed policy plan prior to the adoption of a policy plan. Within a reasonable time, not to exceed 60 days, after receiving a request for a hearing.*

Subd. 2a. [HEARING; ADOPTION.] *The council shall hold a public hearing on the proposed policy plan at ~~such a~~ time and place in the metropolitan area as ~~it shall determine~~ determined by the council. Not less than 15 days before the hearing, the council shall publish notice thereof in a newspaper or newspapers having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the proposed policy plan and ~~commission~~ agency comments may be examined by any interested person. At any hearing interested persons ~~shall~~ must be permitted to present their views on the policy plan, and the hearing may be continued from time to time. After receipt of the ~~commission's~~ agency's report and ~~such the~~ hearing, if any, the council may revise the proposed plan giving appropriate consideration to all comments received, and thereafter shall adopt the plan by resolution.*

Subd. 2b. [EFFECT.] *Adopted policy plans must be followed by the council and the affected metropolitan agency.*

Subd. 2c. [AMENDMENT.] *An amendment to a policy plan may be initiated by the council or by an affected ~~commission~~ metropolitan agency. At least every ~~four~~ five years the council shall engage in a comprehensive review of the policy plan and revise the plan as necessary. ~~Development~~*

guide sections, comprehensive plans, capital improvement programs and other plans in substantial conformance with the requirements of subdivision 1 which have been adopted by the council pursuant to Minnesota Statutes 1971, Chapters 473A, 473B and 473C, shall continue in force and effect until expressly superseded by a policy plan adopted pursuant to this subdivision. The council shall not amend a policy plan except in accordance with the procedures herein established in this section.

Sec. 12. Minnesota Statutes 1984, section 473.146, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION CHAPTER OF THE DEVELOPMENT GUIDE.] The council shall adopt a transportation policy plan as a part of its comprehensive development guide as provided in subdivisions 1 and 2. The regional transit board shall perform the functions and have the responsibility and authority provided for a metropolitan commission. The policy plan chapter must include policies relating to all transportation forms and be designed to promote the legislative determinations, policies and goals set forth in section 473.371. In addition to the requirements of subdivision 1 regarding the contents of the policy plan, the transit elements of the plan must include the following:

(1) a statement of service objectives, policies, and standards that should govern the distribution, coordination, and general location of facilities, services, and service areas to be planned, deployed, or developed by or under the direction or auspices of the transit board;

(2) a general statement of timing and priorities in the planning, deployment, and development of services;

(3) a statement of the policies and standards that should govern the levels of public expenditure, both capital and operating, for various services and service areas;

(4) a statement of the policies and standards that should govern total annual regional funding levels, the sources of funds, and the distribution of funds among the facilities, services, and service areas; and

(5) a description of the contents that should be included in the implementation plans prepared by the transit board.

In addition to the requirements of subdivisions 1 and 2 regarding the use of the expertise of the affected agency, the state transportation department, metropolitan transit commission, and affected counties and municipalities may provide technical assistance requested by the council. The council shall amend its policy plan to conform to the requirements of this subdivision by January 1, 1986 non-transit element of the transportation chapter must include the following:

(1) a statement of the needs of the metropolitan area with respect to the functions covered and the objectives of and the policies to be forwarded by the policy plan;

(2) a general description of the physical facilities and services to be developed;

(3) a statement as to the general location of physical facilities and service

areas;

(4) a general statement of timing and priorities in the development of those physical facilities and service areas; and

(5) a general statement on the level of public expenditure appropriate to the facilities.

Sec. 13. Minnesota Statutes 1984, section 473.161, is amended to read:

473.161 [DEVELOPMENT PROGRAMS OF METROPOLITAN COMMISSIONS.]

Subdivision 1. [PREPARATION OF DEVELOPMENT PROGRAMS.] Each metropolitan commission shall prepare a development program covering the detailed technical planning, engineering, financing, scheduling and other information necessary to the development of the program elements to be performed by the commission in implementing the policy plan adopted by the council pursuant to section 473.146. The program may include such other technical information as the metropolitan commission deems necessary. The program shall prescribe and delineate the functions to be performed and activities to be undertaken by the metropolitan commission and shall cover at least the five year period commencing with the first calendar year beginning after its approval or such longer period as the council may prescribe. The program shall describe all capital improvements to be undertaken in such period and with respect to each improvement shall include the following:

(a) A description of the improvement, its location, function and estimated cost;

(b) The proposed manner of financing the capital costs of the improvement, and the sources of revenue available for payment of such costs;

(c) A schedule showing on a yearly basis the timing of land acquisition, construction and capital expenditures for the improvements;

(d) A review and description of the public need for the improvement, alternatives to the improvement, (including alternatives not involving capital expenditures); the environmental and social effects of the improvement and all actions and steps theretofore taken by the commission with respect to the improvement;

(e) An estimate of the probable impact of the improvement on the responsibilities of the other metropolitan commissions;

(f) An estimate of the annual operating costs of the improvement and the sources of revenue available for payment of such costs;

(g) An evaluation of the relative priority of the improvement taking into consideration other capital improvements described in the program;

(h) Each program shall include such additional information as the council or commission may deem appropriate.

Upon a request from any local governmental unit, the commission shall hold a public hearing for the purpose of receiving testimony from local governmental units and the public prior to submission to the council as provided in subdivision 2.

Subd. 1a. [REQUIREMENT; PURPOSE.] Each metropolitan agency shall

*adopt an implementation plan meeting the requirements of this section. The implementation plan must implement and effectuate the policy plan adopted by the council under section 473.146. Elements of the implementation plan must cover the period or periods prescribed in the council's policy plan.*

*Subd. 1b. [CONTENT.] The implementation plan must include the following:*

*(1) a statement of objectives and priorities for capital development, services, and system management;*

*(2) a statement of agency plans to achieve the objectives, describing the functions, services, and systems that will be provided by or under the direction or auspices of the agency;*

*(3) a statement of how the agency's objectives, priorities, and plans will implement and effectuate the council's policy plan;*

*(4) a statement of the fiscal implications of the agency's plan, including a statement of: (i) the anticipated expenditure of public and private funds, for capital developments, services, and system administration and management, and the changes in expenditure levels that the plan represents; (ii) the resources available under existing fiscal policy and additional resources, if any, that are or may be required to effectuate the agency's plan; (iii) any changes in agency policy on regional sources of revenue and changes in levels of debt, user charges, and taxes; (iv) other changes in existing fiscal policy, on regional revenues and intergovernmental aids respectively, that are expected or that the agency has recommended or may recommend; and (v) the effect on functions and levels and types of services, and the agency's contingency and cost-containment strategies, if the additional resources required to effectuate the agency's plan do not become available;*

*(5) a statement of the standards, criteria, and procedures that the agency will use in monitoring and evaluating the results of the implementation plan;*

*(6) a statement of the effect of the plan on the responsibilities of other governmental units; and*

*(7) other information that the council or agency deems appropriate.*

*The plan must include a services and systems management component that describes the levels and costs of services that will be provided to service areas and populations within the metropolitan area. The plan must also include a capital investment component that sets forth a capital investment strategy and estimates the fiscal and other effects of the strategy.*

*Subd. 1c. [SERVICES AND SYSTEMS MANAGEMENT.] The services and systems management component required by subdivision 1b must describe: (1) service needs, objectives, and priorities; (2) changes in existing services; (3) deployment of new services; (4) distribution and coordination of services; (5) delivery methods and providers; (6) system management and administration; (7) costs; (8) manner of finance and revenue sources, including federal and state funds, private funds, taxes, and user charges; and (9) fiscal effects.*

*Subd. 1d. [CAPITAL INVESTMENT.] The capital investment component required by subdivision 1b must specify, to the extent practicable, the capital*

improvements to be undertaken. For each improvement specified, the plan must describe: (1) need, function, objective, and relative priority; (2) alternatives, including alternatives not involving capital expenditures; (3) ownership and operating entity; (4) location and schedule of development; (5) environmental, social, and economic effects; (6) cost; (7) manner of finance and revenue sources, including federal and state funds, private funds, taxes, and user charges; and (8) fiscal effects, including an estimate of annual operating costs and sources of revenue to pay the costs.

Subd. 2. [SUBMISSION TO PROCEDURE; REVIEW AND APPROVAL BY COUNCIL.] The ~~development program~~ implementation plan prepared by the metropolitan ~~commission~~ agency must be submitted to the council for review and approval or disapproval at the time or times stated in the policy plan. The agency shall hold a public hearing on the plan before submitting it to the council and shall transmit a report of the hearing to the council along with the plan. The council shall complete its review within 90 days after receipt of the proposed ~~development program~~ implementation plan. In the course of its review of the implementation plan the council shall publish an analysis and evaluation of the success of the agency in effectuating the council's policy plan. If the council determines that the ~~program~~ implementation plan is consistent with the policy plan it shall approve the ~~program~~ plan as submitted. If it determines that the ~~program~~ implementation plan or part thereof is inconsistent with the policy plan, it shall disapprove it and return it to require the submitting ~~commission~~ agency to make appropriate revisions in the ~~program~~ and resubmit it to the council for review and approval or disapproval. Before approving a program or returning it to the submitting commission, the council shall hold a public hearing for the purpose of considering the program and the council's comments thereon, if requested to do so by the affected commission. The council may approve or disapprove a ~~development program~~ implementation plan necessary to bring it into conformance with the policy plan. The agency shall make the revisions required by the council within 60 days, or a longer period agreed to by the council, and resubmit the plan to the council for review. If the agency refuses to make the revisions required by the council in the time allowed, the council shall hold a public hearing on the matter in dispute. At the hearing the council shall make an affirmative presentation of its position on the required revisions, shall allow the agency to present its objections to the revisions, and shall allow all persons to present their views on the matter. Following the hearing the council shall prepare a report on the hearing, including a summary of the disagreeing positions of the council and the agency, and shall make a final decision on the revision. If the council decides to require revision, the council's decision shall contain specific changes in the implementation plan. The changes contained in the council's decision are binding on the agency and are part of the implementation plan required to be adopted and implemented by the agency under subdivision 3.

Subd. 2a. [AMENDMENT.] Within two years of the approval of its first ~~development program~~ by the council and At least biennially thereafter each ~~commission~~ metropolitan agency shall review the ~~program~~ implementation plan, make such the revisions as are necessary, including an updating of the five year capital improvement program, and submit the ~~program~~ plan to the council for its review and approval or disapproval as herein provided in this section.

Subd. 3. [ADOPTION; EFFECT OF DEVELOPMENT PROGRAM.]



After approval by the council of a development program the commission The metropolitan agency shall adopt and implement the program implementation plan, with the revisions required by the council, within 60 days following council approval. No capital improvements shall be undertaken by the metropolitan commission unless authorized by the program or The activities of the agency, including its priorities and timing, must be consistent with its approved and adopted implementation plan or be specifically approved by the council. The council shall may not approve any improvement activity not in substantial conformance with the appropriate policy plan.

Sec. 14. [473.1623] [METROPOLITAN GOVERNMENTAL UNITS; FINANCIAL REPORTING AND MANAGEMENT.]

*Subdivision 1. [PURPOSE.] The purpose of this section is to enhance the efficiency, effectiveness, and responsiveness of metropolitan governmental units and services, by improving coordination among metropolitan governmental units in financial reporting and management for metropolitan systems and services.*

*Subd. 2. [FINANCIAL REPORTING AND MANAGEMENT ADVISORY COMMITTEE.] A financial reporting and management advisory committee is created, consisting of the chairs of the following metropolitan governmental units: the council, waste control commission, transit board, parks and open space commission, and sports facilities commission. The committee is established to assist and advise the council and other governing boards in meeting the requirements of this section. Staff and administrative services for the committee must be provided by the member units.*

*Subd. 3. [FINANCIAL REPORT.] By December 15 of even-numbered years, the council, in consultation with the advisory committee, shall publish a consolidated financial report for all metropolitan governmental units who are represented on the advisory committee and their functions, services, and systems. The financial report must cover the calendar year in which the report is published and the two years preceding and three years succeeding that year. The financial report must contain the following information, for each unit, function, or system, respectively, and in the aggregate, in a consistent format that allows comparison over time and among agencies in expenditure and revenue categories:*

- (1) financial policies, goals, and priorities;*
- (2) levels and allocation of public expenditure, including capital, debt, operating, and pass through funds, stated in the aggregate and by appropriate functional, programmatic, administrative, and geographic categories, and the changes in expenditure levels and allocations that the report represents;*
- (3) the resources available under existing fiscal policy;*
- (4) additional resources, if any, that are or may be required;*
- (5) changes in agency policies on regional sources of revenue and in levels of debt, user charges, and taxes;*
- (6) other changes in existing fiscal policy, on regional revenues and inter-governmental aids respectively, that are expected or that have been or may be recommended by the respective agencies;*
- (7) an analysis that links, as far as practicable, the uses of funds and the*

*sources of funds, by appropriate categories and in the aggregate;*

*(8) a description of how the fiscal policies effectuate current policy and implementation plans of the governmental units concerned; and*

*(9) a summary of significant changes in agency finance and an analysis of fiscal trends.*

*The council shall present the report for discussion and comment at a public meeting in the metropolitan area and request, in writing, an opportunity to make presentations on the report before appropriate committees of the legislature.*

*Subd. 4. [FINANCIAL REPORTING; BUDGETING.] The advisory committee, with the assistance of the state auditor and the legislative auditor, shall develop uniform or consistent standards, formats, and procedures for the budgets and financial reports of all metropolitan governmental units who are represented on the advisory committee. The council shall report to the legislature from time to time on progress made by the committee in improving the uniformity and quality of budgets and financial reports and on legislation that may be needed for this purpose.*

*Subd. 5. [ADMINISTRATIVE COORDINATION.] The advisory committee shall evaluate the benefits, costs, methods, and effects; including operational effects, of joint or uniform and coordinated exercise of powers by metropolitan governmental units who are represented on the advisory committee for appropriate administrative functions. The study must include at least ongoing managerial reporting, contracts, purchasing, data processing, and personnel. The council shall report to the legislature on the findings and recommendations of the advisory committee to date by January 1, 1987, and on legal and other impediments to increased coordination of administrative functions. Before submitting the report, the council shall request comments on the report from the affected governmental units, and the comments must be submitted along with the report.*

Sec. 15. Minnesota Statutes 1984, section 473.163, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Each metropolitan ~~commission~~ agency shall prepare a proposed budget for calendar year 1976 and each calendar year thereafter. ~~The proposed budget shall be prepared on or before by August 1, 1975 and of each year thereafter.~~ *The budget must be consistent with and effectuate the implementation plan. The budget shall must show for each such year:*

*(a) The estimated operating revenues from all sources including funds on hand at the beginning of the year, and estimated expenditures for costs of operation, administration, maintenance, and debt service; and*

*(b) Capital improvement funds estimated to be on hand at the beginning of the year and estimated to be received during the year from all sources and estimated cost of capital improvements to be paid out or expended during the year; all in such detail and form as the council may prescribe; and*

*(c) The estimated source and use of pass-through funds.*

Sec. 16. Minnesota Statutes 1984, section 473.163, subdivision 2, is

amended to read:

Subd. 2. [PROCEDURE; APPROVAL OF COUNCIL.] ~~Between~~ *As early as practicable before August 1 and September 15 of each year, the commission agency shall hold a public hearing on a draft of the proposed budget. Along with the draft, the agency shall publish a report on user charges. The report must include an estimate and analysis of the changes in user charges, rates, and fees that will be required by the agency's budget. Not less than 14 days before the hearing, the commission agency shall publish notice thereof of the hearing in a newspaper having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the proposed budget and report on user charges may be examined by any interested person. Following the hearing, the agency shall publish a report of the hearing that summarizes the comments received and the agency's response. Until the budget for agency fiscal year 1990, those parts of the budget relating to revenues and expenditures for capital improvements shall must be submitted to the council on or before by August 15 of each year and shall be subject to for review and approval by the council. If council approval is required the council shall act to approve or disapprove by October 1 of each year. Before December 15 of each year the commission, after obtaining approval of the council for any changes in the capital improvements budget, agency shall by resolution adopt a final budget. Each commission agency shall file its final budget with the council on or before December 20 of each year. The council shall file the budgets with the secretary of the senate and the clerk of the house of representatives not later than January 1 of each year.*

Subd. 2a. [EFFECT.] Except in an emergency, for which procedures shall must be established by the commission agency, the commission agency and its officers, agents and employees shall may not spend money for any purpose, other than debt service, without an appropriation by the commission or in excess of the amount appropriated therefor agency, and no obligation to make such an expenditure shall be enforceable except as the obligation of the person or persons incurring it. The creation of any debt obligation or the receipt of any federal or state grant is a sufficient appropriation of the proceeds for the purpose for which it is authorized, and of the tax or other revenues pledged to pay the obligation and interest on it whether or not specifically included in any annual budget. ~~The commission may,~~ After obtaining approval of the council, *if required under subdivision 2, the agency may amend the capital improvements budget at any time by transferring any appropriation from one purpose to another, except appropriations of the proceeds of bonds issued for a specific purpose. The council shall file the budgets of all commissions with the secretary of the senate and the clerk of the house of representatives not later than January 15 of each year.*

Sec. 17. Minnesota Statutes 1984, section 473.303, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The commission shall consist of eight members, plus a chairman appointed as provided in subdivision 3. The metropolitan council shall appoint the eight members ~~on a nonpartisan basis.~~

One member shall be appointed from each of the following commission districts:

- (1) Commission district A, consisting of council districts 1 and 2;

- (2) Commission district B, consisting of council districts 3 and 7;
- (3) Commission district C, consisting of council districts 4 and 5;
- (4) Commission district D, consisting of council districts 6 and 10;
- (5) Commission district E, consisting of council districts 8 and 9;
- (6) Commission district F, consisting of council districts 11 and 12;
- (7) Commission district G, consisting of council districts 13 and 14; and
- (8) Commission district H, consisting of council districts 15 and 16 in accordance with the provisions of section 473.141.

Sec. 18. Minnesota Statutes 1984, section 473.303, subdivision 4a, is amended to read:

Subd. 4a. [TERMS.] Following each apportionment of metropolitan council districts, as provided under section 473.123, subdivision 3a, ~~the terms of members and the chairman of the commission shall commence on the effective date of that apportionment, metropolitan council appointed~~ as provided in section 473.123, subdivision 3a, *shall appoint a chair and eight commission members from newly drawn districts.* The terms of members and chairmen are as follows: members representing commission districts A, B, C, and D, and the chairman of the commission, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts E, F, G, and H, for terms ending the first Monday in January of the year ending in the numeral "5." Thereafter the term of each member and the chairman is four years, *with terms ending the first Monday in January, except that all terms expire on the effective date of the next apportionment.* The chairman shall continue to serve until a successor is appointed and qualified. A member shall continue to serve his commission district until a successor is appointed and qualified; except that, following each apportionment, the member shall continue to serve at large until the metropolitan council appointed pursuant to section 473.123, subdivision 3a appoints eight commission members as provided under subdivision 2, to serve terms as provided under this subdivision. *The appointments to the commission must be made by the first Monday in May of the year in which the term ends.*

Sec. 19. Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL PLAN; COUNCIL APPROVAL.] Along with its annual budget, each *even-numbered* year the board shall prepare a financial plan for the succeeding three calendar years, in half-year segments. The financial plan must be consistent with the board's implementation plan and must contain the elements specified in section ~~473.377, subdivision 2, clauses (a), (e), (f), and (g) 14, subdivision 3.~~ The financial plan prepared in ~~even-numbered~~ years must contain a proposed request for state financial assistance for the succeeding biennium. The board shall submit the financial plan to the council for review and approval or disapproval. The council may approve or disapprove in whole or in part. The council may disapprove only for inconsistency with the policy plan of the council.

Sec. 20. Minnesota Statutes 1984, section 473.852, subdivision 8, is amended to read:

Subd. 8. "Metropolitan system plans" means the airports ~~portion and transportation portions~~ of the metropolitan development guide, and the policy plans, ~~development programs implementation plans~~, and capital budgets for metropolitan waste control, transportation, and regional recreation open space.

Sec. 21. [REPEALER.]

*Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1, are repealed.*

Sec. 22. [APPLICATION.]

*Sections 1 to 20 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Sections 10 to 13 are effective for plans and plan amendments adopted after January 1, 1987, and do not apply to the amendments to the transportation policy plan and transit implementation plan required to be adopted in 1986 by Laws 1984, chapter 654, article 3, sections 108 and 118.*

Sec. 23. [INSTRUCTION TO REVISOR.]

*The revisor of statutes is directed to change the phrase "metropolitan commission" to "metropolitan agency" and the word "commission" to "agency," if it refers to a metropolitan agency, wherever they appear in chapter 473, except as otherwise provided in section 3, in the next and subsequent editions of the statutes.*

Sec. 24. [REPORT.]

*The report required in 1986 by section 14, subdivision 3, should be in the scope and detail that the council, in consultation with the advisory committee, deems appropriate and practicable."*

Delete the title and insert:

"A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; 473.303, subdivisions 2 and 4a; 473.852, subdivision 8; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1."

And when so amended the bill do pass and be re-referred to the Committee on Governmental Operations. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1682: A bill for an act relating to real property; requiring condominium plats after July 31, 1986; requiring certification by a registered

land surveyor only, that condominium plat accurately depicts certain required information in 515A.2-110; amending Minnesota Statutes 1984, sections 515A.1-102; 515A.1-103; 515A.2-105; 515A.2-110; 515A.2-114; 515A.2-115; 515A.2-116; 515A.4-102; 515A.4-107; 515A.4-116; and 515A.4-117; and Minnesota Statutes 1985 Supplement, sections 389.09; 508.82; and 508A.82.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 1869: A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; amending Minnesota Statutes 1984, sections 216A.035; and 216A.04; proposing coding for new law in Minnesota Statutes, chapter 216A.

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

Page 1, after line 13, insert:

“Section 1. Minnesota Statutes 1984, section 216A.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] As of January 1, 1975 the public utilities commission shall consist of five members, three of whom shall be the members then serving, who shall continue to serve for the balance of their elective or appointive terms. There shall be two additional commissioners appointed by the governor with the advice and consent of the senate, one for a term expiring December 31, 1975, and one for a term expiring December 31, 1977. Thereafter the terms of all subsequent members of the commission shall be six years and until their successors have been appointed and qualified. Each commissioner shall be appointed by the governor by and with the advice and consent of the senate. Not more than three commissioners shall belong to the same political party. The governor in his selection of commissioners shall give consideration to persons learned in the law or persons who have engaged in the profession of engineering, public accounting or property and utility valuation as well as being representative of the general public.

*At least one commissioner must be domiciled at the time of appointment outside the seven-county metropolitan area. For the purposes of this subdivision, “seven-county metropolitan area” means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.*

Sec. 2. Minnesota Statutes 1984, section 216A.03, subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] ~~The commission governor shall elect~~ *select* one of ~~their number~~ *the commissioners to serve as the chairman at the meeting of the commission in the second week in January of each year* for a term of one

~~year~~ concurrent with that of the governor.

If a vacancy occurs in the position of chairman, the ~~commission~~ governor shall ~~elect~~ select a new chairman to complete the unexpired term."

Page 2, after line 17, insert:

"A professional employee of the commission or department must immediately disclose to the commission any communication, direct or indirect, with a person who is a party to a pending proceeding before the commission regarding future benefits, compensation, or employment to be received from that person."

Page 2, delete lines 18 to 25 and insert:

"Sec. 4. [216A.036] [EMPLOYMENT RESTRICTIONS.]

(a) A person who serves as (1) a commissioner of the public utilities commission, (2) director of the department of public service, or (3) deputy director of the department, shall not, while employed with or within one year after leaving the commission, or department, accept employment with, receive compensation directly or indirectly from, or enter into a contractual relationship with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission.

(b) An entity or an affiliated company of an entity that is subject to rate regulation by the commission, or a person acting on behalf of the entity, shall not negotiate or offer to employ or compensate a commissioner, the director, or the deputy director, while the person is so employed or within one year after the person leaves that employment.

(c) For the purposes of this section, "affiliated company" means a company that controls, is controlled by, or is under common control with an entity subject to rate regulation by the commission."

Page 2, line 26, delete "CODE OF CONDUCT" and insert "RULES"

Page 2, line 27, delete "A commissioner"

Page 2, delete lines 28 to 31

Page 2, line 32, delete, "the parties to the proceeding" and insert "The commission shall adopt rules under chapter 14 prescribing impermissible ex parte communications"

Page 2, line 32, after the period, insert "The commission may adopt rules governing ex parte communications only by commission members with a party relating to a material issue in a pending contested rate proceeding. A case is pending from the time the commission refers the matter to the office of administrative hearings until the commission has issued its final order and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later."

Page 3, line 1, delete "RULES" and insert "CODE OF CONDUCT" and before "The" insert "Except as limited by subdivision 1,"

Page 3, after line 6, insert:

"Sec. 6. [216A.038] [PENALTY.]

*A person who violates section 4 is subject to a civil penalty not to exceed \$10,000 for each violation. The attorney general may bring an action in district court to collect the penalties provided in this section."*

Pages 3 and 4, delete section 4

Page 4, line 15, delete "Section" and insert "Sections" and delete "is" and insert "and 3 are"

Page 4, line 16, delete "applies" and insert "apply"

Page 4, line 17, after the period, insert "Section 2 is effective January 1, 1987." and delete "2, 3, and" and after "4" insert ", 5, and 6"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "requiring the governor to appoint the chair of the commission; changing qualification for commissioners;"

Page 1, line 9, after the semicolon, insert "providing penalties;" and after "sections" insert "216A.03, subdivisions 1 and 3; and"

Page 1, line 10, delete "and 216A.04;"

And when so amended the bill do pass and be re-referred to the Committee on Governmental Operations. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1711: A bill for an act relating to animals; prohibiting theft of dogs or cats for research purposes; prescribing a penalty; proposing coding for new law in Minnesota Statutes, chapter 346.

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

Page 1, line 10, delete "is prohibited."

Page 1, line 11, delete "Violation of this section"

Page 1, after line 11, insert:

"Sec. 2. Minnesota Statutes 1984, section 347.31, is amended to read:

347.31 [REGULATION OF DOG KENNELS; DEFINITIONS.]

Subdivision 1. [TERMS.] For the purpose of sections 347.31 to 347.40 the terms defined in this section shall have the meanings given to them.

Subd. 2. [DOG KENNEL.] "Dog Kennel" means any place, building, tract of land, abode, or vehicle wherein or whereupon dogs or cats are kept, congregated, or confined, such if the dogs having been or cats were obtained from municipalities, dog pounds, dog auctions, or by advertising for unwanted dogs or cats, or dogs or cats strayed, abandoned, or stolen. "Dog Kennel" does not mean includes a dog pound owned and operated by any political subdivision of the state. "Kennel" does not include a person's home where dogs or cats are kept as pets.



Subd. 3. [PREMISES.] The word "premises" means any building, structure, shelter, or land wherein or whereon dogs or cats are kept or confined.

Subd. 4. [DEALER.] "Dealer" means any licensed or unlicensed public or private agency, person, society, or corporation which buys, sells, or provides live dogs or cats for research purposes to institutions which the federal government requires to be licensed under Public Law Number 89-544, the federal Laboratory Animal Welfare Act.

Subd. 5. [INSTITUTION.] "Institution" means any school or college of agriculture, veterinary medicine, medicine, pharmacy, dentistry, or other educational or scientific organization properly concerned with the investigation of living organisms, instruction concerning the structure or functions of living organisms, or the cause, prevention, control, or cure of diseases or abnormal conditions of human beings or animals.

Sec. 3. Minnesota Statutes 1984, section 347.32, is amended to read:

347.32 [LICENSE FOR DOG KENNEL OR DEALER.]

No person, firm, or corporation shall establish, maintain, conduct, or operate a dog kennel or operate as a dealer within this state without first obtaining a license therefor from the board of animal health. The license shall be issued for a term of one year.

Sec. 4. Minnesota Statutes 1984, section 347.33, is amended to read:

347.33 [LICENSING PROCEDURES; INSPECTIONS; ADMINISTRATION.]

Subdivision 1. [APPLICATION.] The application for a license to operate and maintain a dog kennel or operate as a dealer shall be made to the board of animal health, in the manner prescribed by rules of the board.

Subd. 2. [CONTENTS.] The application for a license shall be in writing and on a form as the board may by rule provide, and shall set forth:

(1) The full name and address of the applicant or applicants, or names and addresses of the partners if the applicant is a partnership, or the names and addresses of the officers if the applicant is a corporation, and the address of the corporation.

(2) The legal description or, in its place, the address and specific location of the site, lot, field, or tract of land upon which it is proposed to operate and maintain a dog kennel.

Subd. 3. [FEES; ISSUANCE OF LICENSE.] The annual license fee is \$10 for each kennel or dealer licensed. All license fees collected by the board shall be deposited in the state treasury and credited to the general fund.

When application is made to the board, complete in the manner set forth by rule to be issued by the board, and upon payment of the license fee, the license shall be issued by the board if, after inspection of the premises, the board determines that the dog kennel or dealer complies with sections 347.31 to 347.40 and the rules promulgated pursuant to those sections.

Sec. 5. Minnesota Statutes 1984, section 347.34, is amended to read:

347.34 [LICENSES REQUIRED.]

It shall be unlawful for any person, firm, or corporation to establish, maintain, conduct, carry on, or operate a ~~dog~~ kennel *or operate as a dealer* without first having received a license to maintain, conduct, carry on, and operate a ~~dog~~ kennel, *or operate as a dealer*, duly signed and executed in the name of the state of Minnesota and signed by the board of animal health. The license shall be conspicuously displayed upon the licensed premises.

All licenses issued under sections 347.31 to 347.40 shall be personal to the licensee and be nontransferable.

Sec. 6. Minnesota Statutes 1984, section 347.35, is amended to read:

347.35 [BOARD OF ANIMAL HEALTH AUTHORIZED TO PROMULGATE RULES.]

The board of animal health shall promulgate rules as it deems necessary for the operation of ~~dog~~ kennels *and dealers* and the enforcement of sections 347.31 to 347.40 which shall be in addition to rules established herein. Rules may include, but are not limited to, requirements governing the care of dogs *and cats*, minimum conditions, and maintenance of quarters and ~~dog~~ kennels, the humane treatment of dogs *and cats* while in the ~~dog~~ kennels, maintenance of *detailed* records showing the person from whom any dog *or cat* aged over three months has been received, *including address, drivers license number, social security card number*, and to whom it has been transferred, and preservation of the records for a minimum period of two years.

Sec. 7. Minnesota Statutes 1984, section 347.37, is amended to read:

347.37 [INSPECTION; ENFORCEMENT.]

The board of animal health shall cause to be inspected from time to time all ~~dog~~ kennels *and dealers* licensed hereunder and all records required by sections 347.31 to 347.40 to be kept by the licensees.

Any duly authorized agent of the board, any sheriff, or his deputy, or police officer, or state humane agent appointed pursuant to section 343.01, is granted the power and the authority to enter upon the premises of any ~~dog~~ kennel *or dealer* at any time during the daylight hours for the purposes herein set forth, and for the purposes of inspecting the compliance with the provisions of sections 347.31 to 347.40 and the rules issued pursuant thereto, and for the purposes of enforcing sections 347.31 to 347.40.

Sec. 8. Minnesota Statutes 1984, section 347.38, is amended to read:

347.38 [REVOCAION OF LICENSE.]

The board of animal health may as hereinafter set forth revoke or suspend the license of any person, firm, or corporation, for violation of the rules issued pursuant to sections 347.31 to 347.40.

Upon written complaint made to the board by any person, firm, or corporation alleging any violation of ~~this law~~ *sections 347.31 to 347.40* or any rules pursuant thereto by any licensee, the board may cause an investigation to be made upon matters related in said complaint.

Thereupon the board shall in its discretion either dismiss the complaint or require the kennel *or dealer* against whom the complaint is made to correct the conditions or violations complained of within ten days after receipt of

written notice of the same. If upon termination of the ten day period the licensee has failed to correct or to remedy the violation or violations of sections 347.31 to 347.40 or any rules pursuant thereto, the board shall, upon a minimum of 30 days' notice to the licensee, conduct a hearing for the purpose of determining whether the license to operate a kennel *or as a dealer* should be revoked or temporarily suspended for a period not to exceed six months. If after notice and hearing the board finds that any provision of sections 347.31 to 347.40 has been violated by the licensee or any rule issued by the board has been violated by the licensee, the board may revoke and suspend the license. ~~The suspension shall not exceed a period of six months~~ *Possession or transfer of a stolen dog or cat by a kennel or dealer to an institution is grounds for license revocation.* The licensee whose license is revoked or suspended may within 20 days after the board's decision appeal to the district court. The district court shall upon 20 days' notice to the board hear the appeal within 45 days after the filing of the appeal. On the hearing of the appeal the court shall review the decision of the board in a manner as though reviewed by certiorari, except that new or additional evidence may be taken, if in the opinion of the court additional evidence is necessary or proper to the disposition of the case.

Sec. 9. Minnesota Statutes 1984, section 347.39, is amended to read:

347.39 [PENALTIES.]

Violation of any provision of sections 347.31 to 347.40 or of any rule of the board of animal health issued pursuant to sections 347.31 to 347.40, or ~~the~~ operation of a kennel *or as a dealer* without a license, or ~~the~~ operation of a kennel *or as a dealer* after revocation of a license or during a period of suspension, shall constitute a misdemeanor.

Sec. 10. Minnesota Statutes 1984, section 347.40, is amended to read:

347.40 [EXCEPTIONS.]

Sections 347.31 to 347.40 shall in no way apply to any veterinarian licensed to practice in the state of Minnesota who keeps, congregates, or confines dogs *or cats* in the normal pursuit of the practice of veterinary medicine.

~~The provisions of Sections 347.31 to 347.40 shall do not apply to any institution licensed to obtain animals under the provisions of section 35.71, and to any person licensed under P.L. 89-544, the federal laboratory animal welfare act."~~

Amend the title as follows:

Page 1, line 3, after the first semicolon, insert "regulating dog and cat dealers;" and after the second semicolon, insert "amending Minnesota Statutes 1984, sections 347.31; 347.32; 347.33; 347.34; 347.35; 347.37; 347.38; 347.39; and 347.40;"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1794: A bill for an act relating to Washington county; permitting the negotiated sale of certain property.

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

Page 1, after line 11, insert:

“Sec. 2. [REPEALER.]

*Laws 1959, chapter 14, section 1, subdivision 5, is repealed.”*

Renumber the remaining section in sequence

Amend the title as follows:

Page 1, line 3, after “property” insert “; repealing a provision relating to county interests in certain hospital property; repealing Laws 1959, chapter 14, section 1, subdivision 5”

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1710: A bill for an act relating to health; creating a public corporation to provide health care services and research; providing that subsidiaries govern St. Paul Ramsey Medical Center and a physicians and dentists association; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

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

Page 6, line 36, before “*Notwithstanding*” insert “*Notwithstanding any law to the contrary, the hospital subsidiary corporation shall not be subject to the provisions of chapter 179A and sections 471.345 to 471.37.*”

Page 7, line 1, delete “*hospital,*”

Page 7, line 31, delete “, *sell, transfer, or dispose of*”

Page 7, line 35, delete “, *sale,*”

Page 7, line 36, delete “*transfer, or disposition*”

Page 8, line 12, delete the second comma

Page 8, line 13, delete “*sale, transfer, or disposition*”

Page 9, line 27, after “*established*” insert “*or negotiated*”

Page 12, line 5, after “CORPORATION” insert “AND HOSPITAL SUBSIDIARY”

Page 12, lines 6 and 23, after “*corporation*” insert “*and the hospital subsidiary corporation*”

Page 12, lines 6 and 24, after “*shall*” insert “*each*”

Page 12, line 7, delete “, *except as*”

Page 12, line 8, delete everything before the period

Page 12, line 10, delete everything after the first "the"

Page 12, line 11, delete "corporation's board" and insert "corporation and the hospital subsidiary corporation"

Page 12, line 12, delete "the following" and insert "contractual" and delete "when:"

Page 12, delete lines 13 to 20

Page 12, line 21, delete everything before the period and insert "or matters relating to marketing activity"

Page 12, line 27, after "concerning" insert "contractual" and delete "affecting the"

Page 12, line 28, delete "competitive position" and insert "or matters relating to marketing activity"

Page 13, line 21, after "LIMITS" insert "AND COMPENSATION"

Page 13, line 22, before "Notwithstanding" insert "Subdivision 1. [EMPLOYEE SALARIES.]"

Page 13, after line 25, insert:

"Subd. 2. [EMPLOYEE COMPENSATION; CONSTRUCTION AND BUILDING TRADE.] *The total compensation package, including wage plus benefit rates, of all employees that are members of a construction or building trade for which there is a generally established and recognized scale of wages inside the county, shall be equal to the total compensation package of private sector construction trade employees within the county as established by collective bargaining agreements.*"

Page 16, after line 18, insert:

"Subdivision 1. [SERVICES.] *The hospital subsidiary corporation shall provide hospital and medical services for the indigent of Ramsey county. The services shall be equivalent to those made available to nonindigent patients.*"

Page 16, line 19, before "Notwithstanding" insert "Subd. 2. [FUNDS.]"

Amend the title as follows:

Page 1, line 3, after "services" insert ", education,"

Page 1, line 4, delete "that subsidiaries govern" and insert "for governance of"

Page 1, line 5, after the first "and" insert "creation of" and delete "association" and insert "subsidiary"

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

Ms. Berglin from the Committee on Health and Human Services; to which was referred

S.F. No. 1717: A bill for an act relating to controlled substances; establishing a multiple prescription system for monitoring controlled substances;

providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 152.09, subdivision 2, and by adding a subdivision; 152.11, subdivision 1; and 152.15, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 152.

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 1984, section 152.09, subdivision 2, is amended to read:

Subd. 2. It shall be unlawful for any person to:

(1) procure, attempt to procure, possess or have in his control a controlled substance by ~~any of the following means:~~ (1) fraud, deceit, misrepresentation or subterfuge; (2) using a false name or giving false credit; (3) or falsely assuming the title of, or falsely representing any person to be, a manufacturer, wholesaler, pharmacist, physician, doctor of osteopathy licensed to practice medicine, dentist, podiatrist, veterinarian, or other authorized person for the purpose of obtaining a controlled substance; or

(2) knowingly obtain or possess a controlled substance obtained by a prescription that does not comply with this chapter.

Sec. 2. Minnesota Statutes 1984, section 152.09, is amended by adding a subdivision to read:

Subd. 3. It shall be unlawful for any person to:

(1) prescribe a controlled substance for one's own use;

(2) intentionally prescribe, administer, or furnish a controlled substance except under the conditions and in the manner provided by this chapter;

(3) make a false statement in any prescription, order, report, or record required under this chapter; or

(4) affix a false or forged label to a package or receptacle containing a controlled substance.

Sec. 3. Minnesota Statutes 1984, section 152.11, subdivision 1, is amended to read:

Subdivision 1. No person may dispense a controlled substance included in Schedule II of section 152.02 without a prescription written by a doctor of medicine, a doctor of osteopathy licensed to practice medicine, a doctor of dental surgery, a doctor of dental medicine, a doctor of podiatry, or a doctor of veterinary medicine, lawfully practicing his profession in this state. ~~Provided that~~ In emergency situations, as authorized by federal law, such a schedule II drug may be dispensed upon oral prescription reduced promptly to writing and filed by the pharmacist, as authorized by federal law. ~~Such~~ Oral prescriptions for schedule II substances shall be processed and retained in conformity with section 152.101 and section 4, subdivision 4. A prescription for a schedule II substance must be filled within three days from the date the prescription was written. No prescription for a Schedule II substance may be refilled. Beginning January 1, 1987, a prescription for a schedule II substance must be recorded on an official prescription blank in the manner

*required in section 4, unless the prescription is written for a patient who is admitted to a hospital or nursing home at the time the prescription is written and filled.*

For the purposes of Laws 1971, Chapter 937, a written prescription or oral prescription, which shall be reduced to writing, for a controlled substance in Schedules II, III, IV or V is void unless (1) it is written in ink and contains the name and address of the person for whose use it is intended; (2) it states the amount of the controlled substance to be compounded or dispensed, with directions for its use; (3) if a written prescription, it contains the signature, address and federal registry number of the prescriber and a designation of the branch of the healing art pursued by the prescriber; and if an oral prescription, the name and address of the prescriber and a designation of his branch of the healing art; and (4) it shows the date when signed by the prescriber, or the date of acceptance in the pharmacy if an oral prescription. Every licensed pharmacist who compounds any such prescription shall retain such prescription in a file for a period of not less than two years, open to inspection by any officer of the state, county, or municipal government, whose duty it is to aid and assist with the enforcement of this chapter. Every such pharmacist shall distinctly label the container with the directions contained in the prescription for the use thereof.

#### Sec. 4. [152.115] [MULTIPLE PRESCRIPTION SYSTEM.]

*Subdivision 1. [OFFICIAL PRESCRIPTION BLANKS.] The commissioner of public safety shall furnish serially-numbered, triplicate-copy official prescription blanks to persons authorized to write prescriptions for schedule II substances. Prior to distributing blanks to authorized persons, the commissioner shall imprint upon each blank the name, address, category of professional licensure and specialization, federal drug enforcement administration number, and state professional license number of the person to whom the blanks will be furnished. Each official prescription blank must contain spaces for: (1) the date the prescription is written; (2) the name, address, and age of the person for whom the substance is prescribed or, if the ultimate user is an animal, the species of the animal and the name and address of the owner; (3) information concerning the form of identification presented to the pharmacist or other methods used to authenticate the prescription; (4) the drug prescribed, the numerical and written dosage, instructions for use, and a notation of whether the drug was dispensed directly to the patient by the practitioner; (5) the date the prescription is filled; (6) the name, address, and federal drug enforcement administration number of the dispensing pharmacy and the name and license number of the pharmacist who fills the prescription; and (7) the national drug code product identification number of the substance prescribed. The commissioner of public safety shall charge a fee for the blanks that is sufficient to cover printing and distribution costs. Official prescription blanks are not transferable. Lost or stolen blanks must be immediately reported to the commissioner of public safety. Within seven days after a practitioner's license to practice or federal drug enforcement administration number has been suspended, canceled, denied, surrendered, or revoked, the practitioner shall return to the commissioner of public safety all official prescription blanks in the practitioner's possession that have not been used for prescriptions. A person who possesses an official prescription blank other than as authorized in this section is guilty of a*

*misdeemeanor.*

*Subd. 2. [DUTIES OF PRESCRIBERS.] Except as allowed under subdivision 4 and section 152.11, subdivision 1, a prescription for a schedule II drug authorized by section 152.11 must be written on an official prescription blank issued by the commissioner of public safety under subdivision 1. No more than one prescription may be written on each blank. The prescribing practitioner shall enter on the blank the following information: (1) the date the prescription is written; (2) the drug prescribed, the dosage, and instructions for use; and (3) the name, address, and age of the patient (or, in the case of an animal, its owner) for whom the substance is prescribed. This information must be legible on all three copies of the blank. The prescriber shall sign the first and second copies and give them to the person authorized to receive the prescription. If a practitioner dispenses a schedule II drug directly to a patient, the practitioner must mark the appropriate space on the prescription form, enter the national drug code product identification number, and send the first and second copies to the commissioner of public safety. The prescriber shall retain the third copy for a period of not less than two years from the date the prescription is written.*

*Subd. 3. [DUTIES OF PHARMACISTS.] A pharmacist shall not dispense a schedule II substance except pursuant to a prescription properly written on an official prescription blank or pursuant to an emergency oral prescription authorized under subdivision 4. Before filling a prescription written on an official prescription blank, the pharmacist shall request identification from the person presenting the prescription. If the identification provided reasonably satisfies the pharmacist that the person is the patient for whom the prescription was written or is the legitimate representative of the patient, the pharmacist shall record identifying numbers and a brief description of the identification provided. If no satisfactory identification is available, the pharmacist shall contact the prescriber for information verifying the authenticity of the prescription and generally identifying the person presenting the prescription. The pharmacist must not deny a person medication solely because no identification is provided, but only if circumstances create a reasonable question regarding the legitimacy of the prescription or the authority of the person presenting the prescription to receive the substance. A pharmacist who dispenses a prescription recorded on an official prescription blank shall enter on copies one and two of the blank, in the spaces provided,*

*(1) the date the prescription is filled;*

*(2) identifying numbers and a brief description of the identification provided by the person presenting the prescription or, if no form of identification was provided, the method used to authenticate the prescription and establish the authority of the person to receive it;*

*(3) the name, address, and federal drug enforcement administration number of the dispensing pharmacy;*

*(4) the name and state professional license number of the pharmacist who fills the prescription; and*

*(5) the national drug code product identification number. The dispensing pharmacist shall sign the first copy and send it to the commissioner of public safety within 30 days from the date the prescription is filled. The dispensing*



*pharmacist shall retain the second copy for a period of not less than two years in conformity with section 152.101.*

*Subd. 4. [EMERGENCY ORAL PRESCRIPTIONS.] A schedule II substance may be dispensed without an official prescription blank pursuant to an emergency oral prescription as authorized by federal law. A substance dispensed pursuant to an emergency oral prescription must not be dispensed later than 24 hours after the oral authorization was received and the amount of the substance dispensed must not exceed a three-day supply if taken according to the directions for its use. At the time the oral prescription is given, the prescriber shall provide the pharmacist with the information required to be entered upon an official blank by the prescriber under subdivision 2. The pharmacist shall promptly record the information provided by the prescriber and the information required to be entered on an official blank by the dispensing pharmacist under subdivision 3. Within 72 hours after authorizing an emergency oral prescription, the prescribing practitioner shall record the information required under subdivision 2 upon an official prescription blank and deliver to the pharmacist the original and one copy upon which has been written the words "authorization for emergency dispensing." The pharmacist shall enter the required information upon the official form, file a copy with the commissioner of public safety as required under subdivision 3, and retain a copy in conformity with subdivision 3 and section 152.101. If the pharmacist does not receive the prescription within 72 hours after dispensing the substance, the pharmacist shall notify the commissioner of public safety no later than seven days after the substance was dispensed.*

*Subd. 5. [USE AND RELEASE OF INFORMATION.] Information submitted to the commissioner of public safety under this section is confidential data on individuals, as defined in section 13.02, subdivision 3, and must be used only for bona fide drug-related criminal investigations or prosecutions; by one or more of the state boards responsible for regulating persons authorized to write or dispense prescriptions, for investigations or disciplinary actions; or by the commissioner of human services. The commissioner of public safety shall not release or permit access to information received under this section except to authorized officers of the department of public safety and authorized representatives or investigators of the commissioner of human services or the boards of medical examiners, podiatry, dentistry, veterinary medicine, or pharmacy. Prescription blanks and information concerning specific prescribers, patients, or pharmacists must be destroyed after two years unless related to an active investigation or pending civil, criminal, or disciplinary proceeding. The system for retrieving information submitted to the commissioner of public safety under this section must be designed to preclude improper access to information through the use of automated information security techniques and devices. The commissioner of public safety shall consult the commissioner of human services, the board of pharmacy and each of the state boards responsible for regulating persons authorized to write or dispense prescriptions during the process of developing the information system and the standards and criteria for evaluating data, and shall submit the proposed design to the boards and the commissioner of human services for final review and comment before implementation.*

*Subd. 6. [IMPLEMENTATION.] The commissioner of public safety, with the assistance of the commissioner of human services and the boards of*

*pharmacy, medical examiners, veterinary medicine, podiatry, and dentistry, shall provide information to all affected practitioners, in a timely manner, to assist them in complying with this act.*

*Subd. 7. [RULEMAKING.] The commissioner of public safety may adopt permanent rules to implement this section.*

*Sec. 5. Minnesota Statutes 1984, section 152.15, subdivision 3, is amended to read:*

*Subd. 3. Any person who violates section 152.09, subdivision 2 or 3, is guilty of a crime and upon conviction may be imprisoned for not more than four years, or fined not more than \$45,000, or both.*

*Sec. 6. [REPORT.]*

*Before January 1, 1989, the commissioner of public safety, with the cooperation and assistance of the commissioner of human services and the boards of pharmacy, medical examiners, veterinary medicine, podiatry, and dentistry, shall report to the legislature on the implementation and effectiveness of the multiple prescription system including:*

- (1) the number of official prescription blanks issued;*
- (2) the number of lost or stolen blanks;*
- (3) the number of indictments, convictions, and disciplinary actions attributable to the program;*
- (4) the cost of administering the program;*
- (5) information about changes in the consumption and diversion of controlled substances in the state as a result of the program;*
- (6) a cost-benefit analysis of the program comparing the benefits of the program in terms of drugs confiscated; channels of diversion closed; perpetrators identified, indicted, or convicted; statewide or regional decreases in consumption and diversion of controlled drugs; reduced overprescribing by practitioners; identification and prevention of fraud and recoupment of overpayments in public medical care programs; referral of chemical abusers to treatment; and other benefits of the program in comparison to the costs of the program to state agencies, prescribers, patients, pharmacists, and other affected persons, and the other undesirable consequences of the program;*
- (7) recommendations for program changes;*
- (8) recommendations regarding the appropriateness of extending the program to include prescriptions for substances in schedules III, IV, and V; and*
- (9) other relevant information pertaining to the program.*

*Prior to implementation of the project a study group of all involved parties shall be established and shall report to the legislature regarding the anticipated benefits and costs of the project.*

*Sec. 7. [APPROPRIATION.]*

*§\_\_\_\_\_ is appropriated from the general fund to the commissioner of public safety for purposes of sections 4 and 6.*

*Sec. 8. [EFFECTIVE DATES.]*

*Sections 1 to 3; section 4, subdivision 5; and sections 5 and 7 are effective July 1, 1986. Section 4, subdivisions 1 to 4, 6, and 7; and section 6 are effective July 1, 1987.*

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was re-referred.

S.F. No. 1616: A bill for an act relating to agriculture; increasing the amount of an agricultural or business loan subject to usury limits; modifying exemptions; requiring notices; providing remedies for failing to notify; exempting family farm corporations from usurious defense prohibitions; extending program to provide a mechanism to aid restructuring of existing farm loans and to provide for partial payment of interest on loans to farmers; amending Minnesota Statutes 1984, sections 48.195; 334.01, subdivision 2; and 334.011; Minnesota Statutes 1985 Supplement, sections 53.04, subdivision 3a; 56.131, subdivision 1; 334.021; Laws 1985, chapter 4, sections 2; 6, subdivisions 2, 3, and 4, as amended; 8; 10; and 11.

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

Page 8, line 36, delete "*operated for profit or*" and insert "*which is carried on for the purpose of*"

Page 8, line 36, before the period, insert "*or profit*"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was re-referred

S.F. No. 1703: A bill for an act relating to commerce; regulating those who package soft drinks and other nonalcoholic beverages; increasing certain vending machine inspection fees; clarifying authority to inspect vending machines; clarifying rulemaking authority of commissioner of agriculture; amending Minnesota Statutes 1984, sections 28A.05; 28A.09, subdivision 1; 34.03; and 34.09; repealing Minnesota Statutes 1984, section 34.05.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

H.F. No. 1806: A bill for an act relating to financial institutions; permitting state banks and credit unions to offer self-directed individual retirement accounts; amending Minnesota Statutes 1984, section 48.15, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 52.04, subdivision 1.

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

Page 7, lines 5 and 12, after "*deposit*" insert a comma

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1732: A bill for an act relating to marriage dissolution; allowing for a presumption of joint custody; requiring mediation services in contested custody matters; establishing a trust account in certain child support matters; amending Minnesota Statutes 1984, sections 518.17, subdivision 2; 518.551, subdivision 5; 518.57; 518.61; and 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.641.

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 1984, section 518.17, subdivision 2, is amended to read:

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

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

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

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

*The court shall use a rebuttable presumption that joint legal custody is in the best interests of the child.*

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

Subd. 5. [DEVIATION FROM GUIDELINES.] The court may order the noncustodial parent to pay support in an amount ~~below~~ *deviating from* the appropriate amount determined from the guidelines in section 518.551, subdivision 5 for use in public assistance cases, only after considering the factors in subdivision 4 of this section and making express findings of fact as to the reason for the ~~lower~~ order. An order for support in an amount ~~below~~ *deviating from* the guidelines must include findings of fact regarding the financial resources and needs of the child.

Sec. 3. Minnesota Statutes 1984, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] The petitioner shall notify the public authority of all proceedings for dissolution,

legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support by multiplying the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
\$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.						
\$401 - 500	14%	17%	20%	22%	24%	26%	28%
\$501 - 550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001 - 6000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of \$6001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of \$6000.

Net Income defined as:

Total monthly income less

- \*(1) Federal Income Tax
- \*(2) State Income Tax
- (3) Social Security Deductions
- (4) Mandatory Pension Deductions
- (5) Union Dues
- (6) Cost of Dependent Health Insurance Coverage
- (7) Cost of Individual Health/Hospitalization Coverage or an Equivalent Amount for Actual Medical Expenses.

\*Standard Deductions apply-use of tax tables recommended

(a) The child support payment guidelines take into consideration the following criteria:

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

- (2) the basic living needs of the obligor;
- (3) the financial needs of the child or children to be supported; and
- (4) the amount of the aid to families with dependent children grant for the child or children.

(b) In establishing a support obligation, the court may consider debts owed to private creditors, but only if:

- (1) the right to support has not been assigned under section 256.74;
- (2) the debt was reasonably incurred for necessary support of the child or obligee or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income;
- (3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid; and
- (4) the court determines that the debt was legitimately incurred for the necessary support of the child or obligee or for the necessary generation of income.

Any schedule prepared under paragraph (b), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

The court shall order child support in accordance with the guidelines and any departure therefrom. Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

Where payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

(c) Previous support orders and maintenance orders may be considered if the obligor is paying them.

(d) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(e) The above guidelines are binding in each case unless the court makes express findings of fact as to the reason for departure ~~below from the guidelines in that case in which the court orders support that so deviates from the guidelines. It may also increase the amount of child support by more than the guidelines without making express findings by agreement of the parties or by making further findings.~~ *The court, in addition to other factors, may deviate from the guidelines after considering the factors in section 518.17, subdivision 4.*

## SERVICES.]

*Subdivision 1. [MEDIATION PROCEEDING.] If it appears on the face of the petition or other application for an order or modification of an order for the custody of a child that custody is contested, as provided in sections 518.155 to 518.185, the matter shall be set for mediation of the contested issue prior to or concurrent with the setting of the matter for hearing. The purpose of the mediation proceeding is to reduce acrimony which may exist between the parties and to develop an agreement assuring the child's close and continuing contact with both parents after the marriage is dissolved. The mediator shall use best efforts to effect a settlement of the custody dispute.*

*Subd. 2. [MEDIATOR APPOINTMENT.] Each family court shall make available a mediator. The mediator must be a member of the professional staff of a family court, probation department, or mental health services agency, unless such a person is not available. The mediator must be on a list of mediators approved by the court having jurisdiction of the matter, unless the parties stipulate to a mediator not on the list.*

*Subd. 3. [PROCEEDINGS PRIVATE.] Mediation proceedings shall be held in private and shall be confidential.*

*Subd. 4. [MEDIATOR AUTHORITY.] The mediator shall have the authority to exclude counsel from participation in the mediation proceedings if the mediator believes that exclusion of counsel is appropriate or necessary. The mediator shall assess the needs and interests of the child involved in the controversy and may interview the child if the mediator finds an interview appropriate or necessary.*

*Subd. 5. [MEDIATOR RECOMMENDATIONS.] The mediator may, consistent with local court rules, make a recommendation to the court as to the custody of the child. When the parties have not reached agreement as a result of the mediation proceeding, the mediator may recommend to the court that an investigation be conducted under section 518.167, or that other action be taken to assist the parties to resolve the controversy before hearing on the issues. The mediator may recommend that mutual restraining orders be issued in appropriate cases, pending determination of the controversy, to protect the well-being of the children involved in the controversy.*

*Subd. 6. [MEDIATION AGREEMENT.] An agreement reached by the parties as a result of mediation shall be filed with the court and served on the attorneys for the parties by the mediator on the day the mediation is finished, or any time after as designated by the court.*

*Subd. 7. [RULES.] Each court shall adopt rules to implement this section, and shall compile and maintain a list of mediators.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2, is amended to read:

*Subd. 2. [MODIFICATION.] The terms of a decree respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party; (2) substantially increased or decreased need of a party; (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost-of-living for either party as measured by the federal bureau of statistics, any of which*

makes the terms unreasonable and unfair. On a motion for modification of maintenance, the court shall apply, in addition to all other relevant factors, the factors for an award of maintenance under section 518.552 that exist at the time of the motion. On a motion for modification of support, the court shall take into consideration the needs of the children and *shall not consider* the financial circumstances of each party's spouse, if any. A modification which decreases support or maintenance may be made retroactive only upon a showing that any failure to pay in accord with the terms of the original order was not willful. A modification which increases support or maintenance shall not be made retroactive if the obligor has substantially complied with the previous order. Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24."

Delete the title and insert:

"A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; amending Minnesota Statutes 1984, sections 518.17, subdivisions 2 and 5; 518.551, subdivision 5; Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518."

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1817: A bill for an act relating to insurance; authorizing the commissioner to adopt an assigned risk plan for licensed day care providers; regulating the creation and operation of the plan; amending Minnesota Statutes 1984, section 70A.09.

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

Page 3, after line 30, insert:

"Sec. 2. Minnesota Statutes 1984, section 245.814, is amended to read:

245.814 [LIABILITY INSURANCE FOR FOSTER PARENTS LICENSED PROVIDERS.]

*Subdivision 1.* [INSURANCE FOR FOSTER PARENTS.] The commissioner of human services shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:

(1) injuries or property damage caused or sustained by foster children in their home; and



(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of human services, licensed by a federally recognized tribal government, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused intentionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

*Subd. 2. [LIABILITY INSURANCE.] If the commissioner determines that commercial liability insurance is not available for licensed foster homes, group homes, developmental achievement centers, or day care providers, the state will pay compensation for otherwise-uncompensated injury to or loss of property or personal injury or death caused by an act or omission of any licensee or the licensee's employee or agent, while acting within the scope of the licensed activity. If the commissioner determines that commercial insurance is not available, the total liability of the state and the licensed provider acting within the scope of the licensed activity is subject to the limits in section 3.736, subdivision 4, and does not exceed the scope and minimum liability limits of insurance coverage the commissioner by rule requires to be maintained by licensed providers. The procedures, requirements, and applicable exclusions of section 3.736, for claims against state employees, apply to claims against the provider or the state under this subdivision.*

Page 3, line 31, delete "2" and insert "3"

Page 3, line 32, delete "Section 1 is" and insert "Sections 1 and 2 are"

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "providing for state indemnification of foster parents;"

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

Page 1, line 6, after "70A.09" insert "; and 245.814"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1642: A bill for an act relating to commerce; regulating electricians; amending Minnesota Statutes 1984, sections 326.01, by adding a subdivision; 326.245; 326.248; Minnesota Statutes 1985 Supplement, sections 326.01, subdivision 5; 326.242, subdivisions 1, 2, 6, and 12; 326.244, subdivisions 2 and 5; and 326.246.

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

Page 6, after line 12, insert:

“Sec. 7. Minnesota Statutes 1985 Supplement, section 326.2421, subdivision 3, is amended to read:

Subd. 3. [ALARM AND COMMUNICATION CONTRACTOR'S LICENSES.] No person may lay out, install, maintain, or repair alarm and communication systems, unless the person is licensed as an alarm and communication contractor under this subdivision, *or is a licensed electrical contractor under section 326.242, subdivision 6*, or is an employee of the contractor. The board of electricity shall issue an alarm and communication contractor's license to any individual, corporation, partnership, sole proprietorship, or other business entity that provides adequate proof that a bond and insurance in the amounts required by section 326.242, subdivision 6, have been obtained by the applicant. The board may initially set license fees without rulemaking, pursuant to section 16A.128. Installation of alarm and communication systems are subject to inspection and inspection fees as provided in section 326.244, subdivision 1a.”

Page 10, line 1, delete “11” and insert “12”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after “12;” insert “326.2421, subdivision 3;”

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1685: A bill for an act relating to child support; clarifying determination of support under the child support guidelines; amending Minnesota Statutes 1984, sections 518.17, subdivision 5; and 518.551, subdivision 5.

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

Page 1, after line 7, insert:

“Section 1. Minnesota Statutes 1984, section 484.73, is amended to read:

484.73 [JUDICIAL ARBITRATION COURT-ANNEXED ALTERNATIVE DISPUTE RESOLUTION.]

Subdivision 1. [AUTHORIZATION.] A majority of the judges of a judicial district may authorize the establishment of a system of ~~mandatory, non-binding arbitration~~ *court-annexed alternative dispute resolution* within the district to assist the court in disposing of any controversy existing ~~between two~~ among parties, which is the subject of a civil action.

*Subd. 1a.* [ALTERNATIVE DISPUTE RESOLUTION MECHANISMS.] *Alternative dispute resolution mechanisms may include voluntary mediation; voluntary binding arbitration; mandatory, nonbinding arbitration; and voluntary mediation-arbitration. The district judges shall establish separate panels of qualified third-party neutrals for each alternative dispute resolution mechanism used in the district.*

Subd. 2. [EXCLUSIONS.] *Judicial arbitration or mediation may not be*

used to dispose of matters relating to guardianship, conservatorship, or civil commitment, matters within the juvenile court jurisdiction involving neglect, dependency, or delinquency, matters involving termination of parental rights under sections 260.221 to 260.245, or matters arising under sections 518B.01, 626.557, or 144.651 to 144.652.

Subd. 3. [RULES.] Rules governing pleadings, practice, procedure, jurisdiction, and forms for judicial arbitration or mediation shall be promulgated by a majority of the judges in the district, subject to the approval of the supreme court. The uniform arbitration act shall not be construed to apply to arbitration under this section except as otherwise provided in the rules of the judicial district.

Sec. 2. Minnesota Statutes 1984, section 518.17, subdivision 3, is amended to read:

Subd. 3. [CUSTODY ORDER.] (a) Upon adjudging the nullity of a marriage, or a dissolution or separation, or a child custody proceeding, the court shall make such a further order as it deems just and proper concerning: ~~(a)~~ (1) the legal custody of the minor children of the parties which shall be sole or joint; ~~(b)~~ (2) their physical custody and residence; and ~~(c)~~ (3) their support. *The court shall order custody in accordance with the agreement of the parties unless it makes express findings of fact as to why it is not in the best interests of the child.* In determining custody, the court shall consider the best interests of the child and shall not prefer one parent over the other solely on the basis of the sex of the parent.

(b) *The custody order must include the following notice to the parties:*

**NOTICE IS HEREBY GIVEN TO THE PARTIES:**

(1) *That noncustodial parents have the same right of access to the school, medical, and other important records of the child not in their custody that the custodial parents have.*

(2) *That each party has the right to inspect and receive the child's medical and dental records.*

(3) *That the custodial parent shall keep the noncustodial parent informed as to the name and address of the school that the minor child attends at any given time. If requested, the custodial parent shall promptly send to the noncustodial parent a copy of all report cards of the minor child in that parent's custody. Further, the custodial parent shall promptly inform the noncustodial parent of all parent-teacher conferences and school programs and events that directly affect the parties' child. Each party has the right to be informed by school officials regarding the child's welfare and educational status, and to attend any school and parent-teacher conferences.*

(4) *That, in the case of serious illness or accident of either party or of the minor child in a party's custody, the then noncustodial parent shall be notified immediately of the illness or accident, and shall be told the name of the treating physician or physicians and the place of treatment if the injury is to the minor child.*

(5) *That the noncustodial parent has the right to reasonable access and telephone contact with the child.*

(6) *That the custodial parent has an affirmative duty to keep the noncus-*

*todial parent informed of significant events in the child's life.*

*(c) The court may waive all or part of the notice under paragraph (b) if it finds that it is necessary to protect the welfare of a party or child."*

Page 1, after line 20, insert:

"Sec. 4. Minnesota Statutes 1984, section 518.175, subdivision 4, is amended to read:

*Subd. 4. Proof of an unwarranted denial of or interference with duly established visitation may constitute contempt of court and may be sufficient cause for reversal of custody. After finding that there has been interference with or denial of visitation, the court shall order visitation according to a specific and defined visitation schedule."*

Page 4, after line 33, insert:

"Sec. 6. Minnesota Statutes 1984, section 518.57, is amended to read:

518.57 [MINOR CHILDREN, SUPPORT.]

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

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

*Subd. 3. [DETERMINATION OF INCOME.] Where the obligor receives income that is not reflected on a W-2 income tax withholding statement, such as income from a corporation, partnership, sole proprietorship, agricultural operation, or other self-employment, the court may base its determination of income upon the prior years' income tax returns. In determining the obligor's income for establishing child support, the court may consider amounts excluded from income that reflect noncash deductions and similar tax preference items.*

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

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

*(1) the obligor serves written notice of the application for termination of*

*income withholding by mail upon the obligee at the obligee's last known mailing address; and a duplicate copy of the application is served upon the public authority responsible for the processing of support collection services;*

*(2) the application for termination of income withholding specifies the event that terminates the support obligation, the effective date of the termination of the support obligation, and the applicable provisions of the order or decree that established the support obligation;*

*(3) the application includes the complete name of the obligor's employer or other payer of funds, the business mailing address, the court action and court file number, and the support and collections file number, if known; and*

*(4) after receipt of the application for termination of income withholding, the obligee or the public authority fails within 20 days to request a hearing on the issue of whether income withholding of support should continue clearly specifying the basis for the continued support obligation and, ex parte, to stay the service of the order terminating income withholding upon the obligor's employer or other payer of funds, pending the outcome of the hearing.*

Sec. 8. Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2, is amended to read:

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

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, line 3, delete everything before the semicolon and insert "provid-

ing for court-annexed alternative dispute resolution mechanisms; providing for custody and support of children; modifying provisions relating to joint custody, child support, and visitation”

Page 1, line 4, after “sections” insert “484.73;” and delete “subdivision” and insert “subdivisions”

Page 1, delete line 5 and insert “3 and 5; 518.175, subdivision 4; 518.551, subdivision 5; 518.57; and 518.611, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2.”

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1794 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		1794	1579		

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1664 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1664	1547				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1664 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1664 and insert the language after the enacting clause of S.F. No. 1547, the first engrossment; further, delete the title of H.F. No. 1664 and insert the title of S.F. No. 1547, the first engrossment.

And when so amended H.F. No. 1664 will be identical to S.F. No. 1547, and further recommends that H.F. No. 1664 be given its second reading and substituted for S.F. No. 1547, 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. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1559: A bill for an act relating to agriculture; making changes related to agricultural credit and agricultural collateral; changing priority of security interests related to agricultural products; amending Minnesota Statutes 1984, sections 336.9-307; 336.9-312; 336.9-315; 336.9-402; and 336.9-403; proposing coding for new law in Minnesota Statutes, chapter 514.

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 1984, section 336.9-312, is amended to read:

336.9-312 [PRIORITIES AMONG CONFLICTING SECURITY INTERESTS IN THE SAME COLLATERAL.]

(1) The rules of priority stated in other sections of this part and in the following sections shall govern when applicable: section 336.4-208 with respect to the security interests of collecting banks in items being collected, accompanying documents and proceeds; section 336.9-103 on security interests related to other jurisdictions; section 336.9-114 on consignments.

(2) A perfected security interest in crops for new value given to enable the debtor to produce the crops during the production season and given not more than three months before the crops become growing crops by planting or otherwise takes priority over an earlier perfected security interest to the extent that such earlier interest secures obligations due more than six months before the crops become growing crops by planting or otherwise, even though the person giving new value had knowledge of the earlier security interest.

(2) (a) A production money security interest in farm products and proceeds of the farm products takes priority over a conflicting security interest in the farm products or proceeds of the farm products, if the production money security interest in the farm products and proceeds of the farm products is perfected by 20 days after the debtor receives the goods or services acquired with the value secured by the production money security interest. Priority among conflicting production money security interests in the same farm products or proceeds shall be on a pro rata basis.

(b) A production money security interest is a security interest in farm products for new value given to enable the debtor to acquire goods or services used in producing or raising the farm products if the value is in fact so used. The new value given may be by loan of money by a lender or other financier or by extension of credit by a seller or other supplier. A security interest in farm products taken or retained by the seller, lessor, or any other supplier or financier of machinery, farm implements, or other goods that do not directly add value to the farm products, to secure a debt owed with respect to the machinery, farm implements, or other goods is not a production money

security interest.

*(c) The creating or perfecting of a production money security interest shall not operate under any circumstances as a default on, an accelerating event under, or otherwise as a breach of: any note or other instrument or agreement of any kind or nature to pay debt; any loan or credit agreement; or any security arrangement of any kind or nature whether the collateral is real or personal property.*

(3) A perfected purchase money security interest in inventory has priority over a conflicting security interest in the same inventory and also has priority in identifiable cash proceeds received on or before the delivery of the inventory to a buyer if

(a) the purchase money security interest is perfected at the time the debtor receives possession of the inventory; and

(b) the purchase money secured party gives notification in writing to the holder of the conflicting security interest if the holder had filed a financing statement covering the same types of inventory (i) before the date of the filing made by the purchase money secured party, or (ii) before the beginning of the 21 day period where the purchase money security interest is temporarily perfected without filing or possession (subsection (5) of section 336.9-304); and

(c) the holder of the conflicting security interest receives the notification within five years before the debtor receives possession of the inventory; and

(d) the notification states that the person giving the notice has or expects to acquire a purchase money security interest in inventory of the debtor, describing such inventory by item or type.

(4) A purchase money security interest in collateral other than inventory has priority over a conflicting security interest in the same collateral or its proceeds if the purchase money security interest is perfected at the time the debtor receives possession of the collateral or within 20 days thereafter.

(5) In all cases not governed by other rules stated in this section (including cases of purchase money security interests which do not qualify for the special priorities set forth in subsections (3) and (4) of this section), priority between conflicting security interests in the same collateral shall be determined according to the following rules:

(a) Conflicting security interests rank according to priority in time of filing or perfection. Priority dates from the time a filing is first made covering the collateral or the time the security interest is first perfected, whichever is earlier, provided that there is no period thereafter when there is neither filing nor perfection.

(b) so long as conflicting security interests are unperfected, the first to attach has priority.

(6) For the purposes of subsection (5) a date of filing or perfection as to collateral is also a date of filing or perfection as to proceeds.

(7) If future advances are made while a security interest is perfected by filing, the taking of possession, or under section 336.8-321 on securities, the security interest has the same priority for the purposes of subsection (5) with



respect to the future advances as it does with respect to the first advance. If a commitment is made before or while the security interest is so perfected, the security interest has the same priority with respect to advances made pursuant thereto. In other cases a perfected security interest has priority from the date the advance is made.

Sec. 2. Minnesota Statutes 1985 Supplement, section 514.952, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF RESPONSE.] (a) If a lender responds by *ten calendar days after receiving the lien-notification statement* with a letter of commitment for part or all of the amount in the lien-notification statement, the supplier may not obtain a lien for the amount stated in the letter of commitment.

(b) If a lender responds with a refusal to provide a letter of commitment the rights of the lender and the supplier are not affected.

Sec. 3. Minnesota Statutes 1984, section 514.952, subdivision 6, is amended to read:

Subd. 6. [LIEN PRIORITY.] (a) *For conflicting liens or security interests in the same collateral an agricultural production input lien does not have priority over liens that arise under chapter 395 or 514, or over perfected liens or security interests for unpaid rent for the land where the crops were grown.*

(b) *Except as provided in paragraph (a), agricultural production input liens are a security interest and have priority according to chapter 336, the uniform commercial code, except as provided in subdivision 5 over conflicting liens or security interests in crops, livestock, and their products or proceeds if the lien or security interest does not secure new value given to enable the debtor to acquire goods or services in producing or raising the crops, livestock, or their products and the value was in fact used for that purpose.*

(c) *Priority among conflicting agricultural production input liens and production money security interests under section 336.9-312(2) in the same crops, livestock, or their products or proceeds shall be on a pro rata basis.*

(d) *The creating or perfecting of an agricultural production input lien shall not operate under any circumstances as a default on, an accelerating event under, or otherwise as a breach of: any note or other instrument or agreement of any kind or nature to pay debt; any loan or credit agreement; or any security arrangement of any kind or nature whether the collateral is real or personal property.*

Sec. 4. [514.960] [LANDLORD LIEN.]

Subdivision 1. [LIEN; ATTACHMENT.] *A person or entity that leases property for agricultural production has a lien for unpaid rent on the crops produced on the property in the crop year, and the crop products and their proceeds.*

Subd. 2. [PERFECTION.] (a) *To perfect a landlord lien, the lien must attach and the person or entity entitled to the lien must file a lien statement with the appropriate filing office under section 336.9-401 by 30 days after the crops become growing crops.*

(b) *A landlord lien that is not perfected has the priority of an unperfected*

*security interest under section 336.9-312.*

*Subd. 3. [DUTIES OF FILING OFFICER.] The filing officer shall enter on the lien statement the time of day and date of filing. The filing officer shall file, amend, terminate, note the filing of a lien statement, and charge the fee for filing under this section in the manner provided by section 336.9-403 for a financing statement. A lien statement is void and may be removed from the filing system 18 months after the date of filing. The lien statement may be physically destroyed after 30 months from the date of filing.*

*Subd. 4. [PRIORITY.] A landlord lien has priority over all other liens or security interests in crops grown or produced on the property that was leased and the crop products and proceeds.*

*Subd. 5. [ENFORCEMENT OF LIEN.] The holder of a landlord lien may enforce the lien in the manner provided in sections 336.9-501 to 336.9-508 subject to section 550.17. For enforcement of the lien, the lienholder is the secured party and the person leasing the property is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections 336.9-501 to 336.9-508. If a right or duty under sections 336.9-501 to 336.9-508 is contingent upon the existence of express language in a security agreement or may be waived by express language in a security agreement, the requisite language does not exist.*

*Subd. 6. [ENFORCEMENT ACTIONS; LIEN EXTINGUISHED.] An action to enforce a landlord lien may be brought in district court in a county where the property is located after the lien is perfected. A lien statement may be amended, except the amount demanded, by leave of the court in the furtherance of justice. A landlord lien is extinguished if an action to enforce the lien is not brought within 18 months after the date the lien statement is filed.*

### Sec. 3. [REPEALER.]

*Minnesota Statutes 1985 Supplement, section 514.952, subdivision 5, is repealed.*

### Sec. 4. [EFFECTIVE DATE.]

*This act is effective July 1, 1986."*

Delete the title and insert:

*"A bill for an act relating to agriculture; providing security interests in goods that become part of crops and livestock; establishing priority of interests and liens in agricultural collateral; amending Minnesota Statutes 1984, sections 336.9-312; and 514.952, subdivision 6; Minnesota Statutes 1985 Supplement, section 514.952, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 514; repealing Minnesota Statutes 1985 Supplement, section 514.952, subdivision 5."*

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 1619, 1963, 1780, 1659, 871, 1065, 1950, 1962, 1801, 1735, 1714, 51, 1641, 1690, 1910, 1853, 1613, 1752, 1793, 1643, 1682, 1794,

1710 and 1642 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 1035, 1806, 1794 and 1664 were read the second time.

## MOTIONS AND RESOLUTIONS

Mr. Merriam moved that the name of Mr. Benson be added as a co-author to S.F. No. 985. The motion prevailed.

Mr. Schmitz moved that the name of Mr. DeCramer be added as a co-author to S.F. No. 1582. The motion prevailed.

Ms. Berglin moved that her name be stricken as chief author, shown as co-author, and the name of Ms. Reichgott be added as chief author to S.F. No. 1685. The motion prevailed.

Mr. Dicklich moved that the name of Mr. Merriam be added as a co-author to S.F. No. 2083. The motion prevailed.

Mr. Jude moved that the name of Mr. Ramstad be added as a co-author to S.F. No. 2098. The motion prevailed.

Mr. Gustafson moved that the name of Mr. Chmielewski be added as a co-author to S.F. No. 2101. The motion prevailed.

Mr. Lessard introduced—

Senate Concurrent Resolution No. 19: A Senate concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

Referred to the Committee on Rules and Administration.

Mr. Jude moved that H.F. No. 1844 be taken from the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 41 and nays 15, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kamrath	Olson	Stumpf
Anderson	Frederick	Knaak	Pehler	Taylor
Belanger	Frederickson	Knutson	Peterson, D.L.	Waldorf
Benson	Freeman	Kroening	Purfeerst	Wegscheid
Berg	Gustafson	Kronebusch	Renneke	Willet
Bernhagen	Hughes	Langseth	Samuelson	
Bertram	Isackson	Lessard	Schmitz	
Dahl	Johnson, D.E.	McQuaid	Sieloff	
Davis	Jude	Mehrkens	Storm	

Those who voted in the negative were:

Berglin	Dieterich	Moe, R.D.	Peterson, R.W.	Ramstad
Brataas	Luther	Novak	Petty	Spear
Dicklich	Moe, D.M.	Peterson, D.C.	Pogemiller	Vega

The motion prevailed.

H.F. No. 1844: A bill for an act relating to crimes; creating certain crimes

against an unborn child; prohibiting acts which cause the death of or injury to an unborn child; imposing penalties; amending Minnesota Statutes 1984, sections 609.035; 609.18; and 609.21, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 609.

Mr. Jude moved that H.F. No. 1844 be given its second reading and placed at the top of General Orders.

Mr. Dieterich moved that H.F. No. 1844 be laid on the table. The motion did not prevail.

The question recurred on the motion of Mr. Jude.

Mr. Moe, R.D. moved to amend the Jude motion to place H.F. No. 1844 at the end of General Orders. The motion prevailed. So the Jude motion was amended.

The question was taken on the adoption of the motion of Mr. Jude, as amended.

The roll was called, and there were yeas 46 and nays 20, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kamrath	Mehrkens	Storm
Anderson	Dieterich	Knaak	Olson	Stumpf
Belanger	Frank	Knutson	Pehler	Taylor
Benson	Frederick	Kroening	Peterson, C.C.	Waldorf
Berg	Frederickson	Kronebusch	Peterson, D.L.	Wegscheid
Bernhagen	Gustafson	Laidig	Purfeerst	Willet
Bertram	Hughes	Langseth	Renneke	
Chmielewski	Isackson	Lantry	Samuelson	
Dahl	Johnson, D.E.	Lessard	Schmitz	
Davis	Jude	McQuaid	Sieloff	

Those who voted in the negative were:

Berglin	Johnson, D.J.	Moe, R.D.	Peterson, R.W.	Reichgott
Brataas	Luther	Nelson	Petty	Solon
Dicklich	Merriam	Novak	Pogemiller	Spear
Freeman	Moe, D.M.	Peterson, D.C.	Ramstad	Vega

The motion prevailed.

H.F. No. 1844 was read the second time.

Having voted on the prevailing side, Mr. Dieterich gave notice of intent to reconsider the vote on the Jude motion to give H.F. No. 1844 its second reading and place it at the end of General Orders.

### MEMBERS EXCUSED

Mr. Johnson, D.J. was excused from the Session of today from 2:00 to 2:20 p.m. Ms. Reichgott was excused from the Session of today from 2:00 to 2:20 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 3:00 p.m., Wednesday, February 26, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## SEVENTY-FIFTH DAY

St. Paul, Minnesota, Wednesday, February 26, 1986

The Senate met at 3:00 p.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Willet imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Terry Danger.

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

Adkins	Dieterich	Kroening	Olson	Sietloff
Anderson	Frank	Kronebusch	Pehler	Solon
Belanger	Frederick	Laidig	Peterson, C.C.	Spear
Benson	Frederickson	Langseth	Peterson, D.C.	Storm
Berg	Freeman	Lantry	Peterson, D.L.	Stumpf
Berglin	Gustafson	Lessard	Peterson, R.W.	Taylor
Bertram	Hughes	Luther	Petty	Vega
Brataas	Isackson	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid
Dahl	Johnson, D.J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D.M.	Reichgott	
DeCramer	Kamrath	Moe, R.D.	Renneke	
Dicklich	Knaak	Nelson	Samuelson	
Diessner	Knutson	Novak	Schmitz	

The President declared a quorum present.

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

### REPORTS FILED WITH THE SECRETARY OF THE SENATE

The following reports were received and filed by the Secretary of the Senate: Department of Employee Relations, Pay Equity in Minnesota Local Governments, 1986; Department of Health, Maternal and Child Health, 1986; Department of Human Services, Public Guardianship Study, 1986; Farm Financial Data Collection Task Force, Farm Financial Status Report, 1985; Ethical Practices Board, Annual Report, 1984-1985; Minnesota Board of Dentistry, Handling of Complaints, 1985; Minnesota Board of Medical Examiners, Handling of Complaints, 1985; Department of Administration, Bills to Implement Reorganization Orders, 1985; State Auditor, Volunteer Firefighters Relief Association, 1985; Department of Education, Hearing and Vision Screening and Assessment Program, 1985; Department of Public

Safety, Bureau of Criminal Apprehension, 1985; Public Employees Retirement Association, 1985; Minnesota Racing Commission, Annual Report, 1985; Minnesota Housing Finance Agency, Deferred Housing Rehabilitation Loans for Members of the Minnesota Chippewa Tribe and the Red Lake Band of Chippewa Indians, 1986; Department of Transportation, Rail User Loan Guarantee Program, 1986; Department of Finance, An Evaluation of the Rule-of-85, 1986; Minnesota Zoological Garden, Annual Report, 1985.

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committees indicated.

January 8, 1986

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Minnesota Housing Finance Agency is hereby respectfully submitted to the Senate for confirmation as required by law:

Bruce Bakken, 8395 College Trl. E., Inver Grove Heights, Dakota County, has been appointed by me, effective January 17, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Energy and Housing.)

January 14, 1986

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Minnesota Water Resources Board is hereby respectfully submitted to the Senate for confirmation as required by law:

Duane R. Ekman, Rt. 1, Argyle, Marshall County, has been appointed by me, effective January 17, 1986, for a term expiring the first Monday in January, 1990.

(Referred to the Committee on Agriculture and Natural Resources.)

Sincerely,  
Rudy Perpich, Governor

February 24, 1986

The Honorable Jerome M. Hughes  
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. 40.

Sincerely,  
Rudy Perpich, Governor

February 24, 1986

The Honorable David Jennings  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1986 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Date Approved 1986	Date Filed 1986
40		310	February 24	February 24
	1699	311	February 24	February 24
	1826	Res. No. 6	February 24	February 24

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, herewith returned: S.F. No. 1574.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 24, 1986

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1860, 1930, 1980, 1772 and 1824.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 24, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1860: A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1588, now on General Orders.

H.F. No. 1930: A bill for an act relating to public safety; barring traffic

citation quotas; proposing coding for new law in Minnesota Statutes, chapter 299D.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1818, now on General Orders.

H.F. No. 1980: A bill for an act relating to state government; authorizing the Indian affairs council to enter contracts and to accept grants and gifts; amending Minnesota Statutes 1984, section 3.922, subdivision 5.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1853, now on General Orders.

H.F. No. 1772: A bill for an act relating to courts; increasing fees to be collected; clarifying existing fee statutes; increasing the penalty assessment imposed on persons convicted of crimes; clarifying the purposes for which it may be used; amending Minnesota Statutes 1984, section 176.451, subdivision 3; 487.31, subdivisions 1 and 4; 487.33; 514.70; 525.031; and 525.033; Minnesota Statutes 1985 Supplement, sections 357.021, subdivision 2; and 609.101.

Referred to the Committee on Judiciary.

H.F. No. 1824: A bill for an act relating to statutes; adopting as amended a gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 645.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1752, now on General Orders.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1672: A bill for an act relating to agriculture; establishing a legal assistance program for family farmers; prescribing eligibility requirements for persons to receive legal assistance; providing requirements for the legal assistance provider; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 480.

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

Page 2, line 18, delete the semicolon and insert "*and*"

Page 2, line 19, delete "*(3) legal backup and support*"

Renumber the remaining clauses in sequence

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.



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

S.F. No. 1923: A bill for an act relating to crimes; repealing the crime of criminal syndicalism; repealing Minnesota Statutes 1984, section 609.405.

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

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

S.F. No. 1897: A bill for an act relating to courts; allowing a person 20 days to remove a cause from conciliation court; allowing service by mail when a cause is removed to county court; amending Minnesota Statutes 1984, section 487.30, by adding a subdivision.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1702: A bill for an act relating to local government; granting the city of Brainerd the authority to establish a port authority; authorizing the port authority to exercise the power of a municipal housing and redevelopment authority; authorizing the city to impose restrictions and limitations upon the powers and procedures of the port authority; permitting the city to choose the name of the port authority; providing for removal of port authority commissioners; requiring local approval.

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

Page 3, after line 29, insert:

“Sec. 5. [GENERAL OBLIGATION BONDS; REFERENDUM.]

*Subdivision 1. [GENERAL OBLIGATION BONDS.] The port authority commission may issue general obligation bonds in the same manner as provided under Minnesota Statutes, section 458.193, except that no election shall be required to authorize their issuance except as provided in subdivision 2.*

*Subd. 2. [REFERENDUM ON PETITION.] Before the issuance of the bonds, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the bonds, and if within ten days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election.”*

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1928: A bill for an act relating to the city of Brooklyn Park; permitting the city to establish a port authority commission.

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

Page 1, line 17, after the period, insert "*The port authority commission may issue general obligation bonds in the same manner as provided under Minnesota Statutes, section 458.193, except that no election shall be required to authorize their issuance except as provided in section 2.*"

Sec. 2. [GENERAL OBLIGATION BONDS; REFERENDUM ON PETITION.]

*Before the issuance of the bonds, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the bonds, and if within ten days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election.*"

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1996: A bill for an act relating to local government; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to authorities; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 462C.02, subdivisions 6 and 9; 465.74, subdivision 7; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.75, subdivision 4; 353.01, subdivision 2a; 462C.12, subdivision 2; and 472B.04; proposing coding for new law as Minnesota Statutes, chapter 458C.

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

Page 11, line 7, after "462" insert "*or other law*"

Page 11, line 8, after "472A" insert "*or other law*" and after the period, insert "*If the economic development authority exercises the powers of a housing and redevelopment authority contained in chapter 462 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by chapter 462 or other law.*"

Page 14, line 22, before "An" insert "*Except as provided in subdivision 2, clause (d),*"

Page 15, after line 12, insert:

*"(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.*

(e) *The enabling resolution may provide for the appointment of members of the city council in excess of the number required in clauses (a), (b) and (c).*"

Page 15, line 13, delete "(d)" and insert "(f)"

Page 15, line 17, after the period, insert "*The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.*"

Page 15, line 19, after "three" insert "*to five or seven members,*" and after "or" insert "*from*"

Page 21, line 15, delete "port"

Page 34, line 31, after "authority" insert "*by special law*"

Page 37, lines 23, 25, and 28, after "authority" insert "*or economic development authority*"

Page 40, after line 26, insert:

"Sec. 44. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*"

Amend the title as follows:

Page 1, line 4, after "to" insert "cities and"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1829: A resolution memorializing the President and Congress of the United States to enact the Mississippi River National Heritage Corridor Act of 1986.

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1578: A bill for an act relating to agriculture; moving Wadena county from area one to area four for purposes of potato industry promotion; amending Minnesota Statutes 1984, section 17.54, subdivision 9.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1733: A bill for an act relating to agriculture; clarifying the exceptions to prohibition against manufacture of food from adulterated milk

or cream; amending Minnesota Statutes 1985 Supplement, section 32.21, subdivision 2.

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

Page 1, line 10, strike "MANUFACTURER" and insert "MANUFACTURE"

Page 1, line 14, after "Act" insert ", United States Code, Title 21, Section 301 et seq."

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1814: A bill for an act relating to human services; modifying the preadmission screening program; establishing requirements for medical assistance rate appeals procedures for intermediate care facilities; amending Minnesota Statutes 1985 Supplement, sections 256B.091, subdivisions 2, 4, 5, and 8; and 256B.501, subdivision 3.

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

Page 1, after line 10, insert:

"Section 1. [144A.35] [TASK FORCE ON LONG-TERM CARE HEALTH PLANNING.]

*Subdivision 1. [CREATION.] There is created a task force on long-term care health planning. The nine-member task force appointed by the governor shall include: two members from the legislative commission on long-term care; two representatives from the Minnesota nursing home trade associations; two members from long-term care consumer groups, and one representative each of the commissioners of health and human services. The director of the state planning agency or a designee shall chair and convene the task force.*

*Subd. 2. [DUTIES.] The task force on long-term care health planning shall conduct a study and report to the legislative commission on long-term care and to the legislature by January 15, 1987. In the study and report, the task force shall:*

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

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

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

*(4) address the need to modernize and renovate long-term care facilities built in 1950 to 1960 to improve energy efficiency and the quality of life in*

*those older facilities.*

*Subd. 3. [TASK FORCE EXPIRATION DATE.] The task force on long-term care health planning expires January 15, 1987.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 144.562, subdivision 3, is amended to read:

Subd. 3. [APPROVAL OF LICENSE CONDITION.] The commissioner of health shall approve a license condition for swing beds if the hospital meets all of the criteria of this subdivision:

(a) The hospital must meet the eligibility criteria in subdivision 2.

(b) The hospital must be in compliance with the medicare conditions of participation for swing beds under Code of Federal Regulations, title 42, section 405.1041.

(c) The hospital must agree, in writing, to limit the length of stay of a patient receiving services in a swing bed to not more than 40 days, or the duration of medicare eligibility, unless the commissioner of health approves a greater length of stay in an emergency situation. To determine whether an emergency situation exists, the commissioner shall require the hospital to provide documentation that continued services in the swing bed are required by the patient; that no skilled nursing facility beds are available within 25 miles from the patient's home, or in some more remote facility of the resident's choice, that can provide the appropriate level of services required by the patient; and that other alternative services are not available to meet the needs of the patient. If the commissioner approves a greater length of stay, the hospital shall develop a plan providing for the discharge of the patient upon the availability of a nursing home bed or other services that meet the needs of the patient. Permission to extend a patient's length of stay must be requested by the hospital at least ten days prior to the end of the maximum length of stay.

(d) The hospital must agree, in writing, to limit admission to a swing bed only to (1) patients who have been hospitalized and not yet discharged from the facility, and (2) patients who are transferred directly from an acute care hospital bed located outside of the patient's community to a swing bed in a hospital located within the patient's community, provided the hospital documents that, at the time of the transfer, no Medicare-certified nursing home beds were available within 25 miles of the patient's home. For purposes of this paragraph, "patient's community" means the area within 60 miles of the patient's home.

(e) The hospital must agree, in writing, to report to the commissioner of health by December 1, 1985, and annually thereafter, in a manner required by the commissioner (1) the number of patients readmitted to a swing bed within 60 days of a patient's discharge from the facility, (2) the hospital's charges for care in a swing bed during the reporting period with a description of the care provided for the rate charged, and (3) the number of beds used by the hospital for transitional care and similar subacute inpatient care.

(f) The hospital must agree, in writing, to report statistical data on the utilization of the swing beds on forms supplied by the commissioner. The data must include the number of swing beds, the number of admissions to and

discharges from swing beds, medicare reimbursed patient days, total patient days, and other information required by the commissioner to assess the utilization of swing beds.

Sec. 3. Minnesota Statutes 1985 Supplement, section 144.563, is amended to read:

**144.563 [NURSING SERVICES PROVIDED IN A HOSPITAL; PROHIBITED PRACTICES.]**

*Subdivision 1. [PROHIBITED PRACTICES.]* A hospital that has been granted a license condition under section 144.562 must not provide to patients not reimbursed by medicare or medical assistance the types of services that would be usually and customarily provided and reimbursed under medical assistance or medicare as services of a skilled nursing facility or intermediate care facility for more than 42 days and only for patients who have been hospitalized and no longer require an acute level of care. Permission to extend a patient's length of stay may be granted by the commissioner if requested by the physician at least ten days prior to the end of the maximum length of stay.

*Subd. 2. [MONITORING; REPORT.]* *The commissioner shall monitor the provision of services described in subdivision 1 and services in swing beds under section 144.562, and annually report to the legislature concerning these services, including recommendations on the need for legislation."*

Page 1, line 26, after "agency" insert ", both of whom must conduct an on-site screening"

Page 3, line 17, strike "persons" and insert "applicants"

Page 3, strike line 18

Page 3, line 19, strike everything before "must"

Page 3, strike lines 20 and 21

Page 3, line 22, strike "the commissioner." and delete the new language

Page 3, delete lines 23 to 27

Page 3, line 28, delete everything before the period and insert "*the medical assistance program. The total screening cost for each county for applicants who are not eligible for medical assistance must be paid monthly by nursing homes and boarding care homes participating in the medical assistance program in the county. The monthly amount to be paid by each nursing home and boarding care home must be determined by dividing the county's estimate of the total annual cost of screenings allowed by the commissioner in the county for the following rate year by 12 to determine the monthly cost estimate and allocating the monthly cost estimate to each nursing home and boarding care home based on the number of licensed beds in the nursing home or boarding care home. The monthly cost estimate for each nursing home must be submitted to the nursing home and the state by the county no later than February 15 of each year for inclusion in the nursing home's payment rate on the following rate year. The commissioner shall include the reported annual estimated cost of screenings for each nursing home or boarding care home as an operating cost of that nursing home in accordance with section 256B.431, subdivision 2b, clause (g)*"

Page 3, line 34, delete everything after "completed" and insert a period

Page 3, delete lines 35 and 36

Page 4, delete lines 1 to 3

Page 4, line 25, before "Grants" insert "*The commissioner shall establish, by rule, procedures for determining grant allocations, reallocations, limits on the rates for payment of approved services including screenings, and submittal and approval of a biennial county plan for the administration of the preadmission screening and alternative care grants program.*"

Page 5, line 10, delete "eligible" and insert "qualified"

Page 5, line 15, delete "qualified" and insert "potential"

Page 5, line 16, delete "by individuals for the provision of services" and insert "to contract with the agency"

Page 7, after line 15, insert:

"Sec. 9. [GEOGRAPHIC GROUPINGS STUDY.]

*By February 1, 1987, the director of the state planning agency, in consultation with the commissioner of human services, shall report to the legislature on the appropriateness of current geographic groupings for reimbursement of nursing home operating costs. The report shall contain recommendations for legislative action which address the following: nursing home input prices and regional variation in costs; and alternative methods for recognizing regional variations in the cost of doing business including approaches used by other states with comparable nursing home reimbursement systems.*

Sec. 10. [TRANSFER.]

*\$880,000 is transferred from the preadmission screening and alternative care grants account to the medical assistance account."*

Page 7, line 17, before "Sections" insert "Section 2 is effective May 1, 1986." and delete "1 to 5" and insert "4 to 8"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "to" insert "health and"

Page 1, line 2, after the semicolon, insert "establishing a task force on long-term care planning; requiring the commissioner of health to monitor transitional care; authorizing use of swing beds by patients transferred from hospitals located outside of the patient's community;"

Page 1, line 5, after the semicolon, insert "requiring a study of geographic groupings of nursing homes;"

Page 1, line 6, after "sections" insert "144.562, subdivision 3; 144.563;"

Page 1, line 8; after "3" insert "; proposing coding for new law in Minnesota Statutes, chapter 144A"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1868: A bill for an act relating to human services; establishing demonstration projects to centralize application for all food assistance programs and to promote full participation in food assistance programs; establishing a nutrition council; establishing a coordinated nutrition data bank; requiring the full expenditure of federal funds by agencies administering the special supplemental food program for women, infants, and children; establishing a centralized unit to supervise the food stamp program; requiring food stamps to be provided within 24 hours to persons eligible for expedited issuance; requiring that waivers be obtained, if possible, from the United States government to allow certain individuals to obtain food stamps and medical assistance, to permit reimbursement of costs of home-delivered meals to the elderly, and to implement a pilot school breakfast program; appropriating money; amending Minnesota Statutes 1984, sections 145.892, subdivision 2; 145.894; and 393.07, subdivision 10, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124; 144; 245; and 256B.

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

Delete everything after the enacting clause and insert:

“Section 1. [124.647] [WAIVER; PILOT SCHOOL BREAKFAST PROGRAMS.]

*The commissioner of education shall request a waiver from the United States government as necessary to allow pilot school breakfast programs to be implemented in school districts where no program currently exists. The pilot school breakfast program shall provide students with breakfasts designed to be taken with the student and consumed away from the school site.*

Sec. 2. [124.6471] [SCHOOL BREAKFAST INCENTIVE.]

*The commissioner of education shall provide a cash incentive to schools to increase participation in school breakfast programs or to initiate a school breakfast program if none currently exists. A subsidy of up to three cents per meal will be paid to schools that demonstrate at least a ten percent increase in participation. A subsidy of up to five cents per meal will be paid to schools initiating a breakfast program.*

Sec. 3. [144.092] [COORDINATED NUTRITION DATA COLLECTION.]

*The commissioner of health shall develop and coordinate a reporting system to improve the state's ability to document inadequate nutrient and food intake of Minnesota's children and adults and to identify problems and determine the most appropriate strategies for improving inadequate nutritional status. The board on aging shall develop a coordinated nutrition system to evaluate the nutritional status and requirements of the elderly in Minnesota. The commissioner of health and the board on aging shall report to the legislature by July 1 of each year on the results of their investigation and their recommendations on the nutritional needs of Minnesotans.*



Sec. 4. Minnesota Statutes 1984, section 145.892, subdivision 2, is amended to read:

Subd. 2. "Local health agency" means the ~~county public health nursing service~~ *community health services agency* or any public or private nonprofit organization which enters into a contract with the commissioner of health pursuant to sections 145.891 to 145.897.

Sec. 5. Minnesota Statutes 1984, section 145.894, is amended to read:

145.894 [STATE COMMISSIONER OF HEALTH; DUTIES, RESPONSIBILITIES.]

The commissioner of health shall:

(a) Develop a comprehensive state plan for the delivery of nutritional supplements to pregnant and lactating women, infants, and children;

(b) Contract with existing local public or private nonprofit organizations for the administration of the nutritional supplement program;

(c) Develop and implement a public education program promoting the provisions of sections 145.891 to 145.897, and provide for the delivery of individual and family nutrition education and counseling at project sites;

(d) Develop in cooperation with other agencies and vendors a uniform state voucher system for the delivery of nutritional supplements;

(e) Develop, analyze and evaluate the health aspects of the nutritional supplement program and establish nutritional guidelines for the program;

(f) Apply for ~~and~~, administer ~~any~~, and annually fully expend all available federal or private funds;

(g) ~~Coordinate with the state and local public welfare agencies in identifying~~ *Aggressively market services to eligible individuals by conducting ongoing outreach activities and by coordinating with and providing marketing materials and technical assistance to local human services and community service agencies and nonprofit service providers;*

(h) *Determine, on July 1 of each year, the number of pregnant women participating in each special supplemental food program for women, infants, and children (W.I.C.) and, at the commissioner's discretion, designate a different food program deliverer if the current deliverer fails to increase the participation of pregnant women in the program by at least ten percent over the previous year's participation rate;*

~~(i)~~ (i) Promulgate all rules and regulations necessary to carry out the provisions of sections 145.891 to 145.897; and

~~(j)~~ (j) Report to the legislature by November 15 of every year on the expenditures and activities under sections 145.891 to 145.897 of the state and local health agencies for the preceding fiscal year.

Sec. 6. [245.771] [SUPERVISION OF FOOD STAMP PROGRAM.]

*Subdivision 1. [SUPERVISION OF PROGRAM.] The commissioner of human services shall supervise the food stamp program to aid administration of the food stamp program by county welfare boards pursuant to section 393.07, subdivision 10, to promote excellence of administration and program*

*operation, and to ensure compliance with all federal laws and regulations so that all eligible persons are able to participate.*

*Subd. 2. [WAIVERS.] The commissioner of human services shall apply to the United States Department of Agriculture for waivers of monthly reporting and retrospective budgeting requirements.*

Sec. 7. Minnesota Statutes 1984, section 256.975, is amended by adding a subdivision to read:

*Subd. 4. [HOME-DELIVERED MEALS.] The board on aging shall take appropriate action to secure reimbursement from public and private medical care programs, health plans, and health insurers for home-delivered meals that are a necessary part of medical treatment for the elderly.*

Sec. 8. Minnesota Statutes 1984, section 393.07, subdivision 10, is amended to read:

*Subd. 10. [FEDERAL FOOD STAMP PROGRAM.] (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate. The commissioner shall report on the monitoring activities on a county-by-county basis in a report presented to the legislature by July 1 each year. This monitoring activity shall be separate from the management evaluation survey sample required under federal regulations.*

*(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate by ten percent or to the statewide average participation rate, whichever is higher, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.*

*(c) The county welfare board shall participate in a food stamp quality control system subject to the supervision of the commissioner of human services and pursuant to federal regulations.*

Any person who commits any of the following acts is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (1), (2), and (5):

(a) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a wilfully false statement or representation, or intentional conceal-

ment of a material fact, food stamps to which he is not entitled or in an amount greater than that to which he is entitled; or

(b) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

(c) Willfully uses or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law.

The amount of food stamps incorrectly issued shall be the difference between the amount of food stamps actually received and the amount to which the recipient would have been entitled under state and federal law had the welfare agency been informed of all material facts. The amount of any food stamps determined to have been incorrectly issued, used, transferred or presented shall, unless otherwise determined by the county welfare board in order to prevent undue hardship, be recoverable from the recipient, or user, or his estate by the county as a debt due the county.

Sec. 9. Minnesota Statutes 1984, section 393.07, is amended by adding a subdivision to read:

*Subd. 10a. [EXPEDITED ISSUANCE OF FOOD STAMPS.] The commissioner of human services shall continually monitor the expedited issuance of food stamp benefits to ensure that each county complies with federal regulations and that households eligible for expedited issuance of food stamps are identified, processed, and certified within the time frames prescribed in federal regulations. By July 1 each year, the commissioner of human services shall present a report to the governor and the legislature regarding its monitoring of expedited issuance and the degree of compliance with federal regulations on a county-by-county basis.*

*County food stamp offices shall screen and issue food stamps to applicants on the day of application. Applicants who meet the federal criteria for expedited issuance and have an immediate need for food assistance shall receive either:*

*(a) a manual Authorization to Participate (ATP) card, or*

*(b) the immediate issuance of food stamp coupons.*

*The local food stamp agency shall conspicuously post in each food stamp office a notice of the availability of and the procedure for applying for expedited issuance and verbally advise each applicant of the availability of the expedited process.*

Sec. 10. [245.772] [PILOT FOOD ACCESSIBILITY PROJECT.]

*Subdivision 1. [ESTABLISHMENT.] The commissioner of human services shall establish a food accessibility project in five counties by July 1, 1986, to maximize participation in food programs administered by the county welfare boards pursuant to section 393.07, subdivision 10, and provide a single central access point where persons may apply for food stamps, surplus commodities, the special supplemental food program for women, infants, and children (W.I.C.), and private food assistance programs. The commissioner shall report to the legislature by February 1 of each year on the progress and results of the pilot projects.*

*Subd. 2. [COUNTIES.] The five counties shall be chosen by the commissioners of health, human services, and jobs and training and must include one county each from the northeast, northwest, southeast, and southwest sections of the state and one county from the seven-county metropolitan area.*

*Subd. 3. [EVALUATION CASELOAD PROFILE REPORT.] Each county participating in a pilot project shall report to the commissioner of human services annually with an evaluation of the project to facilitate the identification of all factors affecting participation.*

*Subd. 4. [DESIGNATED FOOD PROGRAM DELIVERER.] The commissioner shall allocate all available federal, state, and county food program money for the food stamps, the special supplemental food program for women, infants, and children (W.I.C.), and surplus commodity programs to a single designated food program deliverer for services to eligible low-income persons residing within each of the five pilot project counties. The designated food program deliverer must be the local community action agency, the county government, or an experienced private nonprofit provider of food programs for low-income persons.*

#### Sec. 11. [APPROPRIATIONS.]

*Subdivision 1. [MATERNAL AND CHILD NUTRITION.] \$\_\_\_\_\_ is appropriated from the general fund to the commissioner of health to allow participation by additional children and pregnant women in the services provided by the maternal and child nutrition act of 1975, pursuant to sections 145.891 to 145.897. This appropriation is available until June 30, 1987.*

*Subd. 2. [RESERVE FUND FOR MATERNAL AND CHILD NUTRITION.] \$\_\_\_\_\_ is appropriated from the general fund to the commissioner of health for the purpose of creating a separate reserve fund to enable the commissioner to fully expend all funds allocated from the United States government for services provided through the maternal and child nutrition act of 1975, pursuant to sections 145.891 to 145.897. This allocation is available until June 30, 1987.*

*Subd. 3. [SURPLUS COMMODITIES.] \$\_\_\_\_\_ is appropriated from the general fund to the commissioner of jobs and training for the purpose of allowing continued distribution of federal surplus commodities to needy residents. Money must be earmarked for local surplus commodity program operators and is available until June 30, 1987, or until the sunset of the federal surplus commodity program, if sooner.*

*Subd. 4. [FOOD STAMP ACCESSIBILITY PROJECT.] \$\_\_\_\_\_ is appropriated from the general fund to the commissioner of human services to develop and implement a pilot food stamp outreach program and a single central access point for food assistance applications pursuant to section 10.*

*Subd. 5. [SCHOOL BREAKFAST INCENTIVE.] \$\_\_\_\_\_ is appropriated from the general fund to the commissioner of education for the purpose of the school breakfast incentive cash subsidies provided for in section 2. This appropriation is available until June 30, 1987.*

#### Subd. 6. [INFORMATION SYSTEMS IMPROVEMENTS.]

§\_\_\_\_\_ is appropriated from the general fund to the commissioner of human services for the purpose of creating an automated assistance payments and food stamp eligibility system."

Delete the title and insert:

"A bill for an act relating to human services; streamlining food and nutrition programs in the state; establishing demonstration projects for one-stop food and commodities and to promote full participation in food assistance programs; establishing a coordinated nutrition data system; requiring the full expenditure of federal funds by agencies administering the special supplemental food program for women, infants, and children; requiring food stamps to be provided within 24 hours to persons eligible for expedited issuance; requiring the board on aging to pursue reimbursement of costs of home-delivered meals for the elderly; establishing a pilot school breakfast program; appropriating money; amending Minnesota Statutes 1984, sections 145.892, subdivision 2; 145.894; 256.975, by adding a subdivision; and 393.07, subdivision 10, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124; 144; and 245."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1707: A bill for an act relating to health; requiring planning for services for persons with brain impairment; establishing a statewide clearinghouse for caregiver information; reconvening the task force on needs for persons with brain impairment; amending Minnesota Statutes 1984, sections 145.912, by adding a subdivision; 145.92, subdivision 1; Minnesota Statutes 1985 Supplement, sections 256.01, subdivision 2; and 256E.03, subdivision 2.

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

Pages 1 and 2, delete sections 1 and 2.

Page 6, delete lines 8 to 10 and insert:

*"(16) For fiscal years 1987 and 1988, in cooperation with the local county agencies, prepare and distribute an annual resource directory on services to individuals with brain impairment."*

Pages 6 and 7, delete section 4 and insert:

"Sec. 2. Minnesota Statutes 1984, section 256E.03, is amended by adding a subdivision to read:

*Subd. 8. "Brain impairment" means serious traumatic injury to the brain or degenerative brain disease resulting in significant destruction of brain tissue with resultant loss of brain function and requiring extensive services over an extended period of time.*

Sec. 3. Minnesota Statutes 1984, section 256E.09, subdivision 3, is amended to read:

Subd. 3. [PLAN CONTENT.] The biennial community social services plan published by the county shall include:

(a) A statement of the goals of community social service programs in the county;

(b) Methods used pursuant to subdivision 2 to encourage participation of citizens and providers in the development of the plan and the allocation of money;

(c) Methods used to identify persons in need of service and the social problems to be addressed by the community social service programs, including efforts the county proposes to make in providing for early intervention, prevention and education aimed at minimizing or eliminating the need for services for groups of persons identified in section 256E.03, subdivision 2;

(d) A statement describing how the county will fulfill its responsibilities identified in section 256E.08, subdivision 1 to the groups of persons described in section 256E.03, subdivision 2, and a description of each community social service proposed and identification of the agency or person proposed to provide the service. The plan shall specify how the county proposes to make the following services available for persons identified by the county as in need of services: daytime developmental achievement services, subacute detoxification services, residential services and nonresidential social support services as appropriate for the groups identified in section 256E.03, subdivision 2, *and services to individuals with brain impairment*;

(e) The amount of money proposed to be allocated to each service;

(f) An inventory of public and private resources including associations of volunteers which are available to the county for social services;

(g) Evidence that serious consideration was given to the purchase of services from private and public agencies; and

(h) Methods whereby community social service programs will be monitored and evaluated by the county."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete lines 3 and 4 and insert "providing for an annual resource directory on services to individuals with brain impairment;"

Page 1, delete lines 7 to 10 and insert "sections 256E.03, by adding a subdivision; 256E.09, subdivision 3; Minnesota Statutes 1985 Supplement, section 256.01, subdivision 2."

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1196: A bill for an act relating to child care; establishing child

care resource and referral programs; appropriating money; amending Minnesota Statutes 1984, section 245.83, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 245.

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

Page 1, line 17, delete "245.831" and insert "268.92" and before "CHILD" insert "GRANTS FOR CHILD CARE FACILITIES AND"

Page 1, after line 18, insert:

*"Subdivision 1. [AUTHORITY.] The commissioner may make grants to public or private nonprofit agencies for the planning, establishment, expansion, improvement or operation of child care resource and referral programs, as defined in section 245.83, subdivision 6, and child care services according to the provisions of this section and may make grants to county boards to carry out the purposes of section 245.84.*

*Subd. 2. [FEDERAL DEPENDENT CARE GRANTS PROGRAM.] The commissioner shall submit an application annually to the United States secretary of health and human services for the purpose of obtaining the state's allotment of funds authorized under chapter 8 of Title VI of the omnibus budget reconciliation act, United States Code, title 42, sections 9871 to 9877.*

*(a) Federal funds received under this allotment for the planning, development, establishment, expansion or improvement of local resource and referral systems and school age child care services which are awarded as grants under subdivision 1 must be used in conformance with the federal requirements.*

*(b) No more than 75 percent of the cost of any project funded by a grant under subdivision 1 shall come from the funds received under the federal dependent care grants program.*

*(c) The federal funds may not be used to:*

*(1) pay the costs of operation of any resource and referral system or before or after school child care programs established, expanded, or improved under clause (a);*

*(2) Make case payments to intended recipients of dependent care services including child care services;*

*(3) subsidize the direct provision of dependent care services including child care services;*

*(4) pay for construction or renovation; or*

*(5) satisfy any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds."*

Page 1, line 19, delete "Subdivision 1." and insert "Subd. 3." and delete "shall" and insert "may"

Page 1, line 20, delete "establish a program" and insert "make grants to public or private nonprofit entities"

Page 1, line 21, delete everything after "programs"

Page 1, line 22, delete "entities"

Page 2, line 4, delete the second "and"

Page 2, line 5, before the period insert ", and programs for school age children"

Page 2, line 8, delete "and" and before the period insert "; location of the program; eligibility requirements for enrollment; and transportation available to the program"

Page 3, line 16, delete "and"

Page 3, line 17, delete "Facilitation" and insert "facilitation"

Page 3, line 19, after "served" insert "; and

(5) recruitment of licensed providers"

Page 3, line 33, delete "five" and insert "up to 25"

Page 3, delete line 34

Page 3, line 35, delete "subsequent years"

Page 3, after line 35, insert:

"Subd. 4. [APPLICATIONS FOR GRANTS.] Applicants for grants under subdivision 1 shall apply on a form provided by the commissioner. Applications for grants using funds received by the state pursuant to subdivision 2 shall include assurances that federal requirements have been met. The commissioner may adopt emergency rules or permanent rules to implement this section.

Sec. 3. Minnesota Statutes 1984, section 245.84, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The county board is authorized to provide child care services, to make grants from the community social service fund or other sources to any municipality, corporation or combination thereof for the cost of providing technical assistance and child care services, or to contract for services with any licensed day care facility, as the board deems necessary or proper to carry out the purposes of sections 245.83 to 245.87.

The board is further authorized to make grants to or contract with any municipality, incorporated licensed child care facility or resource and referral program, or corporation or combination thereof for any of the following purposes:

(a) For creating new licensed day care facilities and expanding existing facilities including, but not limited to, supplies, equipment, and facility renovation and remodeling;

(b) For improving licensed day care facility programs, including, but not limited to, staff specialists, staff training, supplies, equipment, and facility renovation and remodeling;

(c) For supportive child development services including, but not limited to, inservice training, curriculum development, consulting specialist, resource centers, and program and resource materials;

(d) For carrying out programs including, but not limited to, staff, supplies,



equipment, facility renovation, and training; ~~and,~~

(e) For interim financing; *and*

(f) *For carrying out the resource and referral program services identified in section 2, subdivision 3.*"

Page 3, delete line 36

Page 4, delete lines 1 to 6

Amend the title as follows:

Page 1, line 3, delete "appropriating money;"

Page 1, line 4, delete "section" and insert "sections"

Page 1, line 5, after the semicolon, insert "and 245.84, subdivision 1;"

Page 1, line 6, delete "245" and insert "268"

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1810: A bill for an act relating to human services; providing for conditions requiring monthly reporting by recipients of aid to families with dependent children; amending Minnesota Statutes 1985 Supplement, section 256.73, subdivision 6.

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

Page 1, line 26, after the period, insert "*If assistance payments are terminated because an assistance unit failed to report on income and other circumstances affecting eligibility and assistance amounts in the time specified by the state agency, but does report on or before the last day of the month following the month the report was due, the receipt of the report shall be treated as the filing of a new application, as an assignment under section 256.74, subdivision 5, of all rights to child support and maintenance payments, and as assignment of any rights accruing under private health care coverage. Processing of the new application shall be expedited.*"

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1931: A bill for an act relating to human services; regulating work activities of handicapped persons in state facilities; amending Minnesota Statutes 1985 Supplement, section 246.56, subdivision 2.

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

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1771: A bill for an act relating to education; imposing a limit on

participation in and making other modifications to the post-secondary enrollment options program; modifying the timelines for placing teachers on unrequested leaves of absence; amending Minnesota Statutes 1984, section 125.12, subdivisions 4, 6b, 9, 10, and by adding a subdivision; Minnesota Statutes 1985 Supplement, section 123.3514, by adding subdivisions.

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 1985 Supplement, section 123.3514, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE POST-SECONDARY INSTITUTIONS.] For purposes of this section, an “eligible institution” means a Minnesota public post-secondary institution or a private, residential, *two-year* or four-year, liberal arts, degree-granting college or university located in Minnesota.

Sec. 2. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

*Subd. 3a. [DISQUALIFICATION.] A pupil may not attend a post-secondary institution under this section if the pupil receives a state or federal scholarship, grant, or loan to defray any direct or indirect costs of attending the post-secondary institution under this section.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

*Subd. 4a. [COUNSELING.] To the extent possible, the school district shall provide counseling services to pupils and their parents before the pupils enroll in courses or programs under this section to ensure that the pupils and their parents are fully aware of the consequences of enrolling in post-secondary courses or programs. The district shall provide information on the program, including who may enroll, what institutions and courses or programs are eligible for participation, the decision-making process for granting academic credits, financial arrangements for tuition, books and materials, eligibility criteria for transportation aid, available support services, the need to arrange an appropriate schedule, the need to consider requirements for high school graduation, consequences of failing or not completing a course in which the pupil enrolls, and the social and academic responsibilities that must be assumed by the pupils and their parents. The person providing counseling services shall also encourage pupils and parents to use available counseling services at the post-secondary institutions before the quarter or semester of enrollment to ensure that anticipated plans are appropriate.*

Sec. 4. Minnesota Statutes 1984, section 123.3514, is amended by adding a subdivision to read:

*Subd. 4b. [INFORMATION AND NOTIFICATION OF INTENT TO ENROLL.] By March 1 of each year, a school district shall provide general information on the post-secondary enrollment options program to all pupils in grades 10 and 11 in their high schools. To assist the district in planning, a pupil shall inform the district by March 30 of each year of the pupil's intent to enroll in post-secondary courses or programs under this section during the following school year. A pupil is not bound by informing or not informing the*

district by March 30.

Sec. 5. Minnesota Statutes 1984, section 123.3514, is amended by adding a subdivision to read:

*Subd. 6a. [LIMIT ON PARTICIPATION.] A pupil who first enrolls under this section in grade 11 may not enroll in post-secondary courses or programs under this section in more than six quarters or four semesters. A pupil who first enrolls under this section in grade 12 may not enroll in post-secondary courses or programs under this section in more than three quarters or two semesters. If a pupil in grade 11 or 12 first enrolls in a post-secondary course or program under this section during the school year, the respective limits on the number of quarters or semesters of participation shall be reduced proportionately.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

*Subd. 11. [REGISTRATION PRIORITY.] Pupils in grades 11 and 12 may register to enroll in courses or programs in post-secondary institutions only after post-secondary students have had an opportunity to register during the regular registration period for the particular institution.*

Sec. 7. [TASK FORCE ON POST-SECONDARY ENROLLMENT OPTIONS.]

*A task force on post-secondary enrollment options of 15 members is established. The task force must consist of seven public members appointed by the state board of education, two members appointed by the president of the University of Minnesota, two members appointed by the chancellor of the state universities, two members appointed by the chancellor of the community colleges, and two members appointed by the state director of vocational technical education. Members shall be from all regions of the state. The provisions of Minnesota Statutes, section 15.059, subdivision 6, shall apply to the task force.*

*The task force shall examine issues relating to courses offered in a high school and in a post-secondary institution that may be comparable. The issues shall include at least the factors to be considered if determining comparability, ways to measure comparability, appropriate bodies to review courses for comparability, administration of determination of comparability, and advisability and feasibility of prohibiting tuition reimbursement for comparable courses.*

*The task force shall also examine methods to make post-secondary courses and programs available in all parts of the state.*

*The department of education and the higher education coordinating board shall make staff assistance available to the task force.*

*The task force shall report to the education committees of the legislature by February 1, 1987.*

Sec. 8. [NOTICE FOR THE 1986-1987 SCHOOL YEAR.]

*To assist a school district in planning for the 1986-1987 school year, the district may obtain information from pupils about their intention to enroll in post-secondary courses or programs during the 1986-1987 school year under*

*Minnesota Statutes, section 123.3514, 30 days after the district provides general information and counseling services, to the extent possible, to pupils in grades 10 and 11 and their parents.*

Sec. 9. [EFFECTIVE DATE.]

*Sections 1, 3, 5, 6, 7, and 8 are effective the day following final enactment. Sections 2 and 4 are effective for the 1986-1987 school year and thereafter.*

Delete the title and insert:

*"A bill for an act relating to education; expanding the types of institutions eligible for the post-secondary enrollment options act; requiring school districts to provide information and counseling services; requiring pupils to provide notice of intention to enroll; establishing a task force to study certain issues; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 3, and by adding subdivisions."*

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1880: A bill for an act relating to veterans; establishing a veterans' cemetery; proposing coding for new law in Minnesota Statutes, chapter 197.

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

H.F. No. 1871: A bill for an act relating to veterans; clarifying certain terms; providing for payment of compensation to certain patients and residents of state institutions; amending Minnesota Statutes 1984, section 246.151; and Minnesota Statutes 1985 Supplement, section 136C.13, subdivision 4.

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 1941: A bill for an act relating to veterans affairs; providing for use of departmental resources by certain organizations; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 196.

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

Page 1, line 15, delete everything after "pay"

Page 1, line 16, delete "the costs of" and insert "for"

And when so amended the bill do pass and be re-referred to the Committee

on Finance. Amendments adopted. Report adopted.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

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

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

Page 1, line 9, delete "*notify*" and insert "*make available to*"

Page 1, line 10, delete "*about*"

Page 1, line 12, delete everything after the period

Page 1, delete lines 13 and 14

Page 1, line 15, delete everything before "*For*"

Amend the title as follows:

Page 1, line 3, delete "*notify*" and insert "*make surplus documents available to*"

Page 1, line 4, delete everything before the semicolon

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was re-referred

S.F. No. 467: A bill for an act relating to government operations; allowing municipalities to contract to buy sheltered workshop products without getting competitive bids; amending Minnesota Statutes 1984, section 471.345, by adding a subdivision.

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

Page 1, line 11, delete "*10*" and insert "*11*"

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was re-referred

S.F. No. 1790: A bill for an act relating to economic development; rural development; providing for time of lease payments for lease of department of natural resources lands; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the department of energy and economic development; establishing the greater Minnesota corporation;

establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available issuance authority; appropriating money; amending Minnesota Statutes 1984, sections 89.17; 116.16, subdivision 5; 116J.61; 116J.873, subdivision 1; 462.384, subdivision 7; and 474.19, subdivision 4; Minnesota Statutes 1985 Supplement, sections 92.50; 116.16, subdivision 2; 116M.06, subdivision 3; and 474.19, subdivisions 3; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, 116L, and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961, subdivisions 7, 8, 9, and 10.

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

Page 12, delete subdivision 3

Renumber the remaining subdivision

Page 14, line 10, delete "*farm-related*" and insert "*agriculture-related*" and delete everything after "*development*"

Page 14, delete line 11

Page 14, line 12, delete everything before the semicolon

Page 28, after line 6, insert:

"Sec. 33. [TRANSFER.]

*(a) Except as provided in paragraphs (b) and (c) of this section, the independent wastewater treatment grant program is transferred from the pollution control agency to the department of energy and economic development in accordance with section 15.039. The sending agency's complement is reduced by four, and the receiving agency's complement is increased by four. The commissioners of employee relations and energy and economic development and the director of the pollution control agency shall determine which employees in which job classes are transferred.*

*(b) Any continuing obligation with respect to grants made before September 30, 1984, under section 116.18, subdivision 2, remains with the pollution control agency.*

*(c) Thirty percent of the money appropriated for fiscal year 1987 in Laws 1985, First Special Session chapter 14, article 19, section 37, subdivision 2, for wastewater treatment grants remains with the pollution control agency to cover obligations it has incurred under sections 116.18, subdivisions 2 and 2a."*

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred:

S.F. No. 985: A bill for an act relating to administrative procedures; clari-

fying provisions relating to emergency rules; amending Minnesota Statutes 1984, section 14.29, 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 1984, section 14.02, is amended by adding a subdivision to read:

*Subd. 3a. [ORDER.] “Order” means the final disposition of a contested case adjudicated and decided by an agency in accordance with the contested case procedures of the administrative procedure act. “Order” does not include an executive order issued by the governor under section 4.035 or an order issued by the commissioner of natural resources under section 97.53.*

Sec. 2. [14.025] [AGENCY ACTIONS.]

*Unless otherwise provided by law, an agency shall take action determining the legal rights, duties, or privileges of specific parties only by order, and shall issue a statement of general applicability and future effect only by rule. An agency that violates this section 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 agency to cover any actual damages sustained, plus costs and reasonable attorney fees. In addition, an aggrieved person may bring an action in district court to compel compliance with this section and may recover costs and disbursements, including reasonable attorney’s fees, as determined by the court. If the court determines that an action brought under this section is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the agency. An action filed under this section may be commenced in the county in which the person alleging damage or seeking relief resides or in Ramsey county.*

Sec. 3. Minnesota Statutes 1984, section 14.29, subdivision 1, is amended to read:

Subdivision 1. ~~When~~ *An agency may adopt emergency rules if: (1) an agency is directed by statute, federal law or court order to adopt, amend, suspend or repeal a rule in a manner that does not allow for compliance with sections 14.14 to 14.28; or if (2) an agency is expressly required or authorized by statute to adopt emergency rules; the agency shall adopt emergency rules in accordance with sections 14.29 to 14.36. Emergency rules may only be adopted in accordance with sections 14.29 to 14.36.*

Sec. 4. Minnesota Statutes 1984, section 14.29, subdivision 2, is amended to read:

Subd. 2. ~~Unless an agency is directed by federal law or court order to adopt, amend, suspend, or repeal a rule in a manner that does not allow for compliance with sections 14.14 to 14.28, no~~ *If an agency is expressly required or authorized by statute to adopt emergency rules under subdivision 1, clause (2), the agency may not adopt an emergency rule later than 180 days after the effective date of the statutory authority, except as provided in subdivision 3. If emergency rules are not adopted within the time allowed, the authority for the rules expires. The time limit of this section does not include any days used for review by the attorney general. If the 180-day period expires while*

the attorney general is reviewing the rule and the attorney general disapproves the rule, the agency may resubmit the rule to the attorney general after taking corrective action. The resubmission must occur within five working days after the agency receives written notice of disapproval. If the rule is again disapproved by the attorney general, it is withdrawn.

Sec. 5. Minnesota Statutes 1984, section 14.57, is amended to read:

14.57 [INITIATION; DECISION.]

An agency shall initiate a contested case proceeding when one is required by law. Unless otherwise provided by law, an agency shall decide a contested case *and render its decision and order* only in accordance with the contested case procedures of the administrative procedure act, *and shall issue an order only to decide a contested case.*"

Delete the title and insert:

"A bill for an act relating to administrative procedure; clarifying provisions relating to emergency rules; defining order; limiting certain agency actions; requiring an order to be rendered in accordance with the contested case procedures of the administrative procedure act; amending Minnesota Statutes 1984, sections 14.02, by adding a subdivision; 14.29, subdivisions 1 and 2; and 14.57; proposing coding for new law in Minnesota Statutes, chapter 14."

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

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1698: A bill for an act relating to education; allowing school boards to join the Minnesota rural education association; amending Minnesota Statutes 1984, section 123.33, subdivision 10.

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

Page 1, line 11, after "state" insert ", including a school board as defined in section 136C.02, subdivisions 8 and 9,"

Page 1, line 11, strike "the Minnesota"

Page 1, line 12, strike "school boards association" and delete the comma and strike "the Minnesota association of"

Page 1, line 13, strike "public schools," and strike "the metropolitan area school board"

Page 1, line 14, strike "association," and delete "or the Minnesota rural education association," and strike "and"

Page 1, strike line 15

Page 1, line 16, strike "meeting" and insert "any association of school districts"

Page 1, line 17, strike "expense incurred in"

Page 1, line 18, strike "attending such meeting" and insert "expenses of"



membership”

Page 1, after line 19, insert:

“Sec. 2. [REPEALER.]

*Minnesota Statutes 1985 Supplement, section 123.33, subdivision 14, is repealed.”*

Amend the title as follows:

Page 1, line 3, delete “the Minnesota rural education association” and insert “any association of school districts”

Page 1, line 5, before the period, insert “; repealing Minnesota Statutes 1985 Supplement, section 123.33, subdivision 14”

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

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1734: A resolution relating to education; memorializing the President and Congress of the United States to take action to officially commend those who have assisted the educational process of this country by operating the country’s school buses.

Reports the same back with the recommendation that the resolution do pass and be re-referred to the Committee on Rules and Administration. Report adopted.

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 2010: A bill for an act relating to education; permitting research sites on performance based education; permitting waiver of certain legal mandates; proposing coding for new law in Minnesota Statutes, chapter 121.

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

Delete everything after the enacting clause and insert:

“Section 1. [121.111] [PERFORMANCE BASED PROJECTS.]

*Subdivision 1. [SELECTION.] By January 1, 1987, the state board may select school districts for research sites in exemplary learning involving the suspension of certain mandates. A research site need not involve an entire district. It may include districts that are cooperating under sections 122.541, 123.351, 471.59, or other formal agreements recognized by the department of education. By June 1, 1986, the state board shall publicize its selection criteria and process. June 1, 1987, is the deadline for applying to be selected. The sites may begin to operate during the 1988-1989 school year. Designation as a research site under this section must end no later than the end of the 1992-1993 school year.*

*Subd. 2. [SUSPENSION OF MANDATES.] A district selected to have a research site must specify which state statutes and rules it wishes to have suspended as a part of its operation. The proposal must state how it is expected that the suspension will improve the performance of pupils.*

*According to its procedures, the state board may suspend, for a specified period of time, its rules that require a district to perform, or prevent a district from performing, an action. The suspended rules must be listed for each district. The state board cannot alter any teacher licensure requirements.*

*Subd. 3. [STATE STATUTES.] The state board shall report to the 1988 legislature about any state statutes that the state board recommends for modification by the legislature. The recommendations shall clearly and in detail state the reasons for and necessity of the modifications and the policy and legal justifications for modifications for certain districts.*

*Subd. 4. [PERFORMANCE AGREEMENT.] A district selected to have a research site must sign a performance agreement with the state board. The agreement must specify the rules to be suspended and the relation of the suspension to the performance of pupils as measured against specified learning expectations. The agreement must call for a periodic and final evaluation of the site's operation by evaluators from outside the district.*

*Subd. 5. [TERMINATION; MODIFICATION.] The state board or a district may terminate a performance agreement at any time. Either party may request a modification of the agreement at any time and may terminate the agreement if the modification is not agreed to.*

*Subd. 6. [REPORTS.] A district selected to have a research site must report to the state board annually within 60 days of the end of a school year on the progress at its site. The state board must report to the education committees of the legislature annually on the progress and suspension of rules at all the sites."*

Amend the title as follows:

Page 1, line 3, delete "performance based education" and insert "exemplary learning" and delete "waiver" and insert "suspension"

Page 1, line 4, delete "legal"

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1894: A bill for an act relating to transportation; permitting commissioner of transportation to exchange transportation facilities under conditions of clear public benefit; amending Minnesota Statutes 1985 Supplement, section 161.20, subdivision 2.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1593: A bill for an act relating to insurance; providing deposit requirements for domestic companies; providing for the licensing of credit life and accident insurance agents; requiring annual reports of claims by insurers; providing for the form of the reports and the information to be

included in them; requiring the commissioner of insurance to compile and review all reports and to publish a report; regulating covered claims of the insurance guarantee association; providing temporary joint underwriting of medical malpractice insurance; broadening the fair access to insurance provisions applicable to property insurance; regulating insurance rates and forms; authorizing the creation of assigned risk plans for casualty insurance; amending Minnesota Statutes 1984, sections 60A.13, by adding a subdivision; 60C.09, subdivision 1; 62F.06, subdivision 1; 62F.09; 65A.32; 65A.33; 65A.34, subdivision 1; 65A.35, subdivisions 1 and 2; 65A.37; 70A.04, subdivision 2, and by adding a subdivision; 70A.06, subdivision 1; 70A.08, subdivision 2; and 70A.09; Minnesota Statutes 1985 Supplement, sections 60A.10, subdivision 1; and 60A.17, subdivision 1a; repealing Minnesota Statutes 1984, section 70A.06, subdivision 4.

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 1985 Supplement, section 3.736, subdivision 3, is amended to read:

Subd. 3. [EXCLUSIONS.] Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) Any loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or regulation;

(b) Any loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) Any loss in connection with the assessment and collection of taxes;

(d) Any loss caused by snow or ice conditions on any highway, *public sidewalk* or other public place *or by acts taken to secure public safety because of those conditions*, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) Any loss caused by wild animals in their natural state;

(f) Any loss other than injury to or loss of property or personal injury or death;

(g) Any loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, and appurtenances, fixtures and attachments to land that the state has neither affixed nor improved;

(h) Any loss incurred by a user within the boundaries of the outdoor recreation system and arising from the construction, operation, or maintenance of the system, as defined in section 86A.04, or from the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, or from the construction, operation, or maintenance of a water access site created by the iron range resources and rehabilitation board, except that the state is liable for conduct that would entitle a trespasser to damages against a

private person.

(i) Any loss of benefits or compensation due under a program of public assistance or public welfare, except where state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(j) Any loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(k) Any loss based on the usual care and treatment, or lack of care and treatment, of any person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(l) Any loss, damage, or destruction of property of a patient or inmate of a state institution;

(m) Any loss for which recovery is prohibited by section 169.121, subdivision 9.

The state will not pay punitive damages.

Sec. 2. Minnesota Statutes 1984, section 60A.06, is amended by adding a subdivision to read:

*Subd. 3. Unless specifically authorized by section 60A.06, subdivision 1, clause (4), it is unlawful to combine in one policy coverage permitted by section 60A.06, subdivision 1, clauses (4) and (5)(a). This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies. This subdivision does not apply to group policies.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 60A.10, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC COMPANIES.] (1) [DEPOSIT AS SECURITY FOR ALL POLICYHOLDERS REQUIRED.] No company in this state, other than farmers' mutual, or real estate title insurance companies, shall do business in this state unless it has on deposit with the commissioner, for the protection of both its resident and nonresident policyholders, securities to an amount, the actual market value of which, exclusive of interest, shall never be less than \$200,000 until July 1, 1986, \$300,000 until July 1, 1987, \$400,000 until July 1, 1988, and \$500,000 on and after July 1, 1988 or one-half the applicable financial requirement set forth in section 60A.07, whichever is less. The securities shall be retained under the control of the commissioner as long as any policies of the depositing company remain in force.

(2) [SECURITIES DEFINED.] For the purpose of this subdivision, the word "securities" means bonds or other obligations of, or bonds or other obligations insured or guaranteed by, the United States, any state of the United States, any municipality of this state, or any agency or instrumentality of the foregoing.

(3) [PROTECTION OF DEPOSIT FROM LEVY.] No judgment creditor or other claimant may levy upon any securities held on deposit with, or for the account of, the commissioner. Upon the entry of an order by a court of competent jurisdiction for the rehabilitation, liquidation or conservation of

any depositing company as provided in chapter 60B, that company's deposit together with any accrued income thereon shall be transferred to the commissioner as rehabilitator, liquidator, or conservator.

Sec. 4. Minnesota Statutes 1984, section 60A.13, is amended by adding a subdivision to read:

*Subd. 8. [ANNUAL REPORTS.] Each insurer licensed to write property and casualty insurance in this state, as a supplement to the annual statement required by this section, shall submit a report on a form furnished by the commissioner showing its direct writings in Minnesota and in the United States on: liquor liability, product liability, medical malpractice, and any other line so designated by the commissioner on January 1 of each year.*

*The supplemental reports must include the following data for the previous year ending on the 31st day of December:*

- (1) direct premiums written;*
- (2) direct premiums earned;*
- (3) net investment income, including net realized capital gains and losses, using appropriate estimates where necessary;*
- (4) incurred claims, developed as the sum, and with figures provided for, of the following:*
  - (a) dollar amount of claims closed with payment, plus*
  - (b) reserves for reported claims at the end of the current year, minus*
  - (c) reserves for reported claims at the end of the previous year, plus*
  - (d) reserves for incurred but not reported claims at the end of the current year, minus*
  - (e) reserves for incurred but not reported claims at the end of the previous year, plus*
  - (f) reserves for loss adjustment expense at the end of the current year, minus*
  - (g) reserves for loss adjustment expense at the end of the previous year;*
- (5) actual incurred expenses allocated separately to loss adjustment, commissions, other acquisition costs, general office expenses, taxes, licenses and fees, and all other expenses;*
- (6) net underwriting gain or loss; and*
- (7) net operation gain or loss, including net investment income.*

*This report is due by the first of May of each year and the first report must cover the year 1986. The commissioner shall annually compile and review all reports submitted by insurers pursuant to this section. These filings must be published and made available to any interested insured or citizen.*

Sec. 5. Minnesota Statutes 1984, section 60A.25, is amended to read:

**60A.25 [INSOLVENT COMPANIES, NOTIFICATION OF POLICY-HOLDERS.]**

*Subdivision 1. [NOTIFICATION OF POLICYHOLDERS.] Whenever*

any foreign or domestic insurance company authorized to transact the business of insurance in Minnesota is adjudicated insolvent, or whenever its policies are declared null and void by court order, the commissioner of commerce shall ascertain the names and last known addresses of all Minnesota policyholders of said company, and shall notify all Minnesota policyholders within 30 days of such adjudication or court order. In the case of foreign insurers authorized to do business in this state, the commissioner of commerce may elect to notify all of the company's licensed agents in Minnesota with a directive that the agents notify all insureds of the company's insolvency or that its policies have been declared null and void.

*Subd. 2. [REMITTANCE OF PREMIUMS.] Every agency contract written by an insurance company writing property and casualty insurance in Minnesota shall contain or be construed to contain the following provision: "Notwithstanding any other provision of this contract, the obligation of the agent to remit written premiums to the company shall be changed upon the commencement of any administrative or legal proceeding by any state against the carrier regarding its financial condition. After the commencement of the proceedings, the obligation of the agent to remit premiums shall be confined to the premiums earned before the commencement of the proceedings. The agent shall not owe or remit to the company or to the liquidator or receiver any premiums that are unearned as of the date of the commencement of the delinquency proceedings, and any unearned premiums in the possession of the agent on the date shall be returned promptly by the agent to the insured or, with the approval of the insured, be used to purchase new coverage for the insured with a different insurer."*

Sec. 6. Minnesota Statutes 1984, section 60C.09, subdivision 1, is amended to read:

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

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

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

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

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

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

(iv) the insured's deductible under the policy is increased by an amount equal to the premium for the reporting endorsement if one had been issued.

(b) Arises out of a class of business which is not excepted from the scope of Laws 1971, chapter 145 by section 60C.02; and

(c) Is made by:

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

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

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

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

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

A covered claim also includes any unpaid claim which arises or exists within 30 days after the time of entry of an order of liquidation with a finding of insolvency by a court of competent jurisdiction unless prior thereto the insured replaces the policy or causes its cancellation or the policy expires on its expiration date.

Sec. 7. Minnesota Statutes 1984, section 62A.02, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] No such policy shall be issued, nor shall any application, rider, or endorsement be used in connection therewith, until the expiration of ~~30~~ 60 days after it has been so filed unless the commissioner shall sooner give his written approval thereto.

Sec. 8. Minnesota Statutes 1984, section 62A.02, subdivision 3, is amended to read:

Subd. 3. [DISAPPROVAL.] The commissioner shall, within ~~30~~ 60 days after the filing of any form, disapprove the form:

(1) if the benefits provided therein are unreasonable in relation to the premium charged;

(2) if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the policy; or

(3) If the proposed premium rate is excessive because the insurer has failed to exercise reasonable cost control.

For the purposes of clause (1), the commissioner shall establish by rule a schedule of minimum anticipated loss ratios which shall be based on (i) the type or types of coverage provided, (ii) whether the policy is for group or individual coverage, and (iii) the size of the group for group policies. Except for individual policies of disability or income protection insurance, the minimum anticipated loss ratio shall not be less than 50 percent after the first year that a policy is in force. All applicants for a policy shall be informed in writing at the time of application of the anticipated loss ratio of the policy. For the purposes of this subdivision, "anticipated loss ratio" means the ratio at the time of form filing or at the time of subsequent rate revision of the

present value of all expected future benefits, excluding dividends, to the present value of all expected future premiums. Nothing in this paragraph shall prohibit the commissioner from disapproving a form which meets the requirements of this paragraph but which the commissioner determines still provides benefits which are unreasonable in relation to the premium charged. ~~The commissioner may until December 31, 1978, exercise emergency power for the purpose of implementing the minimum anticipated loss ratio requirement, and for this purpose may adopt emergency rules as provided in sections 14.29 to 14.36. Notwithstanding the expiration of the commissioner's emergency power, any emergency rule adopted by him prior to the expiration of his emergency power may remain effective for the periods authorized in sections 14.29 to 14.36.~~

If the commissioner notifies an insurer which has filed any form that the form does not comply with the provisions of this section or sections 62A.03 to 62A.05 and section 72A.20, it shall be unlawful thereafter for the insurer to issue the form or use it in connection with any policy. In the notice the commissioner shall specify the reasons for his disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer.

Sec. 9. Minnesota Statutes 1984, section 62A.17, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBILITY OF EMPLOYEE.] Every eligible employee electing to continue coverage shall pay his former employer, on a monthly basis, the cost of the continued coverage. If the policy, contract, or health care plan is administered by a trust, every eligible employee electing to continue coverage shall pay the trust the cost of continued coverage according to the eligibility rules established by the trust. The employee shall be eligible to continue the coverage until he becomes re-employed and ~~eligible for~~ *has obtained* health care coverage under a group policy, contract, or plan sponsored by the same or another employer, or for a period of 12 months after the termination of or lay off from employment, whichever is shorter.

Sec. 10. Minnesota Statutes 1984, section 62B.07, subdivision 2, is amended to read:

Subd. 2. The commissioner shall within ~~30~~ 60 days after the filing of policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the insurance laws or of any rule or regulation promulgated thereunder. In order to determine whether the premium to be charged under a particular policy form submitted by an insurer is excessive in relation to benefits, and to facilitate the submission and approval of policy forms and premium rates to be used in connection therewith, the commissioner shall give full consideration to and make reasonable allowances for underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, (1); (2); (3) and (4), and any and all



other factors and trends demonstrated to be relevant. An insurer may support these factors by statistical information, experience, actuarial computations, and/or estimates certified by an executive officer of the insurer, and the commissioner shall give due consideration to such supporting data.

Sec. 11. Minnesota Statutes 1984, section 62B.07, subdivision 3, is amended to read:

Subd. 3. If the commissioner notifies the insurer that the form is disapproved, it is unlawful thereafter for the insurer to issue or use it. In his notice, the commissioner shall specify the reason for his disapproval and state that a hearing will be granted within 20 days after a request in writing by the insurer. No policy, certificate of insurance, notice of proposed insurance, nor any application, endorsement or rider, shall be issued or used until the expiration of 30 60 days after it has been filed, unless the commissioner gives his prior written approval thereto.

Sec. 12. Minnesota Statutes 1984, section 62C.14, subdivision 10, is amended to read:

Subd. 10. Except as otherwise provided in subdivision 9, all forms received by the commissioner shall be deemed filed 30 60 days after received unless disapproved by order transmitted to the corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 13. Minnesota Statutes 1984, section 62E.14, subdivision 3, is amended to read:

Subd. 3. [PRE-EXISTING CONDITIONS.] No person who obtains coverage pursuant to this section shall be covered for any pre-existing condition during the first six months of coverage under the state plan if the person was diagnosed or treated for that condition during the 90 days immediately preceding the filing of an application. *Notwithstanding this restriction, terminated employees subject to sections 62A.17 and 62E.16 may, in lieu of a conversion contract election, enroll with a waiver of the preexisting condition limitation.*

Sec. 14. Minnesota Statutes 1984, section 62F.06, subdivision 1, is amended to read:

Subdivision 1. A policy issued by the association shall provide for a continuous period of coverage beginning with its effective date and terminating automatically at 12:01 a.m. on September 1, 1988, or sooner as provided in sections 62F.01 to 62F.14. The policy shall be issued subject to the group retrospective rating plan and the stabilization reserve fund authorized by section 62F.09. The policy shall be written to apply to ~~injury which results from acts or omissions~~ *claims first made against the insured and reported to the association during the policy period.* No policy form shall be used by the association unless it has been filed with the commissioner, and the commissioner may disapprove the form within 30 days if he determines it is misleading or violates public policy.

Sec. 15. Minnesota Statutes 1984, section 62F.09, is amended to read:

## 62F.09 [STABILIZATION RESERVE FUND.]

Subdivision 1. There is created a stabilization reserve fund administered by three directors, as follows: the commissioner; a representative of the association appointed by the commissioner; and a representative of the policyholders of the association, appointed by the commissioner.

Subd. 2. The directors shall act by majority vote with two directors constituting a quorum for the transaction of any business or the exercise of any power of the fund. The directors shall serve without salary, but shall be reimbursed for expenses in the manner provided for state employees. The directors shall not be subject to personal liability or accountability in the administration of the fund *the association or its designee*.

Subd. 3 2. Each policyholder shall pay to the association a stabilization reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.

Subd. 4 3. The association shall promptly pay into the stabilization reserve fund charges which it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.

Subd. 5 4. All moneys paid into the fund shall be held in trust by a corporate trustee selected by the directors. The corporate trustee may invest the moneys held in trust, subject to the approval of the *directors association*. All ~~investment income gains or losses from the investment of stabilization reserve fund money~~ shall be credited to the fund. All expenses of administration of the fund shall be charged against the fund. ~~The moneys held in trust~~ *Stabilization reserve fund money* shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders of the association under the group retrospective rating plan. Payment of retrospective premium charges shall be made ~~by the directors~~ upon certification ~~to them~~ by the association of the amount due. If all moneys accruing to the fund are exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any moneys remaining in the fund after all retrospective premium charges have been paid shall be returned to policyholders under procedures authorized by the ~~directors association~~.

Sec. 16. Minnesota Statutes 1984, section 62G.16, subdivision 9, is amended to read:

Subd. 9. All forms received by the commissioner shall be deemed filed 30 60 days after received unless disapproved by order transmitted to the legal service plan corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 17. [62I.01] [CITATION.]

*Sections 17 to 36 may be cited as the Minnesota joint underwriting association act.*

Sec. 18. [62I.02] [MINNESOTA JOINT UNDERWRITING ASSOCIATION.]

*Subdivision 1. [CREATION.] The Minnesota joint underwriting association is created to provide insurance coverage to any person or entity unable to obtain insurance through ordinary methods if the insurance is required by statute, ordinance, or otherwise required by law, or is necessary to earn a livelihood or conduct a business. Prudent business practice or mere desire to have insurance coverage is not a sufficient standard to require the association to offer insurance coverage to a person or entity. The association is specifically authorized to provide insurance coverage to day care providers, foster parents, foster homes and day activity centers for mentally, emotionally, or physically handicapped persons. Because the activities of certain persons or entities present a risk that is so great, the association may refuse to offer insurance coverage to any person or entity the board of directors of the association determines is outside the intended scope and purpose of the association because of the gravity of the risk of offering insurance coverage. The association is not required to offer environmental impairment liability insurance, product liability, or coverage for activities that are significantly conducted outside the state of Minnesota. Every insurer authorized to write insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state. Insurers who only write life insurance or only types of insurance for which another joint underwriting association or assigned risk plan is provided by state statute shall not be required to be a member of the joint underwriting association.*

*Subd. 2. [DIRECTOR.] The association shall have a board of directors composed of 11 persons chosen annually as follows: five persons elected by members of the association at a meeting called by the commissioner; three public members, as defined in section 214.02, appointed by the commissioner; and three members, appointed by the commissioner representing groups to whom coverage has been extended by the association. If at any time no coverage is currently extended by the association, then either additional public members may be appointed to fill these three positions or, at the option of the commissioner, representatives from groups who had previously been covered by the association may serve as directors.*

Sec. 19. [62I.03] [DEFINITION.]

*Subdivision 1. [SCOPE.] As used in sections 17 to 36 the following terms have the meanings given them in this section.*

*Subd. 2. [ASSOCIATION.] "Association" means the Minnesota joint underwriting association.*

*Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.*

*Subd. 4. [MEMBER.] "Member" means every insurer authorized to write and writing insurance in this state except for those who only write personal lines of health, property and life insurance to the extent that the insurer writes lines of personal health, property and life insurance, or only types of insurance for which another joint underwriting association or assigned risk plan is provided by Minnesota statute.*

*Subd. 5. [DIRECT WRITTEN PREMIUMS.] "Direct written premiums"*

means that amount at column (2), line 31, page 14, of the annual statement filed annually with the department of commerce pursuant to section 60A.13.

Subd. 6. [DEFICIT.] "Deficit" means, for a particular policy year and line or type of insurance, that amount by which total paid and outstanding losses and loss adjustment expenses exceed premium revenue, including retrospective premium revenue.

Sec. 20. [62I.04] [POLICY ISSUANCE.]

Any person or entity that is a resident of the state of Minnesota who has a current written notice of refusal to insure from an insurer licensed to offer insurance in the state of Minnesota may make written application to the association for coverage. The applicable premium or required portion of it must be paid prior to coverage by the association.

The application shall be filed simultaneously with the association and the market assistance plan for the association.

The association is authorized to (1) issue or cause to be issued insurance policies to applicants subject to limits specified in the plan of operation; (2) underwrite the insurance and adjust and pay losses with respect to it, or appoint service companies to perform those functions; (3) assume reinsurance from its members; and (4) cede reinsurance.

Sec. 21. [62I.05] [PLAN OF OPERATION.]

Within 45 days after the appointment of the directors of the association, the directors shall submit to the commissioner for review, a proposed plan of operation, consistent with the provisions of this chapter.

The plan of operation shall provide economic, fair, and nondiscriminatory administration and for the prompt, efficient provision of insurance coverage of the types provided by section 18. It shall provide for an expedited review and determination by the board of any application for a type of coverage that has not been previously excluded or authorized. The action of the board on the application shall be an amendment to the plan of operation and the type of coverage shall thereafter be specified in the plan as either excluded or authorized. It may contain other provisions necessary for the operation of the association, including but not limited to preliminary assessment of all members for initial expenses necessary to commence operations, establishment of necessary facilities, management of the association, assessment of members to defray losses and expenses, commission arrangements, reasonable and objective underwriting standards, acceptance and cessation of reinsurance, appointment of servicing carriers or other servicing arrangements and procedures for determining amounts of insurance to be provided by the association.

The plan of operation is subject to approval by the commissioner. If the commissioner disapproves all or any part of the proposed plan of operation, the directors shall within 15 days submit for review an appropriate revised plan of operation. If a revised plan is not submitted within 15 days the commissioner shall promulgate a plan of operation. The plan of operation approved or promulgated by the commissioner is effective and operational upon the order of the commissioner.

Amendments to the plan of operation may be made by the directors of the

association subject to approval by the commissioner.

Sec. 22. [621.06] [POLICY FORMS; PREMIUM RATE.]

*Subdivision 1. [REQUIREMENT.] The policies and contracts of coverage issued pursuant to this chapter shall contain the usual and customary provisions of similar insurance policies issued by private insurance companies. If a standard form is used in the private marketplace for any type of coverage that is to be extended by the association, then the association shall use that form. If there are varying types of forms used in the marketplace the association may choose to use a standard policy form issued by a service organization or other entity who commonly prepares standardized types of forms. If the board determines that neither of these alternatives is appropriate, then it shall adopt a policy form based upon the terms and conditions of the policies used for this type of coverage that are the most commonly used in the private market. As far as practical the board shall attempt to adopt forms that are consistent with the practice in the private market. No policy forms shall be used by the association unless it has been filed with the commissioner, and the commissioner may disapprove the form within 30 days if the commissioner determines that it is misleading, it violates public policy, or for any reason that the commissioner would be empowered to reject a similar form filed by a private company.*

*Subd. 2. [CANCELLATION.] If the insured fails to pay a stabilization reserve fund charge the association may cancel the policy by mailing or delivering to the insured at the insured's address shown on the policy at least ten days written notice stating the date that the cancellation is effective.*

*Subd. 3. [RATES.] The rates, rating plan, rating rules, rating classification and territories applicable to insurance written by the association and related statistics are subject to chapter 70A. Rates shall be on an actuarially sound basis, giving consideration to the group retrospective rating plan. The commissioner shall take all appropriate steps to make available, upon request of the association, loss and expense experience of insurers previously writing or currently writing insurance of any type the association offers or intends to offer.*

*Subd. 4. [APPROVAL.] All policies issued by the association are subject to the group retrospective rating plan approved by the commissioner under which the final premium for the insureds of the association, as a group, will be equal to the administrative expenses, loss and loss adjustment expenses and taxes, plus a reasonable allowance for contingency and servicing. If the board of directors feels it is appropriate and in the interest of fairness and equity, the insureds of the association may be broken down into more than one group. The rating plan may provide for varying rates within the rating plan for such groups as their relative burden to the group as a whole would merit. Policyholders shall be given full credit for all investment income, net of expenses and reasonable management fee on policyholder supplied funds. The standard premium, before retrospective adjustment, for each policy issued by the association shall be established for portions of the policy period coinciding with the association's fiscal year on the basis of the association rates, rating plans, rating rules, rating classifications and territories then in effect. The maximum premium for all policyholders of the association as a group shall be limited as provided in sections 17 to 36.*

*Subd. 5. [EXAMINATIONS.] The commissioner shall examine the business of the association as often as is appropriate to insure that the group retrospective rating plan is operating in a manner consistent with this chapter or other Minnesota laws. If it is found that the operation is deficient or inconsistent with this chapter or other Minnesota laws the commissioner may order the association to take corrective action.*

*Subd. 6. [DEFICITS.] The association shall certify to the commissioner the estimated amount of any deficit remaining after the stabilization reserve fund has been exhausted and payment of the maximum final premium for all policyholders of the association. Within 60 days after the certification, the commissioner shall authorize the association to recover the members' respective shares of the deficit by assessing all members an amount sufficient to fully fund the obligations of the association. The assessment of each member shall be determined in the manner provided in section 23. An assessment made pursuant to this section shall be deductible by the member from past or future premium taxes due the state.*

*Subd. 7. [AMENDMENTS TO RATING PLAN.] In addition to the usual manner of amending the rating plan set forth in this section and section 21, the following procedure may also be used:*

*(1) Any person may, by written petition served upon the commissioner of commerce request that a hearing be held to amend the rating plan, or any part of the rating plan.*

*(2) The commissioner shall forward a copy of the petition to the chief administrative law judge within three business days of its receipt. The chief administrative law judge shall, within three business days of receipt of the copy of the petition or a request for hearing by the commissioner, set a hearing date, assign an administrative law judge to hear the matter, and notify the commissioner of the hearing date and the administrative law judge assigned to hear the matter. The hearing date must be set not less than 60 days nor more than 90 days from the date of receipt of the petition by the commissioner or the date of the commissioner's request for hearing if the commissioner is the person requesting a hearing.*

*(3) The commissioner shall publish a notice of the hearing in the State Register at least 30 days before the hearing date. The notice should be similar to that used for rulemaking under the administrative procedure act. Approval of the notice by the administrative law judge is not required.*

*(4) The hearing and all matters which occur after the hearing are a contested case under chapter 14. Within 45 days from the commencement of the hearing and within 15 days of the completion of the hearing the administrative law judge shall submit a report to the commissioner of commerce. The parties, or the administrative law judge, if the parties cannot agree, shall adjust all time requirements under the contested case procedure to conform with the 45 day requirement.*

*(5) The commissioner shall render a decision within ten business days of the receipt of the administrative law judge's report.*

*(6) If all parties to the proceeding agree, any of the previous requirements may be waived or modified.*

*(7) A petition for a hearing to amend the rating plan or any part of the rating*

*plan received by the commissioner within 180 days of the date of the commissioner's decision in a prior proceeding to amend the rating plan is invalid and requires no action provided the petition involves the same rates as the previous hearing. If the petition involves matters in addition to those dealt with in the previous hearing, then the additional matters shall be treated as a separate petition for hearing and a hearing may be held on those matters.*

Sec. 23. [621.07] [MEMBERSHIP ASSESSMENTS.]

*A member of the association shall participate in its writings, expenses, servicing allowance, management fees and losses in the proportion that the direct written premiums of the member, excluding that portion of premiums attributable to personal lines of life, health and property insurance, and excluding that portion of premiums attributable to the operation of the association written during the premium year bears to the aggregate direct written premiums written in this state by all members. The members' participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported in the annual statements and other reports filed by the member with the commissioner.*

Sec. 24. [621.08] [APPLICATION PROCEDURE.]

*A person or entity that has been denied coverage or is unable to find an insurer willing to write coverage is eligible to make an application to the association. The application shall be on a form approved by the board of directors. To show eligibility to participate in the association the applicant shall certify that the applicant has been unable to find anyone to offer the coverage sought by the applicant. No further proof shall be required of the applicant. The application shall be filed simultaneously with the association and the market assistance plan of the association.*

Sec. 25. [621.09] [MARKET ASSISTANCE PLAN.]

*Subdivision 1. [CREATION.] A market assistance program committee consisting of 12 members is created. The 12 members shall be appointed by the commissioner of commerce. The commissioner's designated representative shall serve as an ex officio member. The commissioner shall appoint six members of the committee as representatives of insurers; two members who are insurance agents; two public members; and two members representative of groups to whom the association has issued coverage. If, at any time after appointment, a member of the committee, through change of employment or similar circumstances, is no longer representative of the group the member was appointed to represent, that member shall be deemed unable to continue to serve as a member of the committee and the commissioner shall appoint a replacement for the balance of that member's term.*

*Subd. 2. [TERMS AND VACANCIES.] In the event of a member's inability to continue to serve, the commissioner shall appoint a replacement. The committee shall elect a chair and vice chair from among the members. The term of each member is one year commencing on June 1, except that the first members to be appointed to the committee shall serve from the date of their appointment until June 1 immediately following their appointment.*

*Subd. 3. [MEETINGS.] The committee shall convene upon the call of the commissioner, the chair or vice chair or at the request of one of the committee members. No quorum requirements are necessary.*

## Sec. 26. [62I.10] [DISPOSITION OF APPLICATION.]

*Subdivision 1. [ACTION UPON APPLICATION.] Upon receipt of an application, the committee or persons the committee appoints or designates will immediately review the application to determine what assistance the committee can give. The assistance may include: (1) discussion with the applicant's most recent underwriter, if any, to determine if the applicant's coverage can be maintained with the most recent carrier; (2) discussion with other known available insurance markets to determine if any other carrier will accept the applicant; (3) negotiating extensions of coverage with the most recent carrier or a temporary carrier, if possible, to permit additional exploration of insurance markets or accumulation of essential underwriting data; and (4) referring the application to the first five participating insurers (participants) on the relevant list provided in subdivision 2. Subsequent applications will be sent to the next five participants on a rotating basis. If at any time there are less than ten participants on the master list then the master list will no longer be utilized.*

*Subd. 2. [LIST OF PARTICIPATING INSURERS.] A list of participants shall be prepared and updated at least every two years in the following manner: (1) the committee will secure a mailing list from the department of commerce of every licensed insurer admitted to do business as well as every eligible licensed surplus lines licensee; (2) the committee will mail to each admitted insurer and eligible surplus lines licensee an outline of the conditions of participation; (3) a master list of participants willing to take part in the market assistance program will be created from the responses to the initial mailing. The master list will be updated at least every two years pursuant to clauses (1) and (2). Order on the master list will be determined by random selection.*

*Subd. 3. [REFERRAL TO PARTICIPANTS.] Upon receipt of an application, the committee or the persons the committee appoints or designates may mail or telex copies of the application to the first five participants on the master list.*

*Subd. 4. [QUOTES.] Participants must quote on at least one out of every three applications submitted. Each participant will have the right to individually evaluate the risk the applicant poses and develop a price commensurate with that risk.*

*Subd. 5. [REFERRAL.] If no quote is received from the first five participants on the list, the next five participants on the list shall receive the application and the same procedure shall be followed until a quote is obtained or the list is exhausted. All participants may, if the committee feels it appropriate, be given the application at once.*

*Subd. 6. [RESPONSE FROM PARTICIPANT.] Participants may provide a quote on the same coverage basis they normally provide for similar coverage for that type of insurance in Minnesota. Participants will return their quotations or refusals to quote to the committee within ten days. The applicant or the applicant's agent, if any, will be notified of the quotations. The agent will then complete the placement of the insurance, if the applicant accepts coverage from the participant at the price quoted, without need for an agency appointment from that participant. The insurer is not required to pay the agent any commission, but the agent may negotiate a fee with the appli-*



cant prior to initial submission of the application.

*Subd. 7. [LIMITATION ON REAPPLICATION.] An applicant provided a quotation in accordance with the above procedure will not be eligible to seek additional quotations from the market assistance plan or to obtain coverage from the association if the quotation received would not be deemed to be a notice of refusal for purposes of determining eligibility for participation in the association.*

*Subd. 8. [REVIEW BY THE COMMITTEE.] If the procedures in subdivisions 1 to 7 do not produce a quote, the application may be submitted to the committee. The committee after reviewing the application shall proceed as follows: (1) attempt to place the applicant with a single carrier; or (2) attempt to arrange coverage on a quota share basis with a number of carriers.*

*Subd. 9. [DISQUALIFICATION AFTER COVERAGE GRANTED.] If an application is filed with the market assistance program less than 15 business days before the expiration date of the applicant's current insurance coverage the market assistance program may continue to seek coverage for the applicant after coverage is extended by the association. The market assistance program will have 15 business days from the date of filing of the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 15 business days of filing of the application and if the offer of coverage would not otherwise be considered a refusal for purposes of the association, the applicant will be deemed to not be qualified to participate in the association and coverage, if any, shall be terminated. If the applicant accepts the coverage obtained by the market assistance plan, coverage from the association will terminate when the new coverage begins.*

*Subd. 10. [NOTIFICATION OF FAILURE TO PLACE.] If the market assistance program does not produce a quote, it shall notify the submitting agent or the applicant at least 24 hours before the time the applicant's current insurance coverage terminates. A copy of the notification must be submitted to the commissioner and the association at the same time notice is made to the agent or applicant. Notwithstanding the foregoing, the market assistance program may continue to act pursuant to subdivision 9. Notice that the market assistance program is continuing to act pursuant to subdivision 9 shall be included in the notice required by this subdivision.*

#### Sec. 27. [62I.11] [PROGRAM PARTICIPATION:]

*Subdivision 1. [TERMINATION.] A participant may terminate its participation in the program at any time by providing written notice of the termination 90 days in advance of the effective date of the termination to the commissioner and to the committee.*

*Subd. 2. [NEW PARTICIPANTS.] New participants may join the program at any time by submitting a written request to the commissioner and to the committee.*

#### Sec. 28. [62I.12] [ASSOCIATION ADMINISTRATION:]

*Subdivision 1. [ADMINISTRATOR.] The association shall be administered by a qualified insurer or vendor of risk management services selected*

by the commissioner. If the commissioner deems it necessary, the commissioner may select more than one person to administer the association.

*Subd. 2. [DUTIES.] The administrator shall perform all services necessary to accomplish the purposes of the association, including the servicing of policies or contracts of coverage, data management, and collection of assessments.*

*Subd. 3. [APPEALS.] Anyone adversely affected by the decision of the administrator may object to the decision by appealing to the commissioner within 15 days after the decision. The appeal must be made by letter mailed to the commissioner with a copy to the administrator within the 15-day period. The letter must include a summary of the administrator's decision from which the appeal is taken, the basis for the objection to the administrator's decision, and any argument or evidence in support of the appeal. Within 15 days after receipt of the letter, the administrator shall file a response, including the basis of the administrator's decision and all argument and evidence in support of the decision, with the commissioner. Within ten days after receipt of the administrator's response, the commissioner shall either affirm, reverse, or modify the administrator's decision as the commissioner deems appropriate.*

**Sec. 29. [62I.13] [ACTION BY THE MINNESOTA JOINT UNDERWRITING ASSOCIATION UPON THE APPLICATION.]**

*Subdivision 1. [GENERALLY.] Eligibility for coverage by the association is subject to the terms and conditions of subdivisions 2 and 3.*

*Subd. 2. [MINIMUM OF QUALIFICATIONS.] Anyone who is unable to obtain insurance in the private market and who so certifies to the association in the application is eligible to make written application to the association for coverage. Payment of the applicable premium or required portion of it must be paid prior to coverage by the association. An offer of coverage at a rate in excess of the rate that would be charged by the association for similar coverage and risk shall be deemed to be a refusal of coverage for purposes of eligibility for participation in the association. It shall not be deemed to be a written notice of refusal if the rate for coverage offered is less than five percent in excess of the joint underwriting association rates for similar coverage and risk. However, the offered rate must also be the rate that the insurer has filed with the department of commerce if the insurer is required to file its rates with the department. If the insurer is not required to file its rates with the department, the offered rate must be the rate generally charged by the insurer for similar coverage and risk.*

*Subd. 3. [DISQUALIFYING FACTORS.] For good cause, coverage may be denied or terminated by the association. Good cause may exist if the applicant or insured: (1) has an outstanding debt due or owing to the association at the time of application or renewal arising from a prior policy; (2) refuses to permit completion of an audit requested by the commissioner or administrator; (3) submits misleading or erroneous information to the commissioner or administrator; (4) disregards safety standards, laws, rules or ordinance pertaining to the risk being insured; (5) fails to supply information requested by the commissioner or administrator; (6) fails to comply with the terms of the policies or contracts for coverage issued by the association; and (7) has not satisfied the requirements of the market assistance program as set*

forth in section 25.

*Subd. 4. [DISQUALIFICATION AFTER COVERAGE GRANTED.] If an application is filed with the market assistance program less than 15 business days before the expiration of the applicant's current insurance coverage, the market assistance program may continue to seek coverage for the applicant after coverage is extended by the assigned risk plan. The market assistance program will have 15 business days from the date of filing the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 15 business days of filing of the application and if the offer of coverage would not otherwise be considered refusal for purposes of the assigned risk plan, the applicant will be deemed to be not qualified to participate in the association plan and coverage, if any, shall be terminated.*

*Subd. 5. [NOTICE.] An application for coverage under the association must be granted or denied within ten days after receipt by the administrator of a properly completed application and any supplemental information requested by the administrator. Anyone covered by the association must be given at least 30 days notice of nonrenewal or cancellation of coverage.*

**Sec. 30. [621.14] [ASSESSMENTS.]**

*In the event the commissioner deems it necessary to make an assessment, an assessed insurer must pay the assessment within 30 days of receipt of notice of the assessment. The commissioner may suspend or revoke an insurer's certificate of authority and impose a civil penalty in an amount not to exceed \$5,000 for an insurer's failure to pay the assessment within the 30 day period.*

**Sec. 31. [621.15] [EXTENSION OF COVERAGE.]**

*If the association determines that the applicant meets the underwriting standards of the association as described in the plan of operation and there is no unpaid, uncontested premium due from the application for prior insurance, including failure to make written objections to premium charges within 30 days after billing, or if there is no other allowable reason as set forth in this chapter for denial of coverage, the association upon receipt of the premium or portion of it as described in the plan of operation shall issue a policy of insurance to the applicant.*

**Sec. 32. [621.16] [STABILIZATION RESERVE FUND.]**

*Subdivision 1. [CREATION.] There is created a stabilization reserve fund. Each policyholder shall pay to the association a stabilization reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.*

*Subd. 2. [PAYMENT.] The association shall promptly pay into the stabilization reserve fund all fund charges it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.*

*Subd. 3. [SUPERVISION.] All money paid into the fund shall be held in*

trust by the corporate trustee selected by the board of directors. The corporate trustee may invest the money held in trust subject to the approval of the board. All investment income shall be credited to the fund. All expenses of the administration of the fund shall be charged against the fund. The money held in trust shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders and any retrospective premium refunds payable to policyholders under the group retrospective rating plan. Payment of retrospective premium charges shall be made upon certification of the amount due. If all money accruing to the fund is exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any stabilization reserve fund charges from a particular policy year and line or type of insurance not used to pay retrospective premiums must be returned to policyholders after all claims and expense obligations from that particular policy year and line or type of insurance are satisfied.

Subd. 4. [EXEMPTION.] The board of directors may, upon their own motion or upon application of any applicant or insured, exempt any group from the payment of the stabilization reserve charge. The exemption shall be granted only to those groups who are unable to obtain insurance coverage in the private market as a result of the private market's refusal to write coverage for that group rather than because of loss experiences or risks posed by the applicant or insured as an individual. It shall be presumed that a group is qualified for this exemption if more than 20 percent of the members of that group are unable to obtain the insurance coverage that they seek. The board of directors shall also consider granting exemption if any members of the same group are unable to obtain coverage in the private market even though no claims have been made against them or payments made on their behalf by any insurer within the last three years.

Subd. 5. [SURCHARGE.] In addition to determining the basic rate for coverages to be offered by the joint underwriting association, the association shall also develop a surcharge plan or similar method for adjusting the rate to be charged to those persons who have had claims made against them. The surcharge plan shall take into effect the risk posed to the association by the applicant or the insured. The surcharge plan shall be sufficient to provide for the sound financial operation of the plan based upon commonly agreed upon actuarial principles.

### Sec. 33. [62I.17] [IMMUNITY FROM LIABILITY.]

No cause of action of any nature shall arise against the association, the commissioner or the commissioner's authorized representatives, or any other person or organization, for any statements made in good faith by them during any proceedings or concerning any matters within the scope of this chapter.

### Sec. 34. [62I.18] [RIGHT OF APPEAL.]

Any applicant to the association, any person insured pursuant to this chapter or their representatives, any affected insurer, or any person who has applied for coverage pursuant to this chapter may appeal to the commissioner within 30 days after any ruling, action, or decision by or on behalf of the association with respect to those items that the plan of operation defines as

appealable matters.

Sec. 35. [62I.19] [ANNUAL STATEMENTS.]

*On March 1 of each year the association shall file with the commissioner a report of its transactions, financial conditions, and operations during the preceding year. The report shall be on a form approved by the commissioner. The commissioner may at any time require the association to furnish additional information to assist in evaluating the scope, operation, and experience of the association.*

Sec. 36. [62I.20] [MERGER OF OTHER PLANS.]

*Upon application by the governing body of the liquor liability assigned risk plan authorized by section 340A.409 or the temporary joint underwriting association authorized by chapter 62F to be merged with the association, the commissioner shall, if the commissioner deems it appropriate, hold a public hearing in regard to the merger. The commissioner upon motion or upon the motion of any insured under plans shall hold a hearing. Unless it can be shown that the rights of the insured would be adversely affected by the merger or that it would be less efficient or more costly to merge the plans, the commissioner shall consent to the merger. The commissioner shall also consent to the merger at any time there are less than ten insureds in any plan.*

Sec. 37. Minnesota Statutes 1985 Supplement, section 64B.03, is amended to read:

64B.03 [REPRESENTATIVE FORM OF GOVERNMENT.]

(a) A society has a representative form of government when it has a supreme governing body constituted in one of the following ways:

(1) The supreme governing body is an assembly composed of delegates elected directly by the members or at intermediate assemblies or conventions of members or their representatives, together with other delegates as may be prescribed in the society's laws. A society may provide for election of delegates by mail. The elected delegates shall constitute a majority in number and shall not have less than two-thirds of the votes and not less than the number of votes required to amend the society's laws. The assembly shall be elected and shall meet at least once every four years and shall elect a board of directors to conduct the business of the society between meetings of the assembly. Vacancies on the board of directors between elections may be filled in the manner prescribed by the society's laws.

(2) The supreme governing body is a board composed of persons elected by the members, either directly or by their representatives in intermediate assemblies, and any other persons prescribed in the society's laws. A society may provide for election of the board by mail. Each term of a board member may not exceed four years. Vacancies on the board between elections may be filled in the manner prescribed by the society's laws. Those persons elected to the board shall constitute a majority in number and not less than the number of votes required to amend the society's laws. A person filling the unexpired term of an elected board member shall be considered to be an elected member. The board shall meet at least quarterly to conduct the business of the society.

(b) A society has a representative form of government when the officers of

the society are elected either by the supreme governing body or by the board of directors.

(c) A society has a representative form of government when only benefit members are eligible for election to the supreme governing body, ~~the and~~ board of directors, ~~or any intermediate assembly.~~

(d) A society has a representative form of government when each voting member shall have one vote and no vote may be cast by proxy.

Sec. 38. Minnesota Statutes 1984, section 65A.32, is amended to read:

65A.32 [PURPOSES.]

The purposes of sections 65A.31 to 65A.43 are:

(1) To encourage stability in the property *and liability* insurance market for property located in ~~urban areas of~~ this state;

(2) To encourage maximum use, in obtaining ~~basic~~ property *and liability* insurance, as defined in sections 65A.31 to 65A.43, of the normal insurance market provided by the private property *and casualty* insurance industry;

(3) To encourage the improvement of the condition of properties located in ~~urban areas of~~ this state and to further orderly community development generally;

(4) To provide for the formulation and administration by an industry placement facility of a plan assuring fair access to insurance requirements (FAIR Plan) in order that no property shall be denied ~~basic~~ property *or liability* insurance through the normal insurance market provided by the private property *and casualty* insurance industry except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics;

(5) To publicize the purposes and procedures of the FAIR Plan to the end that no one may fail to seek its assistance through ignorance thereof;

(6) To provide for the formulation and administration by the industry placement facility of a reinsurance arrangement whereby property *and casualty* insurers shall share equitably the responsibility for insuring insurable property for which ~~basic~~ property *and liability* insurance cannot be obtained through the normal insurance markets; and

(7) To provide a framework for participation by the state in a sharing of insured losses resulting from riots and other civil disorders occurring in this state as required by section 1223 of the Housing and Urban Development Act of 1968 (Public Law 90-448, Ninetieth Congress, August 1, 1968).

Sec. 39. Minnesota Statutes 1984, section 65A.33, is amended to read:

65A.33 [DEFINITIONS.]

Subdivision 1. As used in sections 65A.31 to 65A.43, unless the context otherwise requires, the terms defined in this section have the following meaning given to them.

Subd. 2. "Insurer" means any insurance company or other organization licensed to write and engaged in writing property *or liability* insurance business, including the property *or liability* insurance components of multi-peril

policies, on a direct basis, in this state, except where such insurer is specifically exempted by statute from participation in this program.

Subd. 3. "~~Basic~~ Property or liability insurance" means the coverage against direct loss to real or tangible personal property at a fixed location that is provided in the standard fire policy, extended coverage endorsement, *homeowners insurance*, as defined in section 65A.27, subdivision 4, *cooperative housing insurance*, *condominium insurance*, builders risk, and such vandalism and malicious mischief insurance and such other classes of insurance as may be added to the program with respect to said property by amendment as hereinafter provided. ~~Basic~~ Property or liability insurance does not include automobile, ~~farm~~ or such manufacturing risks as may be excluded by the commissioner.

Subd. 4. "Industry placement facility", hereinafter referred to as the facility, means the organization formed by insurers to assist applicants in ~~urban areas~~ in securing ~~basic~~ property or liability insurance and to administer the FAIR Plan and the joint reinsurance association.

Subd. 5. "Inspection bureau" means the ~~fire insurance~~ rating organization designated by the facility with the approval of the commissioner to make inspections as required under this program and to perform such other duties as may be authorized by the facility.

Subd. 6. "~~Urban area~~" includes any ~~municipality or other political subdivision~~, subject to population or other limitations defined in rules and regulations of the secretary and such additional areas as may be designated by the ~~commissioner~~.

Subd. 7. "Premiums written" means gross direct premiums, excluding that portion of premium on risks ceded to the joint reinsurance association, charged during the second preceding calendar year with respect to property in this state on all policies of ~~basic~~ property or liability insurance and the ~~basic~~ property or liability insurance premium components of all multi-peril policies, as computed by the facility, less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portions of premium deposits.

Subd. 8 7. "Commissioner" means the commissioner of commerce of the state of Minnesota.

Subd. 9 8. "Secretary" means the secretary of the United States department of housing and urban development.

Subd. 10. "~~Servicing Insurer~~" means an insurer designated by the governing committee to issue policies on behalf of the industry placement facility.

Sec. 40. Minnesota Statutes 1984, section 65A.34, subdivision 1, is amended to read:

Subdivision 1. Any person having an insurable interest in real or tangible personal property at a fixed location in an urban area shall be entitled upon oral or written application therefor to the facility to a prompt inspection of the property by the inspection bureau without cost.

Sec. 41. Minnesota Statutes 1984, section 65A.35, subdivision 1, is

amended to read:

65A.35 [FAIR PLAN BUSINESS; DISTRIBUTION AND PLACEMENT.]

Subdivision 1. [MEMBERSHIP.] Each insurer which is authorized to write and is engaged in writing within this state, on a direct basis, ~~basic property or liability~~ insurance or any component thereof contained in a multi-peril policy, including homeowners and commercial multi-peril policies, shall participate in the industry placement facility, as hereinafter described, as a condition of its authority to write such kinds of insurance within this state.

Sec. 42. Minnesota Statutes 1984, section 65A.35, subdivision 2, is amended to read:

Subd. 2. [PURPOSES.] The purposes of the facility shall be twofold, as more fully set forth in this section:

(1) To formulate and administer, subject to the approval of the commissioner, a plan assuring fair access to insurance requirements in order that no property ~~in urban areas~~ shall be denied ~~basic property or liability~~ insurance through the normal insurance market provided by the private property and casualty insurance industry, except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics; and

(2) To formulate and administer, subject to the approval of the commissioner, a reinsurance arrangement whereby the members of the facility shall share equitably the responsibility for insuring property ~~in urban areas~~ which is insurable but for which ~~basic property or liability~~ insurance cannot be obtained through normal insurance markets.

Sec. 43. Minnesota Statutes 1984, section 65A.37, is amended to read:

65A.37 [STANDARD POLICY COVERAGE.]

All policies ~~issued, except homeowners policies,~~ shall be ~~for basic property insurance~~ on standard policy forms at rates published by ~~the inspection bureau~~ *Insurance Services Office* and shall be issued for a term of one year. *All homeowners, farmowners and operators, cooperative housing insurance, and condominium insurance policies must be on forms published by Insurance Services Office and approved by the commissioner.*

Sec. 44. Minnesota Statutes 1984, section 70A.04, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS; MARKET TEST.] (a) Rates are presumed not to be excessive if a reasonable degree of price competition exists at the consumer level with respect to the class of business to which they apply. In determining whether a reasonable degree of price competition exists, the commissioner shall consider all relevant tests, including, but not limited to, the following:

1. ~~The number of insurers actively engaged in the class of business~~ *Whether five or fewer insurers issue more than 90 percent of the direct written premiums.*

2. The nature of rate differentials in that class of business.

3. Whether long-run profitability for insurers generally of the class of



business is unreasonably high in relation to its riskiness.

(b) If such competition does not exist, rates are excessive if they are likely to produce a long-run profit that is unreasonably high in relation to the riskiness of the class of business, or if expenses are unreasonably high in relation to the services rendered.

Sec. 45. Minnesota Statutes 1984, section 70A.06, subdivision 1, is amended to read:

Subdivision 1. Every licensed insurer and every rate service organization licensed under section 70A.14 shall ~~furnish~~ file with the commissioner all rates and all changes and amendments of rates made by it for use in this state not later than their effective date. *No rates contained in a filing shall become effective unless they have been filed with the commissioner. In any filing, the commissioner may require the insurer or rate service organization to file supporting data and explanatory data which shall include:*

*(1) the experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;*

*(2) its interpretation of any statistical data relied upon;*

*(3) descriptions of the actuarial and statistical methods employed; and*

*(4) any other matters deemed relevant by the commissioner or the filer.*

*Notwithstanding the foregoing, if the supporting data is not filed within 30 days after so requested by the commissioner, the rate is no longer effective and is presumed to be an excessive rate.*

Sec. 46. Minnesota Statutes 1984, section 70A.06, subdivision 2, is amended to read:

Subd. 2. No policy form shall be delivered or issued for delivery unless it has been filed with the commissioner and either (i) he has approved it or (ii) ~~30~~ 60 days have elapsed and he has not disapproved it as misleading or violative of public policy, which period may be extended by the commissioner for an additional period not to exceed ~~30~~ 60 days.

Sec. 47. Minnesota Statutes 1984, section 70A.08, is amended by adding a subdivision to read:

*Subd. 3. Until January 1, 1988, the commissioner may restrict approval on claims-made policies to forms filed by a rate service organization which have been approved.*

Sec. 48. Minnesota Statutes 1984, section 70A.10, is amended to read:

#### 70A.10 [DELAYED EFFECT OF RATES.]

Subdivision 1. [RULE ORDER INSTITUTING DELAYED EFFECT.] If the commissioner finds, after a hearing, that competition is not an effective regulator of the rates charged or that a substantial number of companies are competing irresponsibly through the rates charged, or that there are widespread violations of this chapter, in any kind or line of insurance or subdivision thereof or in any rating class or rating territory, he may issue a ~~rule~~ *an order* requiring that in the kind or line of insurance or subdivision thereof or rating class or rating territory comprehended by the finding any subsequent

changes in the rates or supplementary rate information be filed with him at least 30 60 days before they become effective. He may extend the waiting period for not to exceed 15 30 additional days by written notice to the filer before the 30 60 day period expires.

Subd. 2. [SUPPORTING DATA.] In the ~~rule~~ order issued under subdivision 1 or in any supplementary ~~rule~~ order, the commissioner may require the filing of supporting data as to any or all kinds or lines of insurance or subdivisions thereof or classes of risks or combinations thereof as he deems necessary for the proper functioning of the rate monitoring and regulating process. The supporting data shall include:

- (a) The experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;
- (b) Its interpretation of any statistical data relied upon;
- (c) Descriptions of the actuarial and statistical methods employed; and
- (d) Any other matters deemed relevant by the commissioner or the filer.

Subd. 3. [EXPIRATION OF ~~REGULATION ORDER.~~] ~~A regulation~~ An order issued under subdivision 1 shall expire no more than ~~one year~~ two years after issue. ~~The commissioner may renew it after a hearing and appropriate findings as provided under subdivision 1-~~

Subd. 4. [SUPPORTING INFORMATION.] Whenever a filing is not accompanied by such information as the commissioner has required under subdivision 2, he may so inform the insurer and the filing shall be deemed to be made when the information is furnished.

Sec. 49. Minnesota Statutes 1984, section 70A.11, is amended to read:

70A.11 [DISAPPROVAL OF RATES.]

Subdivision 1. [ORDER IN ~~EVENT OF VIOLATION AFTER HEAR-~~ING.] If the commissioner finds after a ~~hearing~~ contested case proceeding under chapter 14 that a rate is not in compliance with section 70A.04, he shall order that its use is to be discontinued on a date not less than 30 days after the order and shall order the excess premium plus interest at the rate specified in section 334.011 to be refunded to the policyholder. Interest must be computed from the date the rate was filed as simple interest per annum.

Subd. 2. [TIMING OF ORDER.] The order under subdivision 1 shall be issued within 30 60 days after the close of the hearing or within such reasonable time extension as the commissioner may fix.

Subd. 3. [APPROVAL OF SUBSTITUTED RATE.] No rate replacing a disapproved rate may be used until it has been filed with the commissioner and not disapproved within 30 60 days thereafter, except that the rate disapproved under subdivision 1, with the consent of the commissioner, or the last previous rate in effect for the insurer may be used for a period of not more than three months pending the approval of a substituted rate. The commissioner's order may include provision for a premium adjustment in a rate charged pending approval of a substituted rate.

Sec. 50. Minnesota Statutes 1984, section 72A.13, subdivision 1, is amended to read:

Subdivision 1. Any company, corporation, association, society, or other insurer, or any officer or agent thereof, which or who solicits, issues or delivers to any person in this state any policy in violation of the provisions of sections 2 or 62A.01 to 62A.10, may be punished by a fine of not more than \$100 for each offense, and the commissioner may revoke the license of any company, corporation, association, society, or other insurer of another state or country, or of the agent thereof, which or who wilfully violates any provision of sections 2 or 62A.01 to 62A.10.

Sec. 51. Minnesota Statutes 1984, section 72A.20, is amended by adding a subdivision to read:

*Subd. 18. [RENEWAL OF INSURANCE POLICY WITH ALTERED RATES.] If an insurance company licensed to do business in this state offers or purports to offer to renew any commercial liability and/or property insurance policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rates, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the renewal date of the policy if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 30-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata upon the prior rate. This subdivision does not apply to ocean marine insurance, accident and health insurance, and reinsurance.*

Sec. 52. Minnesota Statutes 1984, section 72A.20, is amended by adding a subdivision to read:

*Subd. 19. [MID TERM CANCELLATION.] In addition to the requirements of Minnesota Statutes 1984, section 176.185, subdivision 1, no policy of insurance issued to cover the liability to pay compensation under Minnesota Statutes 1984, chapter 176, shall be canceled by the insurer within the policy period unless the insurer has also complied with the requirements of such rules as the commissioner of commerce may adopt in regard to the cancellation of commercial liability and/or commercial property insurance policies.*

Sec. 53. Minnesota Statutes 1984, section 466.01, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPALITY.] For the purposes of sections 466.01 to 466.15, "municipality" means any city, whether organized under home rule charter or otherwise, any county, town, public authority, public corporation, special district, school district, however organized; county agricultural society organized pursuant to chapter 38, joint powers board or organization created under section 471.59 or other statute, public library, regional public library system, multicounty multitype library system, or other political subdivision.

Sec. 54. Minnesota Statutes 1984, section 466.03, subdivision 4, is amended to read:

Subd. 4. [ACCUMULATIONS OF SNOW AND ICE.] Any claim based on snow or ice conditions on any highway, public sidewalk, or other public place or on acts taken to secure public safety because of those conditions,

except when the condition is affirmatively caused by the negligent acts of the municipality.

Sec. 55. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 6d. [PARKS AND RECREATION AREAS.] Any claim based upon the construction, operation, or maintenance of any property owned or leased by the municipality that is intended or permitted to be used as a park, as a playground, as an open area for recreational purposes, or for the provision of recreational services, or from any claim based on the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, if the claim arises from a loss incurred by a user of park and recreation property or services. Nothing in this subdivision limits the liability of a municipality for conduct that would entitle a trespasser to damages against a private person.*

Sec. 56. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 8. Any claim for a loss other than injury to or loss of property or personal injury or death.*

Sec. 57. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 9. Any claim for a loss of benefits or compensation due under a program of public assistance or public welfare, except where municipal compensation for loss is expressly required by federal law in order for the municipality to receive federal grants-in-aid.*

Sec. 58. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 10. Any claim for a loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the municipality or its agents.*

Sec. 59. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 11. Any claim for a loss based on the usual care and treatment, or lack of care and treatment, of any person at a municipal hospital or corrections facility where reasonable use of available funds has been made to provide care.*

Sec. 60. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 12. Any claim for a loss, damage, or destruction of property of a patient or inmate of a municipal institution.*

Sec. 61. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 13. Any claim for a loss caused by the condition of unimproved real property owned by a municipality, which means land that the municipality has not improved, and appurtenances, fixtures and attachments to land that the municipality has neither affixed nor improved.*

Sec. 62. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 14. Any claim for a loss for which recovery is prohibited by section 169.121, subdivision 9.*

Sec. 63. Minnesota Statutes 1984, section 466.05, is amended to read:

466.05 [NOTICE OF CLAIM.]

Subdivision 1. [NOTICE REQUIRED.] Except as provided in subdivisions 2 and 3, every person, whether plaintiff, defendant or third party plaintiff or defendant, who claims damages from any municipality or municipal employee acting within the scope of employment for or on account of any loss or injury within the scope of section 466.02 shall cause to be presented to the governing body of the municipality within 180 days after the alleged loss or injury is discovered a notice stating the time, place and circumstances thereof, the names of the municipal employees known to be involved, and the amount of compensation or other relief demanded. Actual notice of sufficient facts to reasonably put the governing body of the municipality or its insurer on notice of a possible claim shall be construed to comply with the notice requirements of this section. Failure to state the amount of compensation or other relief demanded does not invalidate the notice; but in such case, the claimant shall furnish full information regarding the nature and extent of the injuries and damages within 15 days after demand by the municipality. No action therefor shall be maintained unless such notice has been given and unless the action is commenced within one year after such notice. The time for giving such notice does not include the time, not exceeding 90 days, during which the person injured is incapacitated by the injury from giving the notice.

Subd. 2. [EXCEPTIONS TO THE NOTICE REQUIREMENT.] Notice shall not be required to maintain an action for damages for or on account of any loss or injury within the scope of section 466.02 if such injury or loss:

(a) arises out of an intentional tort committed by an officer, employee or agent of the municipality; or

(b) involves a motor vehicle or other equipment owned by the municipality or operated by an officer, employee or agent of the municipality.

Where no notice of claim is required under this chapter, no action shall be maintained unless the action is commenced within two years after the date of the incident, accident or transaction out of which the cause of action arises.

Subd. 3 2. [CLAIMS FOR WRONGFUL DEATH; NOTICE.] When the claim is one for death by wrongful act or omission, the notice may be presented by the personal representative, surviving spouse, or next of kin, or the consular officer of the foreign country of which the deceased was a citizen, within one year after the alleged injury or loss resulting in such death; if the person for whose death the claim is made has presented a notice that would have been sufficient had he lived an action for wrongful death may be brought without any additional notice.

Sec. 64. Minnesota Statutes 1984, section 466.07, is amended by adding a subdivision to read:

*Subd. 4. [PUNITIVE DAMAGES.] A municipality may not save harm-*

*less, indemnify or insure an officer or employee for punitive damages levied against the officer or employer. The municipality may provide a defense against a claim for punitive damages as a necessary incident to other elements of a defense.*

Sec. 65. Minnesota Statutes 1984, section 471.982, subdivision 3, is amended to read:

Subd. 3. Self-insurance pools established and open for enrollment on a statewide basis by the Minnesota league of cities insurance trust, the Minnesota school boards association insurance trust or the Minnesota association of counties insurance trust *and the political subdivisions that belong to them* are exempt from the requirements of this section *and section 65B.48, subdivision 3.*

Sec. 66. [REPEALER.]

*Minnesota Statutes 1984, section 70A.06, subdivision 4, is repealed.*

Sec. 67. [APPLICATION.]

*Sections 2 and 53 to 65 apply to claims arising from incidents that occur after June 30, 1986.*

Sec. 68. [EFFECTIVE DATE.]

*Sections 2 to 52 and 66 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to insurance; requiring certain annual reports of property and casualty insurers; prohibiting certain tying arrangements; providing for remitting of certain premiums; providing deposit requirements for domestic companies; extending coverage under the insurance guaranty association act; extending certain filing, approval, and disapproval dates; creating a joint underwriting association; requiring participation by insurers; broadening fair plan coverage; regulating fraternal benefit societies; regulating rates, forms and cancellations; amending Minnesota Statutes 1984, sections 60A.06, by adding a subdivision; 60A.13, by adding a subdivision; 60A.25; 60C.09, subdivision 1; 62A.02, subdivisions 2 and 3; 62A.17, subdivision 2; 62B.07, subdivisions 2 and 3; 62C.14, subdivision 10; 62E.14, subdivision 3; 62F.06, subdivision 1; 62F.09; 62G.16, subdivision 9; 65A.32; 65A.33; 65A.34, subdivision 1; 65A.35, subdivisions 1 and 2; 65A.37; 70A.04, subdivision 2; 70A.06, subdivisions 1 and 2; 70A.08, by adding a subdivision; 70A.10; 70A.11; 72A.13, subdivision 1; 72A.20, by adding subdivisions; 466.01, subdivision 1; 466.03, subdivision 4, and by adding subdivisions; 466.05; 466.07, by adding a subdivision; 471.982, subdivision 3; Minnesota Statutes 1985 Supplement, sections 3.736, subdivision 3; 60A.10, subdivision 1; and 64B.03; proposing coding for new law as Minnesota Statutes, chapter 62I; repealing Minnesota Statutes 1984, section 70A.06, subdivision 4."

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

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

S.F. No. 2016: A bill for an act relating to commerce; revising the Uniform

Trade Secret Act; clarifying remedies; amending Minnesota Statutes 1984, sections 325C.02; 325C.03; and 325C.07; Minnesota Statutes 1985 Supplement, section 325C.01, subdivision 5.

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

Page 1, delete section 1.

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 4, delete the third semicolon and insert a period

Page 1, delete lines 5 and 6

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

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

S.F. No. 1930: A bill for an act relating to real estate; providing for cancellation of real estate contract depending upon when contract was executed; providing for determination of purchase price; amending Minnesota Statutes 1984, section 559.21, by adding subdivisions; and Minnesota Statutes 1985 Supplement, section 559.21, subdivisions 2a, 3, and 4.

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

Page 3, line 21, delete "25" and insert "10"

Page 3, line 21, delete "50" and insert "25"

Page 3, line 23, delete "50" and insert "25"

Page 4, line 1, delete "\$200" and insert "\$250"

Page 4, delete lines 10 to 19 and insert:

*"(a) The purchase price is the sale price under the contract alleged to be in default, including the initial down payment. Mortgages, prior contracts for deed, special assessments, delinquent real estate taxes, or other obligations or encumbrances assumed by the purchaser are excluded in determining the purchase price.*

*(b) The amount paid by the purchaser is the total of payments of principal made under the contract alleged to be in default, including the initial down payment. Interest payments and payments made under mortgages, prior contracts for deed, special assessments, delinquent real estate taxes, or other obligations or encumbrances assumed by the purchaser are excluded in determining the amount paid by the purchaser."*

Page 5, line 33, after "type" insert ", or 8-point type if published,"

Page 7, line 28, before "notice" insert "published"

Page 8, line 19, after "I" insert ", 2, 3,"

Page 8, line 25, after "I" insert ", 2, 3,"

Page 9, after line 7, insert:

“Sec. 8. [FORMER TERMINATION NOTICE LAW VALID.]

*The legislature hereby reaffirms the validity of Laws 1985, First Special Session chapter 18, sections 6 to 11, with respect to all termination notices served after July 31, 1985, and before August 1, 1986. Nothing contained in sections 1 to 7 shall be construed to invalidate any contract termination when the termination notice was first served on any party or first published before August 1, 1986.*

Sec. 9. [APPLICABILITY.]

*Sections 1 to 7 apply to termination notices first served on any party or first published on or after August 1, 1986.”*

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

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

S.F. No. 1934: A bill for an act relating to marriage dissolution; providing that a surviving spouse benefit may be awarded to certain former spouses; amending Minnesota Statutes 1984, sections 69.62; 352.15, subdivision 1; 352B.071; 353.15; 354.10; 354A.11; 422A.24; 423.39; 423.61; 423.813; 423A.16; 424.27; and Minnesota Statutes 1985 Supplement, section 424A.02, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 518.

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

Page 7, delete lines 2 to 25

Page 7, line 26, delete everything before “*Under*” and insert:

*“Subdivision 1. [AWARD OF BENEFIT.] If a current or former public employee’s marriage is dissolved, the court may order the employee, the public retirement plan, or both, to pay amounts as part of the division of vested pension rights which the court may make under section 518.58, or as an award of maintenance in the form of a percentage of periodic or other payments or in the form of a fixed dollar amount. The court may, as part of the order, award a spouse all or part of any survivor benefit.*

*Subd. 2. [PAYMENT OF FUNDS BY RETIREMENT PLAN.] In any case where the court has ordered that a spouse has an interest in a public pension plan, the court may order the public retirement plan to withhold payment of any refund upon termination of employment or lump sum distribution to the extent of the spouse’s interest in the plan.”*

Page 7, delete lines 31 to 36

Page 8, delete lines 1 to 6, and insert:

*“Subd. 3. [NOTICE TO FORMER SPOUSE.] A former spouse must be notified by a public retirement system of any application by the employee for a refund of retirement benefits if the former spouse has filed with the employee’s pension fund:*



(1) a copy of the court order, including a withholding order, determining the former spouse's rights;

(2) the name and last known address of the employee; and

(3) the name and address of the former spouse.

*A public pension plan shall comply with any court order, including a withholding order, issued by a court having jurisdiction over dissolution of marriage that is served on the pension plan and states the name, last known address of the payees, and name and address of the former spouse or if the names and addresses are provided to the retirement plan with service of the order."*

Renumber the remaining subdivision

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

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

S.F. No. 1942: A bill for an act relating to guardianships and conservatorships; establishing a standard for best interests of the ward or conservatee; requiring findings regarding best interests; amending Minnesota Statutes 1984, sections 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; and 525.61.

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

Page 1, line 19, after "*guardian*" insert "*or conservator*"

Page 1, line 20, after the semicolon, insert "*and*"

Page 1, delete lines 21 to 26

Page 2, line 1, delete "(4)" and insert "(3)" and after "*guardian*" insert "*or conservator*"

Page 2, line 3, after "*guardian's*" insert "*or conservator's*"

Page 2, line 5, after the period, insert "*In the case of a ward or a conservatorship of the person, welfare includes:*

(i) *food, clothing, shelter, and appropriate medical care;*

(ii) *social, emotional, and recreational requirements; and*

(iii) *training, education, and rehabilitation."*

Page 3, line 28, delete "*indicated to*" and insert "*petitioned*"

Page 3, line 28, delete "*that the person is available and willing*"

Page 3, line 29, delete "*to discharge the trust*" and insert "*to serve as guardian or conservator, or if the petition is contested*"

Page 5, line 18, after "5" insert a period and delete "*, in any case where*"

Page 5, delete lines 19 and 20

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

adopted.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 2033: A bill for an act relating to economic development; defining the duties and terms of office of the members of the world trade center board; amending Minnesota Statutes 1984, sections 44A.01, subdivision 1; 44A.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 44A.

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

Page 2, after line 12, insert:

“Sec. 2. Minnesota Statutes 1984, section 44A.02, is amended to read:

44A.02 [~~EXECUTIVE DIRECTOR~~ PRESIDENT.]

Subdivision 1. [SELECTION.] The ~~executive director~~ *president* of the world trade center board is selected by a majority of the board and serves at the pleasure of the board. The ~~executive director~~ *president* must be familiar with the international business community, and have demonstrated proficiency in communication skills, ~~and administration and management, and public and private joint ventures.~~ The salary of the ~~executive director~~ *president* is set by the board within the limit set by sections 15A.081, subdivision 1, and 43A.17.

Subd. 2. [DUTIES.] The ~~executive director~~ *president* is the chief administrative officer of the board and is responsible for performing the executive duties of the board. The ~~executive director~~ *president* is not a member of the board.

Subd. 3. [EMPLOYEES.] The ~~executive director~~ *president* may appoint unclassified employees in accordance with chapter 43A and prescribe their duties. The ~~executive director~~ *president* may delegate to a subordinate the exercise of specified statutory powers or duties as the ~~executive director~~ *president* deems advisable, subject to the control of the ~~executive director~~ *president*.”

Page 2, line 23, delete “*employee relations*” and insert “*administration*”

Pages 2 and 3, delete section 3 and insert:

“Sec. 4. [44A.08] [SERVICE INFORMATION; CLASSIFICATION OF DATA.]

*Subdivision 1. [SERVICE INFORMATION.] Information, including data bases, purchased by the board, or developed by the board for sale pursuant to section 44A.07, is not subject to chapter 13.*

*Subd. 2. [CLASSIFICATION OF DATA.] For purposes of this subdivision, “business transaction” means a transaction between persons other than the board. The following data received or developed by the board is private with respect to data on individuals and nonpublic with respect to data not on individuals:*

(1) *data relating to the financial condition of individuals or businesses*

receiving or performing services by or on behalf of the board;

(2) at the request of either party to the transaction, data on business transactions of the board; and

(3) at the request of the person or business seeking the information, the identities of persons or businesses requesting business or trade information from the board, the nature of the information, and the information itself."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "classifying data held by the board;"

Page 1, line 5, delete "44A.07, subdivision 1" and insert "44A.02"

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 1946: A bill for an act relating to courts; altering the responsibility for establishing the salary of the state court administrator and district court administrator; amending Minnesota Statutes 1984, sections 15A.083, subdivision 4; 480.13; and 484.68, subdivision 6.

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

Page 1, line 23, before "The" insert "*The supreme court shall set the salary of the state court administrator and the salaries of district court administrators. The salary of the state court administrator or a district court administrator may not exceed 95 percent of the salary of a district court judge. If district court administrators die, the amounts of their unpaid salaries for the months in which their deaths occur must be paid to their estates.*"

Page 2, line 1, delete "January 1, 1988" and insert "the effective date of this act"

Page 2, delete sections 2 and 3 and insert:

"Sec. 2. [REPEALER.]

*Minnesota Statutes 1984, section 484.68, subdivision 6, is repealed.*"

Amend the title as follows:

Page 1, line 6, delete "480.13; and" and insert "repealing Minnesota Statutes 1984, section"

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

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred the following appointment as reported in the Journal for February 5, 1986:

DEPARTMENT OF REVENUE  
COMMISSIONER  
Tom Triplett

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1689: A bill for an act relating to education; making a technical correction to the capital expenditure aid provision; amending Minnesota Statutes 1985 Supplement, section 124.245, 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 1984, section 123.71, subdivision 1, is amended to read:

Subdivision 1. Every school board shall, no later than ~~September 1~~ *October 1*, publish the revenue and expenditure budgets submitted to the commissioner of education in accordance with section 121.908, subdivision 4, for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the state board of education after consultation with the advisory council on uniform financial accounting and reporting standards. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall be published in a qualified newspaper of general circulation in the district.

Sec. 2. Minnesota Statutes 1985 Supplement, section 124.17, subdivision 1a, is amended to read:

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

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

(2) In every district in which the number of pupils from families receiving aid to families with dependent children or its successor program equals six percent or more of the actual pupil units in the district for the same year as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for this paragraph. In districts in which the percent of concentration is less than six, additional pupil units must not be counted under this paragraph for pupils from families receiving aid to families with dependent children or its successor program. A pupil must not be

counted as more than 1-1/10 additional pupil units under this subdivision. The weighting in this paragraph is in addition to the weighting provided in subdivision 1 and paragraph (1).

Sec. 3. Minnesota Statutes 1985 Supplement, section 124.195, subdivision 11, is amended to read:

Subd. 11. [NONPUBLIC AIDS.] The state shall pay to each school district 85 percent, unless a higher rate has been established according to section 121.904, subdivision 4d, of its aid for pupils attending nonpublic schools according to sections 123.931 to 123.947 and nonpublic transportation aid requested by a district and approved by the commissioner according to sections 123.931 to 123.947 section 124.223 by October 31. The final aid distribution shall be made by October 31 of the following school year.

Sec. 4. Minnesota Statutes 1985 Supplement, section 124.2162, subdivision 2, is amended to read:

Subd. 2. [AID.] Beginning in fiscal year 1987, the state shall pay each district for each fiscal year, teacher retirement and F.I.C.A. aid in the amount of the teacher retirement and F.I.C.A. aid allowance under subdivision 1 times the number of pupils in average daily membership in the district for the current school year. However, in no case shall the amount of aid paid to a district for any fiscal year exceed the sum of the district's teacher retirement obligations and F.I.C.A. obligations for that year. *The revenue received from these payments shall be recognized in the appropriate funds of the district in proportion to the related expenditures from each fund.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 124.2163, subdivision 2, is amended to read:

Subd. 2. [AID.] Each year beginning with fiscal year 1987, the state shall pay teacher retirement and F.I.C.A. aid to intermediate school districts, joint vocational technical school districts, and other employing units equal to the district's or employing unit's aid under subdivision 1. However, in no case shall the amount of aid paid to an intermediate school district, joint vocational technical school district, or the employing unit exceed the sum of the intermediate school district, *joint vocational technical school district*, or other employing unit's teacher retirement obligations and F.I.C.A. obligations for that year. *The revenue received from these payments shall be recognized in the appropriate funds of the intermediate school districts, joint vocational technical school districts, and other employing units in proportion to the related expenditures from each fund.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district which owns school buses or mobile units shall transfer annually from the unappropriated fund balance account in its transportation fund to the appropriated fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b)(4), until the original cost of each type three bus is fully

amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

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

(2) for fiscal years 1985 and 1986 an amount equal to 1.75 mills times the adjusted assessed valuation of the district for the preceding year, and for fiscal year 1987 and thereafter, 2.25 mills times the adjusted assessed valuation of the district for the preceding year, plus

(3) the district's contract services aid reduction under subdivision 8k, plus

(4) the district's nonregular transportation levy limitation under section 275.125, subdivision 5c.

Sec. 7. Minnesota Statutes 1985 Supplement, section 124.245, subdivision 1, is amended to read:

Subdivision 1. [BASIC COMPUTATION.] (a) Each year the state shall pay a school district the difference by which an amount equal to \$90 per \$135 times the total pupil unit units in that school year or, in districts where the number of actual pupil units has increased from the prior year, \$95 per pupil unit in that school year, exceeds the amount raised by seven nine mills times the adjusted assessed valuation of the taxable property in the district for the preceding used to compute the levy attributable to the same year. To qualify for aid pursuant to this subdivision in any school year, a district must have levied seven EARC mills for use for capital expenditures in that year levy pursuant to section 275.125, subdivision 11a for use in that year.

(b) The aid under clause (a) for any district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program shall be computed using a dollar amount per pupil unit which is \$5 higher than the amount specified in clause (a).

(c) If the sum of a district's capital expenditure levy under section 275.125, subdivision 11a, attributable to any school year and its capital expenditure equalization aid, if any, under this subdivision for that school year exceeds \$90 per pupil unit or, in districts where the number of actual pupil units has increased from the prior year, \$95 per pupil unit, the amount of the excess may be expended only for the purpose of capital expenditures for equipment for secondary vocational education programs or senior secondary industrial arts programs.

Sec. 8. Minnesota Statutes 1985 Supplement, section 124.245, subdivision 3, is amended to read:

Subd. 3. [HAZARDOUS SUBSTANCE COMPUTATION.] The state shall pay a school district the difference by which an amount equal to \$25 per times the total pupil unit units exceeds the amount raised by two mills times the adjusted assessed valuation of the taxable property in the district for the preceding used to compute the levy attributable to the same year. To qualify

for aid pursuant to this subdivision in any school year, a district must levy pursuant to section 275.125, subdivision 11c for use in that year. Aid paid pursuant to this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c may be used.

Sec. 9. Minnesota Statutes 1985 Supplement, section 124.271, subdivision 2b, is amended to read:

Subd. 2b. [AID; ~~1985~~, 1986, 1987, 1988 AND AFTER.] (1) Each fiscal year a district which is operating a community education program in compliance with rules promulgated by the state board shall receive community education aid. ~~For fiscal year 1985, the aid shall be an amount equal to the difference obtained by subtracting~~

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

(b) ~~the greater of~~

~~\$7,000, or~~

~~\$5 times the population of the district.~~

For fiscal year 1986, the aid shall be an amount equal to the difference obtained by subtracting

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

(b) the greater of

\$7,000, or

\$5.25 times the population of the district.

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

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

(b) the greater of

\$7,140, or

\$5.35 times the population of the district.

For fiscal year 1988 ~~and each year thereafter~~, the aid shall be an amount equal to the difference obtained by subtracting

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

(b) the greater of

\$7,540, or

\$5.65 times the population of the district.

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

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

Sec. 10. Minnesota Statutes 1984, section 124.32, subdivision 1c, is amended to read:

Subd. 1c. [FOUNDATION AID FORMULA ALLOWANCE.] For purposes of this section, "foundation aid formula allowance" shall have the meaning attributed to it in section 124A.02, subdivision 9, and "summer school revenue allowance" shall have the meaning attributed to it in section 124.201. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, ~~clause (1) or (2).~~

Sec. 11. Minnesota Statutes 1985 Supplement, section 124A.01, is amended to read:

#### 124A.01 [FOUNDATION AID COMPONENTS.]

Foundation aid shall equal the sum of the following:

- (a) basic aid;
- (b) cost differential tier aid;
- (c) second tier aid;
- (d) third tier aid;
- (e) fourth tier aid;
- (f) fifth tier aid;
- (g) minimum aid; *and*
- (h) ~~declining pupil unit aid;~~ *and*
- (i) shared time pupil aid.

Sec. 12. Minnesota Statutes 1985 Supplement, section 124A.02, subdivision 9, is amended to read:

Subd. 9. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. ~~The formula allowance shall be \$1,475 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year.~~ The formula allowance shall be \$1,585 for



the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. The formula allowance shall be \$1,690 for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year. *The formula allowance is \$1,700 for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year.*

Sec. 13. Minnesota Statutes 1984, section 124A.02, subdivision 15, is amended to read:

Subd. 15. [PUPIL UNITS, ACTUAL.] "Actual pupil units" means pupil units identified in section 124.17, subdivision 1, clauses (1) and (2).

Sec. 14. Minnesota Statutes 1985 Supplement, section 124A.03, subdivision 1a, is amended to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] (a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under subdivision 1 or 3, as applicable, raises the total amount specified in this section.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that raises a total of \$702,000,000. *The basic maintenance mill rate for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year shall be set at a rate that raises \$685,000,000.* The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

Sec. 15. Minnesota Statutes 1985 Supplement, section 124A.03, subdivision 3, is amended to read:

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

(a) *the sum of (1) the product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of total pupil units for that district for that school year, and (2) the amount of the aid reduction for the same school year pursuant to section 16, less*

(b) *the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124A.035, subdivi-*

sion 4 in the school year in which the levy is recognized as revenue.

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

Sec. 16. [124A.038] [REVENUE EQUITY.]

*If the amount of a district's maximum basic maintenance levy under section 124A.03, subdivision 1, for fiscal year 1988 or any year thereafter exceeds the district's basic foundation revenue for the corresponding fiscal year, an amount shall be deducted from special state aids of chapter 124 receivable for the same fiscal year, not including aid authorized in sections 124.2137 and 124.646. However, no amount shall be deducted if the assessed valuation of agricultural land identified in section 273.13, subdivisions 4, 6, and 6a, comprises 55 percent or more of the assessed valuation of the district.*

*The amount of the deduction shall be the lesser of:*

*(1) the total amount of special state aids of chapter 124 receivable for the same fiscal year, not including aid authorized in sections 124.2137 and 124.646; or*

*(2) the difference between: (i) the sum of the amount of the district's maximum basic maintenance levy under section 124A.03, subdivision 1, plus the amount of any reductions to that maximum levy pursuant to sections 124A.03, subdivision 3, and 275.125, subdivision 9; and (ii) the district's basic foundation revenue.*

Sec. 17. Minnesota Statutes 1985 Supplement, section 129B.38, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNT.] A district that purchases or leases courseware packages that qualify as high quality according to section 129B.37 shall receive state aid for the 1985-1986 school year. The aid shall be equal to the lesser of:

(a) \$1 times the number of pupils in average daily membership for the 1984-1985 school year; or

(b) 25 percent of the actual expenditures of the district for purchase or lease of the courseware packages between July 1, 1985, and May 31, 1987 1986.

Sec. 18. Minnesota Statutes 1985 Supplement, section 275.125, subdivision 8, is amended to read:

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

~~\$5.35~~ \$5.65 times the population of the district, or

~~\$7,140~~ \$7,540.

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

(a) the sum in fiscal year 1984 of

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

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

(b) the sum in fiscal year 1983 of

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

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

*(3) Each year, in addition to the levy authorized in clause (1), a district may levy an amount equal to the amount the district was entitled to levy pursuant to clause (2) in 1983. A district having an approved adult basic and continuing education program, according to section 124.26, may levy an amount not to exceed the amount raised by .2 mill times the adjusted assessed valuation of the district for the preceding year.*

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

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

(6) The population of the district for purposes of this subdivision is the

population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 19. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

*Subd. 9c. [1985 OPERATING DEBT LEVY.] (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated balance in the general fund of the district, determined as of June 30, 1985, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the general fund of the district as of June 30, 1985. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.*

*(2) A district, if eligible, may levy under this subdivision or subdivision 9b but not both.*

*(3) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.*

*(4) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.03, subdivision 1 or 3 in that same year.*

Sec. 20. Minnesota Statutes 1985 Supplement, section 275.125, subdivision 11a, is amended to read:

*Subd. 11a. [CAPITAL EXPENDITURE LEVY.] (a) Each year a school district may levy an amount not to exceed the amount equal to \$90 per \$135 times the total pupil unit, or \$95 per total pupil unit in districts where the number of actual pupil units has increased from the prior year units in the year to which the levy is attributable. No levy under this clause shall exceed ~~seven~~ nine mills times the adjusted assessed valuation of the taxable property in the district for the preceding year.*

*(b) The proceeds of the levy shall be placed in the district's capital expenditure fund and may be used only:*

*(1) to acquire land, to equip and reequip buildings and permanent attached fixtures, to rent or lease buildings for school purposes;*

*(2) to purchase textbooks, to purchase and lease computer systems hardware, software, and related materials to support software; and;*

*(3) to purchase or lease photocopy machines and telecommunications equipment. The proceeds may also be used;*

*(4) for capital improvement and repair of school sites, buildings and permanent attached fixtures; energy assessments; and;*

*(5) for energy audits on district-owned buildings and for funding those energy conservations and renewable energy measures that the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent*

*that the projected energy cost savings will amortize the cost of the conservation within a period of ten years or less;*

(6) for the payment of any special assessments levied against the property of the district authorized ~~pursuant to~~ *under* section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, such as those described in section 429.101, whether levied ~~pursuant to~~ *under* that section or ~~pursuant to~~ any other law or home rule provision. ~~The proceeds may also be used.~~

(7) for capital expenditures to reduce or eliminate barriers to or increase access to school facilities by handicapped individuals. ~~The proceeds may also be used;~~

(8) to make capital improvements to schoolhouses ~~to be leased pursuant~~ *according to* section 123.36, subdivision 10. ~~The proceeds may also be used.~~

(9) to pay fees for capital expenditures assessed and certified to each participating school district by the educational cooperative service unit board of directors. ~~The proceeds may also be used;~~

(10) to pay principal and interest on loans from the state authorized by sections 116J.37 and 298.292 to 298.298;

(11) *for capital expenditures to bring district facilities into compliance with the uniform fire code adopted according to chapter 299F;*

(12) *for expenditures for the removal of asbestos from school buildings or property, asbestos encapsulation, or asbestos-related repairs;*

(13) *for expenditures for the cleanup and disposal of polychlorinated biphenyls found in school buildings or property;*

(14) *for the cleanup, removal, disposal, and repairs related to storing transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01; and*

(15) *for levies payable in 1987 and thereafter, for capital expenditures needed to implement an interdistrict agreement to discontinue grades according to section 122.541.*

(c) Subject to the commissioner's approval, the proceeds may also be used to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal for the district's long-term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) ~~The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended. Notwithstanding anything in paragraphs (b) and (c) to the contrary, a district that levies the maximum amount under this subdivision shall expend at least \$5 times the total pupil units of the sum of the proceeds of the amount levied under this subdivision and the aid paid under section 124.245, subdivision 1, for capital expenditures for equipment~~

*for secondary vocational education programs or senior secondary industrial arts programs.*

(e) The proceeds of the levy shall not be used for custodial or other maintenance services.

(f) Each year, subject to the mill limitation of clause (a), a school district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program may levy an additional amount equal to \$5 per total pupil unit for capital expenditures for equipment for these programs.

Sec. 21. Minnesota Statutes 1985 Supplement, section 275.125, subdivision 11c, is amended to read:

Subd. 11c. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE LEVY.] In addition to the levy authorized in subdivisions 11a and 11b, each year a school district may levy an amount not to exceed the amount equal to \$25 per times the total pupil unit units in the year to which the levy is attributable. No levy under this subdivision shall exceed two mills times the adjusted assessed valuation of the property in the district for the preceding year. The proceeds of the tax shall be placed in the district's capital expenditure fund and may be used only for expenditures necessary for the removal or encapsulation of asbestos from school buildings or property, asbestos related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

Sec. 22. Minnesota Statutes 1985 Supplement, section 298.28, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTION.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certification of the commissioner of revenue, be allocated as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) (a) 12.5 cents per taxable ton, less any amount distributed under clause (7), paragraph (a), and paragraph (b) of this clause, to be distributed as provided in section 298.282.

(b) An amount annually certified by the county auditor of a county con-

taining a taconite tax relief area within which there is an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore. The amount will be the portion of a township's certified levy equal to the proportion of (1) the difference between 50 percent of the township's January 2, 1982, assessed value and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1). The county auditor shall extend the township's levy against the sum of the township's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, this clause shall not apply.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, as follows:

(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its certified levy for the prior year, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. For purposes of distributions pursuant to this part, certified levies for the prior year computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2.

(c) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1,

clauses (1) and (2), enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1-3/4 mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of 1-3/4 mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3)(c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to section 124A.02 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in clause (9).

(d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed, based upon certification by the commissioner of revenue, as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The apportionment formula prescribed in clause (1) is the basis for the distribution.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 17.75 cents per taxable ton, less any amount required to be distributed under part (b), to St. Louis county acting as the counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from



such taxpayer shall be paid to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1 and shall be increased in 1988 and subsequent years according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(7) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of providing an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(b) 1.5 cents per taxable ton shall be paid to the northeast Minnesota economic protection trust fund.

(8) the amounts determined under clauses (4)(a), (4)(c), (5), and (7)(b) shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. Those amounts shall be increased in 1988 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(9) the proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in clauses (1) to (8), as certified by the commissioner of revenue, and parts (a) and (b) of this clause have been made, together with interest earned on all money distributed under this subdivision prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(a) There shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake county and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake county and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(b) There shall be distributed to the iron range resources and rehabilitation

board the amounts it received in 1977 under section 298.22.

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year; less any credit allowable as hereinafter provided. The commissioner of revenue shall annually on or before October 10 report an estimated distribution amount to each taxing district and the officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county or city in the year in which such estimate is made, and payable in the next ensuing calendar year, except that one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. In any calendar year in which a general property tax levy subject to sections 275.50 to 275.59 has been made, if the taxes distributable to any such county or city are greater than the amount estimated by the commissioner to be paid to any such county or city in such year, the excess of such distribution shall be held in a special fund by the county or city and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.50 to 275.59, of such county or city payable in such year. If the amounts distributable to any such county or city after final determination by the commissioner of revenue under this section are less than the amounts by which a taxing district's levies were reduced pursuant to this section, such county or city may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

Sec. 23. Minnesota Statutes 1985 Supplement, section 354.43, subdivision 3, is amended to read:

Subd. 3. Each school district, state university, community college and any other employing authority of members of the fund shall pay employer contributions at least once each month in accordance with the provisions of sections 354.42, subdivisions 3 and 5, and 355.46, subdivision 3. Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the ~~district's or area vocational technical institute's general~~ *appropriate fund of the district or area vocational technical institute*. With respect to state employees, each department and agency shall pay the amounts required by section 354.42, subdivisions 3 and 5 from the accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of the salaries. The payments shall be charged as an administrative cost by these units of state government.

Sec. 24. Minnesota Statutes 1985 Supplement, section 354A.12, subdivi-

sion 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Notwithstanding any law to the contrary, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by the Duluth teachers retirement fund association or the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed.

The employing units shall make the following employer contributions to teachers retirement fund associations:

(a) For any coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(b) For any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth teachers retirement fund association	5.79 percent
Minneapolis teachers retirement fund association	4.50 percent
St. Paul teachers retirement fund association	4.50 percent

(c) For any basic member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

Minneapolis teachers retirement fund association	13.35 percent
St. Paul teachers retirement fund association	12.63 percent

The employer contributions shall be remitted directly to each teachers retirement fund association each month.

Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the ~~district's or area vocational technical institute's general~~ appropriate fund of the district or area vocational technical institute.

Sec. 25. Minnesota Statutes 1985 Supplement, section 355.208, is amended to read:

#### 355.208 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.207 to be made by political subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the political subdivisions. Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the

~~district's or area vocational technical institute's general appropriate fund of the district or area vocational technical institute.~~

Sec. 26. Minnesota Statutes 1985 Supplement, section 355.287, is amended to read:

355.287 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.286 to be made by political subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the political subdivision. Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the ~~district's or area vocational technical institute's general appropriate fund of the district or area vocational technical institute.~~

Sec. 27. Minnesota Statutes 1985 Supplement, section 355.46, subdivision 3, is amended to read:

Subd. 3. [SOCIAL SECURITY CONTRIBUTIONS.] The employer taxes due with respect to employment by educational employees who have made their selection pursuant to section 218(d) (6) (C) of the Social Security Act, shall be paid in the following manner:

(a) Contributions required to be made for current service by political subdivisions employing educational employees and payments required by section 355.49 shall be paid by the political subdivision. Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the ~~district's or area vocational technical institute's general appropriate fund of the district or area vocational technical institute.~~ The state shall make payments for services rendered prior to July 1, 1986.

(b) Contributions required to be made with respect to educational employees of state departments and institutions and payments required by section 355.49 shall be paid by the departments and institutions in accordance with the provisions of sections 355.49 and 355.50.

Sec. 28. Laws 1985, First Special Session chapter 12, article 3, section 28, subdivision 9, is amended to read:

Subd. 9. [SECONDARY VOCATIONAL HANDICAPPED.] For aid for secondary vocational education for handicapped pupils according to section 124.574, there is appropriated:

\$3,534,000 \_\_\_\_\_ 1986,

\$3,606,300 \_\_\_\_\_ 1987.

The appropriation for 1986 includes \$551,700 for aid for fiscal year 1985 payable in fiscal year 1986, and \$2,982,300 for aid for fiscal year 1986 payable in fiscal year 1986. ~~This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$230,000 in fiscal year 1986 of federal money received for vocational education programs pursuant to the vocational education act of 1963, as amended.~~

The appropriation for 1987 includes \$526,300 for aid for fiscal year 1986

payable in fiscal year 1987, and \$3,080,000 for aid for 1987 payable in fiscal year 1987. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$230,000 in fiscal year 1987 of federal money received for vocational education programs pursuant to the vocational education act of 1963, as amended.

The appropriations are based on aid entitlements of \$3,508,600 for fiscal year 1986 and \$3,623,500 for fiscal year 1987.

Sec. 29. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 9, is amended to read:

Subd. 9. [TECHNOLOGY SERVICES.] For the purposes of Minnesota Statutes, sections 129B.35, 129B.37, 129B.39, and 129B.40, there is appropriated:

\$649,000 \_\_\_\_\_ 1986,

~~\$649,000~~ \$1,000,000 \_\_\_\_\_ 1987.

*\$351,000 shall be used to increase the fiscal year 1987 allocation for purchase of courseware package duplication rights according to Minnesota Statutes, section 129B.39.*

Sec. 30. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 12, is amended to read:

Subd. 12. [COURSEWARE PURCHASE SUBSIDY.] For subsidies for purchases of courseware packages according to Minnesota Statutes, section 129B.38 there is appropriated:

\$351,000 \_\_\_\_\_ 1986,

~~\$351,000~~ \_\_\_\_\_ 1987.

Sec. 31. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 13, is amended to read:

Subd. 13. [MASTERY LEARNING PROGRAM.] For the purposes of section 42, subdivisions 3 and 10 and section 59, there is appropriated:

\$160,000 \_\_\_\_\_ 1986,

~~\$1,290,000~~ \_\_\_\_\_ 1987.

\$125,000 of the appropriation for fiscal year 1986 shall be used for a computerized mastery management system and support materials. The remaining \$35,000 in fiscal year 1986 shall be used for planning aid to districts under section 42, subdivision 3.

~~\$1,250,000 of the appropriation in fiscal year 1987 shall be used for mastery learning project grants. The remaining \$40,000 for fiscal year 1987 may be used by the department to administer and evaluate the program.~~

Sec. 32. [APPROPRIATION FOR SPECIAL EDUCATION AID DEFICIENCY.]

*There is appropriated from the general fund to the department of education the sum of \$1,290,000 for fiscal year 1986 for the payment of a deficiency in funds available for payment of special education aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1986 for the same*

*purpose in Laws 1985, First Special Session chapter 12, article 3, section 28, subdivision 2.*

Sec. 33. [REPEALER.]

*Subdivision 1. [IMMEDIATE.] Minnesota Statutes 1985 Supplement, sections 129B.61, 129B.62, 129B.63, 129B.64, 129B.65, and 129B.66 are repealed.*

*Subd. 2. [JULY 1, 1986.] Minnesota Statutes 1984, section 275.125, subdivision 16, and Minnesota Statutes 1985 Supplement, sections 124.245, subdivision 5, 129B.38, and 275.125, subdivision 11b, are repealed.*

*Subd. 3. [JUNE 30, 1987.] Minnesota Statutes 1985 Supplement, section 124.245, subdivision 2, and 124A.20 are repealed.*

Sec. 34. [EFFECTIVE DATES.]

*Sections 7, 11, and 33, subdivision 3, are effective June 30, 1987. Sections 3, 5, 6, 8, 10, 13, 17, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, and 33, subdivision 1, are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to education; revising and increasing capital expenditure aid and levy; modifying community education formula and levy; establishing the foundation formula allowance and basic maintenance levy; establishing revenue equity; eliminating mastery learning programs and appropriations; appropriating money for the special education deficiency; making technical and clarifying changes; amending Minnesota Statutes 1984, sections 123.71, subdivision 1; 124.32, subdivision 1c; 124A.02, subdivision 15; Minnesota Statutes 1985 Supplement, sections 124.17, subdivision 1a; 124.195, subdivision 11; 124.2162, subdivision 2; 124.2163, subdivision 2; 124.225, subdivision 10; 124.245, subdivisions 1 and 3; 124.271, subdivision 2b; 124A.01; 124A.02, subdivision 9; 124A.03, subdivisions 1a and 3; 129B.38, subdivision 1; 275.125, subdivisions 8, 11a, 11c, and by adding a subdivision; 298.28, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.208; 355.287; 355.46, subdivision 3; Laws 1985 First Special Session chapter 12, article 3, section 28, subdivision 9; chapter 12, article 8, section 62, subdivisions 9, 12, and 13; proposing coding for new law in Minnesota Statutes, chapter 124A; repealing Minnesota Statutes 1984, section 275.125, subdivision 16; Minnesota Statutes 1985 Supplement, sections 124.245, subdivisions 2 and 5; 124A.20; 129B.38; 129B.61; 129B.62; 129B.63; 129B.64; 129B.65; 129B.66; and 275.125, subdivision 11b."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1959: A bill for an act relating to the family farm security program; authorizing the issuance of general obligation bonds to finance certain payments to be made by the state on family farm loan guarantees; appropriating money; amending Minnesota Statutes 1984, sections 41.51; and

41.56, subdivision 4b; Minnesota Statutes 1985 Supplement, section 41.61; and proposing coding for new law in Minnesota Statutes, chapter 41.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1968: A bill for an act relating to the city of Bloomington; authorizing the city to impose certain taxes; exempting certain assessed valuation within the city from metropolitan revenue distribution; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting it to develop leased land; authorizing development in accordance with the Generic EIS and Generic Indirect Source Permit.

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

Page 1, line 16, delete everything after "*with*"

Page 1, line 24, after "*legislature*" insert "*therefore*"

Page 1, line 26, delete "*for the*" and insert a comma

Page 1, line 27, delete everything before the first "*the*" and insert "*and that*"

Page 1, line 28, delete "*will*" and insert "*should*"

Page 2, line 1, delete "*major public*" and insert "*highway*" and delete "*within the*" and insert a period

Page 2, delete lines 2 and 3

Page 2, line 4, delete everything before "*allocation*" and insert:

"*The legislature makes these findings for the following reasons: (i)*"

Page 2, line 8, delete "*(iii)*" and insert "*(ii)*"

Page 2, line 11, delete "*(iv)*" and insert "*(iii)*"

Page 2, line 12, delete "*major public*" and insert "*highway*" and delete "*within the project area*"

Page 2, line 13, delete "*subject*"

Page 2, line 14, delete "*property*" and insert "*project area*" and delete "*(v)*" and insert "*(iv)*"

Page 2, line 18, delete "*(vi)*" and insert "*(v)*"

Page 2, line 23, delete "*Therefore,*" and insert a paragraph coding

Page 2, line 24, after "*legislature*" insert "*further*"

Page 3, line 22, delete "*Related*" and insert "*Highway*" and delete "*highway*"

Page 3, line 30, delete "*related*" and insert "*highway*"

- Page 4, line 3, delete "*the percentage*" and insert "*40 percent*"
- Page 4, line 5, delete ", *as provided by law*"
- Page 4, line 6, delete "*the purposes*"
- Page 4, line 7, delete "*stated in section 1*" and insert "*highway improvements*"
- Page 4, line 12, delete the first "*the*" and insert "*40*"
- Page 4, line 13, delete ", *as*"
- Page 4, line 14, delete "*provided by law*"
- Page 4, line 17, delete "*the percentage*" and insert "*40 percent*"
- Page 4, line 19, delete "*as provided by*"
- Page 4, line 20, delete "*law*"
- Page 4, line 29, delete "*The percentage*" and insert "*Forty percent*" and delete ", *as provided by law,*"
- Page 4, line 35, delete "*the percentage*" and insert "*40 percent*"
- Page 5, lines 4 and 10, delete "*related*" and insert "*highway*"
- Page 5, line 14, delete "*pursuant to section 1,*"
- Page 5, line 16, delete everything after the period
- Page 5, delete lines 17 to 26
- Page 5, line 27, delete the paragraph coding
- Page 5, line 32, before "*Because*" insert:  
 "*Therefore,*"
- Page 5, line 33, before the comma, insert "*to the project*"
- Page 6, line 17, delete "*section*" and insert "*sections*" and after "*477A.016*" insert "*and 477A.018, subdivision 2,*"
- Page 6, line 20, delete "*two*" and insert "*five*"
- Page 6, line 23, after the period, insert "*The authority to impose the sales tax under this section shall not be construed as authority additional to that provided in Minnesota Statutes, section 477A.018, subdivision 2.*"
- Page 7, line 12, before "*The*" insert:  
 "*Subdivision 1. [USE OF PROCEEDS.]*"
- Page 7, line 13, delete "*public purpose*" and insert "*project*"
- Page 7, line 14, delete "*stated in section 1,*" and delete "*(i)*" and insert:  
 "*(a)*"
- Page 7, lines 16 and 23, delete "*related*" and insert "*highway*"
- Page 7, line 18, delete "*; (ii)*" and insert "*.*"  
 "*(b)*"
- Page 7, line 20, delete "*related*" and insert "*highway*" and after



“improvements” insert “; any improvements authorized by section 429.021; funding, including lease payment, of parking services provided or contracted for by the port authority;”

Page 7, line 21, delete “; (iii)” and insert “  
(c)”

Page 7, line 25, after the period insert:

“Subd. 2. [TRANSFER OF FUNDS.]”

Page 7, after line 28, insert:

“Subd. 3. [LIMITATION.] *The proceeds of the taxes imposed under section 3, 4, 5, or 6 may not be used to provide direct subsidies to private interest.*”

Page 8, line 33, delete “and”

Page 8, line 35, before the period, insert “and any other local, state, or federal permits required by law”

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 1923, 1897, 1829, 1578, 1733, 1707, 1196, 1810, 1931, 1771, 1880, 496, 467, 985, 1698, 2010, 2016, 1930, 1934, 1942, 2033 and 1946 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. No. 1871 was read the second time.

## MOTIONS AND RESOLUTIONS

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed 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 bills were read the first time and referred to the committees indicated.

Mrs. Kronebusch introduced—

S.F. No. 2118: A bill for an act relating to property; requiring service of notice of foreclosure sale upon the mortgagor; amending Minnesota Statutes 1984, section 580.03.

Referred to the Committee on Judiciary.

Messrs. Isackson and Pehler introduced—

S.F. No. 2119: A bill for an act relating to capital improvements; removing

conditions for the construction of certain highway rest areas; amending Laws 1985, First Special Session chapter 15, section 9, subdivision 5.

Referred to the Committee on Finance.

Mr. Petty introduced—

S.F. No. 2120: A bill for an act relating to financial institutions; extending the EFT law to terminals located on the premises of a financial institution; amending Minnesota Statutes 1984, section 47.61, subdivision 3.

Referred to the Committee on Economic Development and Commerce.

Mr. Petty introduced—

S.F. No. 2121: A bill for an act relating to metropolitan government; providing for the composition of the metropolitan airports commission; amending Minnesota Statutes 1984, section 473.604; and Minnesota Statutes 1985 Supplement, section 473.605, subdivision 2.

Referred to the Committee on Local and Urban Government.

Mr. Luther introduced—

S.F. No. 2122: A bill for an act relating to corporations; regulating control share acquisitions; providing for solicitations of proxies and meetings of shareholders; amending Minnesota Statutes 1985 Supplement, sections 302A.449, subdivision 7; and 302A.671, subdivision 3.

Referred to the Committee on Judiciary.

Mr. Diessner introduced—

S.F. No. 2123: A bill for an act relating to education; requiring the state department of education to maintain a health education specialist; proposing coding for new law in Minnesota Statutes, chapter 126.

Referred to the Committee on Education.

Mr. Lessard introduced—

S.F. No. 2124: A bill for an act relating to courts; providing for termination of the public defender system in a judicial district; requiring provision of counsel; proposing coding for new law in Minnesota Statutes, chapter 611.

Referred to the Committee on Judiciary.

Messrs. Lessard, Wegscheid, Bernhagen, Frederickson and Jude introduced—

S.F. No. 2125: A bill for an act relating to administrative procedures; providing regulatory oversight; defining a rule; creating a legislative regulatory oversight commission; amending Minnesota Statutes 1984, section 14.39; Minnesota Statutes 1985 Supplement, sections 14.02, subdivision 4; 14.40; proposing coding for new law in Minnesota Statutes, chapter 14.

Referred to the Committee on Governmental Operations.

Mr. Renneke introduced—

S.F. No. 2126: A bill for an act relating to public employment labor relations; defining public employer, public employee, and charitable hospital; regulating the right to organize; defining appropriate units; restricting arbitration decisions to final offers; regulating the right to strike; amending Minnesota Statutes 1984, sections 179A.03, subdivisions 14, 15, and by adding a subdivision; 179A.06, subdivision 2; 179A.09, subdivision 1; 179A.18, subdivision 1; 179A.20, subdivision 4; Minnesota Statutes 1985 Supplement, sections 179A.16, subdivision 7, and 179A.18, subdivision 3; repealing Minnesota Statutes 1984, sections 179.35; 179.36; 179.37; 179.38; and 179.39.

Referred to the Committee on Employment.

Mr. Renneke introduced—

S.F. No. 2127: A bill for an act relating to the city of Cologne; exempting certain general obligation bonds and tax levies from debt and levy limitations.

Referred to the Committee on Local and Urban Government.

Mr. Dicklich introduced—

S.F. No. 2128: A bill for an act relating to insurance; health and accident; requiring health maintenance organizations to provide chiropractic care equivalent to that provided by health insurance; amending Minnesota Statutes 1984, sections 62A.15; and 62D.02, subdivision 7.

Referred to the Committee on Health and Human Services.

Mr. Waldorf introduced—

S.F. No. 2129: A bill for an act relating to the city of St. Paul; permitting the imposition of an additional tax on transient lodging.

Referred to the Committee on Taxes and Tax Laws.

Mr. Solon introduced—

S.F. No. 2130: A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

Referred to the Committee on Employment.

Messrs. Wegscheid, Schmitz, Mehrkens, Renneke and Knutson introduced—

S.F. No. 2131: A bill for an act relating to the pollution control agency; allowing the termination of the metropolitan sludge ash siting process.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Frank introduced—

S.F. No. 2132: A bill for an act relating to energy; clarifying the authority

of a municipality to enforce certain energy efficiency standards; amending Minnesota Statutes 1984, section 116J.27, subdivisions 4 and 4a.

Referred to the Committee on Local and Urban Government.

Messrs. Renneke and Willet introduced—

S.F. No. 2133: A bill for an act relating to courts; altering the procedure for providing notice in certain family court proceedings; amending Minnesota Statutes 1984, sections 518.177; 518.55, subdivision 2; 518.641, subdivision 2; and Minnesota Statutes 1985 Supplement, sections 518.611, subdivision 2; and 518.645.

Referred to the Committee on Judiciary.

Mr. Renneke introduced—

S.F. No. 2134: A bill for an act relating to intoxicating liquor; allowing municipalities to issue wine licenses to clubs; amending Minnesota Statutes 1985 Supplement, section 340A.404, subdivision 5.

Referred to the Committee on Public Utilities and State Regulated Industries.

Ms. Reichgott introduced—

S.F. No. 2135: A bill for an act relating to child abuse; providing immunity from liability for disclosure; amending Minnesota Statutes 1985 Supplement, section 626.556, subdivision 4.

Referred to the Committee on Judiciary.

Ms. Berglin introduced—

S.F. No. 2136: A bill for an act relating to human services; providing for charges against persons wrongfully obtaining public assistance or food stamps; suspending a rule of criminal procedure under certain circumstances; providing penalties; amending Minnesota Statutes 1984, sections 256.98 and 393.07, subdivision 10.

Referred to the Committee on Judiciary.

Messrs. Pogemiller and Moe, D.M. introduced—

S.F. No. 2137: A bill for an act relating to state government; providing for the use, administration, or disposal of certain fees and property within the jurisdiction of the commissioner of administration; amending Minnesota Statutes 1985 Supplement, sections 16B.29; 16B.42, subdivision 4; and 16B.48, subdivision 2.

Referred to the Committee on Governmental Operations.

Mr. Taylor introduced—

S.F. No. 2138: A bill for an act relating to local government; permitting the establishment of special service districts in the city of Mankato; providing

taxing and other financial authority.

Referred to the Committee on Local and Urban Government.

Mrs. Kronebusch introduced—

S.F. No. 2139: A bill for an act relating to small businesses; expanding limitations on eligibility for the set-aside and preference programs for small businesses owned and operated by socially or economically disadvantaged persons; defining "bona fide permanent place of business"; expanding the definition of a "socially or economically disadvantaged person"; imposing new conditions for participation in the set-aside and preference programs for small businesses owned and operated by socially or economically disadvantaged persons; amending Minnesota Statutes 1984, section 116J.68, subdivision 2; and Minnesota Statutes 1985 Supplement, sections 16B.19, subdivisions 5 and 6; 16B.22, subdivision 1; and 645.445, subdivision 5.

Referred to the Committee on Governmental Operations.

Mr. Benson introduced—

S.F. No. 2140: A bill for an act relating to the legislature; expanding when fiscal notes must be prepared on statutes, executive orders, or rules; requiring fiscal notes for new or increased fees; amending Minnesota Statutes 1985 Supplement, section 3.981, subdivision 2.

Referred to the Committee on Governmental Operations.

Mr. Johnson, D.E. introduced—

S.F. No. 2141: A bill for an act relating to energy; clarifying the method by which schedules for the repayment of district heating loans are established; amending Minnesota Statutes 1985 Supplement, section 116J.36, subdivision 6.

Referred to the Committee on Energy and Housing.

Mr. Davis, Mrs. Adkins, Messrs. DeCramer, Berg and Johnson, D.E. introduced—

S.F. No. 2142: A bill for an act relating to transportation; providing an alternative procedure to record town roads; proposing coding for new law in Minnesota Statutes, chapter 164.

Referred to the Committee on Transportation.

Messrs. DeCramer and Purfeerst introduced—

S.F. No. 2143: A bill for an act relating to transportation; clarifying procedures in certain contested matters brought before the transportation regulation board; amending Minnesota Statutes 1984, sections 174A.02, subdivision 4; and 216A.05, subdivision 5.

Referred to the Committee on Transportation.

Messrs. DeCramer and Purfeerst introduced—

S.F. No. 2144: A bill for an act relating to transportation; railroads; per-

mitting transportation regulation board to approve certain rate changes and applications for track abandonment or discontinuance of service in certain cases without a public hearing; amending Minnesota Statutes 1984, section 221.041, subdivision 1; Minnesota Statutes 1985 Supplement, sections 219.741; and 219.85.

Referred to the Committee on Transportation.

Messrs. Davis and DeCramer introduced—

S.F. No. 2145: A bill for an act relating to education; requiring instruction in stewardship of land and water resources in all schools; authorizing aid for education in stewardship of land and water resources; requiring the commissioner of education to perform certain duties; requiring the board of teaching to amend rules relating to teacher preparation institutions and entrance licenses; proposing coding for new law in Minnesota Statutes, chapters 124 and 126.

Referred to the Committee on Education.

Mr. DeCramer introduced—

S.F. No. 2146: A bill for an act relating to transportation; railroads; permitting the transportation regulation board to grant clearance variances without evidentiary hearings in certain cases; amending Minnesota Statutes 1985 Supplement, section 219.47, subdivision 1.

Referred to the Committee on Transportation.

Mr. Benson introduced—

S.F. No. 2147: A bill for an act relating to health; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; and 174.29, subdivision 1.

Referred to the Committee on Health and Human Services.

Mr. Petty introduced—

S.F. No. 2148: A bill for an act relating to human services; clarifying members of screening team for intermediate care facilities; amending Minnesota Statutes 1985 Supplement, section 256B.092, subdivision 7.

Referred to the Committee on Health and Human Services.

Mr. Dahl introduced—

S.F. No. 2149: A bill for an act relating to consumer protection; requiring certain disclosures in sales of used motor vehicles; regulating new and used motor vehicle licenses; amending Minnesota Statutes 1984, section 168.27, subdivisions 1 and 8; Minnesota Statutes 1985 Supplement, sections 168.27, subdivisions 10 and 24; 325E.0951, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168.

Referred to the Committee on Economic Development and Commerce.

Messrs. Wegscheid, Knutson, Schmitz and Vega introduced—

S.F. No. 2150: A bill for an act relating to Dakota county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

Referred to the Committee on Local and Urban Government.

Mr. Novak introduced—

S.F. No. 2151: A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1984, sections 148.01, subdivision 1; 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1984, section 148.101.

Referred to the Committee on Health and Human Services.

Mr. Johnson, D.J. introduced—

S.F. No. 2152: A bill for an act relating to taxation; income; providing for additional withholding exemptions in certain instances; imposing a penalty; amending Minnesota Statutes 1984, section 290.92, subdivision 5; Minnesota Statutes 1985 Supplement, section 290.92, subdivisions 5a and 15.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Peterson, C.C.; Bertram; Davis; Stumpf and Bernhagen introduced—

S.F. No. 2153: A bill for an act relating to agricultural finance; renaming the agricultural resource loan guaranty board; providing powers; authorizing the board to participate in loans; appropriating money; amending Minnesota Statutes 1984, section 41A.02, subdivisions 3 and 6; Minnesota Statutes 1985 Supplement, sections 41A.01; 41A.02, subdivision 11; and 41A.05, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 41A; repealing Minnesota Statutes 1984, section 41A.06, subdivision 2.

Referred to the Committee on Agriculture and Natural Resources.

Mrs. Kronebusch introduced—

S.F. No. 2154: A bill for an act relating to retirement; Winona police relief association audit, reports, financing.

Referred to the Committee on Governmental Operations.

Ms. Berglin introduced—

S.F. No. 2155: A bill for an act relating to human services; establishing administrative and computer systems for human services programs; strengthening the commissioner's power to determine and recover overpayments; creating incentives for county recovery of overpayments; disallowing

increases due to related-party transactions; clarifying payment methods for ancillary services; establishing requirements for property transfers under the general assistance program; counting human services long-term care rates and audit experience toward requirements for a certified public accountant license; requiring a report; appropriating money; amending Minnesota Statutes 1984, sections 256.98; 256B.02, subdivision 7; 256B.064, subdivisions 1a and 1c; 256B.27, subdivisions 3, 4, and by adding a subdivision; 256B.433; 256B.48, subdivision 1; 256D.05, by adding a subdivision; 256D.14; and 326.19, subdivision 4; Minnesota Statutes 1985 Supplement, section 256B.0641; proposing coding for new law in Minnesota Statutes, chapters 256 and 256B.

Referred to the Committee on Health and Human Services.

Mrs. Adkins introduced—

S.F. No. 2156: A bill for an act relating to local government; exempting other departments or agencies of the same county from having to be billed by county recorder for certain recording transactions; amending Minnesota Statutes 1985 Supplement, section 386.77.

Referred to the Committee on Local and Urban Government.

Mr. Johnson, D.J. introduced—

S.F. No. 2157: A bill for an act relating to taxation; authorizing the expansion of a certain enterprise zone; providing for the local contribution for that zone; amending Minnesota Statutes 1985 Supplement, section 273.1314, subdivisions 6 and 16a.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Johnson, D.J.; Dicklich and Ms. Berglin introduced—

S.F. No. 2158: A bill for an act relating to health; removing a restriction on use of hospital swing beds; amending Minnesota Statutes 1985 Supplement, section 144.562, subdivision 3.

Referred to the Committee on Health and Human Services.

Messrs. Peterson, C.C.; Willet; Davis; Merriam and Stumpf introduced—

S.F. No. 2159: A bill for an act relating to the environment; disapproving a nuclear waste repository in Minnesota; making findings on economics of nuclear power; requiring a report from nuclear power generators on the economic feasibility of nuclear power; requiring nuclear power plants to be decommissioned by December 31, 1990; proposing coding for new law in Minnesota Statutes, chapters 116C and 216B.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Willet, DeCramer, Pehler and Peterson, C.C. introduced—

S.F. No. 2160: A bill for an act relating to unclaimed property; requiring that the sum payable on an abandoned warrant issued by a county be conveyed to the issuing county for deposit in the county treasury; amending



Minnesota Statutes 1984, section 345.48, subdivision 1.

Referred to the Committee on Local and Urban Government.

Mr. Dicklich introduced—

S.F. No. 2161: A bill for an act relating to employment; providing training opportunities for technically qualified individuals who may be exposed to hazardous substances, harmful physical agents, or infectious agents; amending Minnesota Statutes 1985 Supplement, section 182.653, subdivisions 4b, 4c, and 4f.

Referred to the Committee on Health and Human Services.

Mr. Dicklich introduced—

S.F. No. 2162: A bill for an act relating to transportation; providing for the terms of regional railroad authority commissioners; amending Minnesota Statutes 1984, section 398A.03, subdivision 5.

Referred to the Committee on Transportation.

Messrs. Dicklich, Gustafson and Solon introduced—

S.F. No. 2163: A bill for an act relating to counties; setting conditions for St. Louis county to appoint a county administrator; amending Minnesota Statutes 1984, section 375A.06, subdivision 5.

Referred to the Committee on Local and Urban Government.

Messrs. Pehler, Peterson, R. W. and Hughes introduced—

S.F. No. 2164: A bill for an act relating to education; establishing exemplary centers for learning opportunities; requiring the state board of education to select exemplary programs; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 125.

Referred to the Committee on Education.

Mr. Jude introduced—

S.F. No. 2165: A bill for an act relating to state government; clarifying the definition of "rule" in the administrative procedure act; assigning additional duties to the legislative commission to review administrative rules; amending Minnesota Statutes 1985 Supplement, sections 14.02, subdivision 4; and 14.40.

Referred to the Committee on Governmental Operations.

Messrs. Merriam, Schmitz and Davis introduced—

S.F. No. 2166: A bill for an act relating to local government units; authorizing the privatization of facilities for the treatment of wastewater and the furnishing of water; amending Minnesota Statutes 1984, section 474.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 297A.25, subdivision 1; proposing coding for new law as Minnesota Stat-

utes, chapter 471A.

Referred to the Committee on Local and Urban Government.

Mr. Peterson, C.C. introduced—

S.F. No. 2167: A bill for an act relating to charitable gambling; regulating bingo; authorizing the charitable gambling control board to establish an additional class of license; regulating lawful gambling on leased premises; amending Minnesota Statutes 1984, sections 349.16, subdivision 3; 349.162, by adding a subdivision; 349.17, by adding a subdivision; and 349.18, subdivision 2.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Frank; Peterson, C.C. and Chmielewski introduced—

S.F. No. 2168: A bill for an act relating to charitable gambling; modifying the definition of "profit"; regulating the use of profits; amending Minnesota Statutes 1984, sections 349.12, subdivision 13; and 349.15.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Peterson, C.C. introduced—

S.F. No. 2169: A bill for an act relating to charitable gambling; authorizing the charitable gambling control board to grant permits of exemption; amending Minnesota Statutes 1984, section 349.214, by adding a subdivision.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Dieterich introduced—

S.F. No. 2170: A bill for an act relating to charitable gambling; requiring the licensing of manufacturers of registered gambling equipment; requiring disclosure of the identities of employers of licensed distributors; amending Minnesota Statutes 1984, section 349.161, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 349.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Benson introduced—

S.F. No. 2171: A bill for an act relating to health; providing exemptions for certain air ambulance services; allowing certified first responders to drive certain basic life support transportation service vehicles; amending Minnesota Statutes 1984, sections 144.802, subdivision 5, and by adding a subdivision; and 144.804, subdivisions 1 and 3.

Referred to the Committee on Health and Human Services.

Messrs. Moe, D.M. and Wegscheid introduced—

S.F. No. 2172: A bill for an act relating to retirement; expanding the

membership of the Minnesota state retirement system unclassified program; amending Minnesota Statutes 1984, sections 352D.01; 352D.015; 352D.02, as amended; 352D.05; subdivision 4; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; 352D.09, subdivisions 1 and 7; 352D.11, subdivisions 1 and 4; 354.05, subdivision 2; Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a.

Referred to the Committee on Governmental Operations.

Mr. Laidig introduced—

S.F. No. 2173: A bill for an act relating to state lands; authorizing exchange of state property with Minnesota transportation museum property.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Merriam, Diessner, Waldorf and Benson introduced—

S.F. No. 2174: A bill for an act relating to human services; exempting certain nursing homes from financial statement audits; amending Minnesota Statutes 1985 Supplement, section 256B.48, subdivision 1b.

Referred to the Committee on Health and Human Services.

Messrs. Samuelson, Freeman and Belanger introduced—

S.F. No. 2175: A bill for an act relating to health; authorizing the commissioner of commerce to adopt rules related to financial affairs of health maintenance organizations; requiring certificates of authority to be issued by the commissioner of commerce; providing for supervision of health maintenance organizations; amending Minnesota Statutes 1984, sections 62D.03; 62D.04; 62D.041, by adding a subdivision; 62D.05, by adding a subdivision; 62D.08; 62D.12, subdivision 9; 62D.14; 62D.15, subdivision 1; 62D.16; 62D.17; 62D.20; and 62D.21; repealing Minnesota Statutes 1984, section 62D.041, subdivisions 6, 7, and 8; and Minnesota Statutes 1985 Supplement, section 62D.041, subdivision 5.

Referred to the Committee on Health and Human Services.

Messrs. Vega and Moe, D.M. introduced—

S.F. No. 2176: A bill for an act relating to utilities; defining terms; establishing a code of conduct for members of the public utilities commission; prohibiting public utilities commissioner from being employed by public utilities for two years before and two years following service as commissioner; transferring the rulemaking authority of the public utilities commission to the director of the department of public service; transferring certain other administrative and investigatory responsibilities of the commission to the department of public service; amending Minnesota Statutes 1984, sections 216A.02, by adding subdivisions; 216A.035; 216A.05; 216A.07, subdivision 1; 216A.095; 216B.02, by adding a subdivision; 216B.05; 216B.08; 216B.09; 216B.10; 216B.12, subdivision 1; 216B.13, subdivision 1; 216B.14; 216B.16, subdivisions 1 and 3; 216B.164, subdivisions 4, 6, 7, and 9; 216B.17, subdivisions 1 and 2; 216B.18; 216B.21, subdivisions 1 and 2; 216B.24, subdivisions 1 and 2; 216B.241, subdivision 2; 216B.242;

216B.243, subdivision 1; 216B.25; 216B.30; 216B.48, subdivision 6; 237.075, subdivision 3; 237.081, subdivisions 1, 1a, and 2; 237.10; 237.16, subdivision 3; and 237.28; Minnesota Statutes 1985 Supplement, section 216B.243, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 216A.

Referred to the Committee on Governmental Operations.

Messrs. Belanger and Moe, R.D. introduced—

S.F. No. 2177: A bill for an act relating to retirement; authorizing the purchase of prior service credit for a certain city health administrator.

Referred to the Committee on Governmental Operations.

Mr. Davis introduced—

S.F. No. 2178: A bill for an act relating to environment; regulating release of radionuclides into groundwater; proposing coding for new law in Minnesota Statutes, chapter 116C.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Dahl introduced—

S.F. No. 2179: A bill for an act relating to commerce; consumer protection; requiring the repair, refund, or replacement of new motor vehicles under certain circumstances; prescribing certain settlement procedures; amending Minnesota Statutes 1984, section 325F.665, as amended.

Referred to the Committee on Economic Development and Commerce.

Messrs. Moe, D.M.; Wegscheid; Knaak and Freeman introduced—

S.F. No. 2180: A bill for an act relating to metropolitan government; establishing the metropolitan taxicab commission; empowering it to set taxicab rates and to license taxicabs and taxicab drivers; amending Minnesota Statutes 1984, sections 368.01, subdivision 12; and 412.221, subdivision 20; proposing coding for new law in Minnesota Statutes, chapter 473.

Referred to the Committee on Transportation.

Messrs. DeCramer; Moe, R.D.; Langseth and Bernhagen introduced—

S.F. No. 2181: A bill for an act relating to traffic regulations; increasing area of state in which weight limitations on highways may be seasonally increased; providing that weight limitations are increased seasonally for transporting sugar beets and potatoes under certain conditions; increasing weight limitations under which special permits may be issued; imposing fees; amending Minnesota Statutes 1984, sections 169.825, subdivision 11; and 169.86, subdivision 5.

Referred to the Committee on Transportation.

Messrs. Bertram and Chmielewski introduced—

S.F. No. 2182: A bill for an act relating to crimes; making it a felony to

cause the death of or injure an unborn child; prescribing penalties; amending Minnesota Statutes 1984, section 609.035; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Judiciary.

Mr. Mehrkens introduced—

S.F. No. 2183: A bill for an act relating to commerce; exempting certain dredge material from requirements for state permits; proposing coding for new law in Minnesota Statutes, chapter 105.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Anderson, Sieloff, Jude and Mrs. Lantry introduced—

S.F. No. 2184: A bill for an act relating to corporations; providing for the resignation of registered agents of foreign corporations; amending Minnesota Statutes 1984, section 303.10, by adding a subdivision.

Referred to the Committee on Judiciary.

Mr. Renneke introduced—

S.F. No. 2185: A bill for an act relating to the state board of investment; prohibiting investment decisions made for noneconomic reasons; amending Minnesota Statutes 1984, section 11A.04.

Referred to the Committee on Governmental Operations.

Messrs. Novak and Merriam introduced—

S.F. No. 2186: A bill for an act relating to the environment; amending Minnesota Statutes 1985 Supplement, sections 116.46, by adding a subdivision; and 116.48, subdivision 4.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Davis introduced—

S.F. No. 2187: A bill for an act relating to environment; abolishing the waste management board and transferring certain board functions to the pollution control agency effective June 30, 1986; amending Minnesota Statutes 1984, sections 115A.13; and 115A.81, by adding a subdivision.

Referred to the Committee on Governmental Operations. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Ms. Reichgott introduced—

S.F. No. 2188: A bill for an act relating to taxation; income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

Referred to the Committee on Taxes and Tax Laws.

Mr. Chmielewski introduced—

S.F. No. 2189: A bill for an act relating to transportation; providing for use of county state-aid highway funds on highways providing access to outdoor recreation areas; providing that motor vehicles do not exceed length restrictions, whether unladen or with load; defining tandem axles; providing for weight restrictions on highways including market arteries; increasing tax on gasoline and special fuel; reducing complement of department of transportation; creating legislative transportation commission; appropriating money; amending Minnesota Statutes 1984, sections 162.06, subdivision 5; 169.81, subdivision 2; 169.825, subdivisions 8, 10, and by adding a subdivision; 169.832, subdivision 11, and by adding a subdivision; and 296.02, subdivision lb.

Referred to the Committee on Transportation.

Mr. Sieloff introduced—

S.F. No. 2190: A bill for an act relating to marriage; setting out the requirements and effect of premarital agreements; enacting the Uniform Premarital Agreement Act; amending Minnesota Statutes 1985 Supplement, section 524.2-204; proposing coding for new law in Minnesota Statutes, chapter 519; repealing Minnesota Statutes 1984, section 519.11.

Referred to the Committee on Judiciary.

Messrs. Frank and Storm introduced—

S.F. No. 2191: A bill for an act relating to utilities; authorizing stipulated settlements in certain cases; amending Minnesota Statutes 1984, sections 216B.16, subdivisions 1a and 2; and 237.075, subdivisions 1a and 2.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mrs. Kronebusch introduced—

S.F. No. 2192: A bill for an act relating to the pollution control agency; removing authority to impose certain fees; changing certain appropriations; amending Minnesota Statutes 1985 Supplement, section 116.07, subdivision 4d; and Laws 1985 First Special Session chapter 13, section 26, subdivisions 2 and 3.

Referred to the Committee on Agriculture and Natural Resources.

Mrs. Kronebusch introduced—

S.F. No. 2193: A bill for an act relating to drivers' licenses; providing for side-profile photograph on driver's license or identification card of person under the age of 19; amending Minnesota Statutes 1984, section 171.07, subdivisions 1 and 3.

Referred to the Committee on Transportation.

Mr. Peterson, C.C. introduced—

S.F. No. 2194: A bill for an act relating to public safety; regulating trans-

portation of firearms and bows; amending Minnesota Statutes 1984, section 100.29, subdivision 5.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Frank and Ms. Peterson, D.C. introduced—

S.F. No. 2195: A bill for an act relating to housing; landlord and tenant; requiring heating standards; requiring notice by landlords before entering leased premises; amending Minnesota Statutes 1984, section 504.18, subdivisions 1 and 6; proposing coding for new law in Minnesota Statutes, chapter 504.

Referred to the Committee on Energy and Housing.

Mr. Pehler introduced—

S.F. No. 2196: A bill for an act relating to the city of Sartell; authorizing the establishment of a redevelopment district.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Benson and Renneke introduced—

S.F. No. 2197: A bill for an act relating to utilities; prohibiting public utility commissioners from accepting gifts; amending Minnesota Statutes 1984, section 216A.035.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Dicklich introduced—

S.F. No. 2198: A bill for an act relating to civil actions; providing for changes in certain time periods relating to the commencement of civil actions; amending Minnesota Statutes 1984, section 541.07.

Referred to the Committee on Judiciary.

Mr. Wegscheid introduced—

S.F. No. 2199: A bill for an act relating to metropolitan waste control; appropriating money to reimburse Farmington for excess charges.

Referred to the Committee on Local and Urban Government.

Mr. Johnson, D.E. introduced—

S.F. No. 2200: A bill for an act relating to intoxicating liquor; authorizing Pope County to issue one seasonal on-sale license.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mrs. Kronebusch introduced—

S.F. No. 2201: A bill for an act relating to wildlife; providing for a wildlife

damage abatement and claims program.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Knutson introduced—

S.F. No. 2202: A bill for an act relating to intoxicating liquor; requiring municipal on-sale liquor stores to give equal sales emphasis to nonalcoholic beverages; proposing coding for new law in Minnesota Statutes, chapter 340A.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Storm introduced—

S.F. No. 2203: A bill for an act relating to local improvements; providing for the rate of interest on special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2.

Referred to the Committee on Local and Urban Government.

Mr. Bertram introduced—

S.F. No. 2204: A bill for an act relating to independent school district No. 750, Cold Spring; authorizing the district to make an equal levy for debt service over the next five years.

Referred to the Committee on Education.

Mr. Diessner introduced—

S.F. No. 2205: A bill for an act relating to Washington county; permitting the county to finance water systems on behalf of cities and towns in the county by the issuance of county general obligation bonds.

Referred to the Committee on Local and Urban Government.

Mr. Peterson, C.C. introduced—

S.F. No. 2206: A bill for an act relating to taxation; authorizing certain refunds of sales tax paid on agricultural electricity; amending Minnesota Statutes 1984, section 297A.35, by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Mr. Pogemiller introduced—

S.F. No. 2207: A bill for an act relating to economic development; permitting certain loan repayments received by municipalities to be used for economic development purposes and authorizing the issuance of revenue bonds payable from loan repayments; proposing coding for new law as Minnesota Statutes, chapter 116N.

Referred to the Committee on Taxes and Tax Laws.

Mr. Ramstad introduced—

S.F. No. 2208: A bill for an act relating to retirement; authorizing the



purchase of allowable service credit by a certain member of the public employees retirement association.

Referred to the Committee on Governmental Operations.

Mrs. Brataas and Mr. Benson introduced—

S.F. No. 2209: A bill for an act relating to Olmsted county; increasing the amount the county board may appropriate annually for use as a contingent fund; amending Laws 1965, chapter 433, section 1, as amended.

Referred to the Committee on Local and Urban Government.

Mr. Solon introduced—

S.F. No. 2210: A bill for an act relating to insurance; joint self-insurance employee health plans; providing an exemption from regulation; amending Minnesota Statutes 1984, section 62H.08.

Referred to the Committee on Economic Development and Commerce.

Mr. Wegscheid introduced—

S.F. No. 2211: A bill for an act relating to taxation; providing for reduction in the rate of excise tax on gasoline sold for marine use at qualified service stations; amending Minnesota Statutes 1984, section 296.02, subdivision 6.

Referred to the Committee on Taxes and Tax Laws. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. DeCramer introduced—

S.F. No. 2212: A bill for an act relating to transportation; bonding; reallocating proceeds of bridge bonds to counties and cities; appropriating money; amending Laws 1979, chapter 280, section 2, as amended.

Referred to the Committee on Finance.

Mr. Peterson, C.C. introduced—

S.F. No. 2213: A bill for an act relating to taxation; reducing the tax credit for agricultural alcohol gasoline; providing for payments to producers of agricultural alcohol; appropriating money; amending Minnesota Statutes 1985 Supplement, section 296.02, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 41A.

Referred to the Committee on Taxes and Tax Laws.

Mrs. Kronebusch introduced—

S.F. No. 2214: A bill for an act relating to taxation; requiring the board of equalization to use involuntary sales in the sales ratio study under certain conditions; requiring certificates of value to be recorded by 90 days after a sale; amending Minnesota Statutes 1984, sections 270.12, subdivision 2; and 272.115, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Mr. Peterson, C.C. introduced—

S.F. No. 2215: A bill for an act relating to game and fish; dedicating revenues from the fishing license surcharge, small game surcharge, migratory waterfowl stamp, pheasant stamp, and trout and salmon stamp; requiring preparation and presentation of work plans before fishing license surcharge appropriation is spent; clarifying allowed administrative expenses from dedicated receipts; amending Minnesota Statutes 1984, sections 97.4841, subdivision 4; 97.4842, subdivision 3; 97.4843, subdivision 4; 97.49, subdivision 1; and 97.86, subdivisions 1 and 2.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Dahl introduced—

S.F. No. 2216: A bill for an act relating to metropolitan government; providing for the treatment of watershed costs in certain local government units; amending Minnesota Statutes 1985 Supplement, section 473.882, subdivision 1.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Chmielewski introduced—

S.F. No. 2217: A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks and recreation areas.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Berg; Johnson, D.E.; Benson and Bernhagen introduced—

S.F. No. 2218: A bill for an act relating to utilities; providing that installation and maintenance of electric transmission lines that comply with code are not activities subjecting utility to strict liability; amending Minnesota Statutes 1985 Supplement, section 326.243.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Schmitz introduced—

S.F. No. 2219: A bill for an act relating to the town of Louisville; permitting the town to impose a fee for certain landfill deposits.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Peterson, R.W. introduced—

S.F. No. 2220: A bill for an act relating to public utilities; defining a telephone company to exclude a radio common carrier; amending Minnesota Statutes 1985 Supplement, section 295.01, subdivision 10.

Referred to the Committee on Taxes and Tax Laws.

Mr. Chmielewski introduced—

S.F. No. 2221: A bill for an act relating to public works; providing a

replacement for an appropriation to the city of Cloquet for the construction of a public water facility.

Referred to the Committee on Finance.

Mr. Bertram introduced—

S.F. No. 2222: A bill for an act relating to education; vocational; specifying use of appropriation for firefighter training programs in AVTF's; amending Laws 1985, First Special Session chapter 11, section 4, subdivision 3.

Referred to the Committee on Finance.

Mr. Bertram introduced—

S.F. No. 2223: A bill for an act relating to the city of Bowlus; permitting the city to exceed its debt limit for a firehall.

Referred to the Committee on Local and Urban Government.

Mr. Samuelson introduced—

S.F. No. 2224: A bill for an act relating to taxation; tax-forfeited lands; requiring payment for a certain tract in Morrison county by the state of Minnesota.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Samuelson introduced—

S.F. No. 2225: A bill for an act relating to public contracts; regulating the use of subcontractors by a prime contractor; providing a penalty; proposing coding for new law in Minnesota Statutes, chapter 15.

Referred to the Committee on Governmental Operations.

Messrs. Dicklich and Solon introduced—

S.F. No. 2226: A bill for an act relating to natural resources; enacting a reorganization of the department of natural resources and requiring the commissioner of natural resources to implement the same by December 31, 1986; amending Minnesota Statutes 1984, sections 84.01, subdivision 3; 84.028, subdivision 3; 84.082; 84.086; 97.41, subdivision 2; 105.40, subdivisions 1 and 2; repealing Minnesota Statutes 1984, sections 84.081; 84.083; and 89.014.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Johnson, D.J. introduced—

S.F. No. 2227: A bill for an act relating to taxes; exempting from gasoline excise tax propane fuel for vehicles operating under permit; amending Minnesota Statutes 1985 Supplement, sections 296.01, subdivision 25; 296.02, subdivision 1a; 296.025, subdivision 1a; 296.026; and 296.028.

Referred to the Committee on Taxes and Tax Laws.

Mr. Dieterich introduced—

S.F. No. 2228: A bill for an act relating to commerce; regulating licensing of installers of certain low-voltage electrical systems; prescribing penalties; proposing coding for new law in Minnesota Statutes, chapter 326.

Referred to the Committee on Economic Development and Commerce.

Messrs. Moe, D.M.; Wegscheid; Spear; Pogemiller and Renneke introduced—

S.F. No. 2229: A bill for an act relating to retirement; certain public retirement systems; setting age 62 as the normal retirement age; changing eligibility requirements for a surviving spouse benefit; providing for actuarial reduction of benefits for early retirement in certain public retirement systems; extending the time for termination of service for retirement under the rule of 85; amending Minnesota Statutes 1984, sections 352.01, subdivision 19; 352.113, subdivisions 1, 3, 4, 10, and 12; 352.115, subdivision 2; 352.116, subdivisions 1 and 2; 352.12, subdivision 2; 352.72, subdivision 5; 352.91, subdivision 3; 352.93, subdivision 3; 352.95, subdivision 5; 353.29, subdivision 1; 353.30, subdivision 1; 353.32, subdivision 1a; 353.33, subdivisions 1, 3, and 11; 353.71, subdivision 5; 353.75; 354.44, subdivisions 1 and 1a; 354.46, subdivisions 1 and 2; 354.48, subdivision 10; 354.49, subdivision 3; 354A.31, subdivisions 5 and 6; 354A.35, subdivision 2; 354A.36, subdivisions 3 and 10; 354A.37, subdivision 4; 356.32, subdivision 1; and 356.325; amending Minnesota Statutes 1985 Supplement, sections 352.01, subdivision 2B; 353.657, subdivision 2a; 354.44, subdivision 6; 354.48, subdivision 3; 354.55, subdivision 11; and 356.70, subdivision 1; repealing Minnesota Statutes 1984, section 353.30, subdivisions 1a, 1b, and 1c.

Referred to the Committee on Governmental Operations.

Mr. Dicklich introduced—

S.F. No. 2230: A bill for an act relating to health; requiring licensure to practice naturopathy; providing for conditions of licensure; qualifications and exemptions; establishing a state board of naturopathic examiners; providing for discipline and penalties; proposing coding for new law in Minnesota Statutes, chapter 148.

Referred to the Committee on Health and Human Services.

Mr. Chmielewski introduced—

S.F. No. 2231: A bill for an act relating to employment; regulating systems of sharing or pooling gratuities; defining service charges; amending Minnesota Statutes 1984, section 177.23, subdivision 9; Minnesota Statutes 1985 Supplement, section 177.24, subdivision 3.

Referred to the Committee on Employment.

Mr. Chmielewski introduced—

S.F. No. 2232: A bill for an act relating to human services; requiring federal mental health block grants to be used for qualified community mental

health centers; amending Minnesota Statutes 1984, section 245.712, subdivision 1.

Referred to the Committee on Health and Human Services.

### MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Berglin moved that S.F. No. 912 be withdrawn from the Committee on Finance and re-referred to the Committee on Health and Human Services. The motion prevailed.

### RECESS

Mr. Moe, R.D. 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.

### APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 5: Messrs. Diessner, Purfeerst and Johnson, D.E.

H.F. No. 628: Messrs. Peterson, R.W.; Bernhagen; Merriam; Benson and DeCramer.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Consent Calendar. The motion prevailed.

### CONSENT CALENDAR

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

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:

Adkins	Diessner	Knaak	Nelson	Samuelson
Anderson	Dieterich	Kroening	Novak	Schmitz
Belanger	Frank	Kronebusch	Olson	Solon
Benson	Frederick	Laidig	Pehler	Spear
Berg	Frederickson	Langseth	Peterson, C.C.	Storm
Berglin	Freeman	Lantry	Peterson, D.C.	Stumpf
Bertram	Gustafson	Lessard	Peterson, D.L.	Taylor
Brataas	Hughes	Luther	Petty	Vega
Chmielewski	Isackson	McQuaid	Pogemiller	Waldorf
Dahl	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid
Davis	Johnson, D.J.	Merriam	Ramstad	Willet
DeCramer	Jude	Moe, D.M.	Reichgott	
Dicklich	Kamrath	Moe, R.D.	Renneke	

So the bill passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### CONFIRMATION

Mr. Spear moved that the appointments of notaries public received February 13, 1986, be taken from the table. The motion prevailed.

Mr. Spear moved that the Senate do now consent to and confirm the appointments of the notaries public.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knutson	Nelson	Renneke
Anderson	Dieterich	Kroening	Novak	Samuelson
Belanger	Frank	Kronebusch	Olson	Schmitz
Benson	Frederick	Laidig	Pehler	Sieloff
Berg	Frederickson	Langseth	Peterson, C.C.	Solon
Berglin	Freeman	Lantry	Peterson, D.C.	Spear
Bertram	Hughes	Lessard	Peterson, D.L.	Storm
Brataas	Isackson	Luther	Peterson, R.W.	Stumpf
Chmielewski	Johnson, D.E.	McQuaid	Petty	Taylor
Dahl	Johnson, D.J.	Mehrkens	Pogemiller	Vega
Davis	Jude	Merriam	Purfeerst	Waldorf
DeCramer	Kamrath	Moe, D.M.	Ramstad	Willet
Dicklich	Knaak	Moe, R.D.	Reichgott	

The motion prevailed. So the appointments were confirmed.

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Petty moved that H.F. No. 671 and S.F. No. 607 be taken from the table and referred to the Committee on Rules and Administration for comparison. The motion prevailed.

Mr. Pehler moved that S.F. No. 2117 be withdrawn from the Committee on Local and Urban Government and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Mr. Lessard moved that S.F. No. 2052 be withdrawn from the Committee on Local and Urban Government and re-referred to the Committee on Veterans and General Legislation. The motion prevailed.

Mr. Storm moved that his name be stricken as a co-author to S.F. No. 1717. The motion prevailed.

Mr. Nelson moved that the name of Ms. Olson be added as a co-author to S.F. No. 1771. The motion prevailed.

Ms. Peterson, D.C. moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1777. The motion prevailed.

Mr. Samuelson moved that the name of Mr. Lessard be added as a co-author to S.F. No. 1880. The motion prevailed.

Mr. Laidig moved that the name of Mr. Lessard be added as a co-author to S.F. No. 1925. The motion prevailed.

Ms. Reichgott moved that the name of Mr. Pogemiller be added as a co-author to S.F. No. 2019. The motion prevailed.

Ms. Berglin moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2039. The motion prevailed.

Ms. Berglin moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2045. The motion prevailed.

Mr. Benson moved that the name of Mr. Laidig be added as a co-author to S.F. No. 2061. The motion prevailed.

Mr. Peterson, R.W. moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2074. The motion prevailed.

Ms. Berglin moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2076. The motion prevailed.

Mr. Moe, D.M. moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2097. The motion prevailed.

Mr. Jude moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2098. The motion prevailed.

Mr. Pehler moved that the names of Messrs. Taylor and Merriam be added as co-authors to S.F. No. 2164. The motion prevailed.

Mr. Peterson, C.C. moved that the name of Mr. Novak be added as a co-author to S.F. No. 2167. The motion prevailed.

Mr. Frank moved that the name of Mr. Novak be added as a co-author to S.F. No. 2168. The motion prevailed.

Mr. Peterson, C.C. moved that the name of Mr. Novak be added as a co-author to S.F. No. 2169. The motion prevailed.

Mr. Mehrkens introduced—

Senate Resolution No. 111: A Senate resolution congratulating the football team from Zumbrota High School for winning Runnerup in the 1985 Class C State High School Football Championship.

Referred to the Committee on Rules and Administration.

### MEMBERS EXCUSED

Mr. Bernhagen was excused from the Session of today. Mr. Wegscheid

was excused from the Session of today at 3:30 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Thursday, February 27, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



## SEVENTY-SIXTH DAY

St. Paul, Minnesota, Thursday, February 27, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Hal Hoekstra.

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

Adkins	Diessner	Knutson	Olson	Sieloff
Anderson	Dieterich	Kroening	Pehler	Solon
Belanger	Frank	Kronebusch	Peterson, C.C.	Spear
Benson	Frederick	Laidig	Peterson, D.C.	Storm
Berg	Frederickson	Langseth	Peterson, D.L.	Stumpf
Berglin	Freeman	Lantry	Peterson, R.W.	Taylor
Bernhagen	Gustafson	Lessard	Petty	Vega
Bertram	Hughes	Luther	Pogemiller	Waldorf
Brataas	Isackson	McQuaid	Purfeerst	Wegscheid
Chmielewski	Johnson, D.E.	Mehrrens	Ramstad	Willet
Dahl	Johnson, D.J.	Moe, D.M.	Reichgott	
Davis	Jude	Moe, R.D.	Renneke	
DeCramer	Kamrath	Nelson	Samuelson	
Dicklich	Knaak	Novak	Schmitz	

The President declared a quorum present.

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

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1727, 2230 and 1766.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 26, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1727: A bill for an act relating to agriculture; moving Wadena county from area one to area four for purposes of potato industry promotion; amending Minnesota Statutes 1984, section 17.54, subdivision 9.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1578, now on the Consent Calendar.

H.F. No. 2230: A bill for an act relating to highway traffic regulations; clarifying the evidentiary use of partial alcohol concentration breath tests; amending Minnesota Statutes 1984, section 169.121, subdivision 2.

Referred to the Committee on Judiciary.

H.F. No. 1766: A bill for an act relating to government in this state; providing for its financing, structure, and components; making and reducing appropriations for the general legislative, judicial, and administrative expenses of state government with certain conditions; providing for the transfer of certain money in the state treasury; providing for contingency expenditures; creating, modifying, transferring, and abolishing agencies, boards, and functions; adjusting complements; creating certain funds and changing others; providing for farm relief; making cash flow changes and budget adjustments; setting and adjusting certain aid and mill rate amounts; providing for community emergency response hazardous substance protection; clarifying the income tax exclusion of income on the sale of certain agricultural property; repealing the suspension of inflation adjustments; proposing tax compliance measures; providing a sales tax on intoxicating liquor at the wholesale level; providing a property tax refund for certain commercial industrial property taxes for 1987 only; providing for the deposit of certain motor vehicle excise tax proceeds in the general fund; transferring funds from the highway user tax distribution fund and the transit assistance fund to the general fund; setting local government aids for 1987; changing certain reimbursement payment dates; prescribing sales ratio study requirements; extending the property tax payment date by 30 days in the case of certain agricultural property; changing property tax distribution and settlement; changing the special homestead classification for certain disabled persons; providing penalties; appropriating money; amending Minnesota Statutes 1984, sections 15.01; 15.057; 16A.72; 16B.20, subdivision 1; 16B.50; 17.717, subdivision 6; 25.39, subdivision 4; 41.57, by adding a subdivision; 46.041, subdivision 1; 46.131, subdivision 10; 47.54, subdivision 1; 51A.51, subdivisions 1, 2, 3, 3a, and 5; 52.06, subdivision 1; 53.03, subdivision 6; 56.02; 60A.03, subdivision 6; 60A.14, subdivision 1; 60A.17, by adding a subdivision; 60A.23, subdivision 7; 62E.52, subdivisions 2 and 3; 62E.53, subdivisions 1 and 2; 62E.531, subdivision 2; 79.251, subdivision 1; 82.22, subdivision 3; 82.27, by adding a subdivision; 84.01, subdivision 3; 84.028, subdivision 3; 84.082; 84.086; 84.54; 85.016; 97.41, subdivision 2; 104.35, subdivisions 2 and 3; 105.40, subdivisions 1 and 2; 112.35, by adding a subdivision; 115A.15, subdivision 5; 115A.912, subdivision 2, and by adding a subdivision; 115B.20, subdivisions 5 and 6; 116.07, by adding a subdivision; 116C.24, subdivision 2a; 116C.25; 116J.01, subdivision 3; 116J.16, subdivisions 1, 2, 4, 5, 6, 7, and 8; 116J.29; 116J.36, subdivision 10; 116J.37, subdivision 6; 116J.401; 116J.402; 116J.403; 116J.404; 116J.405; 116J.406, subdivisions 2, 3, 4, and 5; 116J.58, subdivisions 2 and 3; 116J.60; 116J.63; 116J.66; 116J.68, subdivision 2; 116J.74, subdivision 5; 116J.80, subdivision 6; 116J.873, subdivision 4; 116M.03, subdivision 2,

and by adding a subdivision; 116M.05, subdivision 1; 116M.06, subdivisions 4, 7, 8, and 10; 116M.07, subdivision 12; 116M.08, subdivisions 2, 3, 4, 5, 6, 7, 8, 9, 10, 17, 19, 20, and 21; 116M.12, subdivision 6; 121.495; 121.901, subdivision 2; 121.934, subdivision 1; 124.195, subdivision 5; 124.32, subdivision 1c; 124A.02, subdivision 15; 129B.02, as amended; 129B.04, subdivisions 1a and 2; 129B.041, subdivisions 1 and 4; 129B.05, subdivision 2; 129B.43; 136.14; 136C.07, by adding a subdivision; 136C.13, by adding a subdivision; 136C.35; 138.65; 144.68; 144.69; 148.10, by adding a subdivision; 150A.08, by adding a subdivision; 160.265, subdivision 1; 161.1419, subdivision 8; 168.67; 169.871, subdivision 5; 176.183, subdivisions 1 and 1a; 176.603; 176.611, subdivision 2; 197.23, subdivision 2; 197.481, by adding subdivisions; 216B.243, subdivision 6; 216B.62, subdivisions 2 and 3; 237.295, subdivisions 1 and 2; 237.30; 239.10; 256.98; 256B.042, subdivisions 2 and 3, and by adding subdivisions; 256B.37, by adding a subdivision; 256D.05, by adding a subdivision; 270.067, subdivision 5; 270.12, subdivision 2; 270.69, by adding a subdivision; 270.72, subdivisions 1, 2, and 3; 271.01, subdivision 1, and by adding a subdivision; 273.1312, subdivision 1; 273.1314, subdivisions 1 and 16; 273.74, subdivision 5; 276.09; 276.10; 276.11; 278.03; 279.01, as amended; 290.069, subdivision 1; 290.53, subdivision 2; 290.61; 296.13; 297A.01, subdivision 9; 297A.02, by adding a subdivision; 297A.03, subdivision 2; 297A.04; 297A.08; 297A.18; 297A.27, subdivision 1; 297A.275; 297A.28; 297A.43; 297B.09, subdivision 2; 299D.03, subdivision 5; 301A.07, subdivision 1; 325F.19, subdivision 3; 325F.24, subdivision 3; 326.20, by adding a subdivision; 326.334, subdivision 7; 349.52, subdivisions 2 and 3; 362A.06; 364.09; 462.384, subdivision 7; 462A.03, subdivision 10; 462A.04, subdivisions 1 and 4; 462A.05, subdivisions 15B, 21, and 23; 465.74, subdivisions 1, 4, and 6; 471.992; 471.996; 471.997; 471.9975; 473.448; 477A.015; 480.242, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 15A.081, subdivision 8; 40A.03, subdivision 2; 53.03, subdivision 1; 60A.17, subdivision 1a; 92.35; 92.36; 110B.02, by adding a subdivision; 110B.08, subdivision 5; 110B.10, subdivision 1; 116J.58, subdivision 4; 116J.951, subdivision 2; 116J.961, subdivisions 1 and 8; 116M.03, subdivision 17; 116M.04, subdivision 8a; 116M.06, subdivision 2; 116M.07, subdivisions 7a, 7b, and 7c; 116M.08, subdivisions 1, 14, and 15; 116M.11; 116M.12, subdivisions 3 and 4; 124.225, subdivision 7b; 124.245, subdivision 1; 124A.02, subdivision 9; 124A.03, subdivision 1a; 129C.10, subdivision 5; 136C.06; 144.8093, by adding a subdivision; 147.021, by adding a subdivision; 173.085, subdivision 1; 214.06, subdivision 1; 256.01, subdivisions 2 and 4; 256.74, subdivision 1; 256B.06, subdivision 1; 256B.07; 256B.48, subdivision 6; 256C.26; 256D.03, subdivision 4; 256D.05, subdivision 1; 256D.051, subdivisions 4, 5, 6, and by adding a subdivision; 256D.101, subdivisions 1, 2, and by adding a subdivision; 256D.37, subdivision 1; 268.0122, subdivisions 2, 3, and by adding a subdivision; 268.36; 268.673, subdivision 5; 268.6751, subdivisions 1 and 2; 268.871, subdivision 1; 270.063; 270.69, subdivisions 2, 3, and 4; 270.76; 270A.07, subdivision 1; 273.124, by adding a subdivision; 273.13; subdivisions 15a and 22; 273.1314, subdivision 9; 273.74, subdivision 2; 278.05, subdivision 5; 290.491; 297A.257, subdivisions 1 and 3; 298.28, subdivision 1; 326.241, subdivision 3; 326.244, subdivision 2; 340A.904, subdivision 2; 477A.011, subdivisions 10 and 12; 477A.012; 477A.013; Laws 1979, chapter 280, section 2, as amended; Laws 1985, chapter 19, section 2, subdivisions 1, 2, and by adding a subdivision; section 6, subdivision 6; First Special Session chapter 9, article 1, section 2, subdivision 5; First Special Session chapter 10, sections 1; 4, subdivisions 1, 9, 10, and 11; 5, subdivi-

sions 1, 2, and 6; 7; 8; 9; 10, subdivision 1; and 125; First Special Session chapter 11, section 4, subdivision 3; First Special Session chapter 12, article 1, section 36, subdivision 3; article 2, section 15, subdivision 2; article 3, section 28, subdivision 10; article 4, section 11, subdivision 6; article 5, section 8; article 5, section 10, subdivisions 2 and 4; article 6, section 28, subdivisions 11, 17, and 20; article 8, section 62, subdivisions 2, 3, 4, 6, 8, 9, 13, 14, 15, and 17; article 8, section 63, subdivisions 2 and 3; article 8, section 64, subdivision 2; article 9, section 3, subdivisions 2 and 3; First Special Session chapter 15, section 23, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 16A; 17; 45; 84; 115A; 116J; 116K; 129B; 135A; 144; 216A; 256; 276; 297A; 299F; 340A; 462; and 480; repealing Minnesota Statutes 1984, sections 3.351, subdivisions 1, 2, 4, and 5; 3.865; 16B.21, subdivision 2; 17.101, subdivision 2; 17.104; 17.105; 19.64, subdivision 5; 41A.02, subdivisions 1, 2, 3, 4, 6, 9, 10, 12, 13, 14, and 15; 41A.03, subdivisions 2 and 4; 41A.04, subdivision 2; 41A.05, subdivision 4; 41A.06, subdivisions 2, 3, and 4; 41A.07; 42.06, subdivision 4; 84.081; 84.083; 86A.09, subdivisions 1, 2, 3, and 4; 86A.10; 89.014, subdivision 2; 105.40, subdivision 7; 105.71; 105.72; 105.73; 105.75; 105.751; 105.76; 105.77; 105.78; 105.79; 112.35, subdivision 4; 115A.07, subdivision 1; 115A.08, subdivisions 1, 2, and 3; 115A.162; 115A.90, subdivision 4; 116J.01, subdivisions 1 and 2; 116J.03; 116J.035, as amended; 116J.04; 116J.05; 116J.06, subdivisions 4, 5, 6, 7, 8, 10, 11, 12, and 13; 116J.07; 116J.08; 116J.09; 116J.10; 116J.11; 116J.12; 116J.13; 116J.14; 116J.15; 116J.17; 116J.18; 116J.19, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, and 14; 116J.20; 116J.21; 116J.22; 116J.23; 116J.24; 116J.26; 116J.261; 116J.262; 116J.27; 116J.30, subdivision 5; 116J.31; 116J.315; 116J.32; 116J.33; 116J.34; 116J.35; 116J.36, subdivisions 1, 2, 3, 3a, 3b, 3c, 4, 4a, 5, 7, 8, 8a, 9, and 11; 116J.37, subdivisions 2, 3, 4, 5, and 7; 116J.373; 116J.38; 116J.381; 116J.58, subdivision 1; 116J.59; 116J.61; 116J.873, subdivisions 1, 2, and 3; 116L.01; 116L.02; 116L.03, as amended; 116L.04, as amended; 116L.05; 116M.01; 116M.02; 116M.03, subdivisions 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, and 26; 116M.04, subdivisions 1, 1a, 2, 3, 4, 5, 7, 8, 10, and 11; 116M.05, subdivisions 1, 2, 3, 4, 5, 6, and 7; 116M.06, subdivisions 1, 6, 11, 12, and 13; 116M.07, subdivisions 1, 3, 5, 6, 7, and 10; 116M.08, subdivisions 13, 16, and 18; 116M.09; 116M.10, as amended; 116M.12, subdivisions 1, 2, and 5; 116M.13, subdivisions 1, 2, and 3; 129B.01; 129B.05; 136.063; 144.66; 144.67; 144A.071, subdivision 5; 161.1419, as amended; 174.03, subdivision 7; 176.611, subdivisions 3 and 4; 177.41; 177.42; 177.43; 177.44; 216B.165, subdivision 2; 270.067, subdivisions 1, 2, 3, and 4; 270.72, subdivision 5; 297A.02, subdivision 3; 301A.01, subdivision 1; 402.045; 402.062, subdivision 1; 402.095; 451.09, subdivision 2; 462.375; 462.421, subdivision 21; 462.445, subdivision 8; 462.595; 462A.072; 472.01; 472.02; 472.03, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, and 13; 472.04; 472.05; 472.06; 472.07; 472.08, subdivision 2; 472.09; 472.10; 472.11, subdivisions 1, 2, 4, 5, 6, 7, and 8; 472.12; Minnesota Statutes 1985 Supplement, sections 3.303, subdivision 5; 3.351, subdivision 3; 3.875; 13.76; 41A.01; 41A.02, subdivisions 5, 7, 7a, 8, and 11; 41A.03, subdivisions 1, 3, and 5; 41A.04, subdivisions 1, 3, and 4; 41A.05, subdivisions 1, 2, 3, and 5; 41A.06, subdivisions 1 and 5; 41A.08; 86.33, subdivisions 2 and 3; 105.74; 110B.02, subdivision 2; 116J.035, subdivision 3; 116J.19, subdivision 13; 116J.36, subdivision 6; 116J.37, subdivision 1; 116J.94; 116M.03, subdivision 27; 116M.04, subdivisions 6 and 9; 116M.05, subdivision 8; 116M.06, subdivisions 3 and 5; 116M.07, subdivisions 2, 4, 8, 9, 11, and 13; 116M.08, subdivisions 11 and 12; 116M.105; 136.63, subdivision 1b; 178.03, subdivision

5; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; 268.0111, subdivision 3; 268.66, subdivision 2; 268.89, subdivision 2; 290.06, subdivision 2f; 472.03, subdivision 9; 472.08, subdivision 1; 472.11, subdivisions 3 and 9; 472.125; 472.13; 472.14; 472.15; 472.16; 474.17, subdivision 3; Laws 1984, chapter 654, article 2, section 146.

Referred to the Committee on Rules and Administration.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 1646. The motion prevailed.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1889: A bill for an act relating to appropriations; changing the recipient of a grant for development of an invention support system; amending Laws 1985, first special session chapter 13, section 28, subdivision 7.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1977: A bill for an act relating to occupations and professions; barbers; providing for compensation of board members for the performance of their examination duties; amending Minnesota Statutes 1984, section 154.22.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1823: A bill for an act relating to financial institutions; providing for open end loan account arrangements; modifying permissible finance charges and annual charges; eliminating alternative credit card plan requirements; amending Minnesota Statutes 1984, section 48.185, subdivisions 1, 3, and 4; repealing Minnesota Statutes 1984, section 48.185, subdivision 4a.

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

Page 2, line 2, strike "rate" and insert "*finance charge*"

Page 2, line 3, strike "one and one-half percent per month"

Page 2, lines 7 to 15, strike the old language

Page 2, line 16, strike everything before the period and insert "*the equivalent of an annual percentage rate of 18 percent computed on a 365-day year and in accordance with the Truth in Lending Act, United States Code, title 15, section 1601 et seq., and the Code of Federal Regulations, title 12, part*

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Page 3, after line 10, insert:

“Sec. 5. [EFFECTIVE DATE.]

*Sections 1 to 4 are effective the day following final enactment.”*

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 2062: A bill for an act relating to occupations and professions; modifying the membership of the board of architecture, engineering, land surveying, and landscape architecture; amending Minnesota Statutes 1984, section 326.04.

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

Page 2, after line 21, insert:

“Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.”*

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was re-referred

S.F. No. 1782: A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A.

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

Page 2, line 36, after the period, insert “*Sections 2 to 7 do not apply to a long-term care policy issued to any group specified in section 62A.31, subdivision 1a, clauses (a) or (b).*”

Page 4, line 10, delete “*insured’s*” and insert “*patient’s illness or*” and delete everything after “*condition*”

Page 4, line 11, delete “*rendered*”

Page 4, line 36, delete “*three days*” and insert “*one day*”

Page 5, line 2, delete “*canceled*” and insert “*cancelled*”

Page 5, line 2, after “*refused*” insert “*except*”

Page 5, lines 3 and 4, delete “*the deterioration of the health of the insured*” and insert “*nonpayment of the premium*”

Page 5, line 4, after the period, insert “*The policy must include a provision*

that the policyholder may elect to have the premium paid in full at age 65 by payment of a higher premium up to age 65. The policy must include a provision that the premium would be waived during any period of disability of the insured."

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

Mr. Chmielewski from the Committee on Employment, to which was referred

S.F. No. 1808: A bill for an act relating to labor; regulating grants to area labor-management committees; amending Minnesota Statutes 1985 Supplement, sections 179.81, subdivision 2, and by adding a subdivision; 179.84; and 179.85.

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

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

S.F. No. 1730: A bill for an act relating to theft; modifying circumstances justifying detention of suspects in business establishments; modifying immunity from liability for detention; amending Minnesota Statutes 1985 Supplement, section 629.366, subdivisions 1 and 3.

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

Page 1, line 25, after "for" insert "any of"

Page 2, line 2, delete "or"

Page 2, line 3, delete "determine" and insert "inquire as to"

Page 2, line 4, delete "recover" and insert "receive"

Page 2, line 5, delete everything after "merchandise" and insert ";

(3) to inform a peace officer; or

(4) to institute criminal proceedings against the person."

Page 2, delete line 6

Page 2, line 13, after "unless" insert ";

(1)"

Page 2, line 16, before the period, insert " ; or

(2) the person is a minor, or claims to be, and the merchant or employee is waiting to surrender the minor to a peace officer or the minor's parent, guardian, or custodian, in which case the minor may be detained until the peace officer, parent, guardian, or custodian has accepted custody of the minor.

(d) If at any time the person detained requests that a peace officer be summoned, the merchant or merchant's employee must notify a peace officer immediately"

Page 2, lines 22 and 23, reinstate the stricken language

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

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

S.F. No. 1975: A bill for an act relating to venue of actions; modifying venue in actions to recover possession of personal property; amending Minnesota Statutes 1984, section 542.06.

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

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

S.F. No. 1914: A bill for an act relating to crimes; providing that violations involving theft of services may be aggregated for purposes of criminal prosecution; amending Minnesota Statutes 1984, section 609.52, subdivision 3.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

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

S.F. No. 2087: A bill for an act relating to county courts; specifying the prosecuting attorney for certain offenses; amending Minnesota Statutes 1984, section 487.25, subdivision 10.

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

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

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

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

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

S.F. No. 2039: A bill for an act relating to the attorney general; expanding the powers of the attorney general to obtain certain information and to investigate and prosecute for fraud of the medical assistance program; amending Minnesota Statutes 1984, sections 8.31, subdivision 1; 256B.064, subdivision 1a; 256B.12; 256B.27, subdivisions 3, 4, and 5; and 256B.30; Minnesota Statutes 1985 Supplement, section 214.10, subdivision 8.

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

Page 5, line 9, delete "*without*" and insert "*upon 24 hours*"

Page 5, line 10, delete "*all*" and after "*vendors*" insert a comma and after "*and*" insert "*records of*"

Page 5, line 11, after "*access*" insert "*under section 256B.27, subdivi-*



sion 3.”

Page 5, line 15, delete everything after the period

Page 5, delete lines 16 to 18

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

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

S.F. No. 2094: A bill for an act relating to nonprofit corporations; providing for succession of fiduciary capacity in mergers and consolidations; clarifying authority for separate entities to hold church employee benefit plans; amending Minnesota Statutes 1984, sections 317.38; and 317.66, subdivision 1; and by adding a subdivision.

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

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

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

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

S.F. No. 2017: A bill for an act relating to environment; providing for rewards for information leading to recovery of civil penalties and criminal fines for hazardous waste violations; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 115.

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

Delete everything after the enacting clause and insert:

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

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

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

*response, compensation and compliance fund to the agency for payment by the director.*"

Amend the title as follows:

Page 1, line 3, delete "recovery of civil penalties and"

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

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

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

S.F. No. 1755: A bill for an act relating to human rights; classifying human rights mediation data; eliminating court examination of evidence when there is failure to comply with an order of the department of human rights; providing for indemnification of local human rights commissions; authorizing municipalities to procure insurance against liability of members of a local commission; amending Minnesota Statutes 1984, sections 363.01, by adding subdivisions; 363.091; 363.14, subdivision 1; Minnesota Statutes 1985 Supplement, section 363.061, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 363.

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

Page 1, delete sections 1 and 2 and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 363.01, subdivision 35, is amended to read:

Subd. 35. [HUMAN RIGHTS INVESTIGATIVE DATA.] "Human rights investigative data" means written documents issued or gathered by the department or a local commission for the purpose of investigating and prosecuting alleged or suspected discrimination.

Sec. 2. Minnesota Statutes 1985 Supplement, section 363.01, subdivision 36, is amended to read:

Subd. 36. [CONFIDENTIAL, PRIVATE, AND PUBLIC DATA ON INDIVIDUALS AND PROTECTED NONPUBLIC DATA NOT ON INDIVIDUALS.] "Confidential data on individuals," "private data on individuals," "public data on individuals," "protected nonpublic data ~~not on individuals,~~" and any other terms concerning the availability of human rights investigative or mediation data have the meanings given them by section 13.02 of the Minnesota government data practices act.

Sec. 3. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

Subd. 39. [HUMAN RIGHTS MEDIATION DATA.] "Human rights mediation data" means data created by a local commission for the purpose of mediating alleged or suspected discrimination."

Page 2, line 3, delete "41" and insert "40"

Page 2, line 9, delete "42" and insert "41"

Page 2, line 12, delete everything after "commission" and insert a period

Page 2, delete lines 13 to 15

Page 3, line 1, delete everything after "a"

Page 3, line 2, delete everything before the period and insert "party by court order, subpoena, or written agreement of the parties"

Page 3, line 25, delete "person,"

Page 3, delete line 26

Page 3, line 27, delete everything before the period and insert "party by court order, subpoena, or written agreement of the parties"

Page 4, line 9, delete "person,"

Page 4, delete line 10

Page 4, line 11, delete everything before the period and insert "party by court order, subpoena, or written agreement of the parties"

Page 4, line 22, reinstate the stricken language

Page 4, line 23, reinstate everything before the stricken "shall"

Page 4, line 25, reinstate everything after the stricken "and"

Page 4, line 26, reinstate the stricken "court deems just and equitable."

Page 4, line 35, delete "A respondent"

Page 4, delete line 36

Page 5, delete lines 1 and 2

Pages 6 and 7, delete sections 9 and 10 and insert:

"Sec. 10. [363.15] [LIABILITY INSURANCE; INDEMNIFICATION.]

*The governing body of any municipality or any local commission may purchase liability insurance for or indemnify the local commission, its members, agents, and employees against tort liability to the same extent and subject to the conditions and limitations under sections 466.06 and 466.07. A municipality shall indemnify and provide defense for members, agents, and employees of a local commission as provided in section 466.07, subdivision 1a."*

ReNUMBER the sections in sequence

Amend the title as follows:

Page 1, line 11, delete "section" and insert "sections 363.01, subdivisions 35 and 36; and"

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1860: A bill for an act relating to health; providing for county registrars of vital statistics; amending Minnesota Statutes 1984, section 144.214, 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.

*Notwithstanding Minnesota Statutes, section 144.214, subdivision 1, the county board of Stearns County may designate the county auditor as the local registrar in the county, with the approval of the court administrator.”*

Delete the title and insert:

“A bill for an act relating to Stearns County; authorizing the Stearns County board to designate the county auditor as the local registrar of the county.”

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2040: A bill for an act relating to taxation; providing for reduction of the original assessed value of a tax increment financing district in the city of Litchfield.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1922: A bill for an act relating to the city of Litchfield; permitting certain investments of municipal power agency funds.

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

Page 1, line 10, delete everything after “loan”

Page 1, line 11, delete “required for immediate use” and insert “not more than \$750,000 from the agency’s public utility fund”

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1797: A bill for an act relating to public administration; providing for various town powers; permitting certain sales of public property; providing conditions for contractor’s bonds; amending Minnesota Statutes 1984, sections 366.01, subdivision 1; 367.05, subdivision 1; 367.31, subdivision 4; 471.64, subdivision 1; and 624.44; and Minnesota Statutes 1985 Supplement, sections 365.10; and 574.26.

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

Page 3, line 12, delete “or otherwise regulate the disposal of sewage,” and insert “and disposal of household waste and other refuse, consistent with

*other law*"

Page 3, line 13, delete "garbage, and other waste or refuse"

Pages 3 and 4, delete section 3

Pages 6 and 7, delete section 7

Renumber the sections in sequence.

Amend the title as follows:

Page 1, line 6, delete "367.05, subdivision 1;"

Page 1, line 7, after "subdivision 4;" insert "and" and delete "and 624.44;"

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1767: A bill for an act relating to local government; authorizing the counties of Becker, Grant, Hubbard, Otter Tail, Stevens, Todd, Traverse, Wadena, and Wilkin to enter into contracts and agreements for solid waste management.

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

Page 1, line 16, after the comma, insert "only"

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2090: A bill for an act relating to counties; clarifying county commissioner conflict of interest provisions; authorizing counties to develop and market computer software products; providing a method for consolidation of the offices of county auditor and county treasurer; changing certain referendum provisions for adoption of optional forms of county government; amending Minnesota Statutes 1984, sections 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; and 383C.17; proposing coding for new law in Minnesota Statutes, chapter 375; repealing Minnesota Statutes 1984, sections 394.01 to 394.05.

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

Page 2, delete lines 34 to 36

Page 3, delete line 1

Page 4, after line 23, insert:

"Sec. 10. Minnesota Statutes 1985 Supplement, section 386.77, is amended to read:

**386.77 [CONVEYANCES AND DOCUMENTS FOR BENEFIT OF GOVERNMENTAL AGENCIES, FEES.]**

An instrument of conveyance, assignment or release, a judgment or other document, which is entitled to recording or filing, and which by its terms is for the benefit of the state or any county, city or town, shall be recorded or filed by any county recorder or registrar of titles without the payment of fees when offered for filing or recording by the state or any of its agencies, or by the benefited subdivision. The fee for the recording or filing shall be paid by the state, its agency, or by the benefited subdivision, *but not by another department or agency of that county*, upon submission of a statement of charges by the county recorder or registrar of titles."

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 8, after the semicolon, insert "exempting other departments or agencies of the same county from having to be billed by county recorder for certain recording transactions;"

Page 1, line 11, after the semicolon insert "Minnesota Statutes 1985 Supplement, section 386.77;"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1949: A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

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

Page 2, line 35, before the period, insert "*except that section 4 does not apply to contracts creating a public access to a body of water entered into by a county or municipality with the commissioner of natural resources that have been executed prior to the effective date of this act, but section 4 will apply to all public accesses after June 1, 1993*"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1948: A bill for an act relating to natural resources; authorizing watershed management organizations to establish taxing districts within minor watershed units of watersheds; amending Minnesota Statutes 1984, section 473.883, subdivisions 2, 3, 6, and 7; Minnesota Statutes 1985 Supplement, section 473.882, subdivision 1.

Reports the same back with the recommendation that the bill be amended

as follows:

Page 2, after line 9, insert:

“Sec. 2. Minnesota Statutes 1984, section 473.882, subdivision 3, is amended to read:

Subd. 3. [TAX.] After adoption of the ordinance under subdivision 2, a local government unit may annually levy a tax on all taxable property in the district for the purposes for which the tax district is established. *The tax levied may not exceed one mill on property located in rural towns other than urban towns, unless allowed by resolution of the town electors.* The proceeds of the tax shall be paid into a fund reserved for these purposes. Any proceeds remaining in the reserve fund at the time the tax is terminated or the district is dissolved shall be transferred and irrevocably pledged to the debt service fund of the local unit to be used solely to reduce tax levies for bonded indebtedness of taxable property in the district. A tax levied in accordance with this subdivision for paying capital costs is a levy for the payment of principal and interest on bonded indebtedness within the meaning of section 275.50, subdivision 5, clause (e).”

Page 2, line 25, after the period, insert “*The cost must be apportioned according to the benefits received by property in the county.*”

Page 3, line 29, after the period, insert “*The tax levied on rural towns other than urban towns may not exceed one mill, unless approved by resolution of the town electors.*”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete “section” and insert “sections 473.882, subdivision 3;”

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1965: A bill for an act relating to human services; revising the community social services act; clarifying allocation of funds; expanding responsibilities of county boards; requiring the county boards to publish biennial plans relating to community social services; amending Minnesota Statutes 1984, sections 256E.05, subdivision 3; 256E.06, subdivision 2; 256E.09, subdivision 1; and Minnesota Statutes 1985 Supplement, section 256E.08, subdivision 1.

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1884: A bill for an act relating to housing; requiring notification of the use of pesticides; amending Minnesota Statutes 1984, section 504.22.

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

Page 1, line 11, delete "the" and insert "or at the time of"

Page 1, lines 11 and 15, delete "pesticide" and insert "rodenticide"

Page 1, lines 13 and 17, delete "pesticides" and insert "rodenticides"

Amend the title as follows:

Page 1, line 3, delete "pesticides" and insert "rodenticides"

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1924: A bill for an act relating to health; providing for comprehensive school-based health clinic projects; proposing coding for new law in Minnesota Statutes, chapter 145.

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

Delete everything after the enacting clause and insert:

"Section 1. [145.461] [COMPREHENSIVE SCHOOL-BASED HEALTH CLINICS.]

*Subdivision 1. [PURPOSE.] The commissioner of health, the commissioner of human services, and the commissioner of education, shall assist school and community personnel to develop comprehensive school-based health clinics for adolescents. Poor health status significantly impedes a child's ability to learn in school, to move from a school setting to a productive adult life, and may contribute to early parenthood. In addition, lack of access to health care diminishes a child's ability to learn. The special health and related problems that adolescents face make it particularly important for them to have access at school to health care providers especially trained to deal with young people and to comprehensive health care services for the special health problems particular to young people.*

*Subd. 2. [CLINIC OPERATORS.] School clinic projects may be operated by school districts, school districts in conjunction with any public or private nonprofit entity, or any public or private nonprofit entity in cooperation with school districts except public or private nonprofit entities that provide abortion services, other than solely when medically necessary.*

*Subd. 3. [SCOPE OF SERVICES.] School-based clinics shall be assisted in developing comprehensive adolescent health care services which include primary care services available on-site and other services available upon referral. Primary care services include comprehensive health exams and follow-up care for routine health problems for teenagers; nutrition counseling; family planning services; pregnancy testing, prenatal and postpartum care; and screening and treatment of sexually transmitted disease. Other services that may be provided on-site or upon referral include: comprehensive health exams and follow-up care for children under age two; adolescent mental*



health care, including grief counseling, peer counseling, and chemical dependency evaluation and treatment; educational programs relating to family life, parenting responsibilities, responsibilities of sexuality, and problems related to premarital sexual relationships; transportation; day care; adoption counseling and referral, when appropriate; and education and job training program information. In addition, school clinics shall:

(a) serve all children and determine charges based upon a sliding fee scale;

(b) enroll as a medical assistance provider and meet the requirements of chapter 256B;

(c) not dispense birth control devices, perform abortions or provide abortion referral or abortion counseling services;

(d) contribute a cash or in-kind match that satisfies the requirement of the early, periodic screening, diagnosis and treatment program for outreach, case-management and referral of children eligible under chapter 256B; and

(e) seek recovery of payments from third-party payers who may be liable to pay part or all of the cost of medical care.

Clinics shall be encouraged to:

(a) locate in a regular, comprehensive coeducational school; and

(b) provide services at least four days each week for a period of at least 20 hours each week during the regular school day.

*Subd. 4. [DUTIES OF THE COMMISSIONER OF HEALTH.] For a period of three years the commissioner of health shall monitor and evaluate school-based clinics. Clinics will be evaluated on:*

(1) a demonstrated reduction in the number of adolescent pregnancies;

(2) a demonstrated improvement in the health of babies born to adolescent parents; and

(3) a demonstrated increase in the retention of students and adolescent parents in school.

*The commissioner shall develop a uniform system of reporting comparable data to be used to evaluate projects."*

Delete the title and insert:

*"A bill for an act relating to health; promoting the development of comprehensive school-based clinics; proposing coding for new law in Minnesota Statutes, chapter 145."*

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

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

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

Report adopted.

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

S.F. No. 2019: A bill for an act relating to discrimination; prohibiting conditioning credit on the signature of another person if the applicant is credit-worthy; amending Minnesota Statutes 1984, section 363.03, subdivision 8.

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

Page 1, line 12, after "of" insert "*personal or commercial*" and after "person" insert "*or the requirements for obtaining credit*"

Page 1, line 13, after the semicolon, insert "*or*"

Page 1, line 20, delete "; or"

Page 1, delete lines 21 and 22

Page 1, line 23, delete everything before the period

Amend the title as follows:

Page 1, line 2, delete "prohibiting conditioning"

Page 1, delete line 3

Page 1, line 4, delete "applicant is credit-worthy" and insert "modifying credit discrimination"

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1824 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1824	1752				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1824 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1824 and insert the language after the enacting clause of S.F. No. 1752, the first engrossment; further, delete the title of H.F. No. 1824 and insert the title of S.F. No. 1752, the first engrossment.

And when so amended H.F. No. 1824 will be identical to S.F. No. 1752, and further recommends that H.F. No. 1824 be given its second reading and substituted for S.F. No. 1752, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1980 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1980	1853				

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1860 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1860	1588				

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1930 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1930	1818				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1930 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1930 and insert the language after the enacting clause of S.F. No. 1818, the first engrossment; further, delete the title of H.F. No. 1930 and insert the title of S.F. No. 1818, the first engrossment.

And when so amended H.F. No. 1930 will be identical to S.F. No. 1818,

and further recommends that H.F. No. 1930 be given its second reading and substituted for S.F. No. 1818, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 671 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 671 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 671 and insert the language after the enacting clause of S.F. No. 607, the first engrossment; further, delete the title of H.F. No. 671 and insert the title of S.F. No. 607, the first engrossment.

And when so amended H.F. No. 671 will be identical to S.F. No. 607, and further recommends that H.F. No. 671 be given its second reading and substituted for S.F. No. 607, 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. Willet from the Committee on Finance, to which was referred

H.F. No. 810: A bill for an act relating to health; requiring the commissioner of health to develop programs for the promotion of nonsmoking; providing for tax increase on cigarettes; raising the cigarette tax; appropriating money; imposing penalties; prohibiting the use of tobacco products on school premises by minors; amending Minnesota Statutes 1984, sections 297.02, by adding a subdivision; 297.03, subdivisions 6 and 10; 297.13, subdivision 1; 297.22, subdivision 1; 297.32, subdivisions 1, 2, and by adding subdivisions; 297.35, subdivision 1; and 325D.41; proposing coding for new law in Minnesota Statutes, chapters 124, 127, 144, and 145.

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 1984, section 123.71, subdivision 1, is amended to read:

Subdivision 1. Every school board shall, no later than ~~September 4~~ *October 1*, publish the revenue and expenditure budgets submitted to the commissioner of education in accordance with section 121.908, subdivision 4, for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the state board of education after consultation with the advisory

council on uniform financial accounting and reporting standards. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall be published in a qualified newspaper of general circulation in the district.

Sec. 2. Minnesota Statutes 1985 Supplement, section 124.17, subdivision 1a, is amended to read:

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

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

(2) In every district in which the number of pupils from families receiving aid to families with dependent children or its successor program equals six percent or more of the actual pupil units in the district for the same year as computed in subdivision 1, each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for this paragraph. In districts in which the percent of concentration is less than six, additional pupil units must not be counted under this paragraph for pupils from families receiving aid to families with dependent children or its successor program. A pupil must not be counted as more than 1-1/10 additional pupil units under this subdivision. The weighting in this paragraph is in addition to the weighting provided in subdivision 1 and paragraph (1).

Sec. 3. Minnesota Statutes 1985 Supplement, section 124.195, subdivision 11, is amended to read:

Subd. 11. [NONPUBLIC AIDS.] The state shall pay to each school district 85 percent, unless a higher rate has been established according to section 121.904, subdivision 4d, of its aid for pupils attending nonpublic schools according to sections 123.931 to 123.947 and nonpublic transportation aid requested by a district and approved by the commissioner according to sections 123.931 to 123.947 section 124.223 by October 31. The final aid distribution shall be made by October 31 of the following school year.

Sec. 4. Minnesota Statutes 1985 Supplement, section 124.2162, subdivision 2, is amended to read:

Subd. 2. [AID.] Beginning in fiscal year 1987, the state shall pay each district for each fiscal year, teacher retirement and F.I.C.A. aid in the amount of the teacher retirement and F.I.C.A. aid allowance under subdivision 1 times the number of pupils in average daily membership in the district for the current school year. However, in no case shall the amount of aid paid to a district for any fiscal year exceed the sum of the district's teacher retirement obligations and F.I.C.A. obligations for that year. *The revenue received from these payments shall be recognized in the appropriate funds of the district in proportion to the related expenditures from each fund.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 124.2163, subdivi-

sion 2, is amended to read:

Subd. 2. [AID.] Each year beginning with fiscal year 1987, the state shall pay teacher retirement and F.I.C.A. aid to intermediate school districts, joint vocational technical school districts, and other employing units equal to the district's or employing unit's aid under subdivision 1. However, in no case shall the amount of aid paid to an intermediate school district, joint vocational technical school district, or the employing unit exceed the sum of the intermediate school district, *joint vocational technical school district*, or other employing unit's teacher retirement obligations and F.I.C.A. obligations for that year. *The revenue received from these payments shall be recognized in the appropriate funds of the intermediate school districts, joint vocational technical school districts, and other employing units in proportion to the related expenditures from each fund.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 124.225, subdivision 10, is amended to read:

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

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

(2) for fiscal years 1985 and 1986 an amount equal to 1.75 mills times the adjusted assessed valuation of the district for the preceding year, and for fiscal year 1987 and thereafter, 2.25 mills times the adjusted assessed valuation of the district for the preceding year, plus

(3) *the district's contract services aid reduction under subdivision 8k, plus*

(4) *the district's nonregular transportation levy limitation under section 275.125, subdivision 5c.*

Sec. 7. Minnesota Statutes 1985 Supplement, section 124.245, subdivision 1, is amended to read:

Subdivision 1. [BASIC COMPUTATION.] (a) Each year the state shall pay a school district the difference by which an amount equal to \$90 per \$135 times the total pupil unit units in that school year or, in districts where the number of actual pupil units has increased from the prior year, \$95 per pupil unit in that school year, exceeds the amount raised by seven nine mills times

the adjusted assessed valuation of the taxable property in the district for the preceding used to compute the levy attributable to the same year. To qualify for aid pursuant to this subdivision in any school year, a district must have levied seven EARC mills for use for capital expenditures in that year levy pursuant to section 275.125, subdivision 11a for use in that year.

(b) The aid under clause (a) for any district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program shall be computed using a dollar amount per pupil unit which is \$5 higher than the amount specified in clause (a).

(c) If the sum of a district's capital expenditure levy under section 275.125, subdivision 11a, attributable to any school year and its capital expenditure equalization aid, if any, under this subdivision for that school year exceeds \$90 per pupil unit or, in districts where the number of actual pupil units has increased from the prior year, \$95 per pupil unit, the amount of the excess may be expended only for the purpose of capital expenditures for equipment for secondary vocational education programs or senior secondary industrial arts programs.

Sec. 8. Minnesota Statutes 1985 Supplement, section 124.245, subdivision 3, is amended to read:

Subd. 3. [HAZARDOUS SUBSTANCE COMPUTATION.] The state shall pay a school district the difference by which an amount equal to \$25 per times the total pupil unit units exceeds the amount raised by two mills times the adjusted assessed valuation of the taxable property in the district for the preceding used to compute the levy attributable to the same year. To qualify for aid pursuant to this subdivision in any school year, a district must levy pursuant to section 275.125, subdivision 11c for use in that year. Aid paid pursuant to this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c may be used.

Sec. 9. Minnesota Statutes 1985 Supplement, section 124.271, subdivision 2b, is amended to read:

Subd. 2b. [AID; 1985, 1986, 1987, 1988 AND AFTER.] (1) Each fiscal year a district which is operating a community education program in compliance with rules promulgated by the state board shall receive community education aid. For fiscal year 1985, the aid shall be an amount equal to the difference obtained by subtracting

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

(b) the greater of

\$7,000, or

\$5 times the population of the district.

For fiscal year 1986, the aid shall be an amount equal to the difference obtained by subtracting

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

that school year, from

(b) the greater of

\$7,000, or

\$5.25 times the population of the district.

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

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

(b) the greater of

\$7,140, or

\$5.35 times the population of the district.

For fiscal year 1988 and each year thereafter, the aid shall be an amount equal to the difference obtained by subtracting

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

(b) the greater of

\$7,540, or

\$5.65 times the population of the district.

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

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

Sec. 10. Minnesota Statutes 1984, section 124.32, subdivision 1c, is amended to read:

Subd. 1c. [FOUNDATION AID FORMULA ALLOWANCE.] For purposes of this section, "foundation aid formula allowance" shall have the meaning attributed to it in section 124A.02, subdivision 9, and "summer school revenue allowance" shall have the meaning attributed to it in section 124.201. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1, clause (1) or (2).

Sec. 11. Minnesota Statutes 1985 Supplement, section 124A.01, is



amended to read:

124A.01 [FOUNDATION AID COMPONENTS.]

Foundation aid shall equal the sum of the following:

- (a) basic aid;
- (b) cost differential tier aid;
- (c) second tier aid;
- (d) third tier aid;
- (e) fourth tier aid;
- (f) fifth tier aid;
- (g) minimum aid; *and*
- (h) ~~declining pupil unit aid;~~ *and*
- (i) shared time pupil aid.

Sec. 12. Minnesota Statutes 1985 Supplement, section 124A.02, subdivision 9, is amended to read:

Subd. 9. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. ~~The formula allowance shall be \$1,475 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year. The formula allowance shall be \$1,585 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. The formula allowance shall be \$1,690 for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year. The formula allowance is \$1,700 for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year.~~

Sec. 13. Minnesota Statutes 1984, section 124A.02, subdivision 15, is amended to read:

Subd. 15. [PUPIL UNITS, ACTUAL.] "Actual pupil units" means pupil units identified in section 124.17, subdivision 1, clauses (1) ~~and~~ (2).

Sec. 14. Minnesota Statutes 1985 Supplement, section 124A.03, subdivision 1a, is amended to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] (a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under subdivision 1 or 3, as applicable, raises the total amount specified in this section.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that raises a total of \$702,000,000. *The basic maintenance mill rate for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school*

*year shall be set at a rate that raises \$685,000,000.* The basic maintenance mill rate computed by the commissioner of revenue must not be recomputed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

Sec. 15. Minnesota Statutes 1985 Supplement, section 124A.03, subdivision 3, is amended to read:

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

(a) *the sum of (1) the product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of total pupil units for that district for that school year, and (2) the amount of the aid reduction for the same school year pursuant to section 16, less*

(b) *the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124A.035, subdivision 4 in the school year in which the levy is recognized as revenue.*

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

Sec. 16. [124A.038] [REVENUE EQUITY.]

*If the amount of a district's maximum basic maintenance levy under section 124A.03, subdivision 1, for fiscal year 1988 or any year thereafter exceeds the district's basic foundation revenue for the corresponding fiscal year, an amount shall be deducted from special state aids of chapter 124 receivable for the same fiscal year, not including aid authorized in sections 124.2137 and 124.646. However, no amount shall be deducted if the assessed valuation of agricultural land identified in section 273.13, subdivisions 4, 6, and 6a, comprises 55 percent or more of the assessed valuation of the district.*

*The amount of the deduction shall be the lesser of:*

(1) *the total amount of special state aids of chapter 124 receivable for the same fiscal year, not including aid authorized in sections 124.2137 and 124.646; or*

(2) *the difference between: (i) the sum of the amount of the district's maximum basic maintenance levy under section 124A.03, subdivision 1, plus the amount of any reductions to that maximum levy pursuant to sections 124A.03, subdivision 3, and 275.125, subdivision 9; and (ii) the district's basic foundation revenue.*

Sec. 17. Minnesota Statutes 1985 Supplement, section 129B.38, subdivision 1, is amended to read:

Subdivision 1. [AID AMOUNT.] A district that purchases or leases courseware packages that qualify as high quality according to section 129B.37 shall receive state aid *for the 1985-1986 school year*. The aid shall be equal to the lesser of:

(a) \$1 times the number of pupils in average daily membership for the 1984-1985 school year; or

(b) 25 percent of the actual expenditures of the district for purchase or lease of the courseware packages between July 1, 1985, and May 31, ~~1987~~ 1986.

Sec. 18. Minnesota Statutes 1985 Supplement, section 275.125, subdivision 8, is amended to read:

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

\$5.35 \$5.65 times the population of the district, or

\$7,140 \$7,540.

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

(a) the sum in fiscal year 1984 of

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

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

(b) the sum in fiscal year 1983 of

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

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

(3) ~~Each year, in addition to the levy authorized in clause (1), a district may levy an amount equal to the amount the district was entitled to levy pursuant to clause (2) in 1983~~ A district having an approved adult basic and continuing education program, according to section 124.26, may levy an amount not to exceed the amount raised by .2 mill times the adjusted assessed valuation of the district for the preceding year.

(4) ~~In addition to the levy amounts authorized in this subdivision,~~ A district having an approved program and budget may levy for a handicapped adult

program. The levy amount may not exceed the lesser of one-half of the amount of the approved budget for the program for the fiscal year beginning in the calendar year after the levy is certified or \$25,000 for one program. In the case of a program offered by a group of districts, the levy amount shall be divided among the districts according to the agreement submitted to the department. The proceeds of the levy shall be used only for a handicapped adult program or, if the program is subsequently not offered, for community education programs. For programs not offered, the department of education shall reduce the community education levy by the amount levied the previous year for handicapped adult programs.

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

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

Sec. 19. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

*Subd. 9c. [1985 OPERATING DEBT LEVY.] (1) Each year, a district may make an additional levy to eliminate a deficit in the net unappropriated balance in the general fund of the district, determined as of June 30, 1985, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the preceding year. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the general fund of the district as of June 30, 1985. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.*

*(2) A district, if eligible, may levy under this subdivision or subdivision 9b but not both.*

*(3) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.*

*(4) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.03, subdivision 1 or 3 in that same year.*

Sec. 20. Minnesota Statutes 1985 Supplement, section 275.125, subdivi-

sion 11a, is amended to read:

Subd. 11a. [CAPITAL EXPENDITURE LEVY.] (a) Each year a school district may levy an amount not to exceed the amount equal to \$90 per \$135 times the total pupil unit, or \$95 per total pupil unit in districts where the number of actual pupil units has increased from the prior year units in the year to which the levy is attributable. No levy under this clause shall exceed seven nine mills times the adjusted assessed valuation of the taxable property in the district for the preceding year.

(b) The proceeds of the levy shall be placed in the district's capital expenditure fund and may be used only:

(1) to acquire land, to equip and reequip buildings and permanent attached fixtures, to rent or lease buildings for school purposes;

(2) to purchase textbooks, to purchase and lease computer systems hardware, software, and related materials to support software; and

(3) to purchase or lease photocopy machines and telecommunications equipment. The proceeds may also be used;

(4) for capital improvement and repair of school sites, buildings and permanent attached fixtures; energy assessments; and;

(5) for energy audits on district-owned buildings and for funding those energy conservations and renewable energy measures that the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation within a period of ten years or less;

(6) for the payment of any special assessments levied against the property of the district authorized pursuant to under section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, such as those described in section 429.101, whether levied pursuant to under that section or pursuant to any other law or home rule provision. The proceeds may also be used;

(7) for capital expenditures to reduce or eliminate barriers to or increase access to school facilities by handicapped individuals. The proceeds may also be used;

(8) to make capital improvements to schoolhouses to be leased pursuant according to section 123.36, subdivision 10. The proceeds may also be used;

(9) to pay fees for capital expenditures assessed and certified to each participating school district by the educational cooperative service unit board of directors. The proceeds may also be used;

(10) to pay principal and interest on loans from the state authorized by sections 116J.37 and 298.292 to 298.298;

(11) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted according to chapter 299F;

(12) for expenditures for the removal of asbestos from school buildings or property, asbestos encapsulation, or asbestos-related repairs;

(13) for expenditures for the cleanup and disposal of polychlorinated

*biphenyls found in school buildings or property;*

*(14) for the cleanup, removal, disposal, and repairs related to storing transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01; and*

*(15) for levies payable in 1987 and thereafter, for capital expenditures needed to implement an interdistrict agreement to discontinue grades according to section 122.541.*

(c) Subject to the commissioner's approval, the proceeds may also be used to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal for the district's long-term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

~~(d) The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended. Notwithstanding anything in paragraphs (b) and (c) to the contrary, a district that levies the maximum amount under this subdivision shall expend at least \$5 times the total pupil units of the sum of the proceeds of the amount levied under this subdivision and the aid paid under section 124.245, subdivision 1, for capital expenditures for equipment for secondary vocational education programs or senior secondary industrial arts programs.~~

(e) The proceeds of the levy shall not be used for custodial or other maintenance services.

~~(f) Each year, subject to the mill limitation of clause (a), a school district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program may levy an additional amount equal to \$5 per total pupil unit for capital expenditures for equipment for these programs.~~

Sec. 21. Minnesota Statutes 1985 Supplement, section 275.125, subdivision 11c, is amended to read:

Subd. 11c. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE LEVY.] In addition to the levy authorized in subdivisions 11a and 11b, each year a school district may levy an amount not to exceed the amount equal to \$25 ~~per times~~ *times the total pupil unit units in the year to which the levy is attributable.* No levy under this subdivision shall exceed two mills times the adjusted assessed valuation of the property in the district for the preceding year. The proceeds of the tax shall be placed in the district's capital expenditure fund and may be used only for expenditures necessary for the removal or encapsulation of asbestos from school buildings or property, asbestos related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.

Sec. 22. Minnesota Statutes 1985 Supplement, section 298.28, subdivi-

sion 1, is amended to read:

Subdivision 1. [DISTRIBUTION.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certification of the commissioner of revenue, be allocated as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) (a) 12.5 cents per taxable ton, less any amount distributed under clause (7), paragraph (a), and paragraph (b) of this clause, to be distributed as provided in section 298.282.

(b) An amount annually certified by the county auditor of a county containing a taconite tax relief area within which there is an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore. The amount will be the portion of a township's certified levy equal to the proportion of (1) the difference between 50 percent of the township's January 2, 1982, assessed value and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1). The county auditor shall extend the township's levy against the sum of the township's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, this clause shall not apply.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, as follows:

(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its certified

levy for the prior year, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. For purposes of distributions pursuant to this part, certified levies for the prior year computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2.

(c) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1-3/4 mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of 1-3/4 mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3)(c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to section 124A.02 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in clause (9).

(d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed, based upon certification by the commissioner of revenue, as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the



taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The apportionment formula prescribed in clause (1) is the basis for the distribution.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 17.75 cents per taxable ton, less any amount required to be distributed under part (b), to St. Louis county acting as the counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1 and shall be increased in 1988 and subsequent years according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(7) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of providing an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(b) 1.5 cents per taxable ton shall be paid to the northeast Minnesota economic protection trust fund.

(8) the amounts determined under clauses (4)(a), (4)(c), (5), and (7)(b) shall be increased in 1979 and subsequent years prior to 1988 in the same

proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. Those amounts shall be increased in 1988 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(9) the proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in clauses (1) to (8), as certified by the commissioner of revenue, and parts (a) and (b) of this clause have been made, together with interest earned on all money distributed under this subdivision prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(a) There shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake county and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake county and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(b) There shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. The commissioner of revenue shall annually on or before October 10 report an estimated distribution amount to each taxing district and the officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county or city in the year in which such estimate is made, and payable in the next ensuing calendar year, except that one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. In any calendar year in which a general property tax levy subject to sections 275.50 to 275.59 has been made, if the taxes distributable to any such county or city are greater than the amount estimated by the commissioner to be paid to any such county or city in such year, the excess of such distribution shall be held in a special fund by the county or city and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.50 to 275.59, of such county or city payable in such year. If the amounts distributable to any such county or city after final determination by the commissioner of revenue under this section are less than the amounts by which a taxing district's levies were reduced pursuant to this

section, such county or city may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

Sec. 23. Minnesota Statutes 1985 Supplement, section 354.43, subdivision 3, is amended to read:

Subd. 3. Each school district, state university, community college and any other employing authority of members of the fund shall pay employer contributions at least once each month in accordance with the provisions of sections 354.42, subdivisions 3 and 5, and 355.46, subdivision 3. Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the ~~district's or area vocational technical institute's general~~ *appropriate fund of the district or area vocational technical institute*. With respect to state employees, each department and agency shall pay the amounts required by section 354.42, subdivisions 3 and 5 from the accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of the salaries. The payments shall be charged as an administrative cost by these units of state government.

Sec. 24. Minnesota Statutes 1985 Supplement, section 354A.12, subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Notwithstanding any law to the contrary, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by the Duluth teachers retirement fund association or the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed.

The employing units shall make the following employer contributions to teachers retirement fund associations:

(a) For any coordinated member of a teachers retirement fund association in a city of the first class, the employing unit shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(b) For any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth teachers retirement fund association	5.79 percent
Minneapolis teachers retirement fund association	4.50 percent
St. Paul teachers retirement fund association	4.50 percent

(c) For any basic member of one of the following teachers retirement fund

associations in a city of the first class, the employing unit shall make a contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

Minneapolis teachers retirement fund association	13.35 percent
St. Paul teachers retirement fund association	12.63 percent

The employer contributions shall be remitted directly to each teachers retirement fund association each month.

Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the ~~district's or area vocational technical institute's general~~ appropriate fund of the district or area vocational technical institute.

Sec. 25. Minnesota Statutes 1985 Supplement, section 355.208, is amended to read:

355.208 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.207 to be made by political subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the political subdivisions. Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the ~~district's or area vocational technical institute's general~~ appropriate fund of the district or area vocational technical institute.

Sec. 26. Minnesota Statutes 1985 Supplement, section 355.287, is amended to read:

355.287 [EMPLOYER CONTRIBUTIONS.]

Contributions required under the agreement or modification entered into pursuant to section 355.286 to be made by political subdivisions employing teachers, and payments required by section 355.49, which shall apply to political subdivisions employing teachers, shall be paid by the political subdivision. Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the ~~district's or area vocational technical institute's general~~ appropriate fund of the district or area vocational technical institute.

Sec. 27. Minnesota Statutes 1985 Supplement, section 355.46, subdivision 3, is amended to read:

Subd. 3. [SOCIAL SECURITY CONTRIBUTIONS.] The employer taxes due with respect to employment by educational employees who have made their selection pursuant to section 218(d) (6) (C) of the Social Security Act, shall be paid in the following manner:

(a) Contributions required to be made for current service by political subdivisions employing educational employees and payments required by section 355.49 shall be paid by the political subdivision. Payments for school district or area vocational technical institute employees who are paid from normal operating funds, shall be made from the ~~district's or area vocational~~

~~technical institute's general~~ appropriate fund of the district or area vocational technical institute. The state shall make payments for services rendered prior to July 1, 1986.

(b) Contributions required to be made with respect to educational employees of state departments and institutions and payments required by section 355.49 shall be paid by the departments and institutions in accordance with the provisions of sections 355.49 and 355.50.

Sec. 28. Laws 1985, First Special Session chapter 12, article 3, section 28, subdivision 9, is amended to read:

Subd. 9. [SECONDARY VOCATIONAL HANDICAPPED.] For aid for secondary vocational education for handicapped pupils according to section 124.574, there is appropriated:

\$3,534,000 \_\_\_\_\_ 1986,

\$3,606,300 \_\_\_\_\_ 1987.

The appropriation for 1986 includes \$551,700 for aid for fiscal year 1985 payable in fiscal year 1986, and \$2,982,300 for aid for fiscal year 1986 payable in fiscal year 1986. ~~This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$230,000 in fiscal year 1986 of federal money received for vocational education programs pursuant to the vocational education act of 1963, as amended.~~

The appropriation for 1987 includes \$526,300 for aid for fiscal year 1986 payable in fiscal year 1987, and \$3,080,000 for aid for 1987 payable in fiscal year 1987. ~~This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$230,000 in fiscal year 1987 of federal money received for vocational education programs pursuant to the vocational education act of 1963, as amended.~~

The appropriations are based on aid entitlements of \$3,508,600 for fiscal year 1986 and \$3,623,500 for fiscal year 1987.

Sec. 29. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 9, is amended to read:

Subd. 9. [TECHNOLOGY SERVICES.] For the purposes of Minnesota Statutes, sections 129B.35, 129B.37, 129B.39, and 129B.40, there is appropriated:

\$649,000 \_\_\_\_\_ 1986,

~~\$649,000~~ \$1,000,000 \_\_\_\_\_ 1987.

*\$351,000 shall be used to increase the fiscal year 1987 allocation for purchase of courseware package duplication rights according to Minnesota Statutes, section 129B.39.*

Sec. 30. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 12, is amended to read:

Subd. 12. [COURSEWARE PURCHASE SUBSIDY.] For subsidies for purchases of courseware packages according to Minnesota Statutes, section 129B.38 there is appropriated:

\$351,000 \_\_\_\_\_ 1986,

\$351,000 \_\_\_\_\_ 1987.

Sec. 31. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 13, is amended to read:

Subd. 13. [MASTERY LEARNING PROGRAM.] For the purposes of section 42, subdivisions 3 and 10 and section 59, there is appropriated:

\$160,000 \_\_\_\_\_ 1986;

\$1,290,000 \_\_\_\_\_ 1987.

\$125,000 of the appropriation for fiscal year 1986 shall be used for a computerized mastery management system and support materials. The remaining \$35,000 in fiscal year 1986 shall be used for planning aid to districts under section 42, subdivision 3.

~~\$1,250,000 of the appropriation in fiscal year 1987 shall be used for mastery learning project grants. The remaining \$40,000 for fiscal year 1987 may be used by the department to administer and evaluate the program.~~

Sec. 32. [APPROPRIATION FOR SPECIAL EDUCATION AID DEFICIENCY.]

*There is appropriated from the general fund to the department of education the sum of \$1,290,000 for fiscal year 1986 for the payment of a deficiency in funds available for payment of special education aid in that fiscal year. This sum shall be added to the sum appropriated for fiscal year 1986 for the same purpose in Laws 1985, First Special Session chapter 12, article 3, section 28, subdivision 2.*

Sec. 33. [REPEALER.]

*Subdivision 1. [IMMEDIATE.] Minnesota Statutes 1985 Supplement, sections 129B.61, 129B.62, 129B.63, 129B.64, 129B.65, and 129B.66 are repealed.*

*Subd. 2. [JULY 1, 1986.] Minnesota Statutes 1984, section 275.125, subdivision 16, and Minnesota Statutes 1985 Supplement, sections 124.245, subdivision 5, 129B.38, and 275.125, subdivision 11b, are repealed.*

*Subd. 3. [JUNE 30, 1987.] Minnesota Statutes 1985 Supplement, section 124.245, subdivision 2, and 124A.20 are repealed.*

Sec. 34. [EFFECTIVE DATES.]

*Sections 7, 11, and 33, subdivision 3, are effective June 30, 1987. Sections 3, 5, 6, 8, 10, 13, 17, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, and 33, subdivision 1, are effective the day following final enactment.*

Delete the title and insert:

“A bill for an act relating to education; revising and increasing capital expenditure aid and levy; modifying community education formula and levy; establishing the foundation formula allowance and basic maintenance levy; establishing revenue equity; eliminating mastery learning programs and appropriations; appropriating money for the special education deficiency; making technical and clarifying changes; amending Minnesota Statutes 1984, sections 123.71, subdivision 1; 124.32, subdivision 1c; 124A.02, subdivision 15; Minnesota Statutes 1985 Supplement, sections 124.17, sub-

division 1a; 124.195, subdivision 11; 124.2162, subdivision 2; 124.2163, subdivision 2; 124.225, subdivision 10; 124.245, subdivisions 1 and 3; 124.271, subdivision 2b; 124A.01; 124A.02, subdivision 9; 124A.03, subdivisions 1a and 3; 129B.38, subdivision 1; 275.125, subdivisions 8, 11a, 11c, and by adding a subdivision; 298.28, subdivision 1; 354.43, subdivision 3; 354A.12, subdivision 2; 355.208; 355.287; 355.46, subdivision 3; Laws 1985 First Special Session chapter 12, article 3, section 28, subdivision 9; chapter 12, article 8, section 62, subdivisions 9, 12, and 13; proposing coding for new law in Minnesota Statutes, chapter 124A; repealing Minnesota Statutes 1984, section 275.125, subdivision 16; Minnesota Statutes 1985 Supplement, sections 124.245, subdivisions 2 and 5; 124A.20; 129B.38; 129B.61; 129B.62; 129B.63; 129B.64; 129B.65; 129B.66; and 275.125, subdivision 11b."

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

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

S.F. No. 1790: A bill for an act relating to economic development; rural development; providing for time of lease payments for lease of department of natural resources lands; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the department of energy and economic development; establishing the greater Minnesota corporation; establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available issuance authority; appropriating money; amending Minnesota Statutes 1984, sections 89.17; 116.16, subdivision 5; 116J.61; 116J.873, subdivision 1; 462.384, subdivision 7; and 474.19, subdivision 4; Minnesota Statutes 1985 Supplement, sections 92.50; 116.16, subdivision 2; 116M.06, subdivision 3; and 474.19, subdivisions 3; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, 116L, and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961, subdivisions 7, 8, 9, and 10.

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

Page 14, line 26, delete "must" and insert "is eligible to"

Page 14, line 27, delete "up to" and insert "at least \$500,000 but no more than"

Page 27, line 25, in the blank, insert "740,000"

Page 27, line 26, delete "general" and insert "rural rehabilitation revolving"

Page 27, line 29, in the blank, insert "2,000,000"

Page 27, line 30, delete "general" and insert "rural rehabilitation revolving"

Page 27, line 32, delete "contracts" and insert "grant agreements"

Page 28, line 20, delete "\$6,500,000" and insert "\$5,500,000"

Page 28, line 23, delete "\$6,000,000" and insert "\$5,000,000"

Page 28, line 25, after the period, insert "*The balance in the rural rehabilitation revolving fund not appropriated for any other purpose is added to the appropriation for rural development pilot projects.*"

Page 28, delete lines 33 to 36 and insert:

*"\$60,000 is appropriated from the rural rehabilitation revolving fund to the commissioner of energy and economic development for a grant to the Duluth port authority to prepare a long-term capital improvement plan."*

Page 29, delete line 1

Page 29, line 3, delete "\$200,000" and insert "\$150,000"

Page 29, line 8, delete "\$200,000" and insert "\$150,000"

Page 29, line 8, delete "general" and insert "*rural rehabilitation revolving*"

Page 29, line 12, in the blank, insert "200,000"

Page 29, line 12, delete "general" and insert "*rural rehabilitation revolving*"

Page 29, after line 15, insert:

"Sec. 40. [FUND CONTINUED.]

*Notwithstanding the repeal of Minnesota Statutes 1985 Supplement, section 116J.955, the rural rehabilitation revolving fund is continued in the state treasury until the balance in it has been expended."*

Renumber the sections in sequence

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 2026: A bill for an act relating to charitable gambling; providing an exemption from regulation to organizations conducting certain raffles; amending Minnesota Statutes 1984, section 349.214, 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. Minnesota Statutes 1984, section 297A.25, is amended by adding a subdivision to read:

*Subd. 6. The gross receipts from the conduct of lawful gambling that is exempt under section 349.214 shall be exempt from taxation under this chapter.*

Sec. 2. Minnesota Statutes 1984, section 349.12, subdivision 13, is amended to read:



Subd. 13. "Profit" means the gross receipts collected from lawful gambling, less reasonable sums necessarily and actually expended for gambling supplies and equipment, prizes, rent, and utilities used during the gambling occasions, compensation paid to members for conducting gambling, taxes imposed by this chapter, ~~and~~ maintenance of devices used in lawful gambling, *advertising costs up to one percent of an organization's gambling receipts in a calendar year, accounting services, security services, license fees, bonds, and property and casualty insurance to protect gambling equipment or proceeds. An organization exempt under section 349.214, subdivision 2, may deduct from gross receipts the costs of any food or beverages provided at the event.*

Sec. 3. Minnesota Statutes 1984, section 349.12, subdivision 17, is amended to read:

Subd. 17. "Distributor" is a person who sells gambling equipment he manufactures or purchases for resale *within the state.*

Sec. 4. Minnesota Statutes 1984, section 349.151, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] The board has the following powers and duties:

(1) to issue, revoke, and suspend licenses to organizations and suppliers under sections 349.16 and 349.161;

(2) to collect and deposit license fees and taxes due under this chapter;

(3) to receive reports required by this chapter and inspect the records, books, and other documents of organizations and suppliers to insure compliance with all applicable laws and rules;

(4) to make rules, including emergency rules, required by this chapter;

(5) to register gambling equipment and issue registration stamps under section 349.162;

(6) to provide by rule for the mandatory posting by organizations conducting lawful gambling of rules of play and the odds and/or house percentage on each form of lawful gambling; ~~and~~

(7) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing charitable gambling; *and*

(8) *impose civil penalties of not more than \$500 per violation on organizations and suppliers for failure to comply with any provision of sections 349.12 to 349.23 or any rule of the board.*

Sec. 5. Minnesota Statutes 1984, section 349.16, subdivision 3, is amended to read:

Subd. 3. [FEES.] The board shall by rule establish a schedule of fees for licenses under this section. The schedule must establish ~~three~~ *four* classes of license, authorizing all forms of lawful gambling, all forms except bingo, *raffles only*, and bingo only.

Sec. 6. Minnesota Statutes 1984, section 349.16, is amended by adding a subdivision to read:

*Subd. 4. [LOCAL INVESTIGATION FEE.] The local unit of government notified under section 349.213, subdivision 2, may assess an investigation fee not to exceed \$200 to an organization applying for a license or renewing a license to conduct lawful gambling.*

Sec. 7. Minnesota Statutes 1984, section 349.161, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS; LICENSES REQUIRED.] No person may:

(1) sell, offer for sale, or furnish gambling equipment for use within the state for gambling purposes, other than for ~~bingo~~ lawful gambling exempt from licensing under section ~~340.19~~ 349.214, except to an organization licensed for lawful gambling; or

(2) sell, offer for sale, or furnish gambling equipment to an organization licensed for lawful gambling without having obtained a distributor license under this section.

No licensed organization may purchase gambling equipment from any person not licensed as a distributor under this section.

Sec. 8. Minnesota Statutes 1984, section 349.162, is amended to read:

349.162 [EQUIPMENT REGISTERED.]

Subdivision 1. [STAMP REQUIRED.] A distributor may not sell to an organization and an organization may not purchase from a distributor gambling equipment unless the equipment has been registered with the board and has a registration stamp affixed. The board ~~may~~ shall charge a fee of ~~up to 25~~ five cents for each stamp. Each stamp must bear a registration number assigned by the board. *A distributor is entitled to a refund of the cost of each stamp which is unused, defective, or cancelled by the distributor.*

Subd. 2. [RECORDS REQUIRED.] A distributor must maintain a record of all gambling equipment which it sells to organizations. The record must include:

(1) the identity of the person or firm from whom the equipment was purchased;

(2) the registration number of the equipment;

(3) the name and address of the organization to which the sale was made; and

(4) the date of the sale.

The ~~record~~ invoice for each sale must be retained for at least ~~three years~~ one year after the sale is completed *and a copy of the invoice is delivered to the board.* For purposes of this section, a sale is completed when the gambling equipment is physically delivered to the purchaser.

Each distributor must report monthly to the board, ~~or~~ in a form the board prescribes, its sales of each type of gambling equipment. Employees of the board may inspect the books, records, and other documents of a distributor at any reasonable time without notice and without a search warrant.

Subd. 3. [SALES FROM FACILITIES.] All gambling equipment pur-

chased by a licensed distributor for resale in Minnesota must prior to its resale be unloaded into a facility located in Minnesota which the distributor owns or leases. *Registration stamps shall be placed only upon items that conform to the laws of this state, at the distributor's facility in Minnesota.*

*Subd. 4. [EXEMPTION.] For purposes of this section, bingo cards intended to be used for more than one game need not be registered.*

Sec. 9. Minnesota Statutes 1984, section 349.18, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] (a) A licensed organization may conduct raffles on a premise it does not own or lease.

(b) A licensed organization may with the permission of the board, conduct bingo on premises it does not own or lease for up to six days in a calendar year, in connection with a county fair or civil celebration.

*(c) A licensed organization may, after compliance with section 349.213, conduct lawful gambling on a premises other than the organization's licensed premise for one day per year for not more than 12 hours that day. A lease for that time period for the exempted premises must accompany the request to the board.*

Sec. 10. Minnesota Statutes 1984, section 349.19, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] A licensed organization must report to the board and to its membership monthly on its gross receipts, expenses, profits, and expenditure of profits from lawful gambling. If the organization conducts both bingo and other forms of lawful gambling, the figures for both must be reported separately. In addition, a licensed organization must report to the board monthly on its purchases of gambling equipment and must include the type, quantity, and dollar amount from each supplier separately. *If an organization's tax liability under section 349.212 is less than \$500 in a quarter, then any reports required to be filed with the board or to its membership may be filed quarterly.* The reports must be on a form the board prescribes.

Sec. 11. Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1, is amended to read:

Subdivision 1. [RATE.] There is hereby imposed a tax on all lawful gambling conducted by organizations licensed by the board at the rate specified in this subdivision. The tax imposed by this section is in lieu of the tax imposed by section 297A.02 and of all local taxes, *except a tax imposed by Laws 1969, chapter 1092, and license fees.*

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

Sec. 12. Minnesota Statutes 1984, section 349.212, subdivision 2, is amended to read:

Subd. 2. [COLLECTION; DISPOSITION.] The tax must be paid to the board at times and in a manner the board prescribes by rule, *provided that if an organization's tax liability under this section is \$500 or less in any quarter the tax may not be required to be paid more frequently than quarterly.* The

proceeds, along with the revenue received from all license fees and other fees under sections 349.11 to ~~349.21~~ and ~~349.211, 349.212, and 349.213,~~ must be paid to the state treasurer for deposit in the general fund.

Sec. 13. Minnesota Statutes 1984, section 349.213, subdivision 1, is amended to read:

Subdivision 1. [LOCAL REGULATION.] A statutory or home rule city or county has the authority to adopt more stringent regulation of any form of lawful gambling within its jurisdiction, *except the sales of licensed raffles otherwise permitted in the city or county*, including the prohibition of any form of lawful gambling, and may require a permit for the conduct of gambling exempt from licensing under section 349.214. The authority granted by this subdivision does not include the authority to require a license or permit to conduct gambling by organizations *or sales by distributors* licensed by the board.

Sec. 14. Minnesota Statutes 1984, section 349.214, subdivision 2, is amended to read:

Subd. 2. [RAFFLES.]

(a) Raffles may be conducted by an organization as defined in section 349.12, subdivision 13, without complying with sections 349.11 to 349.213 if the value of all raffle prizes awarded by the organization in a calendar year does not exceed \$750. Merchandise prizes must be valued at their fair market value.

(b) *Raffles may be conducted by an organization without complying with section 349.14, or sections 349.151 to 349.212 if the organization or each chapter of the organization conducts no more than one raffle in a calendar year. The organization may also conduct pull-tabs, tipboards, and paddle-wheels in conjunction with the raffle without complying with section 349.14 or sections 349.151 to 349.212. An organization that conducts an exempt raffle under this paragraph must report to the board setting forth the date when the raffle was held, the amount of gross receipts, and the charitable purpose for which the proceeds were used.*

Sec. 15. Minnesota Statutes 1984, section 609.75, subdivision 3, is amended to read:

Subd. 3. [WHAT ARE NOT BETS.] The following are not bets:

(1) A contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance.

(2) A contract for the purchase or sale at a future date of securities or other commodities.

(3) Offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest.

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercial-

ized, or systematic gambling:

(6) The operation of equipment or the conduct of a raffle under sections 349.11 to 349.22, by an organization licensed by the charitable gambling control board or an organization exempt from licensing under section 349.214.

(7) Pari-mutuel betting on horse racing when the betting is conducted under chapter 240.

Sec. 16. [TAX AMNESTY; NONPROFIT ORGANIZATIONS.]

*For an organization that has an unpaid liability for sales tax due under Minnesota Statutes, chapter 297A, arising out of lawful gambling conducted under Minnesota Statutes, chapter 349, between March 1, 1982, and June 30, 1985, the commissioner of revenue shall accept as full payment of the liability, a certified check, cashier's check, or money order in the amount of 50 percent of the liability incurred, plus interest. Payment must be received by the commissioner of revenue before January 1, 1987. For delinquent returns filed under this section, the civil and criminal penalties imposed by law are waived.*

Sec. 17. [SALES TAX EXEMPTION.]

*The gross receipts from the conduct of lawful gambling conducted under Minnesota Statutes, chapter 349, received prior to March 1, 1982, shall be exempt from taxation under Minnesota Statutes, chapter 297A. No refunds shall be paid pursuant to this section unless the organization can demonstrate to the commissioner of revenue that the refunds will be paid to those who paid the tax.*

Sec. 18. [EFFECTIVE DATE.]

*This act is effective June 1, 1986."*

Delete the title and insert:

*"A bill for an act relating to charitable gambling; exempting certain organizations from regulation by the charitable gambling control board; exempting certain organizations who conduct bingo and raffles from the sales tax; clarifying what expenses may be deducted from gross receipts; permitting the board to impose civil penalties; requiring organizations to pay an investigation fee; changing reporting requirements; changing requirements for licensed distributors; providing for a tax amnesty for organizations who have conducted lawful gambling; amending Minnesota Statutes 1984, sections 297A.25, by adding a subdivision; 349.12, subdivisions 13 and 17; 349.151, subdivision 4; 349.16, subdivision 3, and by adding a subdivision; 349.161, subdivision 1; 349.162; 349.18; subdivision 2; 349.19, subdivision 5; 349.212, subdivision 2; 349.213, subdivision 1; 349.214, subdivision 2; and 609.75, subdivision 3; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1."*

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1990: A bill for an act relating to traffic regulations; requiring increased insurance coverage upon conviction of certain alcohol- and drug-related crimes; authorizing the commissioner to grant certain provisional licenses; amending Minnesota Statutes 1984, section 169.121, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 171.

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

Page 1, line 17, delete everything after "65B:49"

Page 1, delete line 18 and insert "*Each plan of reparation security must contain limits of liability, exclusive of interest and costs, with respect to each vehicle for which coverage is thereby granted, of not less than \$50,000 because of bodily injury to one person in any one accident and of not less than \$100,000 in any one accident.*"

Page 1, delete lines 22 and 23 and insert:

"Sec. 2. [171.175] [REINSTATEMENT; PROOF OF INSURANCE.]"

Page 1, line 27, delete "*for a period of one year*"

Page 2, line 1, delete everything after "*with*"

Page 2, delete line 2 and insert "*either a valid insurance policy or an identification card issued by the insurer*"

Page 2, line 4, delete everything after the period

Page 2, line 5, delete everything before "*provides*" and insert "*After one year, the license must be cancelled unless the licensee*"

Page 2, line 10, delete everything after "*date*" and insert "*of cancellation under this section*"

Page 2, line 11, delete "*expires*" and after the period, insert "*The commissioner may adopt rules to provide for exceptions to this requirement for vehicles that are in storage or out of service for substantial portions of the previous year.*"

Amend the title as follows:

Page 1, line 5, delete "grant" and insert "cancel" and delete "provisional" and insert "reinstated"

Page 1, line 5, before the semicolon, insert "if insurance is not maintained"

And when so amended the bill do pass and be re-referred to the Committee on Economic Development and Commerce. Amendments adopted. Report adopted.

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

S.F. No. 1646: A bill for an act relating to the juvenile court; revising and recodifying current laws governing the apprehension, detention, adjudication, and disposition of minors who commit unlawful acts or who are in need of protection or services; providing additional due process protections for

minors and other parties who are subject to juvenile court jurisdiction; placing limitations on voluntary out-of-home placements of minors; providing for substitute care review; establishing a procedure for the review of residential admissions of minors to chemical dependency and mental illness treatment programs; requiring court review in certain cases; establishing criteria for the assessment and treatment of minors; requiring licensing of treatment programs; establishing minor patients' rights; creating a state office of youth advocate and county youth advocates; imposing penalties; amending Minnesota Statutes 1984, sections 242.19, subdivision 2; 253B.04; 257.071; 259.23, subdivision 1; 260.022, subdivision 4; 260.024, subdivision 2; 260.031, subdivision 1; 260.094; 260.101; 260.103, subdivision 1; 260.121, subdivisions 1 and 2; 260.131; 260.132; 260.133, subdivision 1; 260.135, subdivisions 2 and 3; 260.141, subdivision 1; 260.145; 260.151, subdivision 1; 260.155, subdivisions 1, 3, 4, 5, and 8; 260.161, by adding a subdivision; 260.211; 260.221; 260.231, subdivision 3; 260.235; 260.251, subdivisions 1a and 4; 260.255; 260.315; 260.35; 484.70, subdivision 1; 484.73, subdivision 2; and 524.5-505; and Minnesota Statutes 1985 Supplement, sections 260.121, subdivision 3; 260.133, subdivision 2; 260.135, subdivision 1; 260.155, subdivision 4a; 260.156; 260.161, subdivision 2; and 260.36; proposing coding for new law as Minnesota Statutes, chapters 260A and 260B; repealing Minnesota Statutes 1984, sections 260.011, subdivision 1; 260.015, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 23, 24, and 25; 260.024, subdivision 1; 260.111; 260.115; 260.135, subdivision 5; 260.151, subdivision 2; 260.155, subdivisions 2 and 7; 260.165; 260.171, subdivisions 1, 2, 3, 5, 5a, and 6; 260.172, subdivisions 1, 2, and 3; 260.173; 260.181; 260.185; 260.191, subdivisions 1a, 1b, 1c, 2, 3, and 4; 260.192; 260.193; 260.194; 260.195; 260.261; 260.281; 260.291; and 260.301; Minnesota Statutes 1985 Supplement, sections 260.111, subdivision 2; 260.015, subdivisions 10 and 22; 260.171, subdivision 4; 260.172, subdivisions 2a, 2b, and 4; and 260.191, subdivisions 1, 1d, and 2a.

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

Delete everything after the enacting clause and insert:

## "ARTICLE 1

### GENERAL PROVISIONS

#### Section 1. [260A.01] [CITATION.]

*Articles 1 and 2 may be cited as "the Minnesota juvenile code."*

#### Sec. 2. [260A.011] [PURPOSE AND CONSTRUCTION.]

*Subdivision 1. [PURPOSE.] (a) The legislature finds that children, their families, and participants who are subject to the jurisdiction of the juvenile court are entitled to humane treatment, respect for their rights, and limits on any loss of their liberty. In pursuit of these general goals, the law must define clearly the limits of permissible state authority over children and families as well as provide for due process, system accountability, and the efficient use of resources for the benefit of all participants, victims, and the public.*

*(b) The purpose of the juvenile court laws relating to children alleged or*

*adjudicated in need of protection and services and under the jurisdiction of the court is to secure for them care, protection, and guidance, preferably in the child's own home and community, that will serve the spiritual, emotional, mental and physical well-being of the child; to preserve and strengthen the child's family whenever possible by removing the child from the custody of parents only when the child's needs cannot be met or safety cannot be adequately assured without removal; and, when the child is removed from the family, to secure for the child custody, care, and discipline as nearly possible equivalent to that which should have been given by the child's parents, while seeking to safely reunify the child and family whenever possible.*

*(c) The purpose of the juvenile court laws relating to children alleged or adjudicated in violation of law and under the jurisdiction of the court is to recognize the unique characteristics and needs of children; to promote the public safety by maintaining the integrity of the substantive law prohibiting certain behavior, and to develop individual responsibility for lawful behavior. This purpose must be pursued through means that are fair and just and that give preference to the use of rehabilitative programs, but recognizing that appropriately applied consequences may be a form of rehabilitation.*

*Subd. 2. [CONSTRUCTION.] The provisions of this chapter shall be liberally construed to carry out these purposes.*

*Subd. 3. [LIMITATION.] Unless otherwise specifically provided, nothing in this chapter prevents the provision of services or programs to children on a voluntary basis.*

### Sec. 3. [260A.015] [DUTY TO INSURE FAMILY REUNIFICATION.]

*At all stages of juvenile court proceedings, it shall be the duty of the court to insure that all reasonable efforts are made to reunite a child with the child's family at the earliest possible moment, consistent with the safety of the child and the public.*

### Sec. 4. [260A.018] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this chapter unless otherwise indicated.*

*Subd. 2. [ABANDON.] "Abandon" means to engage in conduct that demonstrates that a parent has decided to relinquish parental responsibilities or rights to a child. Evidence of this conduct may include, but is not limited to:*

- (1) the stated intention of the parent;*
- (2) the circumstances in which the child was left by the parent and the provisions, if any, made for the child's care;*
- (3) the length of time the parent has been absent; and*
- (4) the parent's willful failure to visit or attempt to visit the child.*

*Subd. 3. [ADMINISTRATIVE HOLD.] "Administrative hold" means the short-term holding of a child in a nonsecure facility or in a nonsecure area of a secure detention facility pending release or pending transfer to a shelter care facility.*



*Subd. 4. [CHEMICALLY DEPENDENT.] (a) For the purpose of assessment, "chemically dependent" means a minor who meets the criteria in article 2, section 4, subdivision 1.*

*(b) For the purpose of treatment, "chemically dependent" means a minor who meets the criteria in article 2, section 5, subdivision 1.*

*Subd. 5. [CHILD.] "Child" means a minor or an individual no longer a minor who is alleged to have been delinquent, a juvenile petty offender, a juvenile alcohol offender, a juvenile traffic offender, or a juvenile controlled substance offender before becoming 18 years old.*

*Subd. 6. [CHILD IN NEED OF PROTECTION OR SERVICES.] "Child in need of protection or services" means a child over whom the court has jurisdiction under section 14.*

*Subd. 7. [CHRONIC TRUANT FROM SCHOOL.] "Chronic truant from school" means a child under 16 years old who is absent from school without lawful excuse for seven school days if the child is in elementary school or for one or more class periods on seven school days if the child is in middle school, junior high school, or high school.*

*Subd. 8. [COURT.] "Court" means the juvenile court unless the context clearly indicates otherwise.*

*Subd. 9. [CUSTODIAN.] "Custodian" means a person who is under a legal obligation to provide care and support for a minor or who is in fact providing care and support for a minor.*

*Subd. 10. [DELINQUENT ACT.] "Delinquent act" means:*

*(1) a violation of law, other than those described in subdivisions 25, 26, and 27, that would be a crime if committed by an adult; and*

*(2) a violation of federal law or the law of another state if the violation would be a delinquent act under clause (1) if committed in this state.*

*Subd. 11. [DELINQUENT CHILD.] "Delinquent child" means a child over whom the court has jurisdiction under section 12.*

*Subd. 12. [DETOXIFICATION PROGRAM.] "Detoxification program" has the meaning given in section 254A.08, subdivision 2.*

*Subd. 13. [DEVELOPMENTALLY DISABLED MINOR.] "Developmentally disabled minor" means a minor who has a severe, chronic disability that:*

*(1) is attributable to a mental or physical impairment or combination of mental and physical impairments;*

*(2) is likely to continue indefinitely;*

*(3) results in substantial functional limitations in three or more of the following areas of major life activity: (i) self-care, (ii) receptive and expressive language, (iii) learning, (iv) mobility, (v) self-direction, (vi) capacity for independent living, and (vii) economic self-sufficiency; and*

*(4) reflects the minor's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services of lifelong or extended duration that are independently planned and coordinated.*

*Subd. 14. [DOMESTIC CHILD ABUSE.] "Domestic child abuse" means any physical injury to a minor family or household member inflicted by an adult family or household member except by accident or the subjection of a minor family or household member by an adult family or household member to any act that violates sections 609.321 to 609.324, 609.342, 609.343, 609.344, 609.345, or 617.246.*

*Subd. 15. [EMOTIONALLY DISTURBED.] (a) For the purpose of assessment, "emotionally disturbed" means a minor who meets the criteria in article 2, section 4, subdivision 3.*

*(b) For the purpose of treatment, "emotionally disturbed" means a minor who meets the criteria in article 2, section 5, subdivision 3.*

*Subd. 16. [FOSTER FAMILY HOME.] "Foster family home" means a family home licensed to provide substitute care under Minnesota Rules, part 9545.0020.*

*Subd. 17. [FUGITIVE.] "Fugitive" means a child who is alleged to have committed an act in another state that would be a crime if committed by an adult and who, when sought by the other state to be subjected to its delinquency process, has left its jurisdiction and is found in Minnesota.*

*Subd. 18. [GROUP HOME.] "Group home" means a specialized facility licensed to provide care for children under Minnesota Rules, part 9545.1480.*

*Subd. 19. [HABITUAL ABSENTEE FROM HOME.] "Habitual absentee from home" means an unmarried child who is habitually absent from home without the consent of the parent, guardian, or relative in whose home the child resides.*

*Subd. 20. [INCAPACITATED MINOR.] "Incapacitated minor" means a minor who is unconscious or whose judgment is impaired as a result of the use of or withdrawal from alcohol or other drugs and whose condition makes it impossible to communicate or make a rational decision. Evidence of incapacitation includes:*

- (1) extreme physical debilitation;*
- (2) physical harm or serious threat of physical harm to others or property; and*
- (3) physical harm or serious threat of physical harm to the minor.*

*Subd. 21. [INDIAN CHILD.] "Indian child" means an individual under 18 years old who is a member of or eligible for membership in an Indian tribe.*

*Subd. 22. [INDIAN CHILD'S TRIBE.] "Indian child's tribe" means the Indian tribe in which an Indian child is a member or is eligible for membership. In the case of an Indian child who is a member of or eligible for membership in more than one tribe, the Indian child's tribe is the tribe with which the Indian child has the most significant contacts. If that tribe does not express an interest in the outcome of actions taken under this chapter with respect to the child, any other tribe in which the child is eligible for membership that expresses an interest in the outcome may act as the Indian child's tribe upon the child's request.*

*Subd. 23. [INTAKE WORKER.] "Intake worker" means a person desig-*

nated by the county board to make decisions about nonsecure detention and temporary removal intake under sections 23 to 36, and to provide pre-court diversion services under section 37.

**Subd. 24. [INTOXICATED MINOR.]** "Intoxicated minor" means a minor whose mental or physical functioning is substantially impaired as a result of the physiological presence of any psychoactive or mood-altering chemical substance.

**Subd. 25. [JUVENILE ALCOHOL OFFENDER.]** "Juvenile alcohol offender" means a child who violates section 340A.503 or an equivalent local ordinance.

**Subd. 26. [JUVENILE CONTROLLED SUBSTANCE OFFENDER.]** "Juvenile controlled substance offender" means a child who violates section 152.09, subdivision 1, clause (2), with respect to a small amount of marijuana, or who violates an equivalent local ordinance.

**Subd. 27. [JUVENILE MAJOR TRAFFIC OFFENSE.]** "Juvenile major traffic offense" means a misdemeanor or gross misdemeanor violation, as defined in section 609.02, of a state or local traffic law, ordinance, or regulation, or of a federal, state, or local water law or ordinance.

**Subd. 28. [JUVENILE MINOR TRAFFIC OFFENSE.]** "Juvenile minor traffic offense" means a violation of a state or local traffic law, ordinance, or regulation, or a federal, state, or local water law or ordinance constituting an offense punishable only by a fine of \$100 or less.

**Subd. 29. [JUVENILE PETTY OFFENDER.]** "Juvenile petty offender" means a child who commits a petty misdemeanor under state or local law or who commits a violation of a local ordinance that would not be a crime if committed by an adult, except conduct described in subdivisions 19, 25, 26, and 28.

**Subd. 30. [JUVENILE TRAFFIC OFFENDER.]** "Juvenile traffic offender" means a child who commits a juvenile traffic offense and who is subject to the court's jurisdiction under section 13, subdivision 2.

**Subd. 31. [JUVENILE TRAFFIC OFFENSE.]** "Juvenile traffic offense" means either a juvenile minor traffic offense or juvenile major traffic offense.

**Subd. 32. [LEGAL CUSTODY.]** "Legal custody" means the right to the care, custody, and control of a child who has been taken from a parent by the court under sections 260.221 to 260.245.

**Subd. 33. [MENTALLY ILL.]** (a) For the purpose of assessment, "mentally ill" means a minor who meets the criteria in article 2, section 4, subdivision 2.

(b) For the purpose of treatment, "mentally ill" means a minor who meets the criteria in article 2, section 5, subdivision 2.

**Subd. 34. [MINOR.]** "Minor" means an individual under 18 years old.

**Subd. 35. [NECESSARY CARE.]** "Necessary care" includes, but is not limited to:

(1) supervision to the degree required by the child's capacity or ability to make decisions regarding his or her health or safety;

(2) the provision of necessary food, clothing, medical or dental care, safe shelter, and education;

(3) the provision of emotional or social interaction appropriate to the child's age or developmental stage; and

(4) the protection of a child from direct threats of physical harm when there is reason to believe the threats are likely to be carried out, or when there is a clear and continuing pattern of physical abuse of other minor family or household members that is likely to cause serious physical harm to the child in the immediate future.

Subd. 36. [PARENT.] "Parent" means the natural or adoptive parent of a child.

Subd. 37. [RELATIVE.] "Relative" means a person 18 years old or older who is a child's parent, stepparent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece, nephew, first cousin, or second cousin. This relationship may be by blood, marriage, or adoption.

Subd. 38. [RESIDENTIAL CHEMICAL DEPENDENCY PROGRAM.] "Residential chemical dependency program" has the meaning given in article 2, section 1, subdivision 13.

Subd. 39. [RESIDENTIAL MENTAL ILLNESS PROGRAM.] "Residential mental illness program" has the meaning given in article 2, section 1, subdivision 15.

Subd. 40. [RESIDENTIAL PROGRAM FOR EMOTIONALLY DISTURBED MINORS.] "Residential program for emotionally disturbed minors" has the meaning given in article 2, section 1, subdivision 17.

Subd. 41. [SECURE DETENTION FACILITY.] "Secure detention facility" means a physically restricting facility, such as a jail, municipal lockup, state institution, or a detention home, used for the temporary care of a child.

Subd. 42. [SECURE DETENTION INTAKE OFFICER.] "Secure detention intake officer" means a person designated by the administrator of a secure detention facility to make decisions about secure detention intake consistent with the criteria set forth in section 24, subdivision 3.

Subd. 43. [SHELTER CARE FACILITY.] "Shelter care facility" means a physically unrestricting facility, such as a group home or a licensed facility for substitute care, used for the temporary care of a child.

Subd. 44. [SPECIAL CARE AND TREATMENT.] "Special care and treatment" means care or treatment beyond that which is necessary for a child's health and well-being and includes but is not limited to specialized or extraordinary care or treatment to remedy a child's behavioral, social, emotional, chemical dependency, mental illness, or physical problems.

Subd. 45. [SUBSTITUTE CARE.] "Substitute care" means the 24-hours-a-day care of a child in a licensed facility that for gain or otherwise regularly provides one or more children, when unaccompanied by their parents or guardian, with a substitute for the care, food, lodging, training, education, supervision, or treatment they need, but which for any reason cannot be furnished by their parents or legal guardians in their homes.

Subd. 46. [TAKING INTO CUSTODY.] As used in sections 19 to 31,

*"taking into custody"* means an act that would be governed by the laws of arrest under section 629.30 if the child taken into custody were an adult.

Subd. 47. [TRAFFIC LAW.] *"Traffic law"* includes chapters 168; 169; 171; and sections 65B.67; 84.81 to 84.88; 123.352, subdivision 5; 136C.08; 152.15, subdivision 1, clause (5), with respect to possession of marijuana in a motor vehicle; and section 327.27, subdivisions 2 and 2a.

## ORGANIZATION OF THE COURT

Sec. 5. Minnesota Statutes 1984, section 260.022, subdivision 4, is amended to read:

Subd. 4. The chief judge of the probate court of the county of Saint Louis shall designate one of the judges of such court to serve as the judge of the juvenile court division to hear all cases arising thereunder pursuant to ~~Minnesota Statutes 1967, Chapter 260, and any other law relating to juveniles this chapter~~. Such assignment shall be for one year unless otherwise ordered. The judge designated as the judge of the juvenile court division shall devote all time required to the business of that division and his work in connection therewith shall be disposed of before he engages in any other work of the probate court.

Sec. 6. Minnesota Statutes 1984, section 260.024, subdivision 2, is amended to read:

Subd. 2. Notwithstanding an indication to the contrary in ~~Minnesota Statutes 1967~~, section 260.311, subdivision 4, a majority of the judges of both the district court and the juvenile court in the county of Saint Louis may direct the payment of salaries to probation officers as otherwise provided for in said subdivision.

Sec. 7. Minnesota Statutes 1984, section 260.031, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] (a) The chief judge of the judicial district may appoint one or more suitable persons to act as referees. All referees are subject to the administrative authority and assignment power of the chief judge of the district as provided in section 484.69, subdivision 3, and are not limited to assignment to juvenile court. Referees shall hold office at the pleasure of the judges of the district court and shall be learned in the law, except that persons holding the office of referee on January 1, 1983, may continue to serve under the terms and conditions of their appointment. The compensation of a referee shall be fixed by the judge, approved by the county board and payable from the general revenue funds of the county not otherwise appropriated. Part time referees holding office in the second judicial district pursuant to this subdivision shall cease to hold office on July 31, 1984.

(b) *All juvenile court referees must be licensed attorneys; except that, persons holding the office of juvenile court referee on the effective date of this section who are not licensed attorneys may continue to serve at the pleasure of the chief judge of the district under the terms and conditions of their appointment.*

Sec. 8. Minnesota Statutes 1984, section 260.094, is amended to read:

260.094 [COUNTY HOME SCHOOLS.]

In any county or group of counties the county boards may purchase, lease, erect, equip, and maintain a county home school for boys and girls, or a separate home school for boys and a separate home school for girls. The juvenile court may transfer legal custody of place a delinquent child to in the home school in the manner provided in section 260.185 67. The county home school may, with the approval of the district court judges in counties now or hereafter having a population of more than 200,000, or of the juvenile court judges in all other counties county board or boards, be a separate institution, or it may be established and operated in connection with any other organized charitable or educational institution. However, the plans, location, equipment, and operation of the county home school shall in all cases have the approval of the said judges. The county board or boards or, if designated by the county board or boards, the community corrections board shall supervise, plan, operate, and administer the county home school. The county board or boards may not designate the juvenile court judge to supervise, plan, operate, or administer the county home school; however, the juvenile court judge may serve as a member of a community corrections board designated to perform these functions. There shall be a superintendent or matron, or both, for such school, who shall be appointed and removed by the said judges county board or boards. The salaries of the superintendent, matron, and other employees shall be fixed by the said judges, subject to the approval of the county board or boards. The county board of each county to which this section applies is hereby authorized, empowered, and required to provide the necessary funds to make all needful appropriations to carry out the provisions of this section. The board of education, commissioner of education, or other persons having charge of the public schools in any city of the first or second class in a county where a county home school is maintained pursuant to the provisions of this section may furnish all necessary instructors, school books, and school supplies for the boys and girls placed in any such home school.

Sec. 9. Minnesota Statutes 1984, section 260.101, is amended to read:

260.101 [DETENTION HOMES.]

In any county or group of counties the county boards may purchase, lease, erect, equip, and maintain a detention home for boys and girls, or a separate detention home for boys and girls, or a separate detention home for boys or a separate detention home for girls. The detention home may, with the approval of the district court judges in counties now or hereafter having a population of more than 200,000 or of the juvenile court judges in all other counties be a separate institution, or it may be established and operated in connection with a county home school or any organized charitable or educational institution. However, the plans, location, equipment, and operation of the detention home shall in all cases have the approval of the judges. The county board or boards or, if designated by the county board or boards, the community corrections board shall supervise, plan, operate, and administer the detention home. The county board or boards may not designate the juvenile court judge to supervise, plan, operate, or administer the detention home; however, the juvenile court judge may serve as a member of a community corrections board designated to perform these functions. Necessary staff shall be appointed and removed by the judges county board or boards. The salaries of the staff shall be fixed by the judges, subject to the approval of the county board or boards. The county board of each county to which this section applies shall provide

the necessary funds to carry out the provisions of this section.

Sec. 10. Minnesota Statutes 1984, section 260.103, subdivision 1, is amended to read:

Subdivision 1. [PURPOSES OF CONFERENCES; INSTITUTE.] (a) For the purpose of promoting economy and efficiency in the enforcement of laws relating to children and particularly of the laws relating to defective, delinquent, dependent and neglected children, the president of the association of juvenile court judges may at such time and place as he deems advisable call an annual conference of all judges acting as judge of juvenile court.

(b) A judge of juvenile court may attend the institute for judges of juvenile court established by the University of Minnesota, and may attend national or regional conferences similar to the state conference described in clause (a), above.

#### JUVENILE COURT JURISDICTION AND VENUE

##### Sec. 11. [260A.05] [JURISDICTION GENERALLY.]

*Except as otherwise provided in section 260.125 or section 38, the juvenile court has jurisdiction in proceedings concerning a child described in sections 12 to 15. The court may terminate its jurisdiction at any time on its own motion or on the motion or petition of an interested party. The court shall terminate its jurisdiction when required to do so by this chapter or when the child reaches 19 years old, whichever occurs first.*

##### Sec. 12. [260A.051] [DELINQUENCY JURISDICTION.]

*Except as otherwise provided in section 260.125, the juvenile court has original and exclusive jurisdiction in proceedings concerning a child who is alleged to have committed a delinquent act and who at the time of the alleged offense was:*

(1) 12 years old or older; or

(2) under 12 years old but at least ten years old, and the court has determined that jurisdiction under section 14, clause (3), is inappropriate.

##### Sec. 13. [260A.053] [JURISDICTION OVER OTHER JUVENILE OFFENDERS.]

*Subdivision 1. [PETTY OFFENDERS OTHER THAN JUVENILE TRAFFIC OFFENDERS.] The juvenile court has original and exclusive jurisdiction in proceedings concerning a child alleged to be a juvenile petty offender, juvenile alcohol offender, or juvenile controlled substance offender.*

*Subd. 2. [JUVENILE TRAFFIC OFFENDERS.] (a) The juvenile court has original and exclusive jurisdiction in proceedings concerning a child alleged to be a juvenile traffic offender if the child was under 16 years old at the time of the alleged juvenile traffic offense.*

*(b) The juvenile court does not have jurisdiction over a child alleged to be a juvenile traffic offender if the child was 16 years old or older at the time of the alleged juvenile traffic offense. In such cases, the child is subject to the laws and court procedures controlling adult traffic law violations.*

##### Sec. 14. [260A.054] [JURISDICTION OVER CHILDREN IN NEED OF

## PROTECTION OR SERVICES.]

*The juvenile court has original and exclusive jurisdiction in proceedings concerning a child alleged to be in need of protection or services that can be ordered by the court and:*

*(1) whose physical health is or will be endangered because of the refusal or inability, for reasons unrelated to poverty, of a parent, guardian, custodian, or other caregiver to provide the child with necessary care; or*

*(2) who has been the victim of physical or sexual abuse, or domestic child abuse, including any injury that is self-inflicted or inflicted by another by nonaccidental means; or*

*(3) who committed a delinquent act before becoming 12 years old, unless the child was at least ten years old at the time of the delinquent act and the court has determined that jurisdiction under this section is inappropriate due to the maturity of the child, the seriousness of the offense, or the demands of public safety; or*

*(4) who has been abandoned; or*

*(5) who is without a parent, guardian, or lawful custodian; or*

*(6) who is chronically truant from school, but only if evidence is presented in the citation or petition by the appropriate school representative that appropriate school personnel in the school or school district in which the child is enrolled have, during the school year when the truancy occurred:*

*(i) met with the child's parent or guardian to discuss the child's truancy, or have made reasonable attempts to meet with the child's parent or guardian;*

*(ii) provided an opportunity to the child for educational counseling to determine whether a change in the child's instructional program would resolve the child's truancy and, if appropriate, have considered program modifications;*

*(iii) taken reasonable steps to determine whether a learning disability or handicap may be a cause of the child's truancy; and*

*(iv) documented any knowledge of social problems that may be a cause of the child's truancy; or*

*(7) who is a habitual absentee from home and either the child or a parent, guardian, or a relative in whose home the child resides signs the petition requesting jurisdiction and attests in court that reconciliation efforts have been attempted and have failed; or*

*(8) who has been or is committing delinquent acts as a result of parental guidance, pressure, encouragement, or approval; or*

*(9) who is 12 years of age or older, signs the petition requesting jurisdiction, and states that he or she is in need of necessary care or special care and treatment that the parent, guardian, or custodian is unwilling or unable to provide; or*

*(10) whose parent or guardian signs the petition requesting jurisdiction and states that he or she is unable to provide necessary care or special care and treatment for the child; or*



(11) who is chemically dependent or mentally ill and in need of special care and treatment for either of these conditions; or

(12) who is emotionally disturbed; or

(13) who has been placed for care or adoption in violation of law; or

(14) whose parent, guardian, or custodian for good cause desires to be relieved of the child's care or custody under circumstances indicating that in-home supervision or out-of-home placement is necessary and in the child's best interests; or

(15) who is medically neglected, which includes but is not limited to the withholding of medically indicated treatment from a disabled infant with a life-threatening condition. The term "withholding of medically indicated treatment" means the failure to respond to the infant's life-threatening conditions by providing treatment, including appropriate nutrition, hydration, and medication which in the treating physician's or physicians' reasonable medical judgment will be most likely to be effective in ameliorating or correcting all conditions. The term does not include the failure to provide treatment other than appropriate nutrition, hydration, or medication to an infant when in the treating physician's or physicians' reasonable medical judgment:

(i) the infant is chronically and irreversibly comatose;

(ii) the provision of the treatment would merely prolong dying, not be effective in ameliorating or correcting all of the infant's life-threatening conditions, or otherwise be futile in terms of the survival of the infant; or

(iii) the provision of the treatment would be virtually futile in terms of the survival of the infant and the treatment itself under the circumstances would be inhumane.

Sec. 15. [260A.055] [JURISDICTION OVER OTHER MATTERS RELATING TO CHILDREN.]

Subdivision 1. [EXCLUSIVE JURISDICTION.] The juvenile court has original and exclusive jurisdiction in proceedings concerning:

(1) the termination of parental rights to a child in accordance with sections 260.221 to 260.245;

(2) the appointment and removal of a juvenile court guardian of the person for a child, when parental rights have been terminated under sections 260.221 to 260.245;

(3) judicial review of voluntary placements as provided in section 43;

(4) judicial consent to the marriage of a child when required by law;

(5) contempt of juvenile court as provided in sections 84 to 90;

(6) contributing to a child's offender status or need for protective services as provided in section 260.255;

(7) the interstate compact on juveniles under sections 260.51 to 260.57; and

(8) the interstate compact on the placement of children under section 257.40.

*Subd. 2. [ADOPTION.] The juvenile court shall proceed under the laws relating to adoptions in all adoption matters.*

*Subd. 3. [CHILD ABUSE REPORTING.] The juvenile court has jurisdiction to hear and decide cases arising under section 626.556, subdivision 10.*

Sec. 16. Minnesota Statutes 1984, section 260.121, subdivision 1, is amended to read:

Subdivision 1. [VENUE.] Except where otherwise provided, venue for any proceedings under ~~section 260.111~~ *this chapter* shall be in the county where the child is found, or the county of his residence. When it is alleged that a child is neglected, venue may be in the county where the child is found, in the county of his residence, or in the county where the alleged neglect occurred. If delinquency, habitual truancy, running away, a juvenile petty offense, a juvenile alcohol or controlled substance offense, or a juvenile traffic offense is alleged, proceedings shall be brought in the county of his residence or the county where the alleged delinquency, habitual truancy, running away, juvenile petty offense, juvenile alcohol or controlled substance offense or juvenile traffic offense or parent resides or where the acts or omissions constituting the basis for the petition occurred.

Sec. 17. Minnesota Statutes 1984, section 260.121, subdivision 2, is amended to read:

Subd. 2. [TRANSFER.] The judge of the juvenile court may transfer any proceedings brought under ~~section 260.111~~ *this chapter*, except adoptions, to the juvenile court of a county having venue as provided in subdivision 1, at any stage of the proceedings and in the following manner. When it appears that the best interests of the child, society, or the convenience of proceedings will be served by a transfer, the court may transfer the case to the juvenile court of the county of the child's or parent's residence. With the consent of the receiving court, the court may also transfer the case to the juvenile court of the county where the child is found or, if delinquency, habitual truancy, running away, a juvenile petty offense, juvenile alcohol or controlled substance offense or a juvenile traffic offense is alleged, to the county where the alleged delinquency, habitual truancy, running away, juvenile petty offense, juvenile alcohol or controlled substance offense or juvenile traffic offense acts or omissions constituting the basis for the petition occurred. The court transfers the case by ordering a continuance and by forwarding to the clerk of the appropriate juvenile court a certified copy of all papers filed, together with an order of transfer. The judge of the receiving court may accept the findings of the transferring court or he may direct the filing of a new petition or notice under section 260.015, subdivision 23 or 260.132 and hear the case anew.

Sec. 18. Minnesota Statutes 1985 Supplement, section 260.121, subdivision 3, is amended to read:

Subd. 3. Except when a child is alleged to have committed a *juvenile* minor traffic offense, as defined in ~~section 260.193, subdivision 1, clause (e)~~, if it appears at any stage of the proceeding that a child before the court is a resident of another state, the court may invoke the provisions of the interstate compact on juveniles or, if it is in the best interests of the child or the public to do so, the court may place the child in the custody of his parent, guardian, or

custodian, if the parent, guardian, or custodian agrees to accept custody of the child and return him to their state.

### TAKING CUSTODY AND DETENTION

#### Sec. 19. [260A.10] [GROUNDS FOR TAKING CUSTODY; DELINQUENCY, TRAFFIC, AND PETTY OFFENSES.]

*A child who is or may be subject to the court's jurisdiction under section 12 or 13 may be taken into custody under the following circumstances:*

*(1) in accordance with the laws relating to arrest; or*

*(2) by a peace officer or parole or probation officer when there is probable cause to believe that the child has violated the terms of probation, parole or other field supervision, violated the terms of a nonsecure detention order, or run away from a secure detention facility, jail, or municipal lockup; or*

*(3) by a warrant issued by the court if the child has been personally served with a summons and fails to appear in court, or if it appears to the court that service will be ineffectual.*

#### Sec. 20. [260A.101] [EFFECT OF TAKING CUSTODY.]

*A child who has been taken into custody under section 19 has the right to all constitutional and statutory protections given to an adult upon arrest. The taking into custody of a child under section 19 is not an arrest except for the purpose of determining whether the taking into custody or the obtaining of evidence is lawful.*

#### Sec. 21. [260A.102] [TAKING CUSTODY AND RELEASE; STANDARDS; PROCEDURES.]

*Subdivision 1. [NOTIFICATION OF PARENTS.] A person who takes a child into custody under section 19 or the person's designee shall attempt to notify the child's parent, guardian, or custodian as soon as possible by every reasonable means. Notification attempts must continue as long as the child remains in custody and until the parent, guardian, or custodian has been notified.*

*Subd. 2. [CHILD'S RIGHT TO CONSULT PARENT OR GUARDIAN.] A child who has been taken into custody under section 19 must be given a reasonable opportunity to consult with a parent or guardian who is present at the place of custody, or to consult by telephone with a parent or guardian who is not present at the place of custody. The person taking custody of the child or the person's designee shall advise the child of the right to consult a parent or guardian.*

*Subd. 3. [RIGHT TO PRESENCE OF PARENT OR OTHER ADULT DURING QUESTIONING.] A child who has been taken into custody under section 19 has the right to the presence of a parent, guardian, or other responsible relative of the child's choosing during custodial questioning. If the child requests that a parent, guardian, or other responsible relative be present during custodial questioning, the child may not be subjected to custodial questioning until the parent, guardian, or responsible relative arrives. However, if the parent, guardian, or responsible relative is unavailable, the child in custody may be questioned if the child is represented by counsel during the questioning.*

*Subd. 4. [NOTIFICATION OF RIGHTS.] A person who takes a child into custody under section 19 or the person's designee shall advise the child of the child's constitutional rights to the same extent that an adult in a criminal matter is advised before custodial questioning by a peace officer. A person who takes a child into custody under section 19 or the person's designee shall also advise the child of the child's right to the presence of a parent, guardian, or other responsible relative during custodial questioning. The advisory required under this subdivision shall be the same as or substantially the same as the advisory developed by the supreme court under subdivision 5.*

*Subd. 5. [ADVISORY DEVELOPED BY SUPREME COURT.] On or before the effective date of this section, the supreme court shall, pursuant to section 480.0595, develop an advisory written in language intelligible to children, and containing the following information:*

*(a) A child who has been taken into custody has the right to remain silent.*

*(b) Anything the child says can and will be used against the child in a court of law.*

*(c) The child has the right to be represented by counsel before and during any questioning.*

*(d) If the child cannot afford counsel, one will be appointed for the child at public expense.*

*(e) The child has the right to the presence of a parent, guardian, or other responsible relative of the child's choosing, during any questioning.*

*Subd. 6. [WAIVER.] A child who has been taken into custody under section 19 may waive the right to remain silent, the right to be represented by counsel, and the right to presence of a parent, guardian, or other responsible relative under the standard contained in section 51.*

*Subd. 7. [RELEASE.] (a) Unless it is determined that the child must be detained under section 22 or 23, the person with authority to release shall make every reasonable effort to release the child immediately to the child's parent, guardian, or custodian or, if the parent, guardian, or custodian is unavailable, to a responsible relative. If the child is 14 years old or older, the person with authority to release may release the child without adult supervision and upon the child's written promise to appear in court as ordered.*

*(b) If the child is released other than to the child's parent, guardian, or custodian, the person with authority to release shall notify the child's parent, guardian, or custodian as soon as possible of the time and circumstances of the release, the person, if any, to whom the child was released, and any other relevant information.*

*(c) A parent, guardian, custodian, or responsible relative to whom a child is released shall promise to bring the child to court, if necessary, at the time the court directs. If the person with authority to release believes it desirable, that person may require the person to whom the child is released to sign a written promise to bring the child to court. The intentional violation of the written promise is a misdemeanor.*

**Sec. 22. [260A.11] [TRANSFER FOR DIAGNOSIS OR TREATMENT.]**

*Subdivision 1. [MEDICAL TREATMENT.] If the person who takes the*

child into custody reasonably believes that the child is suffering from a serious physical condition that requires prompt diagnosis or treatment, the person shall deliver or cause the child to be delivered to an appropriate medical facility.

*Subd. 2. [MENTAL ILLNESS OR CHEMICAL DEPENDENCY.]* If the person who takes the child into custody reasonably believes that (1) the child is mentally ill or chemically dependent and is acting in a way likely to cause damage to property or physical harm to the child or to others, or (2) there exists a likelihood of physical impairment or injury to the child as the result of impaired judgment, the person taking custody or other appropriate person may admit the child to a residential chemical dependency or mental illness program subject to the applicable criteria contained in article 2.

*Subd. 3. [ALCOHOL TREATMENT.]* If the person who takes the child into custody reasonably believes the child to be an incapacitated minor, or an intoxicated minor who has threatened, attempted, or inflicted physical self-harm or harm to another and is likely to inflict physical harm unless detained, the person taking custody or other appropriate person may proceed under article 2, section 16.

*Subd. 4. [NOTIFICATION.]* The notification requirements of section 21, subdivision 1, apply to any place of detention to which a child is transferred under this section.

#### Sec. 23. [260A.12] [TRANSFER TO DETENTION INTAKE.]

*Subdivision 1. [TRANSFER TO INTAKE WORKER.]* If the child was taken into custody in a county that has established an intake unit under section 37, and if the person taking custody or the person with authority to release the child is unable to release the child under section 21, subdivision 7, and seeks to detain the child in a place of nonsecure detention, that person shall transfer the child to an intake worker who has been designated by the county to make nonsecure detention intake decisions. When a child is transferred to the intake worker, the person taking custody or the persons with authority to release shall make a written statement, with supporting facts, of the reasons for taking the child into custody and for transferring him or her to the intake worker, and shall give a copy of the statement to the intake worker and the child. The intake worker shall review the statement to determine if the criteria set forth in section 24, subdivision 1, for holding the child in nonsecure detention have been met. If the criteria have been met, the intake worker may transfer the child to a place of nonsecure detention listed in section 24, subdivision 2. If the criteria have not been met, the person taking custody or the person with authority to release shall make every reasonable effort to release the child in the manner provided in section 21, subdivision 7.

*Subd. 2. [TRANSFER TO PLACE OF NONSECURE DETENTION.]* If the child was taken into custody in a county that has not established an intake unit under section 37, and if the person taking custody or the person with authority to release the child is unable to release the child under section 21, subdivision 7, and determines that the criteria in section 24, subdivision 1, for holding the child in nonsecure detention have been met, that person may transfer the child to a place of nonsecure detention listed in section 24, subdivision 2.

*Subd. 3. [TRANSFER TO SECURE DETENTION INTAKE.]* If the per-

son taking custody or the person with authority to release the child is unable to release the child under section 21, subdivision 7, and seeks to detain the child in a place of secure detention, that person shall transfer the child to a secure detention intake officer. When a child is transferred to the secure detention intake officer, the person taking custody or the person with authority to release shall make a written statement, with supporting facts, of the reasons for taking the child into custody and for transferring him or her to the secure detention intake officer, and shall give a copy of the statement to the officer and the child. The secure detention intake officer shall review the statement to determine whether the criteria set forth in section 24, subdivision 3, for holding the child in secure detention have been met. If the criteria have been met, the secure detention intake officer shall admit the child to the secure detention facility. If the criteria have not been met, the person taking custody or person with authority to release shall either make every reasonable effort to release the child in the manner provided by section 21, subdivision 7, or seek to detain the child in a place of nonsecure detention in the manner provided in subdivision 1 or 2, whichever is applicable.

*Subd. 4. [ADMINISTRATIVE HOLD PENDING RELEASE.]* If the person taking custody or person with authority to release decides to release the child to an adult as provided in section 21, subdivision 7, the child may be detained pursuant to an administrative hold in a facility or by an agency designated by the county until the adult arrives. If the county is unable to designate a nonsecure facility as described in section 24, subdivision 2, and designates an office area within a county or municipal jail or lockup for such a purpose: (1) the child may not be held in the facility for more than six hours; (2) the child must be under constant visual supervision; and (3) the child may not be held in a cell block. Whenever a child is held pending release under this subdivision, the person taking custody or person with authority to release must keep a written record of where the child was held and for what length of time.

*Subd. 5. [CERTIFICATION OF SECURE DETENTION INTAKE OFFICERS.]* A person who performs the duties of a secure detention intake officer must be certified by the department of corrections as having successfully completed a training course on the procedures and requirements of sections 23 to 28.

**Sec. 24. [260A.121] [CRITERIA FOR HOLDING A CHILD IN DETENTION; TYPES OF DETENTION.]**

*Subdivision 1. [NONSECURE DETENTION.]* A child may be held in a place of nonsecure detention under subdivision 2 if the intake worker or, where applicable, the person taking custody or person with authority to release finds that there is probable cause to believe that the child is subject to the court's jurisdiction under section 12 or 13, and that either:

- (1) the child will be personally injured by another unless detained; or
- (2) the parent, guardian, or custodian of the child or other responsible relative is unavailable or unwilling to provide adequate supervision or care; or
- (3) the child will run away or be taken away so as to be unavailable for proceedings of the court or its officers, or for probation revocation proceedings.

The criteria in this subdivision for holding a child in nonsecure detention govern the decisions of all persons responsible for determining whether the action is appropriate.

*Subd. 2. [PLACES OF NONSECURE DETENTION.] If the intake worker or, where applicable, the person taking custody or person with authority to release determines that the criteria for holding a child in nonsecure detention have been met, the child may be held in any of the following places:*

- (1) the home of a parent, guardian, or custodian;*
- (2) the home of a relative;*
- (3) a licensed foster family home, if the placement does not violate the conditions of the license;*
- (4) a licensed group home, if the placement does not violate the conditions of the license;*
- (5) a nonsecure facility operated by a licensed child welfare agency;*
- (6) a licensed private or public shelter care facility; or*
- (7) the home of a person who is not a relative if the person has not had a foster home license refused, revoked, or suspended within the last two years, and if the placement does not exceed 30 days, provided that the court may extend the placement for an additional 30 days for good cause.*

*If a child is held in nonsecure detention under clauses (2) to (7), or if supervisory services of a home detention program are provided to a child held under clause (1), the authorized rate of the facility or program must be paid by the child's county of financial responsibility. If no authorized rate has been established, the court shall fix a reasonable amount to be paid by the county of financial responsibility for the supervision or care of the child. Instead of the county of financial responsibility, the court may require the child's parent, guardian, or custodian to pay the cost of holding the child in detention if it makes the determination provided for in section 260.251, subdivision 1.*

*Subd. 3. [SECURE DETENTION.] The secure detention intake officer may order that the child be held in the secure detention facility if the conditions in paragraph (a), (b), (c), (d), (e), (f), or (g) are met:*

*(a) There is probable cause to believe that the child has committed an offense that would be a felony if committed by an adult, and:*

*(1) there is probable cause to believe that the child has a record of failure to appear at a court hearing within the past six months; or*

*(2) there is probable cause to believe that the child is awaiting disposition on a previous adjudication for a delinquent act that would be a felony if committed by an adult; or*

*(3) there is probable cause to believe that the child is under the continuing delinquency jurisdiction of the court and is presently on probation or parole supervision; or*

*(4) there is probable cause to believe that the child has a demonstrable*

recent record, other than the offense alleged, of violent conduct resulting in injury to others, including the types of conduct indicated in paragraph (b); or

(5) there is probable cause to believe that the child has expressly stated an intention to harm or threaten another person if released.

(b) There is probable cause to believe that the child has committed an offense that if committed by an adult would constitute murder in the first, second, or third degree, assault in the first degree, criminal sexual conduct in the first degree, or kidnapping with the purpose of committing great bodily harm.

(c) There is probable cause to believe that the child is a fugitive from another state or has absconded from a correctional facility, and there has been no reasonable opportunity to return the child.

(d) There is probable cause to believe that the child is under the continuing delinquency jurisdiction of the court, has run away from a court-ordered residential treatment facility placement, and there has been no reasonable opportunity to return the child. No child may be held in secure detention under this paragraph for more than 24 hours unless the court orders an extension of time for an additional 24 hours for good cause shown. The court may order only one extension in any individual case.

(e) There is probable cause to believe that the child has committed a delinquent act and that, after having been placed in nonsecure detention by a nonsecure detention officer under subdivision 2 or by the judge under section 28 in order to hold the child for trial on the delinquent act, the child has run away from nonsecure detention or committed a delinquent act. The child may not be held in secure detention under this paragraph unless there is no suitable alternative to secure detention.

(f) There is probable cause to believe that the child is under the continuing delinquency jurisdiction of the court, has run away from another county, and would run away if held in nonsecure detention pending return. No child may be held in secure detention under this paragraph for more than 24 hours unless the court orders an extension of time for an additional 24 hours for good cause shown. The court may not order more than one extension of time under this paragraph.

(g) There is probable cause to believe that secure detention is necessary to protect the public safety because the child will engage in further criminal acts, or that the detention is necessary to protect the child from imminent harm to the health or safety of the child.

Subd. 4. [JAIL OR LOCKUP.] (a) If the secure detention intake officer determines that the criteria for holding a child in secure detention have been met, the child may be held in a county or municipal jail or lockup, approved by the commissioner of corrections for the holding of juveniles, for up to six hours if the facility is located within a metropolitan statistical area, and for up to 24 hours, excluding weekends and holidays, if the facility is located outside of a metropolitan statistical area, if:

(1) the child is 14 years old or older;

(2) the child has been taken into custody for an act that would be a crime if committed by an adult;



(3) there is no licensed secure detention facility in the county, or in a contiguous county within 50 miles of the place where the child is in custody;

(4) there is no less restrictive alternative to the jail or lockup;

(5) the jail or lockup has adequate staff to supervise and monitor the child's activities at all times; and

(6) the child is confined in a manner that prevents haphazard or accidental contact with adult inmates.

(b) A child who has been referred for prosecution as an adult pursuant to section 260.125 and against whom criminal felony charges have been filed may be considered an adult for the purposes of this subdivision.

Sec. 25. [260A.122] [NOTICE OF DETENTION; TRANSPORTATION OF CHILD.]

Subdivision 1. [NOTICE TO PARENTS AND COUNSEL.] The person who made the detention decision under section 24 shall advise a child who is held in detention, the child's attorney, if any, and, as soon as possible, the child's parent, guardian, or custodian:

(1) of the reasons why the child has been taken into custody and placed in detention; and

(2) of the name, address, and telephone number of the secure detention facility, jail, lockup, or place of nonsecure detention except as otherwise provided in subdivision 2; and

(3) that the child's parent, guardian, custodian, guardian ad litem, or attorney may make an initial visit to the place of detention at any time; that subsequent visits by a parent, guardian, or custodian may be made on a reasonable basis during visiting hours, and that subsequent visits may be made by the child's attorney or guardian ad litem at reasonable hours; and

(4) that the child may telephone the child's parents, attorney, or guardian ad litem from the place of detention immediately after admission and thereafter on a reasonable basis as determined by the person in charge of the place of detention; and

(5) that the child may not be detained for alleged unlawful acts for longer than 36 hours, excluding weekends and holidays, or, if held in a jail or lockup under section 24, subdivision 4, for longer than 24 hours, excluding weekends and holidays, unless a petition has been filed within that time and the court orders the child's continued detention pursuant to section 28.

Subd. 2. [EXCEPTION TO NOTIFICATION.] If the intake worker or, where applicable, the person taking custody or person with authority to release determines that there is reason to believe that disclosure to the parents, guardian, or custodian of the information contained in subdivision 1, clause (2), would immediately endanger the child's health or safety, that person may withhold all or part of the information as may be appropriate. A determination to withhold must be included in the report required by subdivision 3, together with instructions to the place of detention to notify or withhold notification.

Subd. 3. [NOTICE TO COURT AND FACILITY.] The person who made

*the detention decision under section 24 shall deliver to the court and to the person in charge of the place of detention a signed report, setting forth:*

- (1) the time when the child was taken into custody;*
- (2) the time the child was delivered for transportation to the place of detention;*
- (3) the reasons why the child was taken into custody and placed in detention;*
- (4) a statement that the child and the child's parent, guardian, custodian, and attorney have received the notice required by subdivision 1, or the reasons why they have not been notified; and*
- (5) any instructions required by subdivision 2.*

*Subd. 4. [TRANSPORTATION TO A PLACE OF DETENTION.] A child who is being held in detention under section 24 must be transported promptly to the place of detention. The mode of transportation must be approved by the person in charge of the place of detention, or by obtaining a written transportation order from the court authorizing transportation by the sheriff or other qualified person.*

*Subd. 5. [NOTIFICATION DUTIES OF SECURE DETENTION FACILITY.] When a child has been delivered to a secure detention facility, the supervisor of the facility or the supervisor's designee shall deliver a signed report to the court in the county where the offense occurred, acknowledging receipt of the child and stating the time of the child's arrival. If the report delivered under subdivision 3 indicates that notification under subdivision 1 has not been made, the supervisor or designee shall immediately attempt to make the notification, and shall include in the report made to the court a statement that notification has been received or the reasons why it has not.*

*Subd. 6. [NOTIFICATION DUTIES OF PLACE OF NONSECURE DETENTION.] When a child has been delivered to a place of nonsecure detention, the person in charge of it or that person's designee shall deliver a signed report to the court in the county where the offense occurred, acknowledging receipt of the child and stating the time of the child's arrival. That person shall also ascertain from the report delivered pursuant to subdivision 3 if notification has been made as required by subdivisions 1 and 2, and shall follow any instructions contained in the report. This subdivision does not apply when the place of nonsecure detention is the home of a parent, guardian, or custodian or home of a relative.*

**Sec. 26. [260A.123] [DISCRETIONARY RELEASE PRIOR TO DETENTION HEARING.]**

*Subdivision 1. [BY OFFICER, FACILITY, OR COUNTY ATTORNEY.] Except when release is prohibited by a court order or by the rules for juvenile court, the person who made the detention decision under section 24, the supervisor of the person making the decision, the person in charge of the place of detention, or the county attorney may release a child at any time before a detention hearing. No conditions of release may be placed on a child who is released pursuant to this subdivision.*

*Subd. 2. [BY COURT.] The court may at any time release the child and*

may impose one or more of the following conditions:

(a) It may require the child or the child's parent, guardian, or custodian to post bail.

(b) It may place restrictions on the child's travel, associations, or place of abode during the period of the child's release.

(c) It may impose any other conditions reasonably necessary and consistent with criteria for detaining the child.

Conditions of release terminate after 36 hours unless a detention hearing has commenced and the court has ordered continued detention.

*Subd. 3. [RELEASE TO CUSTODY OF ADULT.]* A child released from detention under this section shall be released to the custody of the child's parent, guardian, custodian, or other responsible relative.

Sec. 27. [260A.124] [DETENTION HEARING; PROCEDURES; NOTICE; WAIVER.]

*Subdivision 1. [WHEN REQUIRED.]* When a child is held in a place of detention listed in section 24, subdivision 2 or 3, the court shall hold a hearing within 36 hours of the time the child was taken into custody, excluding weekends and holidays, to determine the need for continued detention of the child. When a child is held in detention as provided in section 24, subdivision 4, the court shall hold a hearing within 24 hours of the time the child was taken into custody, excluding weekends and holidays, to determine the need for continued detention of the child. The court's determination shall be based on the criteria contained in section 24.

*Subd. 2. [PETITION FILED PRIOR TO HEARING.]* At or before the scheduled time of the hearing, the county attorney shall file a petition with the court in accordance with section 39 containing a statement of the offense charged and a statement of the underlying facts constituting probable cause to believe that the child committed the offense charged. The court must find that it has received sufficient evidence of probable cause in order to continue detention under section 28. If no petition is filed within the time limit specified in subdivision 1, the child shall be released from detention.

*Subd. 3. [WAIVER OF HEARING.]* A child held in a place of nonsecure detention may waive the detention hearing in writing if the child is represented by counsel at the time of the waiver. A detention hearing must be held after the waiver, however, if the child or any other interested party requests, or if the child is later transferred to a secure detention facility.

*Subd. 4. [NOTICE OF HEARING.]* The court or its designee shall give the child and the child's parent, guardian, or custodian prior notice of the hearing. The notice must state the time and place of the hearing and must advise the parties of their right to be represented by counsel or right to assistance of counsel as provided in sections 52 and 53, and of the consequences of failure to appear at the hearing.

*Subd. 5. [COPY OF PETITION.]* Before or at the beginning of the hearing the court or its designee shall give the child a copy of the petition.

*Subd. 6. [DUTY TO INFORM CHILD; APPOINTMENT OF COUNSEL.]* Before the hearing begins, the court shall inform the child of the alle-

gations that have been or may be made against the child, and shall ensure that the child is advised of the right to be represented by counsel as provided in section 52. If counsel is appointed for the child, the court shall provide adequate time for the child to consult with counsel.

Sec. 28. [260A.125] [COURT ORDERS; REVIEW; AMENDMENT.]

*Subdivision 1. [RELEASE.] If the court finds either that the criteria of section 24 for holding a child in detention are not met or that the petition is not supported by probable cause, it shall order the child released to the custody of the child's parent, guardian, custodian, or other responsible relative, and shall dismiss the petition if unsupported by probable cause.*

*Subd. 2. [CONTINUATION OF DETENTION.] (a) If the court finds that the criteria of section 24 for holding a child in detention are met and makes a finding of probable cause based on the statement contained in the petition, it shall order that the child continue to be held in detention for up to eight days, excluding weekends and holidays.*

*(b) The court, in its order, may place the child with a parent, guardian, custodian, or other responsible relative, and impose reasonable restrictions on the child's travel, associations, and places of abode during the placement period. The restrictions may include a condition requiring the child to return to the place of detention upon request. The court's order may subject the child to supervision by an agency agreeing to supervise the child. The court may also place reasonable restrictions on the conduct of the child's parent, guardian, or custodian where necessary to ensure the child's safety.*

*(c) As an alternative to paragraph (b), the court may order that the child be held in detention in an appropriate manner under section 24.*

*Subd. 3. [ORDERS IN WRITING.] Orders to continue a child in detention must be in writing, and must contain a statement of (1) the reasons for continued detention; (2) the facts supporting these reasons; and (3) the criteria of section 24 under which the order is made.*

*Subd. 4. [NOTICE OF ORDER.] Copies of the court's order must be issued within 72 hours and served on the parties, including the person in charge of the place of detention. That person shall release the child or continue detention as the order directs. When an order continuing detention is served on the parties, each of them must be notified of the provisions of subdivision 5, including their right to submit to the court for informal review any new evidence regarding whether the child should be continued in detention, and their right to request a hearing to present the evidence to the court.*

*Subd. 5. [INFORMAL REVIEW; HEARING.] (a) If a child held in detention under subdivision 2 has not been released before the court's order expires, the court shall review the child's case file informally to determine whether detention should be continued under the criteria contained in section 24. If detention is continued after review, informal reviews such as these shall be made within every eight days, excluding weekends and holidays, of the child's continued detention.*

*(b) A hearing rather than an informal review must be held by the court at the request of any party notified under subdivision 4 if the party notifies the court of a wish to present new evidence concerning the need to continue holding*

*the child in detention:*

*Subd. 6. [AMENDMENT OF ORDER.] If a child placed in detention under subdivision 2, paragraph (a), or other person who is subject to the order fails to conform to the conditions imposed in the order, the court may, with the consent of the parties or after notice and a hearing, amend the order so as to place the child in another appropriate place of detention. A child may be transferred to a secure detention facility on meeting the criteria contained in section 24, subdivision 3.*

**Sec. 29. [260A.13] [GROUNDS FOR TAKING CUSTODY; RUNAWAYS.]**

*A peace officer who has probable cause to believe a child is an absentee from home or has run away from court-ordered placement may take the child into custody if:*

*(1) the peace officer has probable cause to believe that the child has run away from the child's parent, guardian, or legal or physical custodian; and*

*(2) the purpose of taking custody is either to return the child to the family, guardian, or custodian, or to determine whether or not protective services, shelter care, or a proceeding pursuant to section 14 is needed.*

**Sec. 30. [260A.131] [TAKING CUSTODY AND RELEASE OF ABSENTEES FROM HOME; STANDARDS; PROCEDURES.]**

*Subdivision 1. [NOTICE; RELEASE.] When a child is taken into custody pursuant to section 29 and it appears that the child is a habitual absentee from home, the person taking custody or the person's designee shall follow the appropriate notice, procedures and release standards contained in section 21.*

*Subd. 2. [TRANSFER TO INTAKE WORKER.] If the child was taken into custody in a county which has established an intake unit under section 37, and if the person taking custody or the person with authority to release cannot release the child under section 21 or has probable cause to believe that grounds exist to hold the child under subdivision 3, the person taking custody may transfer the child to an intake worker who has been designated by the county to make nonsecure detention intake decisions. The transfer must be made according to procedures in section 23, subdivision 1.*

*Subd. 3. [TRANSFER TO PLACE OF NONSECURE DETENTION.] If the child was taken into custody in a county that has not established an intake unit under section 37, and if the person taking custody or person with authority to release cannot release the child under section 21, and determines that the criteria in subdivision 4 for holding the child in nonsecure detention have been met, the person may transfer the child to a place of nonsecure detention listed in section 24, subdivision 2.*

*Subd. 4. [NONSECURE DETENTION; CRITERIA.] The intake worker, where applicable, the person taking custody or person with authority to release may transfer the child to a place of nonsecure detention listed in section 24, subdivision 2, if the person has probable cause to believe the child is an habitual absentee from home and either:*

*(1) there is no responsible adult relative or other responsible adult to care for and supervise the child;*

(2) *the child wishes to be placed in nonsecure detention;*

(3) *it is necessary to hold the child until the parent, guardian, or custodian arrives; or*

(4) *it is necessary to hold the child for transfer to another state or county jurisdiction.*

*Subd. 5. [TRANSFER TO PLACE OF NONSECURE DETENTION; NOTICE; TRANSPORTATION.] The person who made the detention decision under subdivision 4 shall follow the appropriate notification and transportation procedures contained in section 25, except that instead of the statement required under section 25, subdivision 1, clause (5), the person shall state that the child may not be detained for longer than 72 hours, excluding weekends and holidays, unless a petition under section 39 has been filed within that time and the court orders temporary removal of the child pursuant to section 36.*

**Sec. 31. [260A.132] [TAKING CUSTODY AND RELEASE; RUN-AWAYS FROM COURT-ORDERED PLACEMENTS.]**

*Subdivision 1. [RELEASE OR TRANSFER.] When a child is taken into custody under section 29 and it appears that the child has run away from a foster family home, group home, or other court-ordered placement, the person taking custody may return the child to placement or follow the procedures contained in section 30, subdivision 2 or 3, whichever is applicable.*

*Subd. 2. [NONSECURE DETENTION.] If the child refuses to return to placement or requests to be placed in nonsecure detention, or if the custodian refuses to accept the child's return or is unavailable to care for the child, the intake worker or, where applicable, the person taking custody or person with authority to release may transfer the child to an appropriate place of nonsecure detention listed in section 24, subdivision 2.*

*Subd. 3. [HEARING TO EVALUATE PLACEMENT.] If the child is transferred to a place of nonsecure detention under subdivision 2, the court shall hold a hearing within 72 hours of the transfer, excluding weekends and holidays, to re-evaluate the placement. The child's custodian shall be given notice of and be present at the hearing. At the conclusion of the hearing, the court may either terminate the placement order, modify the order, or vacate the order and issue a new order.*

*If the child is returned to placement under subdivision 1, the court may hold a hearing to re-evaluate the placement under this subdivision either on its own motion or at the request of an authorized person.*

#### TEMPORARY REMOVAL

**Sec. 32. [260A.15] [TEMPORARY REMOVAL FROM HOME; GROUNDS.]**

*A child who is or may be subject to the court's jurisdiction under section 14, clauses (1) to (6) or (8) to (15), may be temporarily removed from the child's home or surroundings under the following circumstances:*

(1) *pursuant to a court order, if it appears from a petition filed under section 39 that there is probable cause to believe that the child should be removed immediately from surroundings or conditions that endanger the child's health*

or safety;

(2) pursuant to an order issued by the court before the filing of a petition under section 39 if the court has probable cause to believe that the child should be removed immediately from surroundings or conditions that endanger the child's health or safety; or

(3) by a peace officer who has probable cause to believe that the child should be removed immediately from surroundings or conditions that endanger the child's health or safety if there is not enough time or opportunity for the peace officer to obtain a court order under clause (2).

Sec. 33. [260A.151] [HOMEMAKER SERVICES.]

In preference to temporary removal of the child under sections 32 to 36, a protective services worker or the court may assign homemaker services or a home health aide to the child's home or present residence if the services or aide are able to protect the child from danger to the child's health or safety. The services or aide may be assigned (1) without a court order for not more than 24 hours, and then (2) with a court order for a period of time determined by the court pending disposition of the case. The cost of the services must be paid initially by the county of financial responsibility. The county must be reimbursed by the parent, guardian, or custodian as provided in section 260.251.

Sec. 34. [260A.152] [COURT-ORDERED TEMPORARY REMOVAL; PROCEDURES.]

Subdivision 1. [ISSUANCE OF ORDER; CONTENTS.] (a) The court may issue an order requiring the temporary removal of a child pursuant to section 32: (1) upon its own motion before or after the filing of a petition under section 39; or (2) upon the application of any person eligible to file a petition under section 39.

(b) If the child was temporarily removed from the child's home or surroundings in a county that has established an intake unit under section 37; before issuing an order under paragraph (a), clause (2), the court shall require that an intake worker confer with the person seeking the removal order to get information about the reason for the request, and otherwise assist the court in disposing of the application.

(c) The order shall contain the equivalent notices required under section 25, subdivision 1; except that, if the court determines that there is reason to believe that visitation or communication by telephone or otherwise with the child would endanger the child's health or safety, it may exclude from the order, in whole or in part, the name, address, and telephone number of the place where the child was removed to or may otherwise limit visitation or communication with the child as may be appropriate.

Subd. 2. [NONSECURE PLACEMENT; NOTICE.] A child who is temporarily removed from home or surroundings under this section may be placed in any nonsecure placement listed in section 24, subdivision 2. The peace officer or other person who removes the child pursuant to subdivision 1, or that person's designee, shall advise the child, the child's attorney, if any, and, as soon as possible, the child's parent, guardian, or custodian of the notices contained in the order and any limitations on visitation or other

*communication with the child contained therein.*

*Subd. 3. [MEDICAL TREATMENT.] Before either the filing of a petition under section 39 or a hearing under section 36, the court may, consistent with section 144.344, authorize a physician or hospital to provide a child with emergency medical and surgical procedures without the consent of the child's parent or guardian, if it finds that:*

*(1) the procedures are necessary to safeguard the life or health of the child; and*

*(2) there is not enough time either to file the petition or hold the hearing.*

*Subd. 4. [FILING OF PETITION.] No child may be temporarily removed from home or surroundings for longer than 72 hours, excluding weekends and holidays, unless a petition is filed under section 39 and a temporary removal hearing is conducted under section 36 to determine the need for continued removal of the child.*

**Sec. 35. [260A.153] [TEMPORARY REMOVAL WITHOUT COURT ORDER; PROCEDURES.]**

*Subdivision 1. [TRANSFER TO INTAKE WORKER.] A peace officer who removes a child from home or surroundings under section 32, clause (3), in a county that has established an intake unit under section 37, shall immediately bring the child to an intake worker who has been designated by the county to make nonsecure temporary removal placement decisions to determine the appropriate nonsecure placement for the child. The person who removed the child shall inform the intake worker orally and in writing of the reasons for the removal and the circumstances in which the child was found. If, after conferring with the person who removed the child, the intake worker determines that the grounds for removal under section 32, clause (3), have been met, the intake worker may transfer the child to a nonsecure placement as provided in subdivision 3. If the intake worker determines that the grounds for removal under section 32, clause (3), have not been met or that the child should be returned to the child's home or present residence, the intake worker shall arrange for transportation of the child to the home or present residence. Lack of space in nonsecure placement must not be the reason for releasing the child.*

*Subd. 2. [TRANSFER TO NONSECURE PLACEMENT.] A peace officer who removes a child from home or surroundings under section 32, clause (3), in a county that has not established an intake unit under section 37, and who determines that the child should not be returned to the child's home or present residence, may transfer the child to a nonsecure placement as provided in subdivision 3. If the peace officer or person with authority to release determines that the child should be returned to the home or present residence, the peace officer or other person shall arrange for transportation of the child to the child's home or present residence. Lack of space in nonsecure placement must not be the reason for releasing the child.*

*Subd. 3. [NONSECURE PLACEMENT; NOTICES.] A child who is temporarily removed from home or surroundings under this section may be placed in any nonsecure placement listed in section 24, subdivision 2. If necessary, the person who made the temporary removal decision under subdivision 1 or 2 shall arrange for transportation of the child to the placement as*



provided in section 25, subdivision 4, and shall provide the equivalent notices required by section 25, subdivisions 1, 2, and 3. When the child has been transferred to the nonsecure placement, the person in charge of it or the person's designee shall provide the equivalent notices required by section 25, subdivision 6.

*Subd. 4. [FILING OF PETITION.] No child may be temporarily removed from home or surroundings for longer than 72 hours, excluding weekends and holidays, unless a petition is filed under section 39 and a temporary removal hearing is conducted under section 36 to determine the need for continued removal of the child.*

**Sec. 36. [260A.154] [TEMPORARY REMOVAL HEARING.]**

*Subdivision 1. [WHEN HELD.] (a) When a child is temporarily removed from home or surroundings under sections 32 to 35 and not released, the court shall hold a hearing within 72 hours of the removal, excluding weekends and holidays, to determine the need for continued removal of the child. At or before the scheduled time of the hearing, a petition requesting jurisdiction under section 14 must be filed as provided in section 39.*

*(b) Whenever a petition has been filed under section 39, the court may conduct a hearing to determine whether or not the child should be temporarily removed from home or surroundings during all or part of the pendency of the case. The hearing may be held on the court's own motion or at the request of any person eligible to file a petition under section 39.*

*(c) The court shall give the parties prior notice of the hearing in the manner provided in section 27, subdivision 4, and a copy of the petition as required by section 27, subdivision 5. Additionally, before the hearing the court shall find out if the child is an Indian child and, if so, shall have a copy of the notice and petition given to the child's tribal social service agency or its local representative.*

*Subd. 2. [ORDER.] At the conclusion of the hearing, the court may issue an order taking one of the following actions:*

*(a) It may temporarily remove the child or continue temporary removal from the home or present residence if it finds that removal or continued removal is necessary to avoid or lessen danger to the child's health or safety.*

*(b) It may release the child to the child's parent, guardian, or custodian, pending further court action if a less restrictive alternative to removal can reduce the risk to the child's health or safety. Less restrictive alternatives include but are not limited to the assignment of services under section 33.*

*(c) It may authorize a physician or hospital to provide medical or surgical procedures if found to be necessary to safeguard the child's life or health.*

*(d) It may grant relief from acts of domestic child abuse in the manner authorized by section 260.133 if the criteria of that section have been satisfied.*

*If the court finds that the grounds for temporary removal are not met, it shall order the child returned to the child's home or present residence. All orders issued by the court shall be in writing and contain a statement of the findings and reasons supporting the court's decision to remove the child*

*temporarily from the home or present residence or to return the child to the home or present residence.*

*Subd. 3. [MENTAL HEALTH TREATMENT.] A child who is temporarily removed from home because the child is alleged to be a victim of child abuse as defined in section 630.36, subdivision 2, may not be given mental health treatment specifically for the effects of the alleged abuse until the court finds that there is probable cause to believe the abuse has occurred; except that a child may be given mental health treatment prior to a probable cause finding of child abuse if the treatment is either agreed to by the child's parent or guardian in writing, or ordered by the court upon a finding that treatment is in the child's best interests.*

*Subd. 4. [PARENTAL VISITATION.] If the court orders temporary removal of a child under subdivision 2 and determines that the child should continue in a nonsecure placement, the court shall include in its order the right to parental visitation of the child in the nonsecure placement, and reasonable provisions for supervised or unsupervised visitation, unless it finds that visitation would endanger the child's health or safety.*

*Subd. 5. [INFORMAL REVIEW; AMENDMENT.] If the court orders temporary removal of the child under subdivision 2, the court or its designee shall informally review the child's case file every eight days as provided in section 28, subdivision 5, paragraph (a), to determine the need for continued removal pending disposition of the case. A hearing rather than an informal review must be held by the court at the request of any person notified under subdivision 1 who wishes to present new evidence concerning the need for continued removal. In addition, upon the request of any party to the proceeding, the court shall schedule and hold an adjudicatory hearing on the petition within 30 days of the temporary removal hearing.*

## INTAKE AND SCREENING

### Sec. 37. [260A.20] [INTAKE.]

*Subdivision 1. [ESTABLISHMENT OF INTAKE.] The county attorney may request the county board to establish and maintain an intake unit or units (1) to make nonsecure detention and temporary removal intake decisions under sections 23 to 36, and (2) to provide pre-court diversion services for children alleged to have committed delinquent acts or petty offenses, or for children in need of protection or services, or both. These services shall continue to be provided upon the mutual agreement of the county attorney and the county board. The county board may enter into an agreement with another county or counties or other independent agencies or organizations to provide these intake services for the county. The county board shall adopt guidelines describing the duties and responsibilities of persons providing intake services under this section and shall provide adequate training to intake workers on the procedures and requirements of this section and sections 23 to 36. This section does not mandate a county to establish an intake unit or units.*

*Subd. 2. [DUTIES OF COUNTY ATTORNEY.] The county attorney has the right and responsibility to screen cases for consideration for pre-court diversion services. Except as otherwise provided in subdivision 9, paragraph (b), nothing in this section shall be construed to limit the county attorney's right to file a petition with the court. The county attorney in each county shall*

develop written guidelines identifying which types of cases should be referred for an intake inquiry.

*Subd. 3. [INTAKE INQUIRY.] With the approval of the county attorney, the intake unit may investigate cases concerning children alleged to have committed delinquent acts or petty offenses, or alleged to be in need of protection or services to determine:*

*(1) if the available facts establish that the case is the type of case over which the court has jurisdiction; and*

*(2) what action would best serve the interests of the child, the child's parents or guardian, the community, and, where applicable, the victim of the child's alleged offense.*

*Subd. 4. [REQUIREMENTS OF INTAKE INQUIRY.] As part of an intake inquiry, the intake worker may do any of the following:*

*(a) The intake worker may hold conferences with the child and with the child's parents, guardian, or custodian. In deciding to hold an intake inquiry conference, the intake worker shall send a notice to appear by first class mail to the following persons:*

*(1) the child, if (i) the conference relates to a delinquency or petty offense matter; or (ii) the child is alleged to be in need of protection or services, is 12 years old or older, and is capable of understanding and participating in the conference;*

*(2) the child's custodial parent or parents;*

*(3) the child's guardian or custodian, if applicable; and*

*(4) the child's noncustodial parent if the child is presently living with that parent.*

*The child and the child's parents, guardian, or custodian may not be compelled to appear at any conference or produce any paper or document. Any party who appears at a conference under this section shall be permitted to have counsel present. No conference may be held unless all persons required to be notified appear, except that only one custodial parent need appear.*

*(b) The intake worker may interview other persons to determine whether the filing of a petition or other allowable action is warranted.*

*(c) If the intake worker reasonably believes that alcohol abuse may have contributed to the child's commission of the offense or to the child's need for protection or services, the intake worker may request the child, or the parents, guardian, or custodian of a child alleged to be in need of protection or services, to undergo an alcohol assessment as provided in section 169.126. No person may be compelled to undergo an alcohol assessment under this paragraph.*

*(d) If the case concerns a child alleged to be in need of protection or services, the intake worker shall determine if the child is an Indian child and, if so, shall make reasonable efforts to seek the assistance of the Indian child's tribal social service agency or its local representative in conducting the inquiry.*

*The intake worker shall complete the intake inquiry and make a recom-*

mentation to the county attorney within 60 days of the time that the matter was referred to the intake unit. If the intake inquiry is not completed within 60 days of the initial referral, the intake worker shall refer the matter to the county attorney.

*Subd. 5. [ACCESS TO INFORMATION.] (a) Notwithstanding the provisions of chapter 13 to the contrary, the intake worker shall have access to the following records for the purpose of conducting an intake inquiry under subdivision 4 or monitoring performance of a formal diversion agreement under subdivision 8, provided that the records are material and relevant:*

- (1) court records;*
  - (2) law enforcement agency records;*
  - (3) records of the public agency that initiated the report on which the referral to intake was based; and*
  - (4) records of any public agency that provides services or supervision to the parties under the formal diversion agreement.*
- (b) The intake worker may receive and provide to the victim of the child's offense information that is needed to help the victim obtain reasonable restitution, except that the name of the child or the child's parent, guardian, or custodian may not be given to the victim unless agreed to by the affected party or ordered by a court. The county attorney shall be responsible for providing any notification to the victim that is required by section 609.115.*
- (c) The intake worker may notify the person or agency that initiated the report on which the referral to intake was based of any action taken on the matter.*

*Subd. 6. [RIGHTS AT INTAKE INQUIRY CONFERENCE.] At the beginning of an intake inquiry conference, the intake worker shall inform the child and the child's parent, guardian, or custodian of the following:*

- (1) that participation in the conference is voluntary;*
- (2) the purpose of the conference;*
- (3) that the conference could result in any of the following: (a) a recommendation to the county attorney that a petition be filed in court, (b) a formal diversion agreement, including the possible requirements of such an agreement and the length of time it could be effective, and (c) a recommendation to the county attorney that no further action be taken in the matter;*
- (4) that successful completion of a formal diversion agreement will result in no court record of the matter;*
- (5) that those parties who are present have the right to have their counsel present at the conference;*
- (6) that the child has the right and, if the child is alleged to be in need of protection or services, that the child's custodial parent or guardian has the right not to participate in the conference and to request that a petition be filed with the court; and*
- (7) that the child alleged to have committed a delinquent act or petty offense has the right to remain silent, but that even if the child exercises this*

right, a recommendation to file a petition with the court may still be made by the intake worker.

*Subd. 7. [ACTIONS RESULTING FROM INTAKE INQUIRY.]* After completing an intake inquiry, the intake worker shall take one of the following actions:

(a) If the intake worker determines that the available facts fail to establish that the case is the type of case over which the court has jurisdiction, the intake worker shall recommend to the county attorney that the case be closed.

(b) If the intake worker determines that further action is neither warranted nor in the interests of the child, the child's parents, guardian, or custodian, the community, or if applicable, the victim of the child's offense, the intake worker shall recommend to the county attorney that the case be closed.

(c) If after an intake inquiry conference the intake worker determines that further action is warranted, but that it would be more beneficial to enter into a formal diversion agreement than to file a petition, the intake worker may enter into a formal diversion agreement pursuant to subdivision 8.

(d) If the intake worker determines that the available facts establish that the case is the type of case over which the court has jurisdiction, and that the interests of the child, the child's parents, guardian, or custodian, the community, or if applicable, the victim of the child's offense, warrant formal court action, the intake worker shall recommend to the county attorney that a petition be filed with the court.

Any recommendations made by the intake worker must be accompanied by the reasons for the recommendation.

The county attorney is deemed to have approved of an intake worker's recommendation to close a case or enter into a formal diversion agreement unless the county attorney sends a written objection to the intake worker and to the parties who were notified of the intake inquiry conference within seven days of receiving the recommendation.

*Subd. 8. [FORMAL DIVERSION AGREEMENT.]* (a) An intake worker may enter into a formal diversion agreement with the child and the child's parent, guardian, or custodian if all the following conditions are met:

(1) The county attorney has approved of the decision to enter into the agreement, either specifically for that case, or pursuant to written guidelines, or by failing to object as provided in subdivision 7.

(2) Available facts give the intake worker reason to believe that the court would have jurisdiction, if sought.

(3) The parties entering into the agreement have been advised of their rights under subdivision 6, and have been given an opportunity to consult with their counsel.

(4) The agreement is signed by the intake worker and by the parties entitled to notice of the conference under subdivision 4, paragraph (a), who appear at the conference; except that the intake worker may require that both of the child's custodial parents and the child's custodian sign the agreement.

(5) The child and the child's parents, guardian, or custodian who sign the

agreement indicate in the agreement that they enter into it voluntarily and with an understanding of their rights as described to them under subdivision 6.

(6) In a delinquency or petty offense matter, there is a factual basis for the allegation to which the child admits.

(7) In a matter alleging a child's need for protection or services, there is a factual basis for the allegation that the child is in need of protection or services and, if the child is an Indian child, the intake worker has made reasonable efforts to involve the child's tribal social service agency or its local representative.

(b) The agreement shall be in writing and signed by the child, the child's parents, guardian, or custodian who are required to sign the agreement, and the intake worker. A copy of the agreement shall be given to the persons who sign it, to those who supervise its conditions, and to those who provide services under it. If the child is an Indian child and if the child's tribe has requested a copy of the agreement, a copy of it shall be given to the child's tribal social service agency or its local representative.

(c) An agreement under this subdivision may be effective for not more than 90 days. However, any part of an agreement requiring restitution may be extended for up to an additional 180 days if the child cannot complete restitution within the original 90-day period and if the extension is agreed to in writing by the parties who signed the original agreement.

(d) If the agreement is based on the child's having committed a delinquent act or petty offense, the agreement may require one or more of the following:

(1) that the child and the child's parents, guardian, or custodian participate in local, community-based counseling programs;

(2) that the child abide by reasonable rules of conduct;

(3) that the child make reasonable restitution;

(4) that the child perform up to 20 hours of uncompensated, supervised community service;

(5) that the child undergo an outpatient chemical dependency evaluation; and

(6) that the child attend up to 20 hours of chemical abuse education classes or of drug awareness program sessions;

(e) If the agreement is based on the child's need for protection or services, the agreement may require one or more of the following:

(1) that the child and the child's parents, guardian, or custodian participate in local community-based counseling programs;

(2) that the child and the child's parents, guardian, or custodian abide by reasonable rules of conduct related to the child's need for protection or services;

(3) that the child and the child's parents, guardian, or custodian receive reasonable in-home and outpatient services related to the child's need for protection or services; and

(4) that the child and the child's parents, guardian, or custodian attend up to 20 hours of chemical abuse education classes or of drug awareness program sessions.

(f) The agreement may not provide for any form of out-of-home placement, any form of secure confinement, any fine, or the loss of any license issued by the state.

(g) The intake worker shall inform the persons who sign a formal diversion agreement:

(1) that all signers of the agreement, except the intake worker, may object at any time to the terms or continuation of the agreement, and that if an objection is made, the intake worker may negotiate an amendment of the terms of the agreement subject to the approval of all the signers; and

(2) that if there is a violation of the terms of the agreement, the intake worker may recommend to the county attorney that a petition be filed with the court.

The advisory required under this paragraph must be in writing and may be made a part of the formal diversion agreement.

**Subd. 9. [VIOLATION OR COMPLETION OF DIVERSION AGREEMENT.]** (a) If during the period of the agreement the intake worker finds probable cause that the terms of the agreement are not being met, the intake worker shall document the facts constituting probable cause and either negotiate an amendment to the agreement, or cancel the agreement and refer the matter to the county attorney. The referral must be in writing and be accompanied by a written statement of the documented facts and the intake worker's recommendation. The county attorney may cancel the agreement and file a petition.

(b) If the terms of the agreement are met within the required time, the intake worker shall notify the parties that the matter is being closed. No petition may be filed based on the events that prompted the original referral, except that in cases involving a child's need for protection or services, the underlying facts for the intake action may be used in addition to other facts to prove a subsequent petition alleging the child's need for protection or services. The fact that a case was handled by the intake unit may be disclosed to the court; however, this shall not be interpreted to mean that the child has a court record concerning the intake matter.

**Subd. 10. [PRIVILEGE.]** Except as otherwise provided in this section and section 626.556, an intake worker may not be examined for or against a child, or a child's parents, guardian, or custodian with respect to any communication made or information gathered pursuant to this section from or about the child, or the child's parents, guardian, or custodian, except upon the written, informed consent of the person about whom the communication or information was concerned or from whom the communication or information was received.

## PROCEDURES

**Sec. 38. [260A.251] [REFERENCE IN CASES OF JUVENILE MAJOR TRAFFIC OFFENSES.]**

If, after a hearing, the court finds that:

(1) there is probable cause, as defined by the rules of criminal procedure adopted pursuant to section 480.059, to believe a child subject to the court's jurisdiction under section 13, subdivision 2, has committed the juvenile major traffic offense alleged in the petition; and

(2) the prosecuting authority has demonstrated by clear and convincing evidence that the child is not suitable to treatment or that the public safety would not be served under the provisions of this chapter; then

the court may transfer the case to any court of competent jurisdiction presided over by a salaried judge if there is one in the county. The juvenile court may transfer the case by forwarding to the appropriate court the documents in the court's file together with an order to transfer. The court to which the case is transferred shall proceed with the case as if the jurisdiction of the juvenile court had never attached.

Sec. 39. Minnesota Statutes 1984, section 260.131, is amended to read:

260.131 [PETITION PROCEDURES; GENERALLY.]

Subdivision 1. [PETTY OFFENSES; PROTECTIVE SERVICES; AND MISCELLANEOUS MATTERS.] Any reputable person, including but not limited to a county attorney and any agent of the commissioner of human services, having knowledge of a child in this state or of a child who is a resident of this state, who appears to be ~~delinquent, neglected, dependent, or neglected and in foster care,~~ within the court's jurisdiction under section 13, subdivision 1, and subdivision 2, in cases involving juvenile minor traffic offenses, and sections 14 and 15, may petition the juvenile court in the manner provided in this section.

Subd. 1a. [~~REVIEW OF FOSTER CARE STATUS.~~] The social service agency responsible for the placement of a child in a residential facility, as defined in section 257.071, subdivision 1, pursuant to a voluntary release by the child's parent or parents may bring a petition in juvenile court to review the foster care status of the child in the manner provided in this section.

Subd. 1b. [DELINQUENCY AND JUVENILE MAJOR TRAFFIC OFFENSES.] A county attorney of the county where the child resides or where the acts constituting the basis for the petition occurred who has probable cause to believe that the court has jurisdiction over the child under section 12 or section 13, subdivision 2, in cases involving juvenile major traffic offenses, may petition the court in the manner provided in this section.

Subd. 2. [REQUIREMENTS.] (a) The petition shall be verified by the person having knowledge of the facts and may be on information and belief. Unless otherwise provided by rule or order of the court, the county attorney shall draft the petition upon ~~the~~ a showing of reasonable grounds probable cause to support the petition.

(b) In addition to the content requirements of subdivision 3, a petition containing a statement of the facts establishing probable cause must be filed with the court whenever:

(1) jurisdiction under section 14 is alleged;

(2) a child is alleged to have committed an offense that would be a felony if committed by an adult; and



(3) *the petition is ordered by the court upon its own motion or the motion of the child, if the child is alleged to have committed an offense that would be a gross misdemeanor or misdemeanor if committed by an adult.*

(c) *The facts establishing probable cause must be set forth in writing in or with the petition, or in supporting affidavits and may be supplemented by sworn testimony of witnesses taken before the court. If such testimony is taken, a note so stating must be made on the petition by the court. The testimony must be recorded by a reporter or recording instrument and must be transcribed and filed.*

Subd. 3. [CONTENTS.] The petition and all subsequent court documents shall be entitled substantially as follows:

“Juvenile Court, County of \_\_\_\_\_.

In the matter of the welfare of \_\_\_\_\_”

The petition shall set forth plainly:

- (a) (1) The facts which bring the child within the jurisdiction of the court;
- (b) (2) The name, date of birth, residence, and post-office address of the child;
- (c) (3) The names, residences, and post-office addresses of his parents;
- (d) (4) The name, residence, and post-office address of his guardian if there be one, of the person having custody or control of the child, and of the nearest known relative if no parent or guardian can be found;
- (e) (5) The spouse of the child, if there be one.

If any of the facts required by the petition are not known or cannot be ascertained by the petitioner, the petition shall so state.

Sec. 40. Minnesota Statutes 1984, section 260.132, is amended to read:

260.132 [~~PROCEDURE; HABITUAL TRUANTS, RUNAWAYS, JUVENILE PETTY OFFENDERS CITATION PROCEDURES; GENERALLY.~~]

Subdivision 1. [~~NOTICE CITATION.~~] When a peace officer, or attendance officer in the case of a ~~habitual truant~~ *chronic truant from school*, has probable cause to believe that a ~~child is a runaway, a habitual truant, or a juvenile petty offender~~ *the court has jurisdiction over a child under section 12, for an offense that would be a misdemeanor if committed by an adult, section 13, for a petty offense, or section 14, clause (6), the officer may issue a notice citation to the child to appear in juvenile court in the county in which the child is found or in the county of his residence or, in the case of a juvenile petty offense, the county in which the offense was committed.* The officer shall file a copy of the ~~notice to appear citation~~ *notice citation* with the juvenile court of the appropriate county. If a child fails to appear in response to the ~~notice citation~~ *notice citation*, the court may issue a summons notifying the child of the nature of the offense alleged and the time and place set for the hearing. If the peace officer finds it necessary to take the child into custody *or temporarily remove the child*, sections ~~260.165 and 260.174 19 to 36~~ shall apply.

Subd. 2. [~~EFFECT OF NOTICE CITATION.~~] *Except as provided under subdivision 2a, filing with the court a notice to appear citation containing the*

name and address of the child, specifying the offense alleged and the time and place it was committed, has the effect of a petition giving the juvenile court jurisdiction. In the case of running away, the place where the offense was committed may be stated in the notice as either the child's custodial parent's or guardian's residence or lawful placement or where the child was found by the officer. In the case of truancy, the place where the offense was committed may be stated as the school or the place where the child was found by the officer. However, the court may not order any out-of-home placement of the child as a disposition in any case that is heard by means of a citation rather than a petition.

*Subd. 2a. [CHILD HELD IN CUSTODY OR TEMPORARY REMOVAL.] A petition must be filed as provided under section 39 rather than a citation under this section before a detention or temporary removal hearing if the child has been taken into custody or temporarily removed and continued detention or temporary removal is being sought.*

*Subd. 3. [NOTICE TO PARENT.] (a) Whenever a notice to appear citation or petition is filed alleging that a child is a runaway, a habitual truant, or a juvenile petty offender under this section, the court shall summon and notify the person or persons having custody or control of the child of the nature of the offense alleged and the time and place of hearing. This summons and notice shall be served in the time and manner provided in section sections 260.135, subdivision 4 and 260.141; except that, in cases involving juvenile major traffic offenses, it is not necessary to notify more than one parent or personally serve outside the state.*

*(b) When a child is alleged to be a juvenile traffic offender and is not subject to the court's jurisdiction under section 13, subdivision 2, the peace officer issuing a citation or making the charge shall follow the arrest procedures prescribed in section 169.91 and shall make reasonable efforts to notify the child's parent or guardian of the nature of the charge.*

Sec. 41. Minnesota Statutes 1984, section 260.133, subdivision 1, is amended to read:

Subdivision 1. [PETITION.] The local welfare agency may bring an emergency petition on behalf of minor family or household members seeking relief from acts of domestic child abuse. The petition shall allege the existence of or immediate and present danger of domestic child abuse, and shall be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought.

*If the respondent does not appear after service is duly made and proved, the court may hear and determine the proceeding as a default matter. Proceedings under this section must be given docket priority by the court.*

Sec. 42. Minnesota Statutes 1985 Supplement, section 260.133, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY ORDER.] If it appears from the notarized petition or by sworn affidavit that there are reasonable grounds to believe the child is in immediate and present danger of domestic child abuse, the court may grant an ex parte temporary order for protection, pending a full hearing. The court may grant relief as it deems proper, including an order:

- (1) restraining any party from committing acts of domestic child abuse; or

(2) excluding the alleged abusing party from the dwelling which the family or household members share or from the residence of the child.

However, no order excluding the alleged abusing party from the dwelling may be issued unless the court finds that:

(1) the order is in the best interests of the child or children remaining in the dwelling; and

(2) a remaining adult family or household member is able to care adequately for the child or children in the absence of the excluded party.

Before the temporary order is issued, the local welfare agency shall advise the court and the other parties who are present that appropriate social services will be provided to the family or household members during the effective period of the order.

An ex parte temporary order for protection shall be effective for a fixed period not to exceed 14 days. Within five days of the issuance of the temporary order, the petitioner shall file a ~~dependency and neglect~~ petition with the court pursuant to section ~~260.131~~ 39 *alleging jurisdiction under section 14, clause (2)*, and the court shall give docket priority to the petition.

The court may renew the temporary order for protection one time for a fixed period not to exceed 14 days if a ~~dependency and neglect~~ petition *alleging jurisdiction under section 14, clause (2)*, has been filed with the court and if the court determines, upon informal review of the case file, that the renewal is appropriate.

Sec. 43. [260A.264] [PLACEMENT OF DEVELOPMENTALLY DISABLED MINORS; PETITION FOR JUDICIAL REVIEW.]

*If the parents of a developmentally disabled minor have voluntarily placed the child in substitute care because of the child's handicapping conditions, the social service agency responsible for the placement shall bring a petition for review under this section after the child has been in substitute care for 18 months. Whenever a petition for review is brought pursuant to this section, a guardian ad litem must be appointed for the child. The petition must comply with the applicable requirements of section 39, subdivisions 2 and 3.*

Sec. 44. Minnesota Statutes 1985 Supplement, section 260.135, subdivision 1, is amended to read:

Subdivision 1. After a petition has been filed and unless the parties hereinafter named voluntarily appear, the court shall set a time for a hearing and shall issue a summons requiring the person who has custody or control of the child to appear with the child before the court at a time and place stated. The summons shall have a copy of the petition attached, and shall advise the parties of the right to counsel and of the consequences of failure to obey the summons. The court shall give docket priority to any ~~dependency, neglect, neglected and in foster care, or delinquency~~ petition *for protection or services or delinquency* that contains allegations of child abuse over any other case except those delinquency matters where a child is being held in a secure detention facility. As used in this subdivision, "child abuse" has the meaning given it in section 630.36, subdivision 2.

Sec. 45. Minnesota Statutes 1984, section 260.135, subdivision 2, is

amended to read:

Subd. 2. The court shall have notice of the pendency of the case and of the time and place of the hearing served upon a parent, guardian, or spouse of the child, who has not been summoned as provided in subdivision 1. *If the petition alleges jurisdiction under section 14 and the court determines the child is an Indian child, notice must also be served on the Indian child's tribe, and on the United States department of the interior if required by the Indian Child Welfare Act, United States Code, title 25, section 1912.*

Sec. 46. Minnesota Statutes 1984, section 260.135, subdivision 3, is amended to read:

Subd. 3. If a petition alleging ~~neglect, or dependency, or jurisdiction under section 14,~~ or a petition to terminate parental rights is initiated by a person other than a representative of the department of human services or county welfare board, the clerk of the court shall notify the county welfare board of the pendency of the case and of the time and place appointed.

Sec. 47. Minnesota Statutes 1984, section 260.141, subdivision 1, is amended to read:

Subdivision 1. (a) Service of summons or notice required by section 260.135 shall be made upon the following persons in the same manner in which personal service of summons in civil actions is made:

(1) in all delinquency matters, upon the person having custody or control of the child and upon the child; and

(2) in all other matters, upon the person having custody or control of the child, and upon the child if he is more than 12 years of age.

Personal service shall be effected at least 24 hours before the time of the hearing; however, it shall be sufficient to confer jurisdiction if service is made at any time before the day fixed in the summons or notice for the hearing, except that the court, if so requested, shall not proceed with the hearing earlier than the second day after the service. If personal service cannot well be made within the state, a copy of the summons or notice may be served on the person to whom it is directed by delivering a copy thereof to such person personally outside the state. Such service if made personally outside the state shall be sufficient to confer jurisdiction; ~~providing provided,~~ however, it ~~be~~ is made at least five days before the date fixed for hearing in ~~such~~ the summons or notice.

(b) If the court is satisfied that personal service of the summons or notice cannot well be made, it shall make an order providing for the service of summons or notice by certified mail addressed to the last known addresses of such persons; ~~and by one week published notice as provided in section 645.11. A copy of the notice shall be sent by certified mail~~ at least five days before the time of the hearing or 14 days if mailed to addresses outside the state.

(c) Notification to the county welfare board required by section 260.135, subdivision 3, shall be in such manner as the court may direct.

Sec. 48. Minnesota Statutes 1984, section 260.145, is amended to read:

260.145 [FAILURE TO OBEY SUMMONS OR SUBPOENA; CON-

## TEMPT, ARREST.]

If any person personally served with summons or subpoena fails, without reasonable cause, to appear or bring the minor, he may be proceeded against for contempt of court or the court may issue a warrant for his arrest, or both. ~~In any case when it appears to the court that the service will be ineffectual, or that the welfare of the minor requires that he be brought forthwith into the custody of the court, the court may issue a warrant for the minor.~~

Sec. 49. Minnesota Statutes 1984, section 260.151, subdivision 1, is amended to read:

Subdivision 1. Upon request of the court the county welfare board or ~~probation officer~~ shall investigate the personal and family history and environment of any minor coming within the jurisdiction of the court under section ~~260.144~~ 14 and shall report its findings to the court. The court may order any minor coming within its jurisdiction *under section 14* to be examined by a duly qualified physician, psychiatrist, or psychologist appointed by the court. With the consent of the commissioner of corrections and agreement of the county to pay the costs thereof, the court may, by order, place a minor coming within its *delinquency jurisdiction who meets the secure detention criteria under section 24* in an institution maintained by the commissioner for the detention, ~~diagnosis evaluation~~, custody and treatment of persons adjudicated to be delinquent, in order that the condition of the minor be given due consideration in the disposition of the case. Adoption investigations shall be conducted in accordance with the laws relating to adoptions. Any funds received under the provisions of this subdivision ~~or under the provisions of section 260.175, clause (d)~~ shall not cancel until the end of the fiscal year immediately following the fiscal year in which the funds were received. The funds are available for use by the commissioner of corrections during that period, and are hereby appropriated annually to the commissioner of corrections as reimbursement of the costs of providing these services to the juvenile courts.

Sec. 50. [260A.28] [RIGHT TO COUNSEL; DEFINITIONS.]

*For the purposes of sections 51 to 53:*

(1) "counsel" means an attorney acting as adversary counsel who shall advance and protect the legal rights of the party represented, and who may not act as guardian ad litem for any party in the same proceeding; and

(2) "totality of circumstances" includes but is not limited to the child's age, maturity, intelligence, education, experience, and ability to comprehend, and the presence and competence of the child's parents, guardian, or guardian ad litem.

Sec. 51. [260A.281] [CHILD'S RIGHT TO BE REPRESENTED BY COUNSEL DURING CUSTODIAL QUESTIONING.]

(a) A child who is taken into custody under section 19 has a right to be represented by counsel during any custodial questioning. If the child wants to have counsel present during custodial questioning but cannot afford it, the child is entitled to have counsel appointed by the court to represent the child. Counsel must be paid for at public expense in whole or in part depending on the ability of the child and the child's parents, guardian, or custodian to pay

pursuant to section 260.251, subdivision 4. A child must be advised of this right as provided in section 21, subdivision 4, before being questioned. The child may waive the right to the presence of counsel during custodial questioning only if the waiver is made voluntarily and intelligently.

(b) If the county attorney seeks to introduce as evidence a child's confession that was made during custodial questioning while the child was not represented by counsel, the county attorney must prove by a preponderance of the evidence that, under the totality of the circumstances, the child waived the right to counsel voluntarily and intelligently before the confession and that the confession was voluntary.

Sec. 52. [260A.282] [CHILD'S RIGHT TO BE REPRESENTED BY COUNSEL AT COURT PROCEEDINGS.]

Subdivision 1. [RIGHT TO COUNSEL.] A child who is subject to the court's jurisdiction under section 12; 13, subdivision 1, and subdivision 2, in cases involving a juvenile major traffic offense; 14; or 15 has the right to be represented by counsel at every stage of the court proceedings. If the child wants to be represented by counsel but cannot afford it, the child is entitled to have counsel appointed by the court to represent the child. Counsel must be paid for at public expense in whole or in part depending on the ability of the child and the child's parents, guardian, or custodian to pay pursuant to section 260.251, subdivision 4.

Subd. 2. [ADVISORY OF RIGHT TO COUNSEL.] A child who is subject to the court's jurisdiction under section 12 or 14 shall be advised of the right to counsel by an attorney who is not employed by or acting as an agent of the county attorney or the court at the start of the child's first court proceeding. In all other cases where a child has the right to be represented by counsel under this section, the child must be advised by the court on the record of the right to counsel at the start of the child's first court proceeding.

Subd. 3. [WAIVER OF RIGHT TO COUNSEL.] (a) A child may waive the right to counsel only after having been advised of this right in the manner provided in subdivision 2. If the child chooses to waive the right to counsel, the attorney who advised the child under subdivision 2, if applicable under that subdivision, shall inform the court of the child's waiver at the child's first court hearing.

(b) The court may accept the child's waiver only if the waiver is made voluntarily and intelligently. In determining whether a child has voluntarily and intelligently waived the right to counsel the court shall look at the totality of circumstances. If the court accepts the child's waiver, it shall state on the record the findings and conclusions that form the basis for its decision to accept the waiver.

(c) If the court accepts a child's waiver of the right to counsel, the court shall advise the child on the record of the right to counsel at the beginning of each subsequent proceeding at which the child is not represented by counsel.

(d) Notwithstanding a child's waiver under this subdivision, if the petition is based on delinquency jurisdiction and the offense alleged would be a gross misdemeanor or felony if committed by an adult, the court shall designate counsel to be present at all proceedings to assist and consult with the child.

Sec. 53. [260A.283] [RIGHT TO ASSISTANCE OF COUNSEL AT

COURT PROCEEDINGS; JUVENILE MINOR TRAFFIC OFFENSES;  
OTHER PARTIES.]

(a) A child who is subject to the court's jurisdiction under section 13, subdivision 2, in cases involving a juvenile minor traffic offense, has the right to be assisted by counsel at all stages of the court proceedings. If the child wants the assistance of counsel but cannot afford it, the court may appoint counsel to represent the child. The appointed counsel must be paid for at public expense in whole or in part depending on the ability of the child and the child's parents, guardian, or custodian to pay pursuant to section 260.251, subdivision 4.

(b) When a petition is filed alleging jurisdiction under sections 12 to 15, a child's parent, guardian, or custodian has the right to be assisted by counsel at all stages of the court proceedings. If the parent, guardian, or custodian wants the assistance of counsel but cannot afford it, the court may appoint counsel to represent the person in any case in which it feels that such an appointment is desirable. The appointed counsel must be paid for at public expense in whole or in part depending on the ability of the parent, guardian, or custodian to pay pursuant to section 260.251, subdivision 4.

Sec. 54. [260A.2835] [RIGHT OF OTHERS TO PARTICIPATE IN  
PROCEEDINGS.]

*The parents, guardian, or custodian of a child who is the subject of a petition, and any grandparent of the child with whom the child has resided within the past two years, have the right to participate in all proceedings on a petition.*

Sec. 55. Minnesota Statutes 1984, section 260.155, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] ~~Except for hearings arising under section 260.264~~ Hearings on any matter shall be without a jury and may be conducted in an informal manner. The rules of evidence promulgated pursuant to section 480.0591 and the law of evidence shall apply in adjudicatory proceedings involving a child alleged to be delinquent, a habitual truant, a runaway, a juvenile petty offender, or a juvenile alcohol or controlled substance offender, and hearings conducted pursuant to section 260.125 except to the extent that the rules themselves provide that they do not apply. ~~Hearings may be continued or adjourned from time to time and, in the interim, the court may make any orders as it deems in the best interests of the minor in accordance with the provisions of sections 260.011 to 260.301.~~ The court shall exclude the general public from these hearings and shall admit only those persons who, in the discretion of the court, have a direct interest in the case or in the work of the court; *except that, the court shall open the hearings to the public in delinquency proceedings where the child is alleged to have committed an offense that would be a felony if committed by an adult and the child was at least 16 years of age at the time of the alleged offense.* In all delinquency cases a person named in the charging clause of the petition as a person directly damaged in person or property shall be entitled, upon request, to be notified by the clerk of court in writing, at his last known address, of (1) the date of the reference or adjudicatory hearings, and (2) the disposition of the case. Adoption hearings shall be conducted in accordance with the provisions of laws relating to adoptions.

Sec. 56. Minnesota Statutes 1984, section 260.155, subdivision 3, is amended to read:

Subd. 3. [COUNTY ATTORNEY.] Except in adoption proceedings, the county attorney shall present the evidence ~~upon request of the court.~~

Sec. 57. Minnesota Statutes 1984, section 260.155, subdivision 4, is amended to read:

Subd. 4. [GUARDIAN AD LITEM.] (a) The court shall appoint a guardian ad litem to protect the *best* interests of the minor when it appears, at any stage of the proceedings, that the minor is without a parent or guardian, or that his parent is a minor or incompetent, or that his parent or guardian is indifferent or hostile to the minor's *best* interests, and in every proceeding ~~alleging neglect or dependency brought under section 14.~~ In any other case the court may appoint a guardian ad litem to protect the *best* interests of the minor when the court feels that such an appointment is desirable. The court shall appoint the guardian ad litem on its own motion or in the manner provided for the appointment of a guardian ad litem in the district court.

(b) The court may waive the appointment of a guardian ad litem pursuant to clause (a), whenever ~~counsel has been appointed pursuant to subdivision 2 or is retained otherwise~~ the minor, being 12 years old or older, has counsel retained or appointed to advocate the minor's expressed desires, and the court is satisfied that the *best* interests of the minor are protected.

(c) In appointing a guardian ad litem pursuant to clause (a), the court shall not appoint the party, or any agent or employee thereof, filing a petition pursuant to section ~~260.131~~ 39.

Sec. 58. Minnesota Statutes 1985 Supplement, section 260.155, subdivision 4a, is amended to read:

Subd. 4a. [EXAMINATION OF CHILD.] In any ~~dependency, neglect need for protection or services~~ or neglected and in ~~foster substitute~~ care proceeding, the court may, on its own motion or the motion of any party, take the testimony of a child witness informally when it is in the child's best interests to do so. Informal procedures that may be used by the court include taking the testimony of a child witness outside the courtroom. The court may also require counsel for any party to the proceeding to submit questions to the court before the child's testimony is taken, and to submit additional questions to the court for the witness after questioning has been completed. The court may excuse the presence of the child's parent, guardian, or custodian from the room where the child is questioned in accordance with subdivision 5.

Sec. 59. Minnesota Statutes 1984, section 260.155, subdivision 5, is amended to read:

Subd. 5. [WAIVING THE PRESENCE OF CHILD, PARENT.] Except in delinquency proceedings, the court may waive the presence of the minor in court at any stage of the proceedings when it is in the best interests of the minor to do so. In a delinquency proceeding, after the child is found to be delinquent, the court may excuse the presence of the child from the hearing when it is in the best interests of the child to do so. *To waive the child's presence, the court must have the consent of the child's guardian ad litem; if the child has none, the child's counsel must consent.* In any proceeding the



court may temporarily excuse the presence of the parent or guardian of a minor from the hearing when it is in the best interests of the minor to do so. The attorney or guardian ad litem, if any, has the right to continue to participate in proceedings during the absence of the minor, parent, or guardian.

Sec. 60. Minnesota Statutes 1984, section 260.155, subdivision 8, is amended to read:

Subd. 8. [WAIVER.] *Except as otherwise provided by this chapter, a waiver of any right which a child has under this chapter must be an express waiver intelligently made by the child after the child has been fully and effectively informed of the right being waived and has been advised by counsel or the guardian ad litem. If a child is under 12 years or if a child over 12 years of age is unable to make an intelligent waiver, the child's parent, guardian or custodian shall counsel or guardian may give any waiver or offer any objection contemplated by this chapter.*

Sec. 61. Minnesota Statutes 1985 Supplement, section 260.156, is amended to read:

260.156 [CERTAIN OUT-OF-COURT STATEMENTS ADMISSIBLE.]

An out-of-court statement made by a child under the age of ten years, or a child over the age of ten years who is mentally impaired, as defined under section 609.341, subdivision 6, alleging, explaining, denying, or describing any act of sexual contact or penetration performed with or on the child or any act of physical abuse or neglect of the child by another, not otherwise admissible by statute or rule of evidence, is admissible in evidence in any dependency or neglect need for protection or services proceeding or any proceeding for termination of parental rights if:

(a) the court finds that the time, content, and circumstances of the statement and the reliability of the person to whom the statement is made provide sufficient indicia of reliability; and

(b) the proponent of the statement notifies other parties of his intention to offer the statement and the particulars of the statement sufficiently in advance of the proceeding at which he intends to offer the statement into evidence, to provide the parties with a fair opportunity to meet the statement.

Sec. 62. Minnesota Statutes 1985 Supplement, section 260.161, subdivision 2, is amended to read:

Subd. 2. Except as provided in this subdivision and in subdivision 1, none of the records of the juvenile court and none of the records arising from an appeal from juvenile court, including legal records, shall be open to public inspection or their contents disclosed except (a) by order of the court or (b) as required by sections 611A.03, 611A.04, and 611A.06. The records of juvenile probation officers and county home schools are records of the court for the purposes of this subdivision. This subdivision applies to all proceedings under this chapter, including appeals from orders of the juvenile court, except that this subdivision does not apply to proceedings under sections section 260.255 and 260.261. The court shall maintain the confidentiality of adoption files and records in accordance with the provisions of laws relating to adoptions. In juvenile court proceedings any report or social history furnished to the court shall be open to inspection by the attorneys of record a

reasonable time before it is used in connection with any proceeding before the court.

Sec. 63. Minnesota Statutes, 1984, section 260.161, is amended by adding a subdivision to read:

*Subd. 4. The juvenile court records of juvenile traffic offenders shall be kept separate from delinquency matters.*

#### DISPOSITIONS

Sec. 64. [260A.30] [DISPOSITIONS; GENERAL PROVISIONS.]

*Subdivision 1. [DISMISSAL OF PETITION.] Whenever the court finds that a minor is not within the jurisdiction of the court or that the facts alleged in a petition have not been proved, it shall dismiss the petition.*

*Subd. 2. [TIME.] After a child has been adjudicated, the court shall set a date for the disposition hearing that allows a reasonable time for the parties to prepare but that is no more than 15 days after the date of adjudication, if the child is held in secure detention, and no more than 45 days after the date of adjudication, in all other cases. If all parties consent and if the predisposition report under section 65 has been completed, the court may proceed with a disposition hearing immediately after adjudication.*

*Subd. 3. [PROTECTION OF RACIAL OR ETHNIC HERITAGE, OR RELIGIOUS AFFILIATION.] The policy of the state is to ensure that the best interests of children are met by requiring due consideration of the child's minority race or minority ethnic heritage in substitute care placements.*

*In placing a child or appointing a guardian for the child under this chapter, the court shall observe the following order of preference, unless there is good cause not to:*

*(a) The court shall place the child with a relative.*

*(b) If that would be detrimental to the child or if no relative is available, the court shall place the child with someone of the same racial or ethnic heritage as the child.*

*(c) If that is not possible, the court shall place the child with someone who is knowledgeable and appreciative of the child's racial or ethnic heritage. The court may require the county welfare agency to continue efforts to find a guardian of the child's minority racial or minority ethnic heritage when such a guardian is not immediately available.*

*If the child's birth parent or parents explicitly request that the preference described in paragraph (a) or in paragraphs (a) and (b) not be followed, the court shall honor that request consistent with the best interests of the child.*

*If the child's birth parent or parents prefer that the child be placed in a foster or adoptive home of the same or a similar religious background to that of the birth parent or parents, then in following the preferences in paragraph (a) or (b), the court shall order placement of the child with an individual of the preferred religious background. Only if no individual is available who is described in paragraph (a) or (b) may the court give preference to an individual described in paragraph (c) who meets the parent's religious*

preference.

*When the Indian Child Welfare Act, United States Code, title 25, sections 1911 to 1963, requires a particular disposition or placement for a child, or establishes a preference of disposition or placement for a child, the provisions of that act control.*

Sec. 65. [260A.301] [PREDISPOSITION REPORT.]

*Subdivision 1. [WHEN REPORT IS PREPARED.] (a) The court shall order preparation of a predisposition report and shall consider the report before making a disposition in the following cases:*

*(1) when a child has been adjudicated delinquent, if the delinquency is based upon the commission of an offense that would be a felony if committed by an adult;*

*(2) when a child has been adjudicated in need of protection or services; or*

*(3) when a child may be placed outside the child's home or present residence.*

*(b) If the child has been sent to the commissioner of corrections for evaluation pursuant to section 49, the court may delay its order for preparation of a predisposition report under paragraph (a) until after the evaluation has been completed.*

*(c) The court may order the preparation of the report by the county welfare department, a probation officer, or any licensed child welfare agency. The court may also order that experts in education, mental health, and other human services professions be consulted and asked to participate in the development of the report.*

*(d) The court, in its discretion, may order that a report be prepared and submitted in any other case before it.*

*Subd. 2. [PREPARATION AND SUBMISSION OF REPORT.] The person or agency preparing the report must follow the requirements of section 609.115, subdivisions 1b and 1c, relating to victim notice and input.*

*The report shall be prepared and submitted to the court after the allegations of the petition have been admitted or proved, but before the disposition hearing, unless the child's counsel consents to an earlier time.*

*Subd. 3. [CONTENTS OF REPORT.] The predisposition report shall contain the following:*

*(1) the social history of the child and the child's previous juvenile court records, if any;*

*(2) a recommended plan of rehabilitation, treatment, care, or punishment for the child that uses the least restrictive means appropriate to reach the goals of the plan;*

*(3) if the report recommends that the child undergo an assessment to determine if the child is chemically dependent or mentally ill, a statement of the reliable information that supports the report preparer's reasonable belief that the child is chemically dependent or mentally ill for assessment purposes;*

(4) a statement of specific goals of the plan, including the desired behavior changes of the child, the child's parents, or the child's guardian and, when appropriate, the academic, social, or vocational skills that the child needs to develop;

(5) the identity of the person or agency recommended to be primarily responsible for carrying out the recommended plan;

(6) if the report recommends placement of the child outside the child's home or present residence for purposes other than protecting the public; a case plan as defined by section 94, subdivision 1, and a description of the efforts that were made to avoid placement of the child, including services provided to the child and family and why these efforts were unsuccessful;

(7) if the report recommends placement of the child outside the child's home or present residence solely for the purpose of protecting the public, a statement of why the child is a danger to the public and needs restrictive custodial care;

(8) if the report recommends placement of the child outside the child's home or present residence, and the recommended placement is more than 60 miles from the child's home or present residence, an explanation of why a placement not within that distance is more appropriate given the child's needs for services or rehabilitation;

(9) if the child has been adjudicated a chronic truant from school, a statement of reasons why the truancy occurred and a list of recommended services and educational and community programs designed to remedy the truancy and respond to the child's educational needs; and

(10) if the child has been adjudicated a juvenile traffic offender in a case involving a juvenile major traffic offense, a list obtained from the department of public safety of any previous traffic or water law violations by the child.

*Subd. 4. [RELEASE OF INFORMATION IN REPORT.] The court may, in its discretion, advise counsel for any party and guardians ad litem not to disclose portions of the predisposition report to the child, the child's parents, or the child's guardian if the court reasonably believes that disclosure would seriously harm the rehabilitation or treatment of the child. Counsel or guardians ad litem shall make every reasonable effort to follow the court's advice.*

**Sec. 66. [260A.302] [DISPOSITION HEARING.]**

*Subdivision 1. [SEPARATE FROM ADJUDICATORY HEARING.] The disposition hearing must be separate from the hearing at which the petition or citation is proved.*

*Subd. 2. [EVIDENCE.] The court shall admit all relevant and material evidence including reliable hearsay and opinions. The introduction of privileged communications is controlled by section 595.02. Any party may present evidence relevant to the issue of disposition, including expert testimony, and may make alternative dispositional recommendations or submit an alternative predisposition report. A person, agency, or party that submits evidence to the court may be examined by counsel for any party, including counsel for the guardian ad litem, or by a guardian ad litem who is an attorney, or by the county attorney.*

*Subd. 3. [SUSPENSION OF HEARING.] If the court finds that there is probable cause to believe that the child meets the definition of chemically dependent, mentally ill, or emotionally disturbed for assessment purposes, it may suspend the disposition hearing for up to 30 days and order the child to undergo an assessment to determine if the child is chemically dependent, mentally ill, or emotionally disturbed. A copy of the assessment must be provided to the court and the parties at least 48 hours before the disposition hearing is scheduled to recommence.*

*Subd. 4. [DISPOSITION ORDER.] At the conclusion of the disposition hearing, the court shall issue a disposition order pursuant to section 73.*

**Sec. 67. [260A.31] [DISPOSITIONS OF DELINQUENT CHILDREN.]**

*If the court finds that a child is delinquent, it shall enter an order making one or more of the following dispositions:*

*(a) The court may counsel the child or the child's parents or guardian.*

*(b) The court may place the child under the supervision of a probation officer or other suitable person or agency prepared to accept the responsibility of supervision in the child's own home under conditions prescribed by the court, including reasonable rules for the child's conduct and the conduct of the child's parent, guardian, or legal custodian.*

*(c) The court may allow the child to remain in the child's own home under the supervision of any person or agency, and order the person or agency to provide specified services to the child and the child's family, including individual or group counseling, homemaker or parent aide services, respite care, housing assistance, day care, parent skills training, or to insure that the child is enrolled in an available academic or vocational program, if appropriate.*

*(d) The court may designate one of the following, giving preference in the order they appear below, as the placement for the child:*

*(1) the home of a relative of the child;*

*(2) a foster family home;*

*(3) a foster family group home;*

*(4) a group home;*

*(5) a residential chemical dependency or mental illness program, or a residential program for emotionally disturbed minors, if it finds that:*

*(i) the child is chemically dependent, mentally ill, or emotionally disturbed for treatment purposes;*

*(ii) the program offers treatment that is appropriate to the child's needs; and*

*(iii) inpatient treatment is the least restrictive and most appropriate option for achieving the treatment objectives ordered by the court; or*

*(6) a county home school, but only if the child is found delinquent for an offense that would be a felony if committed by an adult.*

*A facility that is designated as placement for a child under clauses (2) to*

(4) or clause (6) must be licensed to accept delinquent children.

(e) If the child is found delinquent for an offense that would be a felony if committed by an adult, and the court finds that the child cannot be rehabilitated by means of any of the placement options listed in paragraph (d), the court may transfer legal custody of the child by commitment to the commissioner of corrections. Except as otherwise provided in section 82, subdivision 2, paragraph (b), when legal custody is transferred to the commissioner of corrections under this paragraph, juvenile court jurisdiction over the case ends and the child is subject only to the commissioner's authority under chapter 242.

(f) If the court finds that the rehabilitation of the child cannot be accomplished with the voluntary consent or cooperation of the parents or guardian, the court may transfer legal custody to (1) a relative of the child, (2) a county welfare board, or (3) a licensed child welfare agency.

(g) If the child is in need of special care and treatment, the court may order the child's parents or guardian to provide it. If the parents or guardian do not or cannot afford to provide the special care and treatment, the court may order it to be provided by an appropriate agency whether or not legal custody has been taken from the parents or guardian.

(h) If the offense for which the child was adjudicated delinquent resulted in damage to or loss of the property of another, or actual physical injury to another excluding pain and suffering, the court may order the child to repair the damage or return the property, or make reasonable restitution for the damage or injury. The court shall follow the requirements of section 609.115, subdivisions 1b and 1c, in making this order. If the child objects to the amount of damages or medical care claimed by the victim, the child is entitled to a hearing on the matter before the amount of restitution is ordered. The court shall order payment of restitution in accordance with a time payment schedule that does not impose an undue financial hardship on the child.

(i) The court may order the child to perform uncompensated, supervised community service work. The community service must be productive work and must be appropriate to the child's age and physical ability. The amount of community service must be reasonably related to the seriousness of the child's offense and must not conflict with the child's regular attendance at school.

(j) If the court determines that no treatment or services are needed or appropriate, it may impose a fine equal to that imposed on an adult for the same offense, but not more than \$500. The court shall order the fine paid on a time payment schedule that does not impose an undue financial hardship on the child.

If the court orders more than one of the dispositions allowed under this section, the combined effect of the dispositions ordered must be reasonable and proportional to the severity of the offense for which the child has been adjudicated.

Sec. 68. [260A.315] [DISPOSITIONS OF JUVENILE TRAFFIC OFFENDERS.]

Subdivision 1. [JUVENILE MAJOR TRAFFIC OFFENSES.] If the court

finds that a child has committed a juvenile major traffic offense, it shall enter an order making one or more of the following dispositions:

- (a) The court may counsel the child or the child's parents or guardian.
- (b) The court may place reasonable conditions and restrictions on the child's use or operation of any motor vehicle or boat.
- (c) The court may require the child to attend a driver improvement school if one is available.
- (d) The court may recommend to the commissioner of public safety or to the licensing authority of another state the suspension of the child's license as provided in section 171.16.
- (e) The court may impose a fine equal to that imposed on an adult for the same offense, but not more than \$500. The court shall order the fine paid on a time payment schedule that does not impose an undue financial hardship on the child. If the court finds that the child can pay the fine, but has not paid it within the time payment schedule established, the court shall notify the commissioner of public safety of the failure to pay the fine and shall recommend that the child's driving privilege be suspended for 30 to 90 days. Inability or failure to pay the fine is not grounds for incarceration at a correctional facility or juvenile detention center.
- (f) The court may order the child to perform uncompensated, supervised community service work instead of a fine under paragraph (e). The community service must be productive work and appropriate to the child's age and physical ability. The amount of community service must be reasonably related to the seriousness of the child's offense and must not conflict with the child's regular attendance at school.
- (g) If the child is adjudicated a juvenile traffic offender for a violation of section 169.121, the court shall recommend to the commissioner of public safety or to the licensing authority of another state the revocation of the child's license until the child reaches the age of 18 years, for a period of six months, or for the appropriate period of time under section 169.121, subdivision 4, clauses (a) to (d), for the offense committed, whichever is longer.

The court shall report the dispositions of juvenile traffic offenders under this subdivision to the commissioner of public safety, as provided in section 171.16, on the standard form provided by the department of public safety under section 169.95.

Subd. 2. [JUVENILE MINOR TRAFFIC OFFENSES.] If the court finds that a child has committed a juvenile minor traffic offense, it shall enter an order making one or more of the following dispositions:

- (a) The court may counsel the child or the child's parents or guardian.
- (b) The court may place reasonable conditions and restrictions on the child's use or operation of any motor vehicle or boat.
- (c) The court may require the child to attend a driver improvement school if one is available.
- (d) The court may recommend to the commissioner of public safety or to the licensing authority of another state the suspension of the child's license

as provided in section 171.16.

(e) The court may impose a fine equal to that imposed on an adult for the same offense, but not more than \$100. The court shall order the fine paid on a time payment schedule that does not impose an undue financial hardship on the child. If the court finds that the child can pay the fine, but has not paid it within the time payment schedule established, the court shall notify the commissioner of public safety of the failure to pay the fine and shall recommend that the child's driving privilege be suspended for 30 to 90 days. Inability or failure to pay the fine is not grounds for incarceration at a correctional facility or juvenile detention center.

(f) The court may order the child to perform up to 25 hours of uncompensated, supervised community service work instead of a fine under paragraph (e). The community service must be productive work and appropriate to the child's age and physical ability. The amount of community service must be reasonably related to the seriousness of the child's offense and must not conflict with the child's regular attendance at school.

The court shall report the dispositions of all juvenile traffic offenders under this subdivision to the commissioner of public safety, as provided in section 171.16, on the standard form provided by the department of public safety under section 169.95.

Subd. 3. [MULTIPLE DISPOSITIONS.] If the court orders more than one of the dispositions allowed under this section, the combined effect of the dispositions ordered must be reasonable and proportional to the severity of the offense for which the child has been adjudicated.

Sec. 69. [260A.32] [DISPOSITIONS OF JUVENILE PETTY OFFENDERS.]

Subdivision 1. [DISPOSITIONS.] If the court finds that a child is a juvenile petty offender, it shall enter an order making one or more of the following dispositions:

(a) The court may counsel the child or the child's parents or guardian.

(b) The court may impose a fine of up to \$100. The court shall order payment of the fine in accordance with a time payment schedule that does not impose an undue financial hardship on the child. The inability or failure to pay the fine is not grounds for incarceration at a correctional facility or juvenile detention center.

(c) The court may order the child to perform up to 25 hours of uncompensated, supervised community service work instead of a fine. The community service must be productive work and appropriate to the child's age and physical ability. The amount of community service must be reasonably related to the seriousness of the child's offense and must not conflict with the child's regular attendance at school.

Subd. 2. [MULTIPLE DISPOSITIONS.] If the court orders more than one of the dispositions allowed under this section, the combined effect of the dispositions ordered must be reasonable and proportional to the severity of the offense for which the child has been adjudicated.

Sec. 70. [260A.325] [DISPOSITIONS OF JUVENILE ALCOHOL AND



**CONTROLLED SUBSTANCE OFFENDERS.]**

*If the court finds that a child is a juvenile alcohol or controlled substance offender, it shall enter an order making one or more of the following dispositions:*

*(a) The court may counsel the child or the child's parents or guardian.*

*(b) The court may impose a fine of up to \$100. The court shall order the fine paid on a time payment schedule that does not impose an undue financial hardship on the child. Inability or failure to pay the fine is not grounds for incarceration at a correctional facility or juvenile detention center.*

*(c) The court may order the child to perform up to 25 hours of supervised, uncompensated community service work instead of a fine. The community service must be productive work and appropriate to the child's age and physical ability. The amount of community service must be reasonably related to the seriousness of the child's offense and must not conflict with the child's regular attendance at school.*

*(d) The court may order the child to attend a local outpatient alcohol and drug awareness or education program, if one is available.*

*(e) The court may order the child to undergo chemical dependency evaluation on an outpatient basis. A child may not be ordered to submit to inpatient alcohol or drug assessment or evaluation, or committed to a treatment facility under this section.*

*(f) If the court finds that a child who has a driver's license or permit to drive has used a license or permit to purchase or attempt to purchase an alcoholic beverage in violation of section 340A.503, the court shall forward the finding and the child's driver's license or permit to the commissioner of public safety. The commissioner shall revoke the child's license or permit for 30 days.*

*If the court orders more than one of the dispositions allowed under this section, the combined effect of the dispositions ordered must be reasonable and proportional to the severity of the offense for which the child has been adjudicated.*

**Sec. 71. [260A.33] [DISPOSITIONS OF CHILDREN IN NEED OF PROTECTION OR SERVICES.]**

*Subdivision 1. [CHILDREN IN NEED OF PROTECTION OR SERVICES OTHER THAN TRUANTS.] Except as provided in subdivisions 2 and 3, if the court finds that a child is in need of protection or services, it shall enter an order making one or more of the following dispositions:*

*(a) The court may place the child under the protective supervision of a county welfare board or a child welfare agency in the child's home under conditions prescribed by the court to ensure the proper care and protection of the child. The conditions may include supervision of the parents or guardian.*

*(b) The court may order that specified services be provided to the child and the child's family, including but not limited to individual or group counseling, homemaking or parent aide services, respite care, housing assistance, day care, parent skills training, or an available academic or voca-*

tional training program, if appropriate. No out-of-home placement is permitted under this paragraph.

(c) If the child is in need of special care and treatment, the court may order the child's parent or guardian to provide it. If the parents or guardian fail to or are financially unable to provide the special care and treatment, the court may order it to be provided by an appropriate agency whether or not legal custody has been taken from the parents or guardian. If the court's order for mental health treatment is based on a diagnosis made by a treatment professional, the court may order that the diagnosing professional not provide the treatment to the child if it finds that such an order is in the child's best interest. No out-of-home placement is permitted under this paragraph.

(d) The court may place the child in a residential chemical dependency program if it finds that:

- (1) the child is chemically dependent for treatment purposes;
- (2) the program offers treatment that is appropriate to the child's needs; and
- (3) residential treatment is the least restrictive and most appropriate option for achieving the treatment objectives ordered by the court.

(e) The court may place the child in a residential mental illness program if it finds that:

- (1) the child is mentally ill for treatment purposes;
- (2) the program offers treatment that is appropriate to the child's needs; and
- (3) residential treatment is the least restrictive and most appropriate option for achieving the treatment objectives ordered by the court.

(f) The court may place the child in a residential program for emotionally disturbed minors if it finds that:

- (1) the child is emotionally disturbed for treatment purposes;
- (2) the program offers treatment that is appropriate to the child's needs; and
- (3) residential treatment is the least restrictive and most appropriate option for achieving the treatment objectives ordered by the court.

(g) If the court finds that the appropriate person or agency has made every effort to permit the child to remain at home and that it is necessary to remove the child from home, the court shall designate one of the following, giving preference in the order they appear below, as the placement for the child:

- (1) the home of a relative of the child;
- (2) a foster family home;
- (3) a foster family group home; or
- (4) a group home.

(h) If the court finds that the child cannot be treated, cared for, or protected from physical or emotional harm because the parents or guardian

*refuse to consent to the court's order or otherwise refuse to cooperate with the case plan ordered or approved by the court, the court may transfer legal custody to:*

- (1) a relative of the child;*
- (2) a county welfare board; or*
- (3) a licensed child welfare agency.*

*If the court believes that the child has sufficient maturity and judgment, the court may order a child 16 years old or older to be allowed to live independently, either alone or with others approved by the court, under supervision and with services under paragraph (b) as the court considers appropriate. If a plan of independent living under this paragraph cannot be carried out with the consent of the child's parents or guardian, the court may transfer legal custody of the child as provided in paragraph (g).*

*Subd. 2. [TRUANTS FROM SCHOOL.] If the court finds that a child is a chronic truant from school, the court shall enter an order making one or more of the following dispositions:*

*(a) The court may order the child to participate in appropriate, available educational and community programs.*

*(b) If the child was adjudicated a chronic truant from school by means of the filing of a petition rather than a citation, and the court finds that an end to the child's truancy cannot be achieved if the child remains in the child's present residence, the court may designate one of the following, giving preference in the order they appear below, as the placement for the child:*

- (1) the home of a relative of the child;*
- (2) a foster family home;*
- (3) a foster family group home; or*
- (4) a group home.*

*(c) The court may order a fine up to \$100.*

*(d) The court may order community service up to 40 hours.*

*Subd. 3. [VICTIMS OF DOMESTIC CHILD ABUSE.] If the court finds that the child is a victim of domestic child abuse, the court shall enter an order making one or more of the following dispositions, in addition to or instead of the dispositions authorized under subdivision 1:*

*(a) The court may restrain any party from committing acts of domestic child abuse.*

*(b) The court may exclude the abusing party from the dwelling that the family or household members share or from the residence of the child.*

*(c) On the same basis as is provided in chapter 518, the court may establish temporary visitation with regard to minor children of the adult family or household members.*

*(d) On the same basis as is provided in chapter 518, the court may establish temporary support or maintenance for a period of 30 days for minor children or a spouse.*

*(e) The court may provide counseling or other social services for the family*

or household members.

(f) *The court may order the abusing party to participate in treatment or counseling services.*

*Relief granted by the order for protection must be for a fixed period not to exceed one year.*

*However, no order excluding the abusing party from the dwelling may be issued unless the court finds that:*

(1) *the order is in the best interests of the child or children remaining in the dwelling;*

(2) *a remaining adult family or household member is able to care adequately for the child or children in the absence of the excluded party; and*

(3) *the local welfare agency has developed a plan to provide appropriate social services to the remaining family or household members.*

Sec. 72. [260A.335] [DISPOSITIONS OF DEVELOPMENTALLY DISABLED MINORS.]

*When a developmentally disabled minor is in substitute care pursuant to a voluntary placement, and the court acts on a petition to review the minor's status, it may make one of the following findings:*

(a) *The court may find that the child's needs are being met and that the child's placement in substitute care is in the best interests of the child, in which case the court shall approve the voluntary arrangement. The court shall order the social service agency responsible for the placement to bring a petition under section 43 within two years if court review was pursuant to section 43, or within one year if court review was pursuant to section 94, subdivision 2.*

(b) *The court may find that the child's needs are not being met, in which case the court shall order the social service agency or the parents to take whatever action is necessary and feasible to meet the child's needs, including, when appropriate, the provision by the social service agency of services to the parents that would enable the child to live at home, and shall order the case to be reviewed again within one year.*

(c) *The court may find that the child has been abandoned by the parents financially or emotionally, or that the child does not require out-of-home care because of the handicapping condition, in which case the court shall order the social service agency to file an appropriate petition pursuant to section 39, subdivision 1, or section 260.231.*

Sec. 73. [260A.34] [DISPOSITION ORDER.]

*Subdivision 1. [INTENT.] The court shall decide on a disposition plan based on evidence presented at the disposition hearing. In making its decision, the court shall:*

(1) *employ, among the dispositions available, the least restrictive means and duration of disposition appropriate to the achievement of the objectives of the disposition plan chosen;*

(2) *preserve the family unit whenever possible;*

(3) *transfer custody of the child from the parent only when there is no less*

*drastic appropriate alternative:*

(4) *consider, in delinquency cases, the need to protect the public in addition to the child's need for treatment and rehabilitation; and*

(5) *not adversely consider the exercise by any party of that party's constitutional rights.*

*Subd. 2. [ORDER.] The disposition order must meet the following requirements:*

(a) *The order must contain findings of fact and conclusions of law. The findings of fact shall be supported by clear and convincing evidence.*

(b) *The findings must document the facts prompting the court to reject as inappropriate less restrictive dispositional choices and shall state reasons for the chosen disposition.*

(c) *Except as provided in paragraph (d), if a child is placed outside the child's home or present residence, the order must contain a finding that:*

(1) *reasonable efforts have been made to prevent the need to place the child and, if required by the adoption assistance and child welfare act, United States Code, title 42, section 670, that reasonable efforts have been made to make it possible for the child to return home;*

(2) *the placement facility chosen by the court provides services suitable to addressing the child's needs or problems; and*

(3) *in the case of substitute care placement, the requirements of section 64, subdivision 3, and the Indian Child Welfare Act, United States Code, title 25, sections 1911 to 1963, have been met.*

(d) *If the court has ordered that a child adjudicated delinquent be placed outside the child's home or present residence solely to protect the public, the court shall find that the child is a danger to the public and needs restrictive custodial care.*

(e) *The order must contain a plan of appropriate rehabilitation, care, treatment, services, and punishment, including specific objectives to be achieved. If appropriate, the order must identify academic, social, and vocational skills to be gained by the child.*

(f) *The order must identify the agency that is primarily responsible for carrying out the plan ordered by the court. If legal custody is transferred, the order must identify the custodian.*

(g) *If the child is placed outside the child's home or present residence, the order must identify the placement facility. This paragraph does not apply to foster family homes.*

(h) *If the court makes the determination provided for in section 260.251, subdivision 1, the order must require the child's parent, guardian, custodian, or trustee to pay the cost of services provided to the child and must designate the amount of the support.*

*Subd. 3. [TRANSFER OF DOMESTIC ABUSE CASES.] If the court issues an order for protection pursuant to section 71, subdivision 3, excluding from a dwelling an abusing party who is the parent of a minor family or household member, it shall transfer the case file to the court that has jurisdiction over proceedings under chapter 518 for the purpose of establishing*

support or maintenance for minor children or a spouse, as provided in chapter 518, during the effective period of the order for protection. The court to which the case file is transferred shall schedule and hold a hearing on the establishment of support or maintenance within 30 days of the issuance of the order for protection. After an order for support or maintenance has been granted or denied, the case file must be returned to the juvenile court, and the order for support or maintenance, if any, must be incorporated into the order for protection.

*Subd. 4. [CASE PLAN.]* If the court orders a disposition plan that is not consistent with the case plan submitted under section 65, the person or agency responsible for preparing the case plan shall revise the case plan to conform to the court's order and shall file the revised plan with the court within 30 days of the effective date of the disposition order. The original or revised case plan must be made a part of the disposition order.

*Subd. 5. [INTERIM PLACEMENTS.]* If the court orders that the child be placed outside the child's home or present residence, but the place or facility identified under subdivision 2, paragraph (d), is not immediately available, the court may order an interim placement for the child which is appropriate under the circumstances. The interim placement is effective for up to 30 days. If the court finds good cause for an extension of the interim placement, it may order up to 15 additional days of interim placement. Except in the case of a child adjudicated delinquent, a secure detention facility may not serve as an interim placement for a child awaiting placement in a nonsecure setting.

*Subd. 6. [PARENTAL VISITATION.]* If the court orders that the child be placed outside the child's home or present residence, it shall set reasonable rules for supervised or unsupervised parental visitation that contribute to the achievement of the objectives of the court order and the case plan. No parent may be denied visitation unless the court finds at the disposition hearing that the visitation would act to prevent the achievement of the case plan's objectives or that it would seriously endanger the child's physical or emotional well-being.

*Subd. 7. [DUTY TO WARN.]* When the court places a child adjudicated in need of protection or services outside the child's home, it shall verbally warn the parent or parents who appear in court of the following:

(1) the conditions necessary for the child to be returned home, including required changes in the parent's conduct, the nature of the home, and the child's conduct; and

(2) if applicable, the grounds for termination of parental rights under section 75.

A written copy of this warning must be attached to the disposition order and given to the parent or parents who do not appear in court.

*Subd. 8. [DURATION OF ORDER.]* (a) A disposition order based on an adjudication for any one of the following offenses is effective for a length of time specified by the court, but not more than six months:

(1) a juvenile petty offense;

(2) a juvenile alcohol offense;

(3) a juvenile controlled substance offense; and

(4) a juvenile traffic offense other than a violation of section 169.121 or 169.129.

(b) A disposition order based on an adjudication of an act of delinquency that would be a misdemeanor if committed by an adult is effective for a length of time specified by the court, but not more than one year.

(c) If legal custody of the child has been transferred by commitment to the commissioner of corrections under section 67, paragraph (e), and the child was adjudicated delinquent for an offense that would have been the basis for prima facie reference under section 260.125, subdivision 3, the disposition order must provide that the transfer of legal custody is effective until terminated by the commissioner, or until the child becomes 19 years old, whichever occurs first. In all other cases where legal custody has been transferred by commitment to the commissioner of corrections, the transfer is effective for up to one year and may be extended only as provided in section 82, subdivision 2, paragraph (b).

(d) All other disposition orders are effective until the child reaches the age of 19 or is discharged by the court, whichever comes first.

(e) A disposition order may be extended only in accordance with section 82.

(f) If a child becomes 18 years old before the disposition order expires, the duration of the order is not affected unless the court orders otherwise. However, the court shall terminate jurisdiction when the child reaches age 19 if jurisdiction is not terminated earlier pursuant to another provision of this chapter.

*Subd. 9. [EFFECT AND SERVICE OF ORDER.] A party, person, or agency who provides services to a child pursuant to a disposition order or who is subject to the conditions of a disposition order is bound by the order and must be served with a copy of the order in the manner provided in the rules for juvenile court.*

Sec. 74. Minnesota Statutes 1984, section 260.211, is amended to read:

**260.211 [EFFECT OF JUVENILE COURT PROCEEDINGS.]**

Subdivision 1. No adjudication upon the status of any child in the jurisdiction of the juvenile court shall operate to impose any of the civil disabilities imposed by conviction, nor shall any child be deemed a criminal by reason of this adjudication, nor shall this adjudication be deemed a conviction of crime. The disposition of the child or any evidence given by the child in the juvenile court shall not be admissible as evidence against him in any case or proceeding in any other court, except that an adjudication may later be used to determine a proper sentence, nor shall the disposition or evidence disqualify him in any future civil service examination, appointment, or application.

Subd. 2. A child who commits a juvenile major traffic offense must be adjudicated a "juvenile traffic offender" and must not be adjudicated delinquent.

Subd. 3. No thing contained in this section shall be construed to relate to subsequent proceedings in juvenile court, nor shall preclude the juvenile court, under circumstances other than those specifically prohibited in subdivision 1, from disclosing information to qualified persons if the court considers such disclosure to be in the best interests of the child or of the admin-

istration of justice.

### TERMINATION OF PARENTAL RIGHTS

Sec. 75. Minnesota Statutes 1984, section 260.221, is amended to read:

260.221 [GROUNDS FOR TERMINATION OF PARENTAL RIGHTS.]

*Subdivision 1.* [GROUNDS.] The juvenile court may, upon petition, terminate all rights of a parent to a child in the following cases:

(a) With the written consent of a parent who for good cause desires to terminate his parental rights; or

(b) If it finds that one or more of the following conditions exist:

(1) That the parent has abandoned the child; or

(2) That the parent has substantially, continuously, or repeatedly refused or neglected to comply with the duties imposed upon that parent by the parent and child relationship, including but not limited to providing the child with necessary food, clothing, shelter, education, and other *necessary* care and control necessary for the child's physical, mental or emotional health and development, if the parent is physically and financially able; or

(3) That a parent has been ordered to contribute to the support of the child or financially aid in the child's birth and has continuously failed to do so without good cause. This clause shall not be construed to state a grounds for termination of parental rights of a noncustodial parent if that parent has not been ordered to or cannot financially contribute to the support of the child or aid in the child's birth; or

(4) That a parent is palpably unfit to be a party to the parent and child relationship because of a consistent pattern of specific conduct before the child or of specific conditions directly relating to the parent and child relationship either of which are determined by the court to be permanently detrimental to the physical or mental health of the child; or

(5) That following upon a determination of ~~neglect or dependency~~ *a need for protection or services*, reasonable efforts, under the direction of the court, have failed to correct the conditions leading to the determination; or

(6) That in the case of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born the person is not entitled to notice of an adoption hearing under section 259.26 and either the person has not filed a notice of his intention to retain parental rights under section 259.261 or that the notice has been successfully challenged; or

(7) That the child is neglected and in ~~foster~~ *substitute care*.

*For purposes of this section, "neglected and in substitute care" means a child:*

(1) *who has been placed in substitute care by court order;*

(2) *whose parents' circumstances, condition, or conduct are such that the child cannot be returned to them; and*

(3) *whose parents, despite the availability of needed rehabilitative services, have failed to make reasonable efforts to adjust their circumstances, condition or conduct, or have willfully failed to meet reasonable expectations*



with regard to visiting the child or providing financial support for the child.

*Subd. 2. [FACTORS IN DETERMINING NEGLECT AND IN SUBSTITUTE CARE.] In determining whether a child is neglected and in substitute care, the court shall consider, among other factors, the following factors:*

*(a) The length of time the child has been in substitute care.*

*(b) The effort the parent has made to adjust circumstances, conduct, or condition to make it in the child's best interest to return home in the foreseeable future, including the use of rehabilitative services offered to the parent.*

*(c) Whether the parent has visited the child within the nine months preceding the filing of the petition, unless it was physically or financially impossible for the parent to visit or not in the best interest of the child to be visited by the parent.*

*(d) The maintenance of regular contact or communication with the agency or person temporarily responsible for the child.*

*(e) The appropriateness and adequacy of services provided or offered to the parent to facilitate a reunion.*

*(f) Whether additional services would be likely to bring about lasting parental adjustment enabling a return of the child to the parent within an ascertainable period of time.*

*(g) The nature of the effort made by the responsible social service agency to rehabilitate and reunite the family.*

Sec. 76. Minnesota Statutes 1984, section 260.231, subdivision 3, is amended to read:

Subd. 3. The court shall have notice of the time, place, and purpose of the hearing served on the parents, as defined in sections 257.51 to 257.74 or in section 259.26, subdivision 1, clause (2), in the manner provided in sections 260.135 and 260.141, except that personal service shall be made at least ten days before the day of the hearing. ~~Published notice shall be made for three weeks, the last publication to be at least ten days before the day of the hearing;~~ and notice sent by certified mail shall be mailed at least 20 days before the day of the hearing. A parent who consents to the termination of parental rights under the provisions of section ~~260.224~~ 75, subdivision 1, clause (a), may waive in writing the notice required by this subdivision; however, if the parent is a minor or incompetent the waiver shall be effective only if the parent's guardian ad litem concurs in writing.

Sec. 77. Minnesota Statutes 1984, section 260.235, is amended to read:

260.235 [DISPOSITION; PARENTAL RIGHTS NOT TERMINATED.]

If, after a hearing, the court does not terminate parental rights but determines that ~~conditions of neglect or dependency exist, or that the child is neglected and in foster care in need of protection or services as provided in section 14,~~ the court may find the child neglected, dependent, or neglected and in foster care and may enter an order in accordance with the provisions of section ~~260.191~~ 71.

CONTRIBUTING TO OFFENDER STATUS  
OR NEED FOR PROTECTIVE SERVICES

Sec. 78. Minnesota Statutes 1984, section 260.255, is amended to read:

260.255 [JURISDICTION OVER PERSONS CONTRIBUTING TO ~~DELINQUENCY OR NEGLECT OFFENDER STATUS OR NEED FOR PROTECTIVE SERVICES~~; COURT ORDERS.]

Subdivision 1. The juvenile court has jurisdiction over persons contributing to the delinquency ~~or neglect~~ of a child *or a child's need for protection or services* under the provisions of subdivisions 2 or 3.

Subd. 2. If, in the hearing of a case of a child alleged to be delinquent, a *juvenile petty offender, a juvenile alcohol offender, a juvenile controlled substance offender, or neglected in need of protection or services*, it appears by a fair preponderance of the evidence that any person has violated the provisions of section ~~260.315~~ 79, the court may make any of the following orders:

(a) Restrain the person from any further act or omission in violation of section ~~260.315~~ 79; or

(b) Prohibit the person from associating or communicating in any manner with the child; or

(c) Provide for the maintenance or care of the child, if the person is responsible for such, and direct when, how, and where money for such maintenance or care shall be paid.

Subd. 3. Before making any order under subdivision 2, the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the charges made against the person and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court.

Sec. 79. Minnesota Statutes 1984, section 260.315, is amended to read:

260.315 [CONTRIBUTING TO ~~NEGLECT OR DELINQUENCY OFFENDER STATUS OR NEED FOR PROTECTIVE SERVICES~~.]

Any person who by act, word or omission encourages, causes or contributes to the ~~neglect or delinquency~~ of a child *child's need for protection or services under section 14, clauses (1) to (4), (6) to (8), (12), (13), or (15), or to a child's offender status as a habitual truant, runaway delinquent, juvenile petty offender, juvenile alcohol offender, or juvenile controlled substance offender*, is guilty of a misdemeanor.

#### REHEARING, MODIFICATION, AND EXTENSION

Sec. 80. [260A.50] [REHEARING; NEW EVIDENCE.]

*A child whose status has been adjudicated by a juvenile court, or the petitioner, the county attorney, or the child's parent, guardian, legal custodian or spouse may, at any time within 90 days of the filing of the court's disposition order, petition the court for a rehearing on the grounds that material evidence has been newly discovered that with reasonable diligence could not have been found and produced at trial. Upon a showing that the evidence does exist, the court shall order a new disposition hearing under section 66 and, if appropriate, shall enter a new disposition order under section 73.*

Sec. 81. [260A.51] [MODIFICATION OF DISPOSITION ORDER.]

*Subdivision 1. [REQUEST FOR MODIFICATION.] The court may modify a disposition or extension order at any time before the order expires if any of the following occurs:*

*(1) new evidence has been discovered that with reasonable diligence could not have been found and produced at the previous disposition or extension hearing and that affects the advisability of the present order;*

*(2) a change of circumstances has occurred that is sufficient to show that a modification of the disposition order is necessary; or*

*(3) all or part of the disposition order is no longer applicable or appropriate.*

*The court may modify the order on its own motion, or the change may be requested by the child, parent, guardian, legal custodian, county attorney, or a person or agency primarily responsible for carrying out the order. Requests for modification must be in writing and must be submitted to the court that entered the disposition order. The request must contain the information required under subdivision 3, 4, or 5.*

*Subd. 2. [MODIFICATION HEARING.] Within five days of the receipt of the request for modification, the court shall determine whether there is good cause to believe that one or more of the conditions under subdivision 1 exist. If good cause is found and written waivers of objection to the proposed modification are filed with the court, the court may, upon acceptance of the waivers, order the modification without a hearing. Waivers must be signed by the following persons:*

*(1) the child, if adjudicated delinquent or if 12 years old or older;*

*(2) the child's counsel;*

*(3) the guardian ad litem;*

*(4) the parent, guardian, or legal custodian; and*

*(5) the county attorney.*

*If good cause is found and written waivers are not filed or are not accepted by the court, the court shall cause notice to be sent to all parties who were present at the previous disposition or extension hearing, to an Indian child's tribal social service agency or its local representative if the child was adjudicated in need of protection or services, and to others determined by the court to have an interest in the matter before the court. The hearing must be conducted in accordance with section 66.*

*Subd. 3. [REQUEST FOR CHANGE OF PLACEMENT.] (a) If the modification requested is a change of the child's placement, the request must state:*

*(1) the reasons for requesting the new placement; and*

*(2) why the present placement is not appropriate for the child's needs or is harmful to the child's safety.*

*(b) At the modification hearing, the party requesting the change of placement shall:*

*(1) identify the name and address of the new placement, except that a child or a child's parent, guardian, or custodian is not required to identify the new*

placement, if he or she is the requesting party;

(2) provide a written or oral statement describing why a new placement is preferable to the present placement and how a new placement would better satisfy the objectives of the treatment or rehabilitation plan and the case plan ordered by the court; and

(3) provide a written or oral statement describing why the goals of the case plan cannot be met in the present placement.

*Subd. 4. [REQUEST FOR REMOVAL OF CHILD FROM HOME.] If the modification requested is a removal of the child from the child's home, the court shall order that a report be prepared pursuant to section 65. The procedures of section 66 shall apply and the court shall make the required findings of fact and conclusions of law relating to out-of-home placements pursuant to section 73.*

*Subd. 5. [REQUEST FOR OTHER MODIFICATIONS.] If the modification requested does not involve a change of placement, the request must state:*

(1) the specific modification sought;

(2) why the proposed modification is preferable to the present condition; and

(3) how the proposed modification would better satisfy the objectives of the treatment plan and the case plan previously ordered by the court.

*Subd. 6. [EMERGENCY CHANGE OF PLACEMENT WITHOUT COURT ORDER.] A placement may not be changed before court approval of the modification request except when, in the opinion of the person or agency primarily responsible for the implementation of the disposition or extension order, an emergency makes the change in placement necessary to protect the child or others or ease a crisis that has developed because of the child's disruptive behavior.*

*The person or agency shall document in writing the nature of the emergency and, if the child was adjudicated in need of protection services, shall have notice of the emergency change and modification request filed with the court and mailed to the parties present at the previous disposition or extension hearing and to an Indian child's tribal social service agency or its local representative. The filing and mailing of the notice and request must occur within 48 hours of the removal of the child from present placement. The court shall conduct a hearing on the request within five days of the filing of notice, unless written waivers of objection under subdivision 2 are filed with the court.*

*This subdivision does not:*

(1) limit the power of the commissioner of corrections to revoke probation or parole or discharge under section 242.19, when a child under the continuing jurisdiction of the court is taken into custody under section 19 and then held pursuant to a detention order while awaiting a hearing on the new grounds for jurisdiction; or

(2) apply to interim placements authorized by the court pursuant to section 73, subdivision 5.

*Subd. 7. [MODIFICATION ORDER.] If the court approves the modification request, it shall make written findings of fact and conclusions of law as required under section 73 and shall order that the case plan be amended to bring it into compliance with the court's new order. The written statements required by subdivision 3, 4, or 5 must be attached to all copies of the court's modification order. The court shall not order a modification that has not been requested, nor shall it order a modification that has not been proved necessary by clear and convincing evidence. No modification may extend the effective period of the disposition order. Disposition orders may be extended only pursuant to section 82.*

**Sec. 82. [260A.52] [EXTENSION OF DISPOSITION ORDER.]**

*Subdivision 1. [LIMITATIONS.] A disposition order under section 73 may be extended only as provided in this section, subject to the following limitations:*

*(a) A disposition order arising from an adjudication of truancy from school may not be extended past the date that the child reaches age 16.*

*(b) A disposition order that transferred legal custody of a child by commitment to the commissioner of corrections for up to one year may be extended only as provided in subdivision 2, paragraph (b).*

*(c) A disposition order may not be extended, in any case, beyond the date on which the child reaches age 19.*

*Subd. 2. [REQUEST FOR EXTENSION.] (a) Except as otherwise provided in this subdivision, at any time before the expiration of a disposition order, a party bound by the order or the county attorney may request that the court extend, or the court upon its own motion may extend, the disposition order. The request for extension must be in writing and must be submitted to the court that entered the disposition order. The request must state:*

*(1) whether the objectives of the court's disposition order or of the case plan are being or have been met; and*

*(2) why the continuing jurisdiction of the court is necessary.*

*(b) When legal custody of a child has been transferred by commitment to the commissioner of corrections for up to one year, the commissioner may extend the disposition order pursuant to rules adopted under chapter 14, if the commissioner finds that an extension is necessary. The duration of the extension is governed by subdivision 6, paragraph (a). The commissioner's decision to extend a disposition order and the reasons for it must be in writing, and may be appealed in the manner provided in section 83.*

*(c) When a child is subject to a disposition order based on an offense listed in section 73, subdivision 8, paragraph (a), the county attorney may request an extension of the order for an additional period not to exceed six months. The request for an extension must be in writing and must be submitted to the court that entered the disposition order. The request must state the reasons why an extension is needed to accomplish the objectives of the child's case plan as set forth in the disposition order.*

*Subd. 3. [EXTENSION HEARING.] Within five days of receiving the request for extension, the court shall determine whether there is good cause*

to believe that the court's extended jurisdiction is necessary to meet the objectives of the disposition order and case plan. If good cause is found, the court shall have notice sent to all parties who were present at the previous disposition or extension hearing, to an Indian child's tribal social service agency or its local representative if the child was adjudicated in need of protection or services, and to others determined by the court to have an interest in the matter before the court. The hearing must be conducted in accordance with section 66. The appearance of the child at the hearing may be waived only by counsel for the child.

*Subd. 4. [PROGRESS REPORT.] No later than five days before the hearing, the person or agency primarily responsible for carrying out the disposition order shall file a written report with the court, containing the following:*

*(1) a description of the extent to which the goals of rehabilitation or care and treatment stated in the order and case plan have been reached, including a description of the efforts made or not made by all parties toward meeting those goals;*

*(2) if the goals have not been reached, an explanation why they have not, and a description of the efforts that are planned for the requested period of extension which will cause the goals to be reached in whole or in part;*

*(3) a statement of any modifications of the order that are necessary to reach the goals;*

*(4) in cases where the child has been placed outside of the child's home, an evaluation of the child's adjustment to the placement and of any progress the child has made, recommendations for changes in the case plan, a description of efforts made to return the child to the home, including efforts of the parents or guardian to remedy problems that contributed to the child's placement, and, if continued placement outside the child's home is recommended, an explanation of why the child should not be returned to the home.*

*Subd. 5. [EXTENSION ORDER.] If the court finds that extension of the court's jurisdiction is necessary, it shall make findings of fact and conclusions of law. The findings of fact must be based on clear and convincing evidence presented at the hearing. The court shall enter a new or modified order under section 81. If an order providing for placement of a child outside the child's home is extended, the court shall state in the order the reasons for continuing the placement and whether the continued placement is consistent with the case plan.*

*Subd. 6. [DURATION OF EXTENSION.] (a) Except as otherwise provided in paragraph (b), an extension must be for a specified length of time not to exceed one year. An order may be extended again later only under this section.*

*(b) If the court grants an extension of a disposition order based on an offense listed in section 73, subdivision 8, paragraph (a), the extension must be for a specified length of time not to exceed six months. A disposition order covered by this paragraph may be extended later only if the sum of the original effective period and the extension period or periods does not exceed one year.*

*Subd. 7. [TIME OF REQUEST.] A request to extend a disposition order*

must be made before the termination of that order. If a request is made before the termination date, but the court cannot conduct a hearing on the request before the termination date, the court may extend the order once for not more than 30 days if the court is satisfied that any delay in requesting the extension was not intentional. The hearing on the request must be held within that period of extension and may not be held if the order, including any extension period, terminates before the hearing date. A request made after the termination date must be dismissed for lack of jurisdiction.

*Subd. 8. [APPEAL.] An extension order may be appealed by any party to the action.*

## APPEALS

### Sec. 83. [260A.53] [APPEAL.]

*Subdivision 1. [IN GENERAL.] An appeal from a juvenile court order must be taken to the court of appeals as in other civil cases. The appeal must be taken within 30 days of the filing of an appealable order as provided under subdivision 2. Pending determination of the appeal, the order of the court shall stand unless, upon application, the reviewing court, in its discretion, stays the order.*

*Subd. 2. [WHO MAY APPEAL; APPEALABLE ORDERS.] Any person with the right to participate may appeal from a final order of the court; except that, no appeal by the county attorney may be taken after jeopardy has attached.*

*Subd. 3. [NOTICE OF RIGHTS.] At any hearing from which a final order may issue, the court shall inform each of the parties orally on the record or in writing of a right to appeal, of the time allowed for appeal, and of the right to counsel on appeal. The court shall make particular effort to guarantee that the child understands these rights. Counsel for the child shall also inform the child of these rights.*

*Subd. 4. [PROCEDURE.] The procedure on appeal is governed by the rules of procedure for juvenile court except as may otherwise be provided in this section.*

*Subd. 5. [CONDUCT OF HEARING.] The appellate court shall exclude the general public from the hearing on appeal and shall admit only those persons who, in the discretion of the court, have a direct interest in the case or in the work of the court.*

## CONTEMPT

### Sec. 84. [260A.58] [CONTEMPT; SCOPE.]

*Sections 84 to 89 control contempt proceedings against children within the jurisdiction of the juvenile court whose alleged contempts arose in connection with a juvenile court proceeding, order, or disposition. Other persons who interfere with or fail to comply with a juvenile court order or process may be punished for contempt by the juvenile court pursuant to section 90.*

### Sec. 85. [260A.581] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 84 to 89.*

*Subd. 2. [DIRECT CONTEMPT.] "Direct contempt" means misconduct occurring in the immediate view and presence of the court and arising from one or more of the following acts:*

*(1) disorderly, contemptuous, or insolent behavior toward the judge while holding court that tends to interrupt the due course of a trial or other judicial proceedings; or*

*(2) a breach of the peace, boisterous conduct, or violent disturbance that tends to interrupt the business of the court.*

*Subd. 3. [CONSTRUCTIVE CONTEMPT.] "Constructive contempt" means intentional misconduct not committed in the immediate presence of the court of which the court has no personal knowledge and which arises from disobedience or obstruction of an order of the court.*

**Sec. 86. [260A.582] [LIMITATIONS UPON FINDING CONTEMPT.]**

*A child may not be held in contempt or subjected to any sanction under sections 84 to 89 unless the court finds on the record, after notice and hearing, that:*

*(1) the child has violated a specific provision of a written order;*

*(2) the child understood that misconduct could result in the ordering or imposition of sanctions; and*

*(3) the child is capable of complying with the court authority, order, or process.*

**Sec. 87. [260A.583] [SUMMARY PROCEDURES; DIRECT CONTEMPTS.]**

*A direct contempt by a child may be punished summarily. The court shall issue an order reciting the facts occurring in the presence of the court and shall impose a sanction pursuant to section 89, subdivision 1 or 2, whichever is appropriate, immediately after the contempt occurs.*

**Sec. 88. [260A.584] [NONSUMMARY PROCEDURES; CONSTRUCTIVE CONTEMPTS.]**

*Subdivision 1. [CONSTRUCTIVE CONTEMPT.] A constructive contempt by a child must be punished under this section.*

*Subd. 2. [MOTION FOR SANCTIONS.] A person or agency bound by a disposition order of the court under section 73, subdivision 9, who reasonably believes that a child has intentionally and willfully violated a provision of the disposition order may file a motion with the court seeking an order that stays imposition of a sanction on the child and allows the child time to purge the contempt. If the person or agency believes that the violation should be punished by the immediate imposition of a sanction, the person or agency may request the county attorney to file, or the county attorney may file on his or her own initiative, a motion seeking the immediate imposition of a sanction on the child. The motion must specifically state the facts that form the moving party's belief that the child's acts or omissions are contemptuous.*

*Subd. 3. [PROBABLE CAUSE.] On receiving the motion, the court shall determine whether the facts presented establish probable cause that the child is in contempt. If the court does not find probable cause, it shall dismiss the*



*motion.*

*Subd. 4. [NOTICE TO CHILD.] On finding probable cause, the court shall cause notice of the allegations and possible consequences to be given to the child. The court shall issue a summons for the child to appear and answer the motion. The arrest and detention of the child pending the hearing shall be controlled by sections 19 to 31.*

*Subd. 5. [HEARING.] The procedures and due process protections governing hearings in juvenile delinquency cases must be used in all contempt proceedings.*

*Subd. 6. [ORDERING A STAYED SANCTION.] If the court finds that the child is in contempt and that the contempt is of a continuing nature that the child is able and willing to correct, the court may order a sanction under section 89, subdivision 1 or 2, whichever is appropriate, but, if it does so, the court shall stay imposition of the sanction and give the child reasonable time to purge the contempt.*

*Subd. 7. [FAILURE TO PURGE THE CONTEMPT.] If the child fails to purge the contempt within a reasonable time, the court, after a hearing establishing the child's failure to purge the contempt, may impose the sanction that was previously ordered and stayed. The child's failure to purge the contempt must be proved by clear and convincing evidence.*

*Subd. 8. [ORDERING IMMEDIATE IMPOSITION OF SANCTION.] If the court finds that the child is in contempt and that the contempt is for past conduct or that the contempt is of a continuing nature that the child is able but unwilling to correct, the court may order immediate imposition of a sanction pursuant to section 89, subdivision 1 or 2, whichever is appropriate. Before imposing an immediate sanction for a continuing contempt that a child is unwilling to correct, the court must make findings on the record that explain the basis for its decision.*

**Sec. 89. [260A.585] [SANCTIONS.]**

*Subdivision 1. [AGAINST CHILD UNDER THE DELINQUENCY OR JUVENILE MAJOR TRAFFIC OFFENSE JURISDICTION OF THE COURT.] The court may order any of the following sanctions against a child who is under the court's continuing delinquency jurisdiction or juvenile traffic offender jurisdiction in cases involving a juvenile major traffic offense and who is found in contempt:*

- (1) detention in an approved secure detention facility for up to five days;*
- (2) detention for not longer than ten days in the child's home or present place of residence under rules of supervision established by the court; or*
- (3) supervised, uncompensated community service work not to exceed 20 hours.*

*Before a detention sanction is ordered, the court must find that there are no less restrictive sanctions that would be effective, considering each potential sanction's relevance and predicted level of effectiveness.*

*During any period of detention, the child should be released to continue employment, if during daytime hours, or to attend school, if school is in session and the child is enrolled. If the child willfully fails to return to the*

*place of detention immediately at the end of school or work hours, the child may be denied this release privilege. If the child is held in a secure detention facility without release privileges, the person in charge of the facility shall provide the child with educational services within the facility. The educational service must be consistent with the child's present course of study.*

*Subd. 2. [AGAINST CHILD UNDER OTHER JURISDICTIONS OF THE COURT.] The court may order any of the sanctions in subdivision 1, clause 2 or 3, against a child who falls within the court's jurisdiction under section 13, subdivision 1, and subdivision 2, in cases involving a juvenile minor traffic offense, or section 14 or 15, and who is found in contempt. A child who falls within the court's jurisdiction under section 14 may not be securely incarcerated or detained at any time in any facility unless the child is concurrently under the court's continuing delinquency jurisdiction or juvenile major traffic offender jurisdiction in cases involving a juvenile major traffic offense and the contempt is related to an order of the court made as a result of a delinquency or juvenile major traffic offense adjudication.*

*Subd. 3. [DELINQUENCY PETITION NOT A SANCTION FOR CONSTRUCTIVE CONTEMPT.] An allegation of constructive contempt may not be the basis for a delinquency petition under any circumstances.*

Sec. 90. [260A.586] [CONTEMPT; OTHER PERSONS.]

*Any person not under the continuing jurisdiction of the court who knowingly interferes with or refuses to comply with an order of the court is in contempt of court.*

COSTS AND EXPENSES

Sec. 91. Minnesota Statutes 1984, section 260.251, subdivision 1a, is amended to read:

*Subd. 1a. [COST OF FAMILY FOSTER GROUP FOSTER HOME CARE.] Whenever a child is placed in a family foster group foster care facility home as provided in section 260.185, subdivision 1, clause (b) or clause (c), item (5) or in section 260.194, subdivision 1, clause (b) or clause (c) 67, paragraph (d), clause (3), the cost of providing the care shall, upon certification by the juvenile court, be paid from the welfare fund of the county in which the proceedings were held. To reimburse the counties for the costs of providing family foster group foster home care for delinquent children and to promote the establishment of suitable family foster group foster homes, the state shall quarterly, from funds appropriated for that purpose, reimburse counties 50 percent of the costs not paid by federal and other available state aids and grants. Reimbursement shall be prorated if the appropriation is insufficient.*

The commissioner of corrections shall establish procedures for reimbursement and certify to the commissioner of finance each county entitled to receive state aid under the provisions of this subdivision. Upon receipt of a certificate the commissioner of finance shall issue a state warrant to the county treasurer for the amount due, together with a copy of the certificate prepared by the commissioner of corrections.

Sec. 92. Minnesota Statutes 1984, section 260.251, subdivision 4, is amended to read:

Subd. 4. [ATTORNEYS FEES.] In proceedings in which the court has appointed counsel pursuant to section 260.155, subdivision 2, for a minor unable to employ counsel section 51, 52, or 53, the court may inquire into the ability of the child and the child's parents, guardian, or custodian to pay for such counsel's services and, after giving the parents a reasonable opportunity to be heard, may order the child or the child's parents, guardian, or custodian to pay attorneys fees in whole or in part.

#### VOLUNTARY PLACEMENTS AND SUBSTITUTE CARE REVIEW

Sec. 93. [260A.60] [VOLUNTARY PLACEMENTS; PROHIBITION; EXCEPTIONS.]

Subdivision 1. [PROHIBITION.] *Except as otherwise permitted in subdivision 2, no parent, guardian, or custodian may place a child in any substitute care facility that is required to be licensed, unless the court has issued an order authorizing the placement.*

Subd. 2. [EXCEPTIONS.] *A parent, guardian, or legal custodian may place a child in a licensed substitute care facility without a prior court order:*

(1) *if the child is developmentally disabled, subject to the requirements of sections 43 and 94;*

(2) *for no more than 60 days, if the child is a newborn and the child's genetic mother intends that the child be adopted before the end of the 60-day period;*

(3) *for no more than 30 days, if the child's custodial parent, guardian, or legal custodian is ill and unable to care adequately for the child, hospitalized, or incarcerated;*

(4) *for no more than six months in any 12-month period, if the child is under ten years old;*

(5) *for no more than 90 days in any 12-month period, if the child is ten years old or older; or*

(6) *if the child is chemically dependent, mentally ill, or emotionally disturbed, subject to the applicable criteria contained in article 2.*

Subd. 3. [LIMITATIONS.] *A parent, guardian, or lawful custodian who seeks to place a child in substitute care as permitted by subdivision 2, clauses (2) to (5), must make the placement with the assistance of a county social services agency or licensed child placing agency. With respect to placements made under clause (4) or (5), if the child remains in substitute care after the applicable six-month or 90-day time limit expires, the social services agency or child placing agency shall file a petition in court alleging jurisdiction under section 14 and seeking either a court-ordered substitute care placement or an order returning the child to the child's home.*

Sec. 94. Minnesota Statutes 1984, section 257.071, is amended to read:

257.071 [CHILDREN IN FOSTER HOMES SUBSTITUTE CARE; PLACEMENT; REVIEW.]

Subdivision 1. [PLACEMENT; PLAN.] *A case plan shall be prepared within 30 days after any child is placed in a residential substitute care facility by court order or by the voluntary release of the child by his parent or parents.*

For purposes of this section, a ~~residential~~ *substitute care* facility means any group home, ~~family foster family group home~~, foster family home, or other publicly supported out-of-home ~~residential~~ facility, including any out-of-home ~~residential~~ facility under contract with the state, county, or other political subdivision, or any agency thereof, to provide ~~those substitute care~~ services.

For the purposes of this section, a case plan means a written document which is ordered by the court or which is prepared by the social service agency responsible for the ~~residential substitute care~~ facility placement and is signed by the parent or parents, or other custodian, of the child, the child's legal guardian, the social service agency responsible for the ~~residential substitute care~~ facility placement, and, if possible, the child. The document shall be explained to all persons involved in its implementation, including the child who has signed the document, and shall set forth:

(1) The specific reasons for the placement of the child in a ~~residential substitute care~~ facility, including a description of the problems or conditions in the home of the parent or parents which necessitated removal of the child from his home;

(2) The specific actions to be taken by the parent or parents of the child to eliminate or correct the problems or conditions identified in clause (1), and the time period during which the actions are to be taken;

(3) The financial responsibilities and obligations, if any, of the parents for the support of the child during the period the child is in the ~~residential substitute care~~ facility;

(4) The visitation rights and obligations of the parent or parents during the period the child is in the ~~residential substitute care~~ facility;

(5) The social and other supportive services to be provided to the parent or parents of the child, the child, and the ~~residential substitute care~~ facility during the period the child is in the ~~residential substitute care~~ facility;

(6) The date on which the child is expected to be returned to the home of his parent or parents;

(7) The nature of the effort to be made by the social service agency responsible for the placement to reunite the family; and

(8) Notice to the parent or parents that placement of the child in ~~foster substitute care~~ may result in termination of parental rights but only after notice and a hearing as provided in ~~chapter 260 sections 260.221 to 260.245~~.

The parent or parents and the child each shall have the right to legal counsel in the preparation of the case plan and shall be informed of the right at the time of placement of the child. The child shall also have the right to a guardian ad litem. If unable to employ counsel from their own resources, the court shall appoint counsel upon the request of the parent or parents or the child or his legal guardian. The parent or parents may also receive assistance from any person or social service agency in preparation of the case plan.

After the plan has been agreed upon by the parties involved, the foster *family* parents shall be fully informed of the provisions of the case plan.

Subd. 1a. [PROTECTION OF HERITAGE OR BACKGROUND.] The

authorized child placing agency shall ensure that the child's best interests are met by giving due consideration of the child's race or ethnic heritage in making a family foster family care home placement. The authorized child placing agency shall place a child, released by court order or by voluntary release by the parent or parents, in a family foster family home selected by following the preferences described in section 260.181, subdivision 3 64.

Subd. 2. [SIX MONTH REVIEW OF PLACEMENTS.] There shall be an administrative review of the case plan of each child placed in a residential substitute care facility. The review shall take place no later than 180 days after the initial placement of the child in a residential substitute care facility and at least every six months thereafter if the child is not returned to the home of his parent or parents within that time. As an alternative to the administrative this review, the social service agency responsible for the placement may bring a petition the court as provided in section 260.131, subdivision 1a; to the court 43 for review of the foster substitute care to determine if placement is in the best interests of the child. This petition must be brought to the court within the applicable six months and is not in lieu of the requirements contained in subdivision 3 or 4 section 43.

Subd. 3. [REVIEW OF VOLUNTARY PLACEMENTS.] Subject to the provisions of subdivision 4, if the child has been placed in a residential facility pursuant to a voluntary release by his parent or parents, and is not returned to his home within 18 months after his initial placement in the residential facility, the social service agency responsible for the placement shall:

(a) Return the child to the home of his parent or parents; or

(b) File an appropriate petition pursuant to section 260.131, subdivision 1, or 260.231, and if the petition is dismissed, petition the court within two years, pursuant to section 260.131, subdivision 1a, to determine if the placement is in the best interests of the child.

Subd. 4. [REVIEW OF DEVELOPMENTALLY DISABLED CHILD PLACEMENTS.] If a developmentally disabled child, as that term is defined in Title 42, United States Code, Section 6001 (7), as amended through December 31, 1979, has been placed in a residential facility pursuant to a voluntary release by the child's parent or parents because of the child's handicapping conditions, the social service agency responsible for the placement shall bring a petition for review of the child's foster care status, pursuant to section 260.131, subdivision 1a, rather than a petition as required by section 257.071, subdivision 3, clause (b), after the child has been in foster care for 18 months. Whenever a petition for review is brought pursuant to this subdivision, a guardian ad litem shall be appointed for the child.

Subd. 5 3. [RULES; CHILDREN IN RESIDENTIAL SUBSTITUTE CARE FACILITIES.] The commissioner of human services shall promulgate all rules necessary to carry out the provisions of Public Law Number 96-272 as regards the establishment of a state goal for the reduction of the number of children in residential substitute care facilities beyond 24 months.

Subd. 6 4. [ANNUAL FOSTER SUBSTITUTE CARE REPORT.] The commissioner of human services shall publish annually a report on children in residential substitute care facilities as defined in subdivision 1. The report shall include, by county and statewide, information on legal status, living

arrangement, age, sex, race, accumulated length of time in foster substitute care, and other demographic information deemed appropriate on all children placed in residential substitute care facilities. The report shall also state the extent to which authorized child placing agencies comply with sections 257.072 and 259.455 and include descriptions of the methods used to comply with those sections.

#### MISCELLANEOUS PROVISIONS

Sec. 95. Minnesota Statutes 1984, section 260.35, is amended to read:

##### 260.35 [TESTS; EXAMINATIONS.]

Hereafter it shall be the duty of the commissioner of human services through the bureau of child welfare and county welfare boards to arrange for such tests, examinations, and investigations as are necessary for the proper diagnosis, classification, treatment, care and disposition of the child as necessity and the best interests of the child shall from time to time require. When it appears that a ~~dependent or neglected~~ child found to be in need of protection or services is sound of mind, free from disease, and suitable for placement in a foster home for care or adoption, the commissioner may so place him or delegate such duties to a child-placing agency accredited as provided by law, or authorize his care in the county by and under the supervision of the county welfare board.

Sec. 96. Minnesota Statutes 1985 Supplement, section 260.36, is amended to read:

##### 260.36 [SPECIAL PROVISIONS IN CERTAIN CASES.]

When the commissioner of human services shall find that a child transferred to his guardianship after parental rights to the child are terminated or that a child committed to his guardianship as a ~~dependent or neglected~~ child in need of protection or services is handicapped physically or whose mentality has not been satisfactorily determined or who is affected by habits, ailments, or handicaps that produce erratic and unstable conduct, and is not suitable or desirable for placement in a home for permanent care or adoption, the commissioner of human services shall make special provision for his care and treatment designed to fit him, if possible, for such placement or to become self-supporting. The facilities of the commissioner of human services and all state treatment facilities the Minnesota general hospital, and the child guidance clinic of its psychopathic department, as well as the facilities available through reputable clinics, private child-caring agencies, and foster boarding homes, accredited as provided by law, may be used as the particular needs of the child may demand. When it appears that the child is suitable for permanent placement or adoption, the commissioner of human services shall cause him to be placed as provided in section ~~260.35~~ 95. If the commissioner of human services is satisfied believes that the a child is mentally retarded he may bring him before the probate court of the county where he is found or the county of his legal settlement for examination and commitment as provided by law transferred or committed to the commissioner's guardianship is mentally ill, the commissioner may bring the child before the appropriate court for examination and commitment as provided by law.

Sec. 97. [260A.70] [SPIRITUAL TREATMENT.]

*A child shall not be deemed to lack necessary care, to be a victim of*

*domestic child abuse, or in need of protection or services for the sole reason the child is being furnished with spiritual treatment through prayer in accordance with the tenets and practices of a recognized church or religious denomination.*

Sec. 98. [REVISOR'S INSTRUCTIONS.]

*Subdivision 1. [RENUMBERING.] The revisor of statutes shall renumber each section of Minnesota Statutes specified in column A with the number set forth in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.*

Column A	Column B
260.019	260A.03
260.0191	260A.031
260.021	260A.0315
260.022	260A.032
260.023	260A.033
260.024	260A.034
260.025	260A.035
260.031	260A.0355
260.041	260A.036
260.092	260A.037
260.094	260A.038
260.096	260A.039
260.101	260A.04
260.103	260A.041
260.105	260A.042
260.121	260A.06
260.125	260A.25
260.131	260A.26
260.132	260A.261
260.133	260A.263
260.135	260A.27
260.141	260A.271
260.145	260A.272
260.151	260A.273
260.155	260A.284
260.156	260A.285
260.161	260A.286
260.211	260A.345
260.215	260A.35
260.221	260A.40
260.225	260A.405
260.231	260A.41
260.235	260A.415
260.241	260A.42
260.242	260A.425
260.245	260A.43
260.255	260A.45
260.271	260A.587
260.251	260A.59
257.071	260A.605
260.311	260A.63
260.315	609.381
260.35	260A.64

260.36	260A.65
260.38	260A.66
260.39	260A.67
260.40	260A.68
260.51	260A.80
260.52	260A.801
260.53	260A.802
260.54	260A.803
260.55	260A.804
260.56	260A.805
260.57	260A.806
257.40	260A.81
257.41	260A.811
257.42	260A.812
257.43	260A.813
257.44	260A.814
257.45	260A.815
257.46	260A.816
257.47	260A.817
257.48	260A.818

*The revisor of statutes shall make the appropriate cross-reference changes in Minnesota Statutes and in the provisions of this act that are needed to implement the recodification of chapter 260 and the numbering of chapter 260A.*

*Subd. 2. [REFERENCES TO CHAPTER 260.] In the next and subsequent editions of Minnesota Statutes, the revisor of statutes is directed to change the words "chapter 260" to "chapter 260A" wherever they appear in the statutes.*

**Sec. 99. [REPEALER.]**

*Minnesota Statutes 1984, sections 260.011, subdivision 1; 260.015, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 23, 24, and 25; 260.024, subdivision 1; 260.111; 260.115; 260.135, subdivision 5; 260.151, subdivision 2; 260.155, subdivisions 2 and 7; 260.165; 260.171, subdivisions 1, 2, 5, 5a, and 6; 260.172, subdivisions 1, 2, and 3; 260.173; 260.181; 260.185; 260.191, subdivisions 1a, 1b, 1c, 2, 3, and 4; 260.192; 260.193; 260.194; 260.195; 260.261; 260.281; 260.291; 260.301; Minnesota Statutes 1985 Supplement, sections 260.011, subdivision 2; 260.015, subdivisions 10 and 22; 260.171, subdivision 4; 260.172, subdivisions 2a, 2b, and 4; and 260.191, subdivisions 1, 1d, and 2a are repealed.*

**Sec. 100. [EFFECTIVE DATE.]**

*Article 1 is effective January 1, 1987.*

**ARTICLE 2**

**Section 1. [260B.01] [DEFINITIONS.]**

*Subdivision 1. [GENERAL.] The definitions in this section apply to this chapter.*

*Subd. 2. [CHEMICALLY DEPENDENT MINOR.] "Chemically dependent minor" means a minor who exhibits a pattern of pathological use of chemicals.*

*Subd. 3. [DESIGNATED AGENCY.] "Designated agency" means the agency selected by the county board to provide the social services required*



under chapter 253B.

**Subd. 4. [DETOXIFICATION PROGRAM.]** *"Detoxification program" has the meaning given in section 254A.08, subdivision 2.*

**Subd. 5. [EMOTIONALLY DISTURBED MINOR.]** *"Emotionally disturbed minor" means a minor who demonstrates severe generalized behavioral disturbance, lack of socialization, and severe deficits in personal emotional functioning, so that the minor is not able to master developmental tasks in accordance with age or stage of maturity or meet educational or vocational expectations reasonable for the minor. The disturbance must be manifested by recent repeated instances of severely disordered behavior, and:*

*(1) be evidenced by specific symptoms or behavior that will, with reasonable certainty, lead to a more severe psychological condition if untreated, or to failure of the minor to master future developmental demands;*

*(2) show serious problems in areas of compliance, participation, or involvement in the minor's family so that there may be unresolvable conflicts or an atmosphere of mutual rejection;*

*(3) demonstrate a substantial psychological disorder of mood, perception, orientation, or memory that grossly impairs judgment, behavior, or capacity to recognize reality or to reason or understand; or*

*(4) demonstrate poor control of anxiety, impulses, or depression at a life threatening level.*

*"Emotionally disturbed minor" does not include a minor whose impairment of judgment, behavior, or capacity to recognize reality or reason or understand results from epilepsy, mental retardation, or brief periods of intoxication caused by alcohol or drugs.*

**Subd. 6. [EXTENDED CARE PROGRAM.]** *"Extended care program" means a program that offers an extended long-term combination of in-house chemical dependency or mental illness treatment services and community ancillary resources on a 24-hour basis.*

**Subd. 7. [FREESTANDING PRIMARY TREATMENT PROGRAM.]** *"Freestanding primary treatment program" means a program that provides intensive, primary therapeutic services on a 24-hour basis for the treatment of chemically dependent or mentally ill minors.*

**Subd. 8. [HALFWAY HOUSE.]** *"Halfway house" means a program that offers transitional semi-independent living services on a 24-hour basis with an emphasis on aftercare and community ancillary services.*

**Subd. 9. [HEALTH OFFICER.]** *"Health officer" means a licensed physician, licensed consulting psychologist, psychiatric social worker, or psychiatric or public health nurse.*

**Subd. 10. [HOSPITAL-BASED PRIMARY TREATMENT PROGRAM.]** *"Hospital-based primary treatment program" means a program with 24-hour nursing surveillance and physician availability that provides intensive primary therapeutic services for the treatment of chemically dependent or mentally ill minors in a hospital.*

**Subd. 11. [INTOXICATED MINOR.]** *"Intoxicated minor" means a*

minor whose mental or physical functioning is substantially impaired as a result of the physiological presence of a psychoactive or mood-altering chemical substance.

*Subd. 12. [MENTALLY ILL MINOR.] "Mentally ill minor" means a minor who has a substantial psychiatric disorder of thought, mood, perception, orientation, or memory that impairs judgment, behavior, or capacity to recognize reality or to reason or understand. The disorder must be a diagnosed psychiatric disorder, and:*

*(1) be manifested by a recent repeated instance of substantially disturbed or psychotic behavior;*

*(2) be evidenced by specific symptoms or behavior that will likely lead to a more severe psychiatric condition if untreated; or*

*(3) pose a likelihood of physical harm to the minor or others as demonstrated by evidence of recent specific acts or omissions.*

*"Mentally ill minor" does not include a minor whose impairment of judgment, behavior, or capacity to recognize reality or reason or understand results from:*

*(1) epilepsy or mental retardation;*

*(2) brief periods of intoxication caused by alcohol or drugs; or*

*(3) demonstrated generalized behavioral disturbance or lack of socialization.*

*Subd. 13. [RESIDENTIAL CHEMICAL DEPENDENCY PROGRAM.] "Residential chemical dependency program" means a residential program for the treatment of chemically dependent minors.*

*Subd. 14. [RESIDENTIAL EVALUATION PROGRAM.] "Residential evaluation program" means a program that provides comprehensive diagnostic, assessment, and referral services for chemically dependent or mentally ill minors on a 24-hour basis, and facilitates access into outpatient and residential treatment services at the most clinically appropriate and least restrictive level of care.*

*Subd. 15. [RESIDENTIAL MENTAL ILLNESS PROGRAM.] "Residential mental illness program" means a residential program for the treatment of mentally ill minors.*

*Subd. 16. [RESIDENTIAL PROGRAM.] "Residential program" means a freestanding primary treatment program or hospital-based primary treatment program, a residential program for emotionally disturbed minors, or a residential evaluation program. "Residential program" does not include an extended care program or halfway house.*

*Subd. 17. [RESIDENTIAL PROGRAM FOR EMOTIONALLY DISTURBED MINORS.] "Residential program for emotionally disturbed minors" means a facility licensed by the state to provide services for emotionally disturbed minors on a 24-hour basis.*

**Sec. 2. [260B.02] [JURISDICTION AND VENUE.]**

*Subdivision 1. [JURISDICTION.] (a) The probate court has original and*

*exclusive jurisdiction in all court proceedings brought under this chapter.*

*(b) A minor who is alleged to be mentally ill and dangerous to the public under section 253B.02, subdivision 17, is subject to the provisions of chapter 253B.*

*Subd. 2. [VENUE.] Venue in proceedings under this chapter is in the county where the minor is admitted to a residential program.*

**Sec. 3. [260B.03] [REPORTS BY RESIDENTIAL PROGRAMS.]**

*Subdivision 1. [REPORT REQUIRED.] Each residential program shall prepare an annual report for the year ending June 30 of each year and file the report no later than December 31 of each year. Hospital-based primary treatment programs shall file the report with the commissioner of health. All other residential programs shall file the report with the commissioner of human services. The reports are public data and must contain at least the following information for the year covered by the report:*

- (1) number of minors admitted to the program;*
- (2) number of minors released from the program;*
- (3) diagnoses of each admitted minor and identification of the primary diagnosis of each minor;*
- (4) length of stay of each minor who has been released;*
- (5) average length of stay of minors in the program;*
- (6) number of minors who have received psychotropic medications or phenothiazines;*
- (7) age, race, and sex of each minor;*
- (8) copy of written notices, forms, and other procedures being used to advise minors and their parents of their rights under this chapter;*
- (9) number of minors admitted or presently in residence who have previously had residential treatment for the same or similar condition;*
- (10) number of minors who have been in residence for more than 60 days;*
- (11) state of residence at time of admission of each minor;*
- (12) number of minors who are on private pay or third-party reimbursement payment and number who are receiving government funds for treatment;*
- (13) detailed statement of criteria for admission, continued stay, and release for each class of treatment; and*
- (14) number of minors whose admission is court-ordered.*

*The information required by this subdivision must be separately stated for chemically dependent, mentally ill, and emotionally disturbed minors.*

*Subd. 2. [RELEASE AND SUMMARY OF DATA.] The reporting requirement of this section must not require a program to release individual names of minors or other identifying information. The commissioner of health and the commissioner of human services shall make the reports available to interested persons upon request. This section does not limit the authority of the the screening team to obtain full access to all facilities and*

*the names, records, and other relevant information regarding minors as provided in section 10.*

**Sec. 4. [260B.04] [ADMISSION CRITERIA FOR ASSESSMENT.]**

*Subdivision 1. [CHEMICAL DEPENDENCY ADMISSION.] (a) A minor may not be admitted to an unlocked residential chemical dependency program for assessment unless the following admission criteria are met:*

*(1) the minor has a verifiable history of continuing incidents of chemical abuse; and*

*(2) the minor has a verifiable history of impairment in social or occupational functioning due to chemical abuse.*

*(b) A minor may not be admitted to a locked residential chemical dependency program for assessment unless the criteria in paragraph (a) are met and one of the following factors is present:*

*(1) the minor is suicidal;*

*(2) the minor has a history of compulsive running; or*

*(3) the minor is harmful to self or others, as demonstrated by a recent attempt or threat to physically harm self or others.*

*Subd. 2. [MENTAL ILLNESS ADMISSION.] (a) A minor may not be admitted to an unlocked residential mental illness program for assessment unless the following admission criteria are met:*

*(1) the minor has a verifiable history of being a mentally ill minor;*

*(2) the minor has a verifiable need for residential psychiatric services for mentally ill minors;*

*(3) the program offers residential therapy or treatment that is appropriate for the minor's needs; and*

*(4) residential care in the program is the least restrictive treatment or therapy appropriate for and consistent with the minor's needs.*

*(b) A minor may not be admitted to a locked residential mental illness program for assessment unless the criteria in paragraph (a) are met and one of the following factors is present:*

*(1) the minor is suicidal;*

*(2) the minor has a history of compulsive running; or*

*(3) the minor is harmful to self or others, as demonstrated by a recent attempt or threat to physically harm self or others.*

*Subd. 3. [ADMISSION OF EMOTIONALLY DISTURBED MINOR.] (a) A minor may not be admitted to an unlocked residential program for emotionally disturbed minors for assessment unless the following admission criteria are met:*

*(1) the minor has a verifiable history of being an emotionally disturbed minor, documented by independent sources;*

*(2) the program offers residential therapy or treatment that is appropriate for the minor's needs; and*

(3) residential care in the program is the least restrictive treatment or therapy appropriate for and consistent with the minor's needs.

(b) A minor may not be admitted to a locked residential program for emotionally disturbed minors under this section.

Subd. 4. [EMERGENCY ADMISSION OF MENTALLY ILL MINOR.] A minor may be admitted to a residential mental illness program for an emergency assessment if, based on an examination by a psychiatrist or licensed consulting psychologist, there is probable cause to believe that the minor is mentally ill and endangering self or others. A minor may be admitted under this subdivision for up to 72 hours, excluding Saturdays, Sundays, and holidays, at which time the residential program must determine whether the criteria under subdivision 2 are met.

Subd. 5. [EXCEPTION.] This section does not prohibit the admission of a minor who is intoxicated by alcohol or other drugs to a program for medical evaluation or detoxification as provided in this chapter.

#### Sec. 5. [260B.05] [ADMISSION CRITERIA FOR TREATMENT.]

Subdivision 1. [CHEMICAL DEPENDENCY TREATMENT.] (a) A minor may not be admitted to an unlocked residential chemical dependency program for treatment unless the following criteria are met:

(1) the program has developed a written individualized treatment plan for the minor;

(2) the minor has a verified and documented case history of pathological chemical use;

(3) the minor has a verified and documented case history of impairment in social or occupational functioning due to pathological chemical use; and

(4) one of the following factors indicating the need for residential treatment is present:

(i) medical complications presenting a serious health risk;

(ii) documented psychiatric condition or disorder that in combination with substance use presents a serious mental health risk;

(iii) failure of outpatient treatment within the last 12 months warranting a more structured setting; or

(iv) severe social or occupational dysfunction.

(b) A minor may not be admitted to a locked residential chemical dependency program for treatment unless the criteria in paragraph (a) are met and one of the following factors is present:

(1) the minor is suicidal;

(2) the minor has a history of compulsive running; or

(3) the minor is harmful to self or others, as demonstrated by a recent attempt or threat to physically harm self or others.

Subd. 2. [MENTAL ILLNESS TREATMENT.] (a) A minor may not be admitted to an unlocked residential mental illness program for treatment unless the following criteria are met:

(1) the program has developed an individualized written treatment plan for the minor;

(2) the minor has a verified history of being a mentally ill minor;

(3) the minor has a verified need for residential psychiatric services for mentally ill minors;

(4) the program offers residential therapy or treatment that is appropriate for the minor's needs, as evidenced by the treatment plan; and

(5) residential care in the program is the least restrictive treatment or therapy appropriate for and consistent with the minor's needs.

(b) A minor may not be admitted to a locked residential mental illness program for treatment unless the criteria in paragraph (a) are met and one of the following factors is present:

(1) the minor is suicidal;

(2) the minor has a history of compulsive running; or

(3) the minor is harmful to self or others, as demonstrated by a recent attempt or threat to physically harm self or others.

**Subd. 3. [TREATMENT OF EMOTIONALLY DISTURBED MINOR.]**

(a) A minor may not be admitted to an unlocked residential program for emotionally disturbed minors for treatment unless the following criteria are met:

(1) the minor has a verified history of being an emotionally disturbed minor, documented by independent sources;

(2) the minor has a verified need for inpatient services for emotionally disturbed minors;

(3) the program offers residential therapy or treatment that is appropriate for the minor's needs, as evidenced by the treatment plan; and

(4) residential care in the program is the least restrictive treatment or therapy appropriate for and consistent with the minor's needs.

(b) Within seven days of admission of an emotionally disturbed minor, the program shall develop an individualized written treatment plan for the minor.

(c) A minor may not be admitted to a locked residential program for emotionally disturbed minors under this section.

**Sec. 6. [260B.06] [CONTINUED STAY CRITERIA.]**

**Subdivision 1. [CONTINUED STAY.]** (a) A minor may not continue in treatment in a residential program unless the applicable criteria for treatment under section 5 continue to be met.

(b) A minor must be released from a residential program if the continued stay criteria are no longer met.

**Sec. 7. [260B.07] [ADMISSION AND SCREENING BY PROGRAM.]**

**Subdivision 1. [NOTICE OF RIGHTS AND CRITERIA.]** Before the admission of a minor into a residential program, the minor and the minor's parents or guardian must be provided with a copy of the admission criteria for

assessment and treatment and the continued stay criteria that apply to the treatment being sought.

*Subd. 2. [SCREENING; MULTI-DISCIPLINARY TEAM.] (a) A minor may not be admitted to a residential program for assessment until a determination is made that the applicable admission criteria for assessment are met.*

*(b) A minor may not be kept in a residential program for more than seven days after admission unless a determination is made that the applicable admission criteria for treatment are met.*

*(c) 30 days after admission of a minor to a residential program, a determination must be made as to whether the applicable continued stay criteria are met.*

*(d) The determination required by paragraph (a) must be made by the residential program's director or the director's designee. The determinations required by paragraphs (b) and (c) must be made by a team within the residential program composed of representatives of various disciplines involved in the assessment and treatment of chemically dependent, mentally ill, or emotionally disturbed minors. The director or director's designee or a member of the multi-disciplinary team shall document in the medical record findings that set forth the basis for a determination regarding whether the admission criteria for assessment, admission criteria for treatment, or continued stay criteria are met.*

#### Sec. 8. [260B.08] [LONG-TERM TREATMENT.]

*Subdivision 1. [CRITERIA.] A minor may not be kept in a residential program for more than 60 days from the time of admission unless the following criteria are met:*

*(1) the minor is chemically dependent, mentally ill, or emotionally disturbed, and requires long-term treatment;*

*(2) the minor has not been, and is not likely to be, harmed by continued treatment in a residential program;*

*(3) treatment is available and being provided in the residential program and a plan for continued treatment has been developed; and*

*(4) continued residential treatment is the most effective and beneficial and least restrictive treatment available.*

*Subd. 2. [REVIEW AND REPORT BY MULTI-DISCIPLINARY TEAM.] (a) Within 60 days of the minor's initial admission to a residential program, the program must comply with this subdivision.*

*(b) The program's multi-disciplinary team shall determine whether the criteria for long-term treatment are met. If the team finds the criteria are not met, the residential program shall release the minor. If the team finds the criteria are met, the residential program shall report its intent to provide long-term treatment to the designated agency of the county where the program is located. The report must include the name of the minor, date of admission, diagnosis, and the basis for the determination that the criteria are met.*

*Subd. 3. [INVESTIGATION BY DESIGNATED AGENCY.] Upon*

receipt of a report under subdivision 2, the designated agency may initiate an investigation as provided in section 10, subdivisions 2 to 5. If long-term treatment of the minor is found appropriate under section 10, the minor may continue in residential treatment for an additional six months, as long as the criteria for long-term treatment continue to be met. Every six months the residential program shall make the review and report as required under subdivision 2.

Sec. 9. [260B.09] [REPORTING OF INAPPROPRIATE ADMISSIONS.]

*Subdivision 1. [PERSONS MANDATED TO REPORT.]* (a) A person who is employed to provide treatment services to chemically dependent, mentally ill, or emotionally disturbed minors by a residential program who knows or has reason to believe that a minor is inappropriately admitted to the residential program shall report this determination to the designated agency of the county where the residential program is located within 24 hours, excluding Saturdays, Sundays, and holidays.

(b) For purposes of this section and section 10, a minor is inappropriately admitted to a residential program if:

(1) the applicable criteria for assessment, treatment, or continued stay in sections 4 to 6 or section 8 are not met;

(2) the minor is 16 years of age or older and has not been released upon request as required by section 253B.04, subdivision 2; or

(3) the minor's patient rights under section 14 have been violated.

(c) This subdivision does not apply if the person knows that a report has already been made to the designated agency concerning the inappropriate admission. Paragraph (a) does not apply if the person is a member of the multi-disciplinary team.

*Subd. 2. [PERMISSIVE REPORTING.]* (a) Any person may voluntarily report to the designated agency if the person knows or has reason to believe that a minor is inappropriately admitted to a residential program.

(b) For purposes of this subdivision, "person" includes the minor.

*Subd. 3. [IMMUNITY FROM LIABILITY.]* A person who in good faith makes a voluntary or mandated report under subdivision 1 or 2 is immune from any civil or criminal liability that might otherwise result from the reporter's actions.

*Subd. 4. [RETALIATION PROHIBITED.]* (a) A residential program may not retaliate against an employee who in good faith makes a voluntary or mandated report under subdivision 1 or 2, because of the report.

(b) A residential program that retaliates against an employee in violation of paragraph (a) is liable to the employee for actual damages and, in addition, a penalty of up to \$1,000.

(c) There is a rebuttable presumption that any adverse action within 90 days of a report is retaliatory. For purposes of this paragraph, "adverse action" means action taken by a residential program against an employee who makes a report, because of the report, and includes, but is not limited to:

(1) discharge, suspension, termination, or transfer from the residential



program;

- (2) discharge from or termination of employment;
- (3) demotion or reduction in remuneration for services; or
- (4) restriction or prohibition of access to the residential program.

*Subd. 5. [FALSIFIED REPORT.] A person who knowingly or recklessly makes a false report under subdivision 1 or 2 is civilly liable for actual damages suffered by the residential program reported and for punitive damages.*

*Subd. 6. [FAILURE TO REPORT.] A person mandated to report by subdivision 1 who knows or has reason to believe that a minor is inappropriately admitted to a residential program, and who fails to report, is subject to a civil penalty of up to \$500.*

**Sec. 10. [260B.10] [INVESTIGATION OF REPORTED ADMISSIONS.]**

*Subdivision 1. [NOTICE TO RESIDENTIAL PROGRAM.] Immediately upon receipt of a report under section 9, the designated agency shall notify the residential program that a report has been received. The notice shall include the name of the minor and describe the nature of the alleged inappropriate admission, but may not identify the name of the individual who made the report. If the residential program takes action so that the minor is no longer inappropriately admitted and notifies the designated agency or the screening team of this fact prior to the issuance of findings by the screening team under subdivision 3, the screening team may not issue findings.*

*Subd. 2. [INVESTIGATION.] Except as provided in section 8 and subdivision 6, the designated agency shall appoint a screening team to conduct an investigation to determine whether the minor's admission is appropriate. The screening team may review the minor's admission by meeting with the minor, the minor's parents or guardian, and appropriate staff; reviewing relevant records and the findings of the director, the director's designee, or the residential program's multi-disciplinary team; and any other factors necessary to determine whether the admission is appropriate. The screening team shall have access to all relevant medical records of the minor. Data collected by the screening team under this subdivision are private data on individuals.*

*Subd. 3. [FINDINGS BY SCREENING TEAM.] Except as provided in subdivision 1, the screening team shall issue written findings within 72 hours of the time that the designated agency received a report under section 8 or 9, setting forth the basis for its determination as to whether the admission is appropriate. If the screening team finds that the admission is appropriate, the screening team shall notify the minor, the minor's parents or guardian, and the residential program. If the screening team finds that the admission is inappropriate, it shall immediately notify the county attorney of its findings.*

*Subd. 4. [FINDINGS BY COUNTY ATTORNEY.] (a) Within 48 hours of receipt of findings from the screening team under subdivision 3, the county attorney shall review the findings and determine whether there is probable cause to believe that the minor is inappropriately admitted to the residential program.*

*(b) If the county attorney has probable cause to believe that the minor is inappropriately admitted to a residential program because the applicable cri-*

teria under sections 4 to 6 or section 8 are not met or because the minor has not been released as required by section 253B.04, subdivision 2, the county attorney shall notify the residential program of this finding. A copy of the finding must be given to the minor and the minor's parents or guardian. Except as provided in paragraph (c), the residential program shall release the minor within 48 hours of receipt of the finding from the county attorney unless a petition is filed by the residential program or the minor's parents or guardian under section 11 or chapter 253B.

(c) If the admission is inappropriate because the criteria for a locked residential program are not met but the criteria for an unlocked residential program are met, the residential program may transfer the minor to an unlocked unit instead of releasing the minor.

(d) If the county attorney has probable cause to believe that the minor is inappropriately admitted because the minor patient's rights under section 14 have been violated, the county attorney shall notify the residential program of this finding. The residential program shall take appropriate action to ensure that the minor patient's rights are not violated. A copy of the finding must be given to the minor and the minor's parents or guardian.

(e) If the county attorney has probable cause to believe that a minor has been inappropriately admitted, the county attorney shall also notify the appropriate licensing authority for the residential program.

(f) If the county attorney finds there is not probable cause to believe that the minor is inappropriately admitted, the county attorney shall notify the minor, the minor's parent or guardian, and the residential program.

**Subd. 5. [PENALTY, ENFORCEMENT.]** (a) A residential program that fails to comply with the finding of the county attorney as required by subdivision 4 is liable for a civil penalty of up to \$100 per day for each day of noncompliance after 48 hours of receipt of the findings.

(b) In addition to the penalty provided for in paragraph (a), the county attorney may petition the court to order the residential program to comply under subdivision 4. The court shall order the residential program to comply unless it finds that the screening team or the county attorney failed to comply with the procedural requirements of this section.

**Subd. 6. [COURT-ORDERED TREATMENT.]** If the designated agency receives a report of an inappropriate admission of a minor whose assessment or treatment has been ordered by a court under article 1, the designated agency shall appoint a screening team to conduct an investigation and make findings under this section only if the basis for the report is a violation of the minor patient's rights. If the basis of the report is that the applicable criteria are not met, the designated agency shall notify the court ordering assessment or treatment, the minor, the minor's parents or guardian, the minor's counsel under article 1, if any, and the residential program's licensing authority. The residential program may not be required to release the minor under this section, although a party may seek modification of the court's disposition order or appeal the order as provided in article 1.

**Subd. 7. [REMEDY NOT EXCLUSIVE.]** The review process established in this section is not exclusive and does not preclude the minor from pursuing other remedies under the law for inappropriate admissions.

## Sec. 11. [260B.11] [PETITION AND HEARING PROCESS.]

*Subdivision 1. [PETITION.] The residential program or the minor's parents or guardian may file a petition requesting certification of the minor for assessment or treatment in a residential program as provided in this section. If the minor is 16 years of age or older and has requested release from the residential program, a petition must be filed under chapter 253B and all provisions of that chapter apply. For all other minors, a petition may be filed under this chapter and must contain the following information:*

- (1) name and address of the minor patient;*
- (2) names of the parent or parents with legal custody or the guardian, and name of any adult, if known, who is particularly significant in the minor's life, including foster parents;*
- (3) name and address of the residential program where the minor is admitted;*
- (4) copies of the written findings of the residential program determining that the applicable criteria for assessment, treatment, continued stay or long-term treatment have been met;*
- (5) a request that the minor be certified for assessment or treatment in the residential program; and*
- (6) a verification or sworn statement of the truth of the petition.*

*Subd. 2. [MINOR'S RIGHT TO COUNSEL.] Every minor who is the subject of a petition under this section has the right to be represented by counsel and counsel must be appointed at public expense if the minor cannot afford private counsel. The right to counsel may not be waived. The minor's counsel must be given access to the minor and the minor's records at the residential program where the minor is admitted. The program shall also allow the minor access to counsel by telephone or by mail during reasonable hours.*

*Subd. 3. [GUARDIAN AD LITEM.] The court, in its discretion, may appoint a guardian ad litem for a minor during any proceeding under this section.*

*Subd. 4. [EXAMINERS.] After a petition has been filed with the court, the court shall appoint an independent examiner who must be a psychiatrist or licensed consulting psychologist or, if appropriate, a licensed expert in chemical abuse. At the request of the minor or the minor's counsel, the court shall also appoint a second examiner of the minor's choosing. The second examiner must be paid for by the county at a rate of compensation fixed by the court. The court shall order an immediate examination by the independent examiner.*

*Subd. 5. [NOTICE OF AND SUMMONS TO EXAMINATION.] After a petition has been filed with the court and an independent examiner has been appointed, the court shall have a copy of the petition and a summons to appear for a prehearing examination served on the minor, the minor's counsel, and the parent with legal custody or the minor's legal guardian.*

*Subd. 6. [SERVICE ON MINOR.] Service of documents on a minor under this section is subject to the following conditions:*

- (1) documents must be served personally;
- (2) a minor may not waive notice or service of the documents, as may any other party; and
- (3) unless otherwise provided by the court, documents must be served on the minor by a nonuniformed person.

*Subd. 7. [PREHEARING EXAMINATION; REPORT.] The examination must be conducted at the residential program where the minor is admitted or at another location ordered by the court. The minor's counsel may be present at the examination. Unless otherwise agreed to by the minor's counsel, the court-appointed examiner shall file three copies of the report with the court before the hearing on the petition. Copies of the report must be mailed to the minor, the minor's counsel, the parents or guardian, and the program where the minor is admitted.*

*Subd. 8. [NOTICE OF AND SUMMONS TO HEARING.] (a) A notice of the time and date of the hearing on the petition must be served on the minor, the minor's counsel, the minor's parents or guardian, the program where the minor is admitted, and any other person the court directs prior to the hearing.*

*(b) The court, in its discretion, may proceed with the hearing on the petition without service on persons other than the minor and the minor's counsel if service attempts are unsuccessful.*

*Subd. 9. [TIME FOR HEARING; CUSTODY PENDING HEARING.] The court shall hold a hearing within 72 hours, excluding Saturday, Sunday, and legal holidays, of the filing of the petition under this section. If a hearing is not held within this period of time, the minor must be released from the residential program. The minor may remain in the residential program pending the court's decision on the petition.*

*Subd. 10. [RIGHT TO ATTEND AND TESTIFY.] All persons to whom notice has been given may attend and testify at the hearing. The court shall notify the interested persons of this right. The court may exclude any person who is not necessary for the conduct of the hearing, except a person requested by the minor to be present.*

*Subd. 11. [WITNESSES.] The minor or the minor's counsel and the petitioner may present and cross-examine witnesses, including examiners, at the hearing.*

*Subd. 12. [PLACE AND MANNER OF HEARING.] The hearing must be conducted in a manner consistent with orderly procedure. The hearing must be held in a courtroom that meets the standards prescribed by applicable local court rules. The courtroom may be located within the residential program.*

*Subd. 13. [EVIDENCE; RECORD.] The court shall make its determination upon the entire record, pursuant to the rules of evidence. The court shall keep accurate records of the hearing.*

**Sec. 12. [260B.12] [FINDINGS; STANDARD OF PROOF; REVIEW.]**

*Subdivision 1. [BURDEN OF PROOF.] The minor's parents or legal guardian or the residential program where the minor is admitted have the burden of proof under this section and shall show cause as to why the minor's admission in the residential program is appropriate under this chapter.*

*Subd. 2. [STANDARD OF PROOF.] (a) The court shall order that the admission of the minor may continue at the residential program only if:*

*(1) the court finds by clear and convincing evidence that the applicable criteria for assessment, treatment, continued stay, or long-term treatment are met; and*

*(2) the court has carefully considered, but justifiably rejected, all reasonable alternative dispositions including voluntary outpatient care.*

*An order committing the minor to outpatient services and treatment is a possible alternative disposition if it is a reasonable response to the minor's mental illness or chemical dependency.*

*(b) The refusal of a minor to obtain court-ordered outpatient treatment or services or to comply with another less restrictive treatment plan is evidence in further proceedings under this chapter of the appropriateness of residential treatment for a minor who is found to be mentally ill, chemically dependent, or emotionally disturbed.*

*Subd. 3. [FINDINGS.] (a) The court shall make findings of fact and conclusions of law and shall direct entry of an appropriate judgment. If the minor is certified for assessment or treatment in a residential program, the findings must include:*

*(1) a statement of the conduct by the minor that is the basis for meeting each of the applicable criteria for assessment, treatment, or continued stay;*

*(2) an identification of the primary diagnosis that provided the basis for the admission to a particular program and a statement that the program can appropriately respond to the needs of the primary diagnosis; and*

*(3) a listing of less restrictive alternatives considered and rejected by the court and the reasons for rejecting each alternative.*

*(b) If the court finds that the burden of proof has not been met, the court shall order the minor released from the residential program.*

*Subd. 4. [30-DAY REVIEW.] If the court certifies the minor for assessment or treatment under this section, 30 days after the admission of the minor the residential program shall file a written report with the court stating:*

*(1) whether the applicable criteria for continued stay are met, and if so, the basis for the multi-disciplinary screening panel's determination that the criteria are met; and*

*(2) what efforts have been made to return the minor to a less restrictive treatment setting.*

**Sec. 13. [260B.13] [ACCESS OF MINORS 14 YEARS OF AGE OR OLDER TO COUNSELING AND SERVICES.]**

*A minor 14 years of age or older has the right to obtain outpatient counseling or therapy and to have the minor's privacy protected regarding these services. Only licensed mental illness, chemical dependency, emotional disturbance, or hospital-based primary treatment programs may provide these services. When appropriate, the provider of treatment services shall seek involvement of the minor's parents or guardian as soon as possible. If parental or guardian involvement is not obtained, the facility shall document*

why it is not obtained. Treatment or therapy under this section may not include intrusive treatment, such as the administration of medications, without the written consent of the parent with legal custody or the legal guardian.

Sec. 14. [260B.14] [MINOR PATIENTS' RIGHTS.]

*Subdivision 1. [PUBLIC POLICY DECLARATION.] It is the public policy of this state that the interests of each minor patient in a residential program be protected by a declaration of a patient's bill of rights that includes but is not limited to the rights specified in this section.*

*Subd. 2. [NOTIFICATION.] A minor admitted to a residential program must be provided a handbook of minor patients' rights at the time of admission or within 48 hours of admission. The residential program shall serve the notification of rights on the minor and shall orally explain the rights to assist the minor in understanding them. If the minor's age, psychiatric condition, or physical condition upon admission precludes understanding, the program shall notify the minor's parents or guardian of this fact and shall make all reasonable efforts to ensure the minor's notification as soon as possible.*

*Subd. 3. [DISCLOSURE OF SERVICES AVAILABLE.] Minor patients and their parent or guardian must be informed, before or at the time of admission and during their stay, of services that are included in the program's basic per diem or daily room rate and other services that are available at additional charges.*

*Subd. 4. [ISOLATION AND RESTRAINTS.] (a) A minor patient has the right to be free from physical restraint and isolation except in emergency situations involving a likelihood that the patient will physically harm the patient's self or others. These procedures may not be used to enforce program rules or for the convenience of staff. Isolation or restraint may be used only when less restrictive measures are ineffective or not feasible and only for the shortest time necessary. When a patient is placed in restraint, the patient's status must be viewed once every 15 minutes by a trained staff person. Restraint may not be used for more than four hours in any 24-hour period. The director of the residential program must authorize any use of isolation in excess of eight hours in any 24-hour period. Each program shall issue a written policy covering the use of restraint or isolation that ensures that the patient's safety and dignity is protected and that there is regular frequent monitoring by trained staff to care for the patient's bodily needs as may be required.*

*(b) Prior authorization of isolation or restraint must be in writing and must be obtained from a physician, psychiatrist, or licensed consulting psychologist, except that isolation or restraint in emergencies may be used temporarily without a written order. However, a written order must be obtained within 24 hours of the use of the isolation or restraint. Each use of a restraint or isolation and the reason for it must be made part of the clinical record of the patient under the signature of the head of the program. Each program shall maintain a central log of all uses of restraint that is available for review by its licensing authority and contains the dates and beginning and ending times of each restraint episode, the name of the patient, and the signature of the authorizing staff.*

*Subd. 5. [VISITORS AND PHONE CALLS.] A minor patient has the right*

to receive and make phone calls and receive visitors in accordance with reasonable rules developed by the program. No parent may be denied visitation with a child unless the program finds that the visit would prevent the achievement of the treatment plan's objectives or that it would seriously endanger the minor's physical or emotional well-being.

*Subd. 6. [MAIL.] A minor patient has an unrestricted right to send sealed mail and receive sealed mail to or from legal counsel, the courts, government officials, private physicians, and licensed consulting psychologists. The patient must be given reasonable access to letter-writing materials, including postage stamps. A patient also has the right to send sealed mail and receive sealed mail to or from other persons, subject to physical examination of the mail in the patient's presence if there is reason to believe that the communication contains contraband materials or objects that threaten the security of patients or staff.*

*Subd. 7. [SPECIAL VISITATION; RELIGION.] A minor patient has the right to meet with or call the minor's personal physician, spiritual advisor, counselor, attorney, or other advocate at all reasonable times. The patient has the right to continue the practice of the patient's religion.*

*Subd. 8. [FILM, PHOTOGRAPHS, OR TAPES.] A minor patient has the right not to be filmed, photographed, or taped unless the patient signs an informed and voluntary consent that specifically authorizes a named individual or group to film or tape or photograph the patient for a particular purpose or project during a specified time period.*

*Subd. 9. [PERSONAL POSSESSIONS.] The program shall permit a minor patient to use and wear the minor's own clothing and personal articles if the clothing and articles are not dangerous to the minor or others. The program shall furnish the patient an adequate allowance of clothes if the minor has none available. Provision shall be made to launder the patient's clothing. The patient shall be given access to a reasonable amount of individual storage space for the patient's own private use.*

*Subd. 10. [PERSONAL PRIVACY.] A minor patient must be given reasonable protection of privacy in matters such as toileting and bathing.*

*Subd. 11. [TREATMENT PLAN.] (a) A minor patient has the right to a written treatment plan that describes in behavioral terms the case problems, the precise goals of the plan, and the procedures that will be utilized to minimize the length of time that the minor requires inpatient treatment. The plan shall also state goals for release to a less restrictive facility and follow-up treatment measures and services, if appropriate.*

*(b) The plan must be reviewed in accordance with the requirements of this chapter. To the degree possible, the minor patient shall be involved in the development of the treatment and discharge plan.*

*Subd. 12. [PROTECTION FROM EXPLOITATION.] A minor patient has a right to be protected from exploitation by adults receiving treatment in the same facility. Each residential program must have a written policy regarding protection of minors from exploitation by adults.*

*Subd. 13. [PROTECTION AND ADVOCACY SERVICES.] A minor patient has the right of reasonable access, at reasonable times, to any avail-*

able rights protection services and advocacy services, for the purpose of receiving assistance to understand, exercise and protect the rights described in this section and as otherwise provided by law. The right of access includes but is not limited to opportunities and facilities for private communication with these services.

*Subd. 14. [OTHER RIGHTS PRESERVED.]* The minor patients' rights in this section are not exclusive and do not preclude rights for minors under other law.

*Subd. 15. [DENIAL OF PATIENTS' RIGHTS.]* (a) A minor patient whose rights are protected under this section and who suffers damage as a result of the unintentional or negligent denial or violation of any of these rights may bring an action against the person, including the state or any political subdivision of the state, that denies or violates the right or rights in question. The minor patient may recover exemplary damages of not less than \$100 for each violation and any compensatory damages as may be proved, together with costs and reasonable attorney fees.

(b) A minor patient whose rights are protected under this section may bring an action against any person, including the state or any political subdivision of the state, that willfully or knowingly denies or violates any of the patient's rights protected under this section. The minor patient may recover exemplary damages of not less than \$500 nor more than \$2,000 for each violation and any compensatory damages as may be proved, together with costs and reasonable attorney fees. It is not a prerequisite to an action under this paragraph that the minor patient suffer or be threatened with actual damages.

(c) A person who willfully or knowingly denies or violates any of the patient's rights protected under this section is guilty of a misdemeanor.

(d) For the purposes of this subdivision, "person" includes any corporation, partnership, or other business entity that is organized to own or operate a treatment facility.

#### Sec. 15. [260B.15] [HANDBOOK OF MINOR PATIENTS' RIGHTS.]

Each residential program shall develop and make available a written handbook of minor patients' rights for use under section 14, subdivision 2. The handbook must contain at least the following information:

- (1) a description of each of the minor patients' rights in section 14;
- (2) the right of a minor 16 years of age or older to request release as provided in section 253B.04, subdivision 2;
- (3) names and telephone numbers of individuals and organizations that provide advocacy and legal services for minors in residential programs; and
- (4) a description of the mandatory and voluntary reporting provisions of sections 9 and 10.

#### Sec. 16. [260B.16] [DETOXIFICATION.]

*Subdivision 1. [TAKING INTO CUSTODY BY PEACE OFFICER.]* (a) When it appears to a peace officer that a minor is intoxicated, the peace officer may take the minor into protective custody. The minor may be searched for the protection of the officer, but the taking into custody is not an



arrest except for the purpose of determining whether the taking into custody or the obtaining of evidence was lawful. No record of the custody shall be made except for the purposes of proceeding under this section.

(b) Except as provided in paragraph (c), if the officer taking custody has probable cause to believe that the minor is intoxicated, but does not require emergency medical service and is not endangering self or any person or property, the officer may take the minor to the minor's place of residence.

(c) The officer may bring the minor to a detoxification program if the officer has probable cause to believe that the minor is intoxicated and:

(1) the minor's parents are not available or in the place of residence, or the place of residence is not within 25 miles of where the minor is taken into custody; or

(2) the minor is endangering self or any person or property.

If immediate medical care is needed, the officer may take the minor to the nearest medical facility for appropriate evaluation and care. The detoxification program or medical facility must be licensed and equipped to provide services to minors, as provided in this section.

Subd. 2. [TAKING INTO CUSTODY BY HEALTH OFFICER.] When it appears to a health officer that a minor is intoxicated, the health officer may take the minor into protective custody. The health officer shall proceed in the manner provided for peace officers under subdivision 1, except that the health officer may surrender the minor to a peace officer for the purpose of taking the minor to the minor's place of residence or to a detoxification program.

Subd. 3. [NOTIFICATION OF PARENTS.] The detoxification program or medical facility shall make all reasonable efforts to notify the minor's parents, guardian, or custodian of the minor's presence in the program or facility as soon as possible. The detoxification program or facility shall continue to make all reasonable efforts to notify the minor's parents, guardian, or custodian so long as the minor remains in custody and until the person has been notified.

Subd. 4. [JUVENILE DETOXIFICATION SERVICES.] A minor who is intoxicated may not be detained for purposes of detoxification in a jail or municipal lockup. A detoxification program that provides services for minors and adults must have separate sleeping quarters for minors and adults. The program shall have a plan to protect minors from exploitation by adults in the same facility, including provisions for supervision appropriate to the needs of minors in the program. The commissioner of human services shall not license a detoxification program that does not have the plan required by this subdivision.

Subd. 5. [TIME AND TREATMENT IN DETOXIFICATION.] (a) A minor may be held for no more than 72 hours under this section. The sole purpose of detention in a program under this section is detoxification. A minor may not be held for more than 48 hours unless the program's director or the director's designee finds that the assessment criteria under section 4, subdivision 1, are met.

(b) If the minor is 14 years of age or older, preventive diagnostic assess-

ment, evaluation, or treatment services may be rendered at the request of the minor and without the consent of the minor's parents or guardian subject to the following:

(1) surgical procedures require the consent of the minor's parents or guardian, unless the procedures are essential to preserve the life or health of the minor and the consent of the minor's parents or guardian is not readily obtainable;

(2) lawfully available controlled substances may be administered only with the consent of the minor's parents or guardian, unless they are necessary to detoxify the minor;

(3) a minor may not be admitted to a detoxification program unless the admission is to detoxify the minor for the ingestion of alcohol or other drugs; and

(4) a minor may not be held for a period of treatment beyond the 72 hours allowed for detoxification of the minor, unless the minor may be held for assessment or treatment under section 4 or 5.

(c) If a minor is admitted to a detoxification program under this section, the minor must be examined by trained staff as soon as possible. If it is determined that the minor is intoxicated, the minor must be detained for the duration of the intoxication, but no longer, except in the case of a minor 14 years of age or older who agrees to be held under this subdivision for the full 72 hours.

*Subd. 6. [PARENTS' RIGHT TO REMOVE MINOR FROM FACILITY.]* If a minor has been transported to a detoxification program or medical facility and it is determined that the minor needs the emergency medical care available in that facility, a parent or guardian may remove the minor from the facility upon informed consent and subject to any applicable provisions of article 1.

**Sec. 17. [260B.17] [DEVELOPMENTALLY DISABLED MINORS; PLACEMENT IN STATE REGIONAL TREATMENT CENTERS.]**

*Subdivision 1. [POLICY.]* It is the policy of this state to provide care, treatment, and support for developmentally disabled minors in their own homes. When it is not possible for the child to remain at home, necessary care, treatment, and support shall be provided to the child in a substitute home or small group environment designed to meet the child's needs.

*Subd. 2. [PLACEMENT IN STATE REGIONAL TREATMENT CENTERS.]* A developmentally disabled minor, as defined in article 1, section 4, may be admitted to a state regional treatment center only under the following circumstances:

(1) the minor is committed under chapter 253B; and

(2) a specific plan for the development of appropriate services, allowing for the minor to be discharged as soon as possible but within 180 days, has been agreed to by the county of financial responsibility and approved by the committing court. Placement of the child on the waiting lists of existing facilities is not sufficient to comply with this clause.

*Subd. 3. [DISCHARGE.]* (a) No minor may be discharged from a state

*regional treatment center unless appropriate services are available and provided to the minor.*

*(b) If a minor cannot be discharged from a state regional treatment center due to lack of appropriate services, the county shall request an extension of time from the committing court. The request shall be made at least 45 days before the 180-day period expires. If the court determines that appropriate services are currently unavailable, it shall grant a limited time extension and order the county to take whatever immediate action is necessary to meet the child's needs in an appropriate community setting as soon as possible.*

*(c) The county is responsible for paying the entire daily charge from county funds for each day a developmentally disabled minor remains in a state hospital in excess of 180 days.*

*Subd. 4. [EXCEPTION.] This section does not prohibit the admission under other provisions of this chapter of a developmentally disabled minor who is mentally ill or chemically dependent. The limitations in this section do not apply to the programs licensed pursuant to Minn. Rules, parts 9545.0900 - 9545.1090 at the state regional treatment centers, including the Minnesota learning center at Brainerd regional treatment center and the adolescent treatment center at Willmar regional treatment center.*

#### Sec. 18. [EFFECTIVE DATE.]

*Sections 1 to 16 are effective January 1, 1987. Section 17 is effective August 1, 1986.*

### ARTICLE 3

#### MISCELLANEOUS AMENDMENTS.

Section 1. Minnesota Statutes 1984, section 242.19, subdivision 2, is amended to read:

Subd. 2. [DISPOSITIONS.] When a child has been committed to the commissioner of corrections by a juvenile court, upon a finding of delinquency, the commissioner may for the purposes of treatment and rehabilitation:

(a) order the child's confinement to the Minnesota correctional facility-Red Wing or the Minnesota correctional facility-Sauk Centre, which shall accept the child, or to a group foster home under the control of the commissioner of corrections, or to private facilities or facilities established by law or incorporated under the laws of this state that may care for delinquent children;

(b) order the child's release on parole under such supervisions and conditions as the commissioner believes conducive to law-abiding conduct, treatment and rehabilitation;

(c) order reconfinement or renewed parole as often as the commissioner believes to be desirable;

(d) revoke or modify any order, except an order of discharge, as often as the commissioner believes to be desirable;

(e) discharge the child from his or her control when he or she is satisfied that the child has been rehabilitated and that such discharge is consistent with the protection of the public;

(f) if the commissioner finds that the child is eligible for probation or parole and it appears from the commissioner's investigation that conditions in the child's or the guardian's home are not conducive to the child's treatment, rehabilitation, or law-abiding conduct, refer the child, together with his or her findings, to a county welfare board or a licensed child placing agency for placement in a foster care or, when appropriate, for initiation of ~~dependency or neglect proceedings as provided in sections 260.011 to 260.304~~ *under article 1, section 14*. The commissioner of corrections shall reimburse county welfare boards for foster care costs they incur for the child while on probation or parole to the extent that funds for this purpose are made available to the commissioner by the legislature. The juvenile court shall order the parents of a child on probation or parole to pay the costs of foster care under section 260.251, subdivision 1, according to their ability to pay, and to the extent that the commissioner of corrections has not reimbursed the county welfare board.

Sec. 2. Minnesota Statutes 1984, section 253B.04, is amended to read:

253B.04 [INFORMAL ADMISSION PROCEDURES.]

Subdivision 1. [ADMISSION.] Informal admission by consent is preferred over involuntary commitment. Any person 16 years of age or older may request to be admitted to a treatment facility as an informal patient for observation, evaluation, diagnosis, care and treatment without making formal written application. Any person under the age of 16 years may be admitted as an informal patient with the consent of a parent or legal guardian if it is determined by independent examination that there is reasonable evidence that (a) the proposed patient is mentally ill, mentally retarded, or chemically dependent; and (b) the proposed patient is suitable for treatment. *The informal admission of a minor under this subdivision is subject to the applicable review procedures and criteria of article 2.* The head of the treatment facility shall not arbitrarily refuse any person seeking admission as an informal patient.

Subd. 2. [RELEASE.] Every *adult* patient admitted for mental illness or mental retardation under this section shall be informed in writing at the time of his admission that he has a right to leave the facility within 12 hours of his request, unless held under another provision of this chapter. Every *adult* patient admitted for chemical dependency under this section shall be informed in writing at the time of his admission that he has a right to leave the facility within 72 hours, exclusive of Saturdays, Sundays and holidays, of his request, unless held under another provision of this chapter. The request shall be submitted in writing to the head of the treatment facility. If the head of the treatment facility deems it to be in the best interest of the person, his family, or the public, he shall petition for the commitment of the person pursuant to section 253B.07.

Sec. 3. Minnesota Statutes 1984, section 259.23, subdivision 1, is amended to read:

Subdivision 1. [VENUE.] ~~Except as provided in section 260.111, subdivision 2,~~ The juvenile court shall have original jurisdiction in all adoption proceedings. The proper venue for an adoption proceeding shall be the county of the petitioner's residence. However, if the petitioner has acquired a new residence in another county and requests a transfer of the adoption proceed-

ing, the court in which an adoption is initiated may transfer the proceeding to the appropriate court in the new county of residence if the transfer is in the best interests of the person to be adopted. The court transfers the proceeding by ordering a continuance and by forwarding to the clerk of the appropriate court a certified copy of all papers filed, together with an order of transfer. The transferring court also shall forward copies of the order of transfer to the commissioner of human services and any agency participating in the proceedings. The judge of the receiving court shall accept the order of the transfer and any other documents transmitted and hear the case; provided, however, the receiving court may in its discretion require the filing of a new petition prior to the hearing.

Sec. 4. Minnesota Statutes 1984, section 484.70, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] The chief judge of the judicial district may appoint one or more suitable persons to act as referees. Referees shall hold office at the pleasure of the judges of the district court and shall be learned in the law, except that persons holding the office of referee on January 1, 1983, may continue to serve under the terms and conditions of their appointment. All referees are subject to the administrative authority and assignment power of the chief judge of the district as provided in section 484.69, subdivision 3, and are not limited to assignment to family, probate, juvenile or special term court. Part time referees holding office in the second judicial district pursuant to this subdivision shall cease to hold office on July 31, 1984.

Sec. 5. Minnesota Statutes 1984, section 484.73, subdivision 2, is amended to read:

Subd. 2. [EXCLUSIONS.] Judicial arbitration may not be used to dispose of matters relating to guardianship, conservatorship, or civil commitment, matters within the juvenile court jurisdiction involving ~~neglect, dependency~~ *a child's need for protection or services*, or delinquency, matters involving termination of parental rights under sections 260.221 to 260.245, or matters arising under sections 518B.01, 626.557, or 144.651 to 144.652.

Sec. 6. Minnesota Statutes 1984, section 524.5-505, is amended to read:

524.5-505 [DELEGATION OF POWERS BY PARENT OR GUARDIAN.]

*Subject to the limitations contained in article 1, section 93, a parent or a guardian of a minor or incapacitated person, by a properly executed power of attorney, may delegate to another person, for a period not exceeding six months, any of his powers regarding care, custody, or property of the minor or ward, except his power to consent to marriage or adoption of a minor ward.*

Sec. 7. Minnesota Statutes 1984, section 636.07, is amended to read:

636.07 [CARE AND CUSTODY OF MINORS.]

*Subdivision 1. [GENERALLY.] Every sheriff or other person having charge of a minor under the age of 18 years, chargeable with any crime, shall provide a separate place of confinement for him, and under no circumstances place him with grown-up prisoners. Every minor while in confinement shall*

be provided with good reading matter, and his relatives and friends likely to exert a good influence over him shall at all reasonable times be permitted to visit him.

*Subd. 2. [JUVENILE TRAFFIC OFFENDERS.] (a) A minor who is alleged to have committed a juvenile traffic offense, as defined in article 1, section 4, subdivision 31, and who is subject to the laws and court procedures controlling adult traffic law offenders pursuant to article 1, section 13, subdivision 2, may be detained prior to trial in a detention facility only if pretrial detention is otherwise authorized by statute or rule. If so authorized, the minor may be detained in:*

*(1) a place of nonsecure detention, as set forth in article 1, section 24, subdivision 2, if the criteria for nonsecure detention in section 24 have been met; or*

*(2) a secure detention facility, as defined in article 1, section 4, subdivision 41, if the criteria for secure detention in section 24 have been met.*

*(b) A minor who is convicted of a juvenile traffic offense under the laws and court procedures controlling adult traffic offenders and who is sentenced to incarceration may be confined only in a county home school or a facility maintained or licensed by the commissioner of corrections for the detention or disposition of juveniles.*

*(c) The county in which the juvenile traffic offense occurred is responsible for paying the costs of detention under paragraph (a) and the costs of incarceration under paragraph (b).*

#### Sec. 8. [EFFECTIVE DATE.]

*Sections 1 to 7 are effective January 1, 1987."*

Delete the title and insert:

"A bill for an act relating to the juvenile court; revising and recodifying current laws governing the apprehension, detention, adjudication, and disposition of minors who commit unlawful acts or who are in need of protection or services; providing additional due process protections for minors and other parties who are subject to juvenile court jurisdiction; placing limitations on voluntary out-of-home placements of minors; providing for substitute care review; establishing criteria for the assessment and treatment of chemically dependent, mentally ill, and emotionally disturbed minors; providing for reporting of inappropriate admissions; providing for minor patients' rights; requiring court certification for treatment in certain cases; making certain technical amendments; imposing penalties; amending Minnesota Statutes 1984, sections 242.19, subdivision 2; 253B.04; 257.071; 259.23, subdivision 1; 260.022, subdivision 4; 260.024, subdivision 2; 260.031, subdivision 1; 260.094; 260.101; 260.103, subdivision 1; 260.121, subdivisions 1 and 2; 260.131; 260.132; 260.133, subdivision 1; 260.135, subdivisions 2 and 3; 260.141, subdivision 1; 260.145; 260.151, subdivision 1; 260.155, subdivisions 1, 3, 4, 5, and 8; 260.161, by adding a subdivision; 260.211; 260.221; 260.231, subdivision 3; 260.235; 260.251, subdivisions 1a and 4; 260.255; 260.315; 260.35; 484.70, subdivision 1; 484.73, subdivision 2; 524.5-505; and 636.07; Minnesota Statutes 1985 Supplement, sections 260.121, subdivision 3; 260.133, subdivision 2; 260.135, subdivision 1; 260.155, sub-

division 4a; 260.156; 260.161, subdivision 2; and 260.36; proposing coding for new law as Minnesota Statutes, chapters 260A and 260B; repealing Minnesota Statutes 1984, sections 260.011, subdivision 1; 260.015, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 23, 24, and 25; 260.024, subdivision 1; 260.111; 260.115; 260.135, subdivision 5; 260.151, subdivision 2; 260.155, subdivisions 2 and 7; 260.165; 260.171, subdivisions 1, 2, 5, 5a, and 6; 260.172, subdivisions 1, 2, and 3; 260.173; 260.181; 260.185; 260.191, subdivisions 1a, 1b, 1c, 2, 3, and 4; 260.192; 260.193; 260.194; 260.195; 260.261; 260.281; 260.291; and 260.301; Minnesota Statutes 1985 Supplement, sections 260.011, subdivision 2; 260.015, subdivisions 10 and 22; 260.171, subdivision 4; 260.172, subdivisions 2a, 2b, and 4; and 260.191, subdivisions 1, 1d, and 2a."

And when so amended the bill do pass. Mr. Stumpf questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

#### REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 60, upon the request of three members, a roll call was taken on Senator Freeman's motion that S.F. No. 1646, as amended, be recommended to pass.

There were yeas 8 and nays 6, as follows:

Those who voted in the affirmative were:

Messrs. Freeman; Luther; Merriam; Peterson, R.W.; Petty; Pogemiller; Sieloff and Spear.

Those who voted in the negative were:

Messrs. Johnson, D.E.; Jude; Kamrath; Knaak; Ramstad and Ms. Reichgott.

The bill, as amended, was recommended to pass.

Mr. Schmitz from the Committee on Local and Urban Government, to which was re-referred

S.F. No. 1936: A bill for an act relating to commerce; providing immunity to municipalities for certain claims; regulating certain self-insurance pools; abolishing the collateral source rule; requiring judgments to be paid in periodic installments rather than a lump sum upon request of either party; abolishing punitive damages in civil actions; placing a monetary maximum on the amount recoverable as intangible damages; eliminating joint liability in tort; amending Minnesota Statutes 1984, sections 466.01, subdivision 1; 466.03, subdivisions 4 and 6b, and by adding subdivisions; 471.982, subdivision 3; 549.09, subdivision 1; 549.20, subdivision 1; and 604.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 466, 481, 548, and 549; repealing Minnesota Statutes 1984, section 549.20, subdivisions 2 and 3.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Judiciary. Report adopted.

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1387: A bill for an act relating to automobile insurance; requiring specific proof of insurance in motor vehicle registration; amending Minnesota Statutes 1984, section 65B.68, 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. [65B.481] [DRIVER TO HAVE PROOF OF INSURANCE IN POSSESSION.]

*Every driver shall have in his immediate possession at all times when operating a motor vehicle proof that a valid insurance policy covering the vehicle is in effect. On demand of a peace officer, an authorized representative of the department of public safety, or an officer authorized by law to enforce the laws relating to the operation of motor vehicles on public streets and highways, the driver must produce proof of insurance in the form of a valid insurance policy or an identification card issued by an insurer. No person charged with violating this section shall be convicted if the person provides the required proof of insurance to the officer within 48 hours. The commissioner of public safety may suspend the license of any operator who violates this section.*

Sec. 2. Minnesota Statutes 1984, section 65B.67, subdivision 3, is amended to read:

Subd. 3. [VIOLATION BY DRIVER.] Any other person who operates a motor vehicle or motorcycle upon a public highway, street or road in this state ~~with knowledge~~ *who knows or has reason to know* that the owner does not have security complying with the terms of section 65B.48 in full force and effect is guilty of a misdemeanor and shall be sentenced as provided in subdivision 4.

Sec. 3. Minnesota Statutes 1984, section 65B.67, subdivision 4a, is amended to read:

Subd. 4a. The commissioner of public safety ~~may~~ *shall* revoke the registration of any motor vehicle or motorcycle, and may suspend the driver's license of any operator, without preliminary hearing upon a showing by department records, including accident reports required to be submitted by section 169.09, or other sufficient evidence that security required by section 65B.48 has not been provided and maintained. Before reinstatement of the registration, there shall be filed with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in the state stating that security has been provided as required by section 65B.48. The commissioner of public safety may require the certificate of insurance provided to satisfy this subdivision to be certified by the insurance carrier to be noncancelable for a period not to exceed one year. The commissioner of public safety may also require a certificate of insurance to be filed with respect to all vehicles required to be insured under section 65B.48 and owned by any person whose driving privileges have been suspended or revoked as provided in this section before reinstating the person's driver's license.”

Delete the title and insert:

“A bill for an act relating to automobile insurance; requiring revocation of



motor vehicle registration for failure to maintain insurance; requiring drivers to carry proof of insurance; amending Minnesota Statutes 1984, section 65B.67, subdivisions 3 and 4a; proposing coding for new law in Minnesota Statutes, chapter 65B."

And when so amended the bill do pass and be re-referred to the Committee on Economic Development and Commerce. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2023: A bill for an act relating to state lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; proposing coding for new law in Minnesota Statutes, chapter 92.

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

Delete everything after the enacting clause and insert:

"Section 1. [92.67] [SALE PROCEDURE.]

*Subdivision 1. [SALE REQUIREMENT.] Notwithstanding section 92.45, at the request of a lessee the commissioner of natural resources shall sell state property bordering public waters that is leased for the purpose of a private cabin under section 92.46 and recommended to be sold under the inventory prepared pursuant to Laws 1985, First Special Session chapter 14, article 17, section 4. Requests for sale must be made prior to July 1, 1991, and the commissioner shall complete all requested sales by July 1, 1992. The sale shall be made in accordance with laws providing for the sale of trust fund land except as modified by the provisions of this section.*

*Subd. 2. [APPRAISAL.] An appraisal shall be made in accordance with section 92.12, except as modified by this section. All improvements that are owned by the lessee shall be appraised separately.*

*Subd. 3. [APPOINTMENT OF APPRAISERS; ALLOCATION OF APPRAISAL AND SURVEY COSTS.] (a) The commissioner of natural resources shall provide the lessee requesting the sale with a list of all appraisers approved by the commissioner of administration for the appraisal of property for the state. The lessee requesting the sale may select a person from the list, to appraise the property to be sold. If more than one lessee of a cabin site lot leased by the commissioner under section 92.46 within a platted area requests the sale of a leased lot, all requesting lessees may jointly agree upon an appraiser from the list. If the lessee or lessees do not select an appraiser, the commissioner of natural resources shall select the appraiser.*

*(b) The costs of appraisal shall be allocated by the commissioner to the lots offered for sale and the successful bidder on each lot shall reimburse the commissioner for the appraisal costs allocated to the lot bid upon. If there are no successful bidders on a lot, the commissioner is responsible for the appraisal cost allocated to that lot.*

*(c) If a new property survey is required before a sale, the costs of the survey shall be allocated by the commissioner to the lots offered for sale and the*

successful bidder on each lot shall reimburse the commissioner for the survey costs allocated to the lot bid upon. If there are no successful bidders on a lot, the commissioner is responsible for the survey cost allocated to that lot.

(d) If a lot is sold without a new property survey, each bid is received upon the conditions that a warranty of legal description is not made by the commissioner and that each bidder waives all legal rights against the state relating to title or other defects arising from errors in legal description. These conditions shall be included in the notice of sale relating to lots if a new property survey has not been made and shall be announced orally at the commencement of bidding on lots if a new property survey has not been made.

Subd. 4. [TIMING OF SALES.] (a) The commissioner shall offer lakeshore cabin site lots for sale pursuant to written request and in accordance with the following schedule:

(1) as to requests received before January 1, 1987, the sale shall be held in June, July, or August 1987;

(2) as to requests received each calendar year after December 31, 1986, the sale shall be held in June, July, or August of the year after the request is received.

(b) The last sales shall be held in 1992. Lots not sold the first year offered may be reoffered in a succeeding year, following reappraisal if it is determined necessary by the commissioner.

If a person other than the lessee purchases the leased lakeshore cabin site, the purchaser must make payment in full to the lessee at the time of the sale for the appraised value of any improvements. Failure of a successful bidder to comply with this provision voids the sale and the property must be rebid, if possible, at the same sale.

Subd. 5. [SALE PROCEEDS.] After deducting the costs of the sale from the purchase price, the balance shall be invested as provided by the Minnesota Constitution, article XI, section 8.

## Sec. 2. [92.68] [MISCELLANEOUS.]

Subdivision 1. [SHORELINE INCLUDED.] Notwithstanding section 92.45, the shoreline of leased sites sold under section 1 is not reserved for public travel.

Subd. 2. [LOCAL ZONING.] For the purpose of local zoning ordinances, land sold under section 1 shall be treated as if purchased at the time the state first leased the sites.

Subd. 3. [ROAD ACCESS.] Rights of access across state property to the lots offered for sale that are in existence at the time of sale, and not included in the sale, may not be terminated by the commissioner without the consent of the purchasers of the lots or their successors in interest. The commissioner may impose a fee for the access rights in the same manner as for other similar accesses.

## Sec. 3. [REPEALER.]

Sections 1 and 2 of this act are repealed on July 1, 1992.

Sec. 4. [EFFECTIVE DATE.]

*Sections 1 to 3 are effective the day following final enactment.*"

And when so amended the bill do pass and be re-referred to the Committee on Education. Amendments adopted. Report adopted.

### SECOND READING OF SENATE BILLS

S.F. Nos. 1823, 2062, 1782, 1808, 1730, 1975, 1914, 2087, 2039, 2094, 2017, 1755, 1860, 1922, 1797, 1767, 2090, 1949, 1965, 1884, 1924, 2018, 2019 and 1790 were read the second time.

### SECOND READING OF HOUSE BILLS

H.F. Nos. 1824, 1980, 1860, 1930, 671 and 810 were read the second time.

### MOTIONS AND RESOLUTIONS

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed 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 bills were read the first time and referred to the committees indicated.

Messrs. Stumpf, Davis, Pehler and Ms. Olson introduced—

S.F. No. 2233: A bill for an act relating to education; adding post-secondary vocational technical education representation on the ESV computer and UFARS advisory councils; amending Minnesota Statutes 1984, sections 121.901, subdivision 1; and 121.934, subdivisions 1 and 2.

Referred to the Committee on Education.

Mr. Dieterich introduced—

S.F. No. 2234: A bill for an act relating to utilities; increasing salary and duties of chair of public utilities commission; prohibiting certain activities by utilities and public utility commissioners; directing commission to adopt rules of conduct; allowing rate increase settlements without a contested case hearing under certain circumstances; authorizing commission to assign mandatory filing dates for rate increases; allowing commission to suspend rate schedules for 12 or 14 months; imposing a penalty; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 3, 3a, and by adding subdivisions; 216B.16, subdivisions 1a, 2, and by adding a subdivision; and 237.075, subdivisions 1a, 2, and by adding a subdivision.

Referred to the Committee on Public Utilities and State Regulated Industries.

Messrs. Chmielewski, Bertram and Lessard introduced—

S.F. No. 2235: A bill for an act relating to veterans; requiring the MIA-

POW flag to be flown on the capitol.

Referred to the Committee on Veterans and General Legislation.

Messrs. Peterson, C.C.; Lessard; Luther; Renneke and Anderson introduced—

S.F. No. 2236: A bill for an act relating to game and fish; legislative oversight over federal fund receipts and expenditures.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Diessner introduced—

S.F. No. 2237: A bill for an act relating to economic development; creating the district 56 development association and providing for the powers and administration of the association; proposing coding for new law as Minnesota Statutes, chapter 116N.

Referred to the Committee on Economic Development and Commerce.

Mr. Kroening and Ms. Reichgott introduced—

S.F. No. 2238: A bill for an act relating to Hennepin county; creating a county housing and redevelopment authority; applying the provisions of the municipal housing and redevelopment act to Hennepin county; providing for local approval of projects.

Referred to the Committee on Energy and Housing.

Mr. Bertram introduced—

S.F. No. 2239: A bill for an act relating to charitable gambling; exempting certain organizations from regulation and tax; amending Minnesota Statutes 1984, sections 297A.25, by adding a subdivision; and 349.214, subdivision 2.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Mehrkens introduced—

S.F. No. 2240: A bill for an act relating to crimes; providing a penalty for assaulting correctional officers; amending Minnesota Statutes 1985 Supplement, section 609.2231, subdivision 1.

Referred to the Committee on Judiciary.

Mr. Novak, by request, introduced—

S.F. No. 2241: A bill for an act relating to commerce; requiring gasoline service stations to provide certain goods and services; proposing coding for new law in Minnesota Statutes, chapter 325E.

Referred to the Committee on Economic Development and Commerce.

Mr. Nelson introduced—

S.F. No. 2242: A bill for an act relating to education; prohibiting the state

board from authorizing a school board to transfer money from the debt redemption fund, except as provided in Minnesota Statutes, section 475.61, subdivision 4; amending Minnesota Statutes 1985 Supplement, section 121.9121, by adding a subdivision.

Referred to the Committee on Education.

Mr. Bertram introduced—

S.F. No. 2243: A bill for an act relating to public safety; restricting local requirements for stairways to be enclosed in certain buildings; requiring local governing bodies to consider certain facts before enacting ordinances affecting housing; defining the term "stories"; amending Minnesota Statutes 1984, section 299F.011, subdivision 4, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 16B.61, subdivision 3.

Referred to the Committee on Veterans and General Legislation.

Messrs. Pehler, Wegscheid and Peterson, R.W. introduced—

S.F. No. 2244: A bill for an act relating to environment; creating the waste management agency; transferring the duties of the waste management board and certain duties of the pollution control agency to the waste management agency; amending Minnesota Statutes 1984, sections 115A.03, by adding subdivisions; 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.51; 115A.53; 115A.917; amending Minnesota Statutes 1985 Supplement, sections 115A.49 and 115A.52; proposing coding for new law in Minnesota Statutes, chapter 115A; repealing Minnesota Statutes 1984, sections 115A.03, subdivision 3; 115A.04; 115A.05; 115A.13; 115A.14, subdivision 6; 115A.201; 115A.22, subdivision 4; and 115A.34.

Referred to the Committee on Governmental Operations.

Ms. Peterson, D.C. introduced—

S.F. No. 2245: A bill for an act relating to elections; providing for the use of certain optical scan electronic voting systems; amending Minnesota Statutes 1984, sections 203B.08, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 206.

Referred to the Committee on Elections and Ethics.

Mr. Dahl introduced—

S.F. No. 2246: A bill for an act relating to energy; providing for compensation by utilities of solid waste resource recovery facilities in metropolitan counties for electricity generated; setting term; amending Minnesota Statutes 1984, section 216B.164, subdivision 4.

Referred to the Committee on Energy and Housing.

Mr. Wegscheid, by request, introduced—

S.F. No. 2247: A bill for an act relating to environment; prohibiting the storage of hazardous waste at the University of Minnesota's Rosemount research center; proposing coding for new law in Minnesota Statutes, chapter

116.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Ramstad and Luther introduced—

S.F. No. 2248: A bill for an act relating to commerce; prohibiting the use of electronically prerecorded messages in telephone solicitations; proposing coding for new law in Minnesota Statutes, chapter 325G.

Referred to the Committee on Economic Development and Commerce.

Messrs. Pehler, Stumpf and Davis introduced—

S.F. No. 2249: A bill for an act relating to unemployment compensation; regulating benefits and contribution rates; appropriating money; amending Minnesota Statutes 1984, sections 268.04, subdivisions 2, 4, 24, 25, and by adding subdivisions; 268.06, subdivisions 2, 3a, 8, and by adding a subdivision; 268.07, subdivisions 2, 2a, and 3; 268.071, subdivision 1; 268.09, subdivisions 1 and 2; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.16, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 268.0111, by adding a subdivision; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivisions 8, 29, and 30.

Referred to the Committee on Employment. Mr. Moe, R.D. questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Frank introduced—

S.F. No. 2250: A bill for an act relating to utilities; providing for access by disabled persons to telephone service; amending Minnesota Statutes 1984, section 237.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Mehrkens introduced—

S.F. No. 2251: A bill for an act relating to public assistance; requiring the provision of general assistance medical assistance to certain persons in hospitals; amending Minnesota Statutes 1985 Supplement, section 256D.03, subdivision 4.

Referred to the Committee on Health and Human Services.

Mr. Schmitz introduced—

S.F. No. 2252: A bill for an act relating to land surveying; providing for the surveying of lands by a county board; providing for the establishment of an office of county auditor or the assignment of its duties; providing a penalty; amending Minnesota Statutes 1984, sections 381.01; 381.02; 381.03; 381.04; 381.05; 381.06; 381.07; 381.08; 381.09; 381.10; 381.12; 381.13;

389.011; 389.02; 389.03; 389.04; 389.08; Minnesota Statutes 1985 Supplement, section 389.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 381; repealing Minnesota Statutes 1984, section 389.06.

Referred to the Committee on Local and Urban Government.

Mrs. Kronebusch introduced—

S.F. No. 2253: A bill for an act relating to solid waste disposal; providing assistance to Winona county; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Purfeerst; Bertram; Solon; Johnson, D.J. and Knaak introduced—

S.F. No. 2254: A bill for an act relating to economic development; establishing a state lottery; creating a state lottery board; prescribing its powers and duties; providing for the disposition of revenues from the state lottery; creating certain funds in the state treasury; appropriating money; providing penalties; proposing an amendment to the Minnesota Constitution; repealing article XIII, section 5 which prohibits lotteries; amending Minnesota Statutes 1984, sections 290.61; 290.92, by adding a subdivision; 297A.43; Minnesota Statutes 1985 Supplement, section 290.17, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 349A.

Referred to the Committee on Economic Development and Commerce.

Mr. Chmielewski introduced—

S.F. No. 2255: A bill for an act relating to the city of Cloquet; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

Referred to the Committee on Local and Urban Government.

Mr. Pogemiller introduced—

S.F. No. 2256: A bill for an act relating to taxation; property; requiring the state and local units of government to provide notification of tax liability being assumed by certain lessees or users of public property; amending Minnesota Statutes 1984, section 272.01, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Mr. Luther introduced—

S.F. No. 2257: A bill for an act relating to the Minnesota zoological garden; authorizing a lease and management contract; abolishing the state zoological board; amending Minnesota Statutes 1984, sections 43A.27, by adding a subdivision; 179A.03, subdivision 15; 466.01, subdivision 1; Minnesota Statutes 1985 Supplement, sections 43A.27, subdivision 2; 352.01, subdivision 2A; proposing coding for new law in Minnesota Statutes, chapter 85A; repealing Minnesota Statutes 1984, section 85A.01, subdivisions 3 and 4; Minnesota Statutes 1985 Supplement, sections 85A.01, subdivisions 1 and 2; 85A.02, subdivision 5a; and 85A.04, subdivision 1.

Referred to the Committee on Governmental Operations.

Messrs. Pogemiller and Spear introduced—

S.F. No. 2258: A bill for an act relating to retirement; authorizing amendments to the articles of the Minneapolis teachers retirement fund association to authorize postretirement adjustments based on earnings of the fund and calculated on the basis of years of retirement and years of service.

Referred to the Committee on Governmental Operations.

Mr. Purfeerst introduced—

S.F. No. 2259: A bill for an act relating to state lands; authorizing conveyance of certain state easement.

Referred to the Committee on Agriculture and Natural Resources.

Mrs. Kronebusch introduced—

S.F. No. 2260: A bill for an act relating to solid waste disposal; deferring the application of certain Minnesota pollution control agency rules for certain counties until September 1, 1988.

Referred to the Committee on Agriculture and Natural Resources.

Mrs. Kronebusch introduced—

S.F. No. 2261: A bill for an act relating to taxes; exempting certain real property from taxation; amending Minnesota Statutes 1985 Supplement, section 272.02, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Mrs. Kronebusch introduced—

S.F. No. 2262: A bill for an act relating to Winona county; permitting the county to convey certain real estate to a county agricultural society.

Referred to the Committee on Local and Urban Government.

Mr. Peterson, C.C. introduced—

S.F. No. 2263: A bill for an act relating to state government; modifying requirements of the set-aside program; amending Minnesota Statutes 1985 Supplement, section 16B.19, subdivision 6.

Referred to the Committee on Governmental Operations.

#### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Wegscheid moved that his name be stricken as chief author and the name of Mr. DeCramer be added as chief author to S.F. No. 1683. The motion prevailed.

Mr. Bernhagen moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1829. The motion prevailed.



Ms. Berglin moved that the name of Mr. Luther be added as a co-author to S.F. No. 2039. The motion prevailed.

Mr. Storm moved that the name of Mr. Berg be added as a co-author to S.F. No. 2099. The motion prevailed.

Mr. Renneke moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2134. The motion prevailed.

Ms. Berglin moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2136. The motion prevailed.

Mr. Merriam moved that the names of Messrs. Frederick and Knutson be added as co-authors to S.F. No. 2166. The motion prevailed.

Mr. Pehler moved that the name of Mr. Bertram be added as a co-author to S.F. No. 2196. The motion prevailed.

Mr. Chmielewski moved that S.F. No. 2114 be withdrawn from the Committee on Employment and re-referred to the Committee on Rules and Administration. The motion prevailed.

### SUSPENSION OF RULES

Mr. Nelson 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. 810 and that the rules of the Senate be so far suspended as to give H.F. No. 810, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

H.F. No. 810: A bill for an act relating to health; requiring the commissioner of health to develop programs for the promotion of nonsmoking; providing for tax increase on cigarettes; raising the cigarette tax; appropriating money; imposing penalties; prohibiting the use of tobacco products on school premises by minors; amending Minnesota Statutes 1984, sections 297.02, by adding a subdivision; 297.03, subdivisions 6 and 10; 297.13, subdivision 1; 297.22, subdivision 1; 297.32, subdivisions 1, 2, and by adding subdivisions; 297.35, subdivision 1; and 325D.41; proposing coding for new law in Minnesota Statutes, chapters 124, 127, 144, and 145.

Mrs. McQuaid moved to amend H. F. No. 810, the unofficial engrossment, as follows:

Page 10, delete section 16

Amend the title as follows:

Page 1, line 6, delete "establishing revenue equity;"

Page 1, line 24, delete everything after the semicolon

Page 1, line 25, delete everything before "repealing"

### CALL OF THE SENATE

Mr. Nelson imposed a call of the Senate for the balance of the proceedings on H.F. No. 810. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the adoption of the McQuaid amendment.

The roll was called, and there were yeas 10 and nays 47, as follows:

Those who voted in the affirmative were:

Belanger	Kamrath	Olson	Ramstad	Sieloff
Frederickson	McQuaid	Peterson, D.L.	Renneke	Storm

Those who voted in the negative were:

Adkins	DeCramer	Jude	Nelson	Schmitz
Anderson	Dicklich	Kroening	Pehler	Spear
Berg	Diessner	Kronebusch	Peterson, C.C.	Stumpf
Berglin	Frank	Laidig	Peterson, D.C.	Taylor
Bernhagen	Frederick	Langseth	Peterson, R.W.	Waldorf
Bertram	Freeman	Lantry	Petty	Wegscheid
Brataas	Hughes	Lessard	Pogemiller	Willet
Chmielewski	Isackson	Luther	Purfeerst	
Dahl	Johnson, D.E.	Moe, D.M.	Reichgott	
Davis	Johnson, D.J.	Moe, R.D.	Samuelson	

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

Mr. Taylor moved to amend H.F. No. 810, the unofficial engrossment, as follows:

Page 11, after line 8, insert:

“Sec. 18. Minnesota Statutes 1985 Supplement, section 129C.10, is amended to read:

129C.10 [MINNESOTA SCHOOL OF THE ARTS AND RESOURCE CENTER.]

Subdivision 1. [GOVERNANCE.] The board of the Minnesota school of the arts and resource center shall consist of 15 persons. The members of the board shall be appointed by the governor with the advice and consent of the senate. At least one member must be appointed from each congressional district.

Subd. 2. [TERMS, COMPENSATION, AND OTHER.] The membership terms, compensation, removal of members, and filling of vacancies shall be as provided for in section 15.0575. A member may serve not more than two consecutive terms.

Subd. 3. [POWERS AND DUTIES OF BOARD.] The board has the powers necessary for the care, management, and control of the Minnesota school of the arts and resource center. The powers shall include, but are not limited to, the following:

(1) to employ and discharge necessary employees, and contract for other services to ensure the efficient operation of the school and resource center;

(2) to establish a charitable foundation and accept, in trust or otherwise, any gift, grant, bequest, or devise for educational purposes and hold, manage, invest, and dispose of them and the proceeds and income of them according to the terms and conditions of the gift, grant, bequest, or devise and its acceptance;

(3) to establish or coordinate evening, continuing education, extension, and summer programs through the resource center for teachers and pupils;

(4) to develop and pilot test an interdisciplinary education program. An

academic curriculum must be offered with special programs in dance, literary arts, media arts, music, theater, and visual arts in both the popular and fine arts traditions;

(5) to determine the location for the Minnesota school of the arts and resource center and any additional facilities related to the school, including the authority to lease a temporary facility;

(6) to plan for the enrollment of pupils to ensure statewide access and participation;

(7) (5) to establish advisory committees as needed to advise the board on policies and issues; and

(8) (6) to request the commissioner of education for assistance and services.

Subd. 4. [EMPLOYEES.] (1) The board shall appoint a director of the school of the arts and resource center who shall serve in the unclassified service.

(2) The board shall employ, upon recommendation of the director, a coordinator of the resource center who shall serve in the unclassified service.

(3) The board shall employ, upon recommendation of the director, up to six department chairpersons who shall serve in the unclassified service. The chairpersons shall be licensed teachers unless no licensure exists for the subject area or discipline for which the chairperson is hired.

(4) (2) The board may employ other necessary employees, upon recommendation of the director coordinator.

The employees hired under this subdivision and other necessary employees hired by the board shall be state employees in the executive branch.

Subd. 5. [RESOURCE CENTER.] Beginning in the 1985-1986 school year, The resource center shall offer programs that are directed at improving arts education in elementary and secondary schools throughout the state. The programs offered shall include at least summer institutes offered to pupils in various regions of the state, in-service workshops for teachers, and leadership development programs for teachers. The board shall establish a resource center advisory council composed of elementary and secondary arts educators, representatives from post-secondary educational institutions, department of education, state arts board, regional arts councils, educational cooperative service units, school district administrators, parents, and other organizations involved in arts education. The advisory council shall include representatives from a variety of arts disciplines and from various areas of the state. The advisory council shall advise the board about the activities of the center. Programs offered through the resource center shall promote and develop arts education programs offered by school districts and arts organizations and shall assist school districts and arts organizations in developing innovative programs. The board may contract with nonprofit arts organizations to provide programs through the resource center. The advisory council shall advise the board on contracts and programs related to the operation of the resource center.

Subd. 6. [PUBLIC POST-SECONDARY INSTITUTIONS; PROVID-

ING SPACE.] Public post-secondary institutions shall provide space for programs offered by the Minnesota school of the arts and resource center at no cost to the Minnesota school of the arts and resource center to the extent that space is available at the public post-secondary institutions."

Page 27, after line 20, insert:

"Sec. 30. Laws 1985, First Special Session chapter 12, article 5, section 8, is amended to read:

Sec. 8. [REPORT.]

By February 1 of 1986 and 1987, the board of the school of the arts and resource center shall report to the education committees of the legislature on the activities of the board, and the activities of the resource center, and the planning for the school of the arts. The 1987 report shall include recommendations about continuation of the school of the arts and resource center.

Sec. 31. Laws 1985, First Special Session chapter 12, article 5, section 10, subdivision 4, is amended to read:

Subd. 4. [SCHOOL OF THE ARTS AND RESOURCE CENTER.] For the purpose of making a grant to the Minnesota school of the arts and resource center there is appropriated:

\$491,000 \_\_\_\_\_ 1986,

~~\$2,170,000~~ \$800,000 \_\_\_\_\_ 1987.

The unencumbered balance remaining from fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.

For fiscal years 1986 and 1987 a complement of ~~43~~ 5 is authorized for the school of the arts and resource center. ~~Of this complement, eight are in the categories of director, coordinator, and department chairs."~~

Page 28, delete section 31

Page 28, delete lines 28 to 30

Renumber the subdivisions in sequence

Page 29, line 5, after "31" delete the comma and insert "and" and delete "*and 33, subdivision 1,*"

Amend the title as follows:

Page 1, line 6, delete everything after the second semicolon and insert "retaining the Minnesota arts resource center; eliminating the school of the arts"

Page 1, line 7, delete everything before the semicolon

Page 1, line 17, after the second semicolon insert "129C.10;"

Page 1, line 23, after "9;" insert "article 5, sections 8 and 10, subdivision 4;" and after the second "9" delete the comma and insert "and"

Page 1, line 24, delete ", and 13"

Page 1, line 28, delete "129B.61;"

Page 1, line 29, delete everything before "and"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Isackson	Laidig	Renneke
Belanger	Dieterich	Johnson, D.E.	McQuaid	Sieloff
Benson	Frederick	Kamrath	Mehrkens	Storm
Berg	Frederickson	Knaak	Olson	Taylor
Bernhagen	Gustafson	Kronebusch	Ramstad	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Peterson, D.C.	Solon
Berglin	Frank	Luther	Peterson, D.L.	Spear
Bertram	Freeman	Moe, D.M.	Peterson, R.W.	Stumpf
Chmielewski	Hughes	Moe, R.D.	Petty	Vega
Dahl	Johnson, D.J.	Nelson	Purfeerst	Waldorf
Davis	Jude	Novak	Reichgott	Willet
DeCramer	Kroening	Pehler	Samuelson	
Dicklich	Langseth	Peterson, C.C.	Schmitz	

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

H.F. No. 810 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 6, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kamrath	Novak	Samuelson
Anderson	Dicklich	Kroening	Pehler	Schmitz
Belanger	Diessner	Kronebusch	Peterson, C.C.	Sieloff
Benson	Frederick	Laidig	Peterson, D.C.	Solon
Berg	Frederickson	Langseth	Peterson, D.L.	Spear
Berglin	Freeman	Lantry	Peterson, R.W.	Stumpf
Bernhagen	Gustafson	Lessard	Petty	Taylor
Bertram	Hughes	Luther	Pogemiller	Vega
Brataas	Isackson	Mehrkens	Purfeerst	Waldorf
Chmielewski	Johnson, D.E.	Moe, D.M.	Ramstad	Wegscheid
Dahl	Johnson, D.J.	Moe, R.D.	Reichgott	Willet
Davis	Jude	Nelson	Renneke	

Those who voted in the negative were:

Dieterich	Knaak	McQuaid	Olson	Storm
Frank				

So the bill passed and its title was agreed to.

### RECESS

Mr. Moe, R.D. 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

Without objection, the Senate proceeded 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.

Mr. Pehler introduced—

S.F. No. 2264: A bill for an act relating to retirement; public employees retirement association; permitting the purchase of prior service credits by certain employees; amending Minnesota Statutes 1984, section 353.36, subdivision 2b, and by adding a subdivision.

Referred to the Committee on Governmental Operations.

## MOTIONS AND RESOLUTIONS - CONTINUED

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

## REPORTS OF COMMITTEES

Mr. Moe, R.D. from the Committee on Rules and Administration, upon the request of Mr. Purfeerst, the first author of S.F. No. 1:

S.F. No. 1: A bill for an act proposing an amendment to the Minnesota Constitution; repealing article XIII, section 5 which prohibits lotteries.

Recommends that the bill be withdrawn from the Committee on Judiciary and re-referred to the Committee on Rules and Administration.

Mr. Moe, R.D. moved the adoption of the foregoing committee report. The motion prevailed. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

Senate Concurrent Resolution No. 19: A Senate concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

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

Page 1, line 20, delete "Chief Clerk" and insert "Secretary of the Senate"

Page 1, line 22, delete "the Speaker,"

Page 1, line 23, delete "and the Secretary of the Senate" and insert "the Speaker of the House, and the Chief Clerk of the House"

And when so amended the resolution do pass.

Mr. Moe, R.D. moved the adoption of the foregoing committee report. The motion prevailed. Amendments adopted. Report adopted.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 19 be laid on the table. The motion prevailed.

Mr. Chmielewski moved that the name of Mr. Freeman be added as a

co-author to S.F. No. 2255. The motion prevailed.

Mr. Chmielewski moved that the name of Mr. Lessard be added as a co-author to S.F. No. 2217. The motion prevailed.

### **MEMBERS EXCUSED**

Mr. Dieterich was excused from the Session of today from 2:00 to 3:00 p.m.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Monday, March 3, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## SEVENTY-SEVENTH DAY

St. Paul, Minnesota, Monday, March 3, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Mehrkens imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rabbi Stephen Pinsky.

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

Adkins	Diessner	Knutson	Novak	Schmitz
Anderson	Dieterich	Kroening	Olson	Sieloff
Belanger	Frank	Kronebusch	Pehler	Solon
Benson	Frederick	Laidig	Peterson, C.C.	Spear
Berg	Frederickson	Langseth	Peterson, D.C.	Storm
Berglin	Freeman	Lantry	Peterson, D.L.	Stumpf
Bernhagen	Gustafson	Lessard	Peterson, R.W.	Taylor
Bertram	Hughes	Luther	Petty	Vega
Brataas	Isackson	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid
Dahl	Johnson, D.J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D.M.	Reichgott	
DeCramer	Kamrath	Moe, R.D.	Renneke	
Dicklich	Knaak	Nelson	Samuelson	

The President declared a quorum present.

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

### 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. 1575 and 1587.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 27, 1986

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a new Conference Committee on:

S.F. No. 5: A bill for an act relating to alcoholic beverages; increasing the



age for licensing, sale, purchase, consumption, possession, and furnishing of alcoholic beverages; establishing programs for education on avoidable health risks related to alcohol and other drugs; increasing the fee for the reinstatement of drivers licenses revoked for alcohol-related violations; appropriating money; amending Minnesota Statutes 1984, sections 171.29, subdivision 2; 340.02, subdivision 8; 340.035, subdivision 1; 340.039; 340.119, subdivision 2; 340.13, subdivision 12; 340.403, subdivision 3; 340.73, subdivision 1; 340.731; 340.732; 340.79; and 340.80.

The House has appointed to such committee:

Schafer, Gutknecht and Kelly.

Senate File No. 5 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 27, 1986

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. 1600: A bill for an act relating to courts; altering the responsibility for the procedure to be followed when filing a change of name with the county recorder; eliminating the limits on the amount of bond to be posted by the clerk of court; prohibiting employees of the clerk's office from practicing law in the court in which they are employed; amending Minnesota Statutes 1984, section 259.11; and Minnesota Statutes 1985 Supplement, section 485.01.

Senate File No. 1600 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned February 27, 1986

### CONCURRENCE AND REPASSAGE

Mr. Sieloff moved that the Senate concur in the amendments by the House to S.F. No. 1600 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1600: A bill for an act relating to courts; reducing the statutory time of residency required for a change of name; altering the responsibility for the procedure to be followed when filing a change of name with the county recorder; eliminating the limits on the amount of bond to be posted by the clerk of court; prohibiting employees of the clerk's office from practicing law in the court in which they are employed; amending Minnesota Statutes 1984, sections 259.10; and 259.11; and Minnesota Statutes 1985 Supplement, section 485.01.

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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kroening	Olson	Schmitz
Anderson	Frederick	Kronebusch	Pehler	Sieloff
Belanger	Frederickson	Laidig	Peterson, C. C.	Spear
Benson	Freeman	Lantry	Peterson, D. C.	Storm
Berg	Gustafson	Lessard	Peterson, D. L.	Stumpf
Berglin	Hughes	Luther	Peterson, R. W.	Taylor
Bernhagen	Isackson	McQuaid	Petty	Vega
Bertram	Johnson, D.E.	Mehrkens	Pogemiller	Waldorf
Chmielewski	Johnson, D.J.	Merriam	Purfeerst	Wegscheid
Dahl	Jude	Moe, D. M.	Ramstad	Willet
DeCramer	Kamrath	Moe, R. D.	Reichgott	
Dicklich	Knaak	Nelson	Renneke	
Dietrich	Knutson	Novak	Samuelson	

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. 1730, 1850, 1969, 2014, 1807; 1926, 1928, 1991 and 1886.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted February 27, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1730: A bill for an act relating to crime; correcting certain erroneous, omitted and obsolete references in and to the criminal sexual conduct statutes; amending Minnesota Statutes 1984, sections 253B.02, subdivision 4a; 260.015, subdivision 24; 494.03; 518B.01, subdivision 2; 609.11, subdivision 9; 609.341, subdivision 3; 609.347, subdivision 3; 609.348; 609.349; 609.35; 611A.03, subdivision 3; and 628.26; and Minnesota Statutes 1985 Supplement, sections 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2 and 3; 609.347; 609.531, subdivision 1; 626.556, subdivision 2; and 631.045.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1751, now on General Orders.

H.F. No. 1850: A bill for an act relating to intoxicating liquor; authorizing the city of Rochester to issue an on-sale license to a concessionaire at the Mayo civic center.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2006.

H.F. No. 1969: A bill for an act relating to mediation; providing for mediation between debtors and creditors; authorizing mediator training grants to nonprofit regional alternative dispute resolution centers; amending Minnesota Statutes 1984, sections 480.24, by adding a subdivision; and 480.242, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter

572.

Referred to the Committee on Judiciary.

H.F. No. 2014: A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1838, now on General Orders.

H.F. No. 1807: A bill for an act relating to local government; providing for the coordination of various development authorities in the city of Moorhead and Clay county.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1760, now on General Orders.

H.F. No. 1926: A bill for an act relating to state investments; establishing various accounts within the supplemental investment fund; providing for the administration of the accounts and for the investment and valuation of shares within each account; amending Minnesota Statutes 1984, sections 11A.17, subdivisions 1, 4, 9, and by adding a subdivision; 69.77, subdivision 2; 69.775; 352.96, subdivision 4; 352D.04, subdivision 1; Minnesota Statutes 1985 Supplement, section 11A.17, subdivision 13; and Laws 1969, chapter 950, section 3; as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1796.

H.F. No. 1928: A bill for an act relating to education; placing the state council on vocational education director in the unclassified service; amending Minnesota Statutes 1985 Supplement, section 136C.50, subdivision 7.

Referred to the Committee on Governmental Operations.

H.F. No. 1991: A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; and 473.303, subdivisions 2 and 4a; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. 1913.

H.F. No. 1886: A bill for an act relating to local government; changing the notice requirements for special assessments; amending Minnesota Statutes

1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1955.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was re-referred

S.F. No. 1869: A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

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

Page 2, lines 32 and 33, delete "*the jurisdiction of*" and insert "*rate regulation by*"

Page 3, line 18, after "*commission*" insert "*or to the director of the department, respectively.*"

Page 4, line 8, after "*prescribing*" insert "*permissible and*"

Page 4, line 9, delete everything after the period

Page 4, delete lines 10 to 16.

Page 4, line 17, delete everything before "A" and insert:

"*Subd. 2. [COMMUNICATIONS PROHIBITED.]*"

Page 4, line 21, after the period, insert "*The commission may dismiss a proceeding if an applicant, petitioner, or complainant violates this subdivision.*"

Renumber the subdivisions in sequence

Page 4, line 25, delete "*similar*"

Page 4, delete line 26, and insert "*to preserve the quasi-judicial function of the commission.*"

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 1850: A bill for an act relating to state government; regulating fees for state agency services; amending Minnesota Statutes 1985 Supplement, sections 16A.128 and 16A.1281.

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

Page 1, line 13, delete everything after the period

Page 1, delete lines 14 to 18

Page 2, line 5, delete the new language

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

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

S.F. No. 1961: A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, non-public, and protected nonpublic; clarifying issues relating to the administration of data; amending Minnesota Statutes 1984, sections 13.38, by adding a subdivision; 13.46, by adding a subdivision; 13.84, by adding subdivisions; and 13.85, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 1, 2, and 7; 13.76; and 13.82, subdivision 5; repealing Minnesota Statutes 1985 Supplement, section 13.89.

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

Page 3, line 25, delete "*this chapter or*" and strike "other"

Page 4, delete section 5 and insert:

"Sec. 5. Minnesota Statutes 1984, section 13.41, subdivision 4, is amended to read:

Subd. 4. [PUBLIC DATA.] Licensing agency minutes, application data on licensees, orders for hearing, findings of fact, conclusions of law and specification of the final disciplinary action contained in the record of the disciplinary action are classified as public, pursuant to section 13.02, subdivision 15. The entire record concerning the disciplinary proceeding is public data pursuant to section 13.02, subdivision 15, in those instances where there is a public hearing concerning the disciplinary action. *The license numbers, the license status, and continuing education records issued or maintained by the board of peace officer standards and training are classified as public data, pursuant to section 13.02, subdivision 15.*"

Page 5, lines 10, 11, and 13, reinstate the stricken language

Page 5, line 12, reinstate everything before the stricken "upon" and after the stricken "by" insert "*may be released to*" and reinstate the stricken "the department of"

Page 5, line 14, reinstate the stricken language and before the semicolon, insert "*unless federal law prohibits the release*"

Page 5, line 15, reinstate the stricken "(9)"

Page 5, lines 20 and 24, reinstate the stricken language and delete the new language

Page 7, delete lines 6 to 11

Pages 8 and 9, delete sections 11 to 13 and insert:

“Sec. 11. Minnesota Statutes 1985 Supplement, section 144.335, subdivision 2, is amended to read:

Subd. 2. [PATIENT ACCESS.] (a) Upon request a provider shall supply to a patient complete and current information possessed by that provider concerning any diagnosis, treatment and prognosis of the patient in terms and language the patient can reasonably be expected to understand.

(b) Upon a patient's written request, a provider at a reasonable cost to the patient shall furnish to the patient (1) copies of the patient's health record, including but not limited to laboratory reports, X-rays, prescriptions, and other technical information used in assessing the patient's health condition, or (2) the pertinent portion of the record relating to a specific condition, ~~or (3) specified by the patient.~~ *With the consent of the patient, the provider may instead furnish only a summary of the record.*

(c) If a provider, as defined in subdivision 1, clause (b) (1), reasonably determines that the information is detrimental to the physical or mental health of the patient, or is likely to cause the patient to harm himself or another, he may withhold the information from the patient and may supply the information to an appropriate third party or to another provider, as defined in subdivision 1, clause (b) (1). The other provider or third party may release the information to the patient.

(d) A provider as defined in subdivision 1, clause (b) (2), shall release information upon written request unless, prior to the request, a provider as defined in subdivision 1, clause (b) (1), has designated and described a specific basis for withholding the information as authorized by paragraph (c).

Sec. 12. Minnesota Statutes 1984, section 169.09, subdivision 13, is amended to read:

Subd. 13. [ACCIDENT REPORTS CONFIDENTIAL.] All written reports and supplemental reports required under this section to be provided to the department of public safety shall be without prejudice to the individual so reporting and shall be for the confidential use of the department of public safety and other appropriate state, federal, county and municipal governmental agencies for accident analysis purposes, except that the department of public safety or any law enforcement department of any municipality or county in this state shall, upon written request of any person involved in an accident or upon written request of the representative of his or her estate, surviving spouse, or one or more surviving next of kin, or a trustee appointed pursuant to section 573.02, disclose to the requester, his or her legal counsel or a representative of his or her insurer any information contained therein except the parties' version of the accident as set out in the written report filed by the parties or may disclose identity of a person involved in an accident when the identity is not otherwise known or when the person denies presence at the accident. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the department of public

safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the department of public safety solely to prove a compliance or a failure to comply with the requirements that the report be made to the department of public safety. Disclosing any information contained in any accident report, except as provided herein, is unlawful and a misdemeanor.

Nothing herein shall be construed to prevent any person who has made a report pursuant to this chapter from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required but it is not intended to prohibit proof of the facts to which the reports relate. Legally qualified newspaper publications and licensed radio and television stations shall upon request to a law enforcement agency be given an oral statement covering only the time and place of the accident, the names and addresses, and dates of birth of the parties involved, and a general statement as to how the accident happened without attempting to fix liability upon anyone, but said legally qualified newspaper publications and licensed radio and television stations shall not be given access to the hereinbefore mentioned confidential reports, nor shall any such statements or information so orally given be used as evidence in any court proceeding, but shall merely be used for the purpose of a proper publication or broadcast of the news.

When these reports are released for accident analysis purposes the identity of any involved person shall not be revealed. Data contained in these reports shall only be used for accident analysis purposes, except as otherwise provided by this subdivision. Accident reports and data contained therein which may be in the possession or control of departments or agencies other than the department of public safety shall not be discoverable under any provision of law or rule of court.

The department may charge authorized persons a \$5 fee for a copy of an accident report.

Sec. 13. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 5. "Confidential data on individuals" has the meaning given in section 13.02, subdivision 3.*

Sec. 14. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 6. "Corrections and detention data" has the meaning given in section 13.85, subdivision 1.*

Sec. 15. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 7. "Personnel data" has the meaning given in section 13.43, subdivision 1.*

Sec. 16. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 8. "Private data on individuals" has the meaning given in section 13.02, subdivision 12.*

Sec. 17. [241.441] [ACCESS BY OMBUDSMAN TO PERSONNEL AND CORRECTIONS AND DETENTION DATA.]

*Subdivision 1. [GENERAL PROVISION.] Notwithstanding section 13.43 or 13.85 or any other provision of chapter 13 to the contrary, the availability of personnel data and corrections and detention data to the ombudsman is governed by this section.*

*Subd. 2. [ACCESS BY OMBUDSMAN.] When access to personnel data or corrections and detention data is necessary for the ombudsman to discharge the ombudsman's powers under section 241.44, subdivision 1, the ombudsman has access to personnel data and corrections and detention data classified as private or confidential data on individuals. An administrative agency shall make this data available to the ombudsman.*

Sec. 18. Minnesota Statutes 1984, section 259.27, is amended by adding a subdivision to read:

*Subd. 3a. [DATA ON PROPOSED ADOPTIVE PARENTS.] All data held by the commissioner of human services, county welfare board, or child placing agency that relate only to the suitability of the proposed adoptive parents, but do not relate to a child, are private data on individuals as defined in section 13.02, subdivision 12."*

Page 9, after line 8, insert:

"Sec. 20. [EFFECTIVE DATE.]

*Section 18 is effective the day following final enactment."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "13.41, subdivision 4;"

Page 1, line 8, delete everything after the first semicolon

Page 1, line 9, delete everything before the semicolon and insert "169.09, subdivision 13; 241.42, by adding subdivisions; and 259.27, by adding a subdivision"

Page 1, line 12, delete "1," and after "2" delete the comma and delete the second "and"

Page 1, line 13, after the semicolon, insert "and 144.335, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 241;"

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

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

S.F. No. 1974: A bill for an act relating to probate; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; amending Minnesota Statutes 1985 Supplement, section 524.2-202.



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

Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 524.2-109, is amended to read:

524.2-109 [MEANING OF CHILD AND RELATED TERMS.]

If, for purposes of intestate succession, a relationship of parent and child must be established to determine succession by, through, or from a person:

(1) An adopted person is the child of an adopting parent and not of the natural parents except that adoption of a child by the spouse of a natural parent has no effect on the relationship between the child and that natural parent. If a parent dies and a child is subsequently adopted by a stepparent who is the spouse of a surviving parent, any rights of inheritance of the child or the child's issue from or through the deceased parent of the child which exist at the time of the death of that parent shall not be affected by the adoption.

(2) In cases not covered by clause (1), a person ~~born out of wedlock is a child of the mother. That person is also a child of the father, if:~~

(i) ~~the natural parents participated in a marriage ceremony before or after the birth of the child, even though the attempted marriage is void; or~~

(ii) ~~the paternity is established by an adjudication or by acknowledgment, consent, or agreement pursuant to sections 257.51 to 257.74 before the death of the father or is established thereafter by clear and convincing proof, except that the paternity established under this clause is ineffective to qualify the father or his kindred to inherit from or through the child unless the father has openly treated the child as his, and has not refused to support the child is the child of the person's parents regardless of the marital status of the parents and the parent and child relationship may be established under the parentage act, sections 257.51 to 257.74.”~~

Page 2, line 30, strike the comma and insert a semicolon

Page 2, line 33, strike the first comma and insert a semicolon

Page 2, line 35, delete the comma and insert a semicolon

Page 3, line 2, delete the comma and insert a semicolon

Page 3, line 5, delete “*exclusive of*” and insert “*excluding*”

Page 3, line 7, delete the second comma and insert a semicolon

Page 3, lines 9 and 11, strike the comma and insert a semicolon

Page 3, line 34, after “*to*” insert a comma

Page 3, line 34, delete “*any*” and insert “*, a*”

Page 4, line 1, delete “*any*”

Page 4, line 5, delete “*and*” and insert “*, or*”

Page 4, line 11, delete “*exclusive*” and insert “*excluding*”

Page 4, line 12, delete the first “*of*”

Page 4, line 16, delete "any"

Page 4, line 25, delete "The protection here given" and insert "This"

Page 4, line 29, delete "if the payer is" and insert a period

Page 4, delete line 30

Page 4, line 33, delete "must be"

Page 5, lines 1, 4 and 12, delete "into" and insert "to"

Page 5, lines 7, 9 and 11, delete "clause" and insert "subsection"

Page 5, after line 17, insert:

"Sec. 3. Minnesota Statutes 1985 Supplement, section 524.2-205, is amended to read:

524.2-205 [PROCEEDING FOR ELECTIVE SHARE; TIME LIMIT.]

(a) The surviving spouse may elect to take an elective share in the augmented ~~net~~ estate by filing in the court and mailing or delivering to the personal representative, if any, a petition for the elective share within nine months after the date of death, or within six months after the probate of the decedent's will, whichever limitation last expires. However, nonprobate transfers, described in section 524.2-202, clauses (1) and (3), shall not be included within the augmented estate for the purpose of computing the elective share, if the petition is filed later than nine months after death. The court may extend the time for election as it sees fit for cause shown by the surviving spouse before the time for election has expired.

(b) The surviving spouse shall give notice of the time and place set for hearing to persons interested in the estate and to the distributees and recipients of portions of the augmented net estate whose interests will be affected by the taking of the elective share.

(c) The surviving spouse may withdraw his demand for an elective share at any time before entry of an order by the court determining the elective share.

(d) After notice and hearing, the court shall determine the amount of the elective share and shall order its payment from the assets of the augmented net estate or by contribution as appears appropriate under section 524.2-207. If it appears that a fund or property included in the augmented net estate has not come into the possession of the personal representative, or has been distributed by the personal representative, the court nevertheless shall fix the liability of any person who has any interest in the fund or property or who has possession thereof, whether as trustee or otherwise. The proceeding may be maintained against fewer than all persons against whom relief could be sought, but no person is subject to contribution in any greater amount than he would have been if relief had been secured against all persons subject to contribution.

(e) The order or judgment of the court may be enforced as necessary in suit for contribution or payment in other courts of this state or other jurisdictions.

(f) *Whether or not an election has been made under subsection (a), the surviving spouse may elect statutory rights in the homestead by filing in the manner provided in this section a petition in which the spouse asserts the*

rights provided in section 525.145, provided that:

(1) when the homestead is subject to a testamentary disposition, the filing must be within nine months after the date of death, or within six months after the probate of the decedent's will, whichever limitation last expires; or

(2) where the homestead is subject to other disposition, the filing must be within nine months after the date of death.

The court may extend the time for election for cause shown by the surviving spouse before the time for filing has expired.

Sec. 4. Minnesota Statutes 1985 Supplement, section 525.145, is amended to read:

525.145 [DESCENT OF HOMESTEAD.]

(1) Where there is a surviving spouse the homestead, including a manufactured home which is the family residence, shall descend free from any testamentary or other disposition thereof to which the spouse has not consented in writing or by election to take under the will as provided by law, as follows:

(a) if there be no surviving child or issue of any deceased child, to the spouse;

(b) if there be children or issue of deceased children surviving, then to the spouse for the term of the spouse's natural life and the remainder in equal shares to the children and the issue of deceased children by right of representation.

(2) Where there is no surviving spouse and the homestead has not been disposed of by will it shall descend as other real estate.

(3) Where the homestead passes by descent or will to the spouse or children or issue of deceased children, it shall be exempt from all debts which were not valid charges thereon at the time of decedent's death except that the homestead shall be subject to a claim filed pursuant to section 246.53 for state hospital care or 256B.15 for medical assistance benefits. If the homestead passes to a person other than a spouse or child or issue of a deceased child, it shall be subject to the payment of the items mentioned in section 524.2-101. No lien or other charge against any homestead which is so exempted shall be enforced in the probate court, but the claimant may enforce the lien or charge by an appropriate action in the district court.

(4) For purposes of this section, except as provided in section 524.2-301, the surviving spouse is deemed to consent to any testamentary or other disposition of the homestead to which the spouse has not previously consented in writing unless the spouse files in the manner provided in section 524.2-205, subsection (f), a petition that asserts the homestead rights provided to the spouse by this section."

Page 5, line 19, delete "Section 1" and insert "This act"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "section" and insert "sections 524.2-109;" and

before the period, insert “; 524.2-205; and 525.145”

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

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

S.F. No. 1848: A bill for an act relating to costs and attorney fees; providing for recovery of costs and attorney fees by prevailing parties in civil actions and contested case proceedings involving the state; amending Minnesota Statutes 1984, section 14.62, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Delete everything after the enacting clause and insert:

“Section 1. [3.761] [DEFINITIONS.]

*Subdivision 1. [TERMS DEFINED.] For purposes of this section and sections 2 to 5, the terms defined in this section have the meanings given them.*

*Subd. 2. [ADMINISTRATIVE LAW JUDGE.] “Administrative law judge” means the official assigned to conduct a contested case hearing under chapter 14.*

*Subd. 3. [CONTESTED CASE.] “Contested case” means a proceeding defined in section 14.02, subdivision 3, in which the position of the state is represented by counsel, but excludes a contested case for the purpose of establishing or fixing a rate or for granting or renewing a license.*

*Subd. 4. [EXPENSES.] “Expenses” means the costs incurred by the party in the litigation, including:*

- (1) filing fees;*
- (2) subpoena fees and mileage;*
- (3) transcript costs and court reporter fees;*
- (4) expert witness fees;*
- (5) photocopying and printing costs;*
- (6) postage and delivery costs; and*
- (7) service of process fees.*

*Subd. 5. [FEES.] “Fees” means the reasonable attorney fees or reasonable fees by a person not an attorney who is authorized by law or rule to represent the party and may include reasonable charges by the party, the party's employee, or agent. The amount of fees must be based upon prevailing market rates for the kind and quality of the services furnished, subject to the following limitations:*

*(a) In a court action, an expert witness may not be compensated at a rate in excess of the highest rate of compensation for expert witnesses paid by the United States.*

*(b) In a contested case proceeding, an expert witness may not be compen-*

sated at a rate in excess of the highest rate of compensation for expert witnesses paid by the state agency involved.

(c) Attorney or agent fees may not be awarded in excess of \$100 per hour unless the court or administrative law judge determines that an increase in the cost of living or a special factor, such as the limited availability of qualified attorneys or agents for the proceedings involved, justifies a higher fee.

Subd. 6. [PARTY.] (a) Except as modified by paragraph (b), "party" means a person named or admitted as a party, or seeking and entitled as of right to be admitted as a party, in a court action or contested case proceeding, or a person admitted by an administrative law judge for limited purposes, and who is:

(1) an unincorporated business, partnership, corporation, association, or organization, having not more than 50 employees at the time the civil action was filed or the contested case proceeding was initiated; and

(2) an unincorporated business, partnership, corporation, association, or organization whose annual revenues did not exceed \$4,000,000 at the time the civil action was filed or the contested case proceeding was initiated.

(b) "Party" also includes a partner, officer, shareholder, member, or owner of an entity described in paragraph (a), clauses 1 and 2.

Subd. 7. [STATE.] "State" means the state of Minnesota or an agency or official of the state of Minnesota acting in an official capacity.

Subd. 8. [SUBSTANTIALLY JUSTIFIED.] "Substantially justified" means that the state's position had a reasonable basis in law and fact, based on the totality of the circumstances prior to and during the litigation or contested case proceeding.

## Sec. 2. [3.762] [FEES AND EXPENSES; CIVIL ACTION OR CONTESTED CASE PROCEEDING INVOLVING STATE.]

(a) A court or administrative law judge may award fees and expenses to a prevailing party other than the state in a civil action or contested case proceeding, other than a tort action, brought by or against the state, if the court or administrative law judge finds that the position of the state was not substantially justified.

(b) The court or administrative law judge may reduce the amount to be awarded under this section, or deny an award, to the extent that the prevailing party during the course of the proceedings engaged in conduct that unduly and unreasonably protracted the final resolution of the matter in controversy. The decision of an administrative law judge under this section must be made a part of the record containing the final decision of the agency and must include written findings and conclusions.

(c) This section does not preclude a party from recovering costs, disbursements, fees, and expenses under other applicable law.

## Sec. 3. [3.763] [PAYMENT OF COSTS AND FEES.]

Subdivision 1. [CIVIL ACTION.] A judgment against the state in a civil action for fees and expenses under section 2 must be paid from funds of the agency.

*Subd. 2. [CONTESTED CASE PROCEEDING.] Fees and other expenses awarded in a contested case proceeding under section 2 must be paid by the agency over which the party prevails from funds of the agency.*

Sec. 4. [3.764] [PROCEDURE FOR AWARD OF FEES; CONTESTED CASE.]

*Subdivision 1. [APPLICATIONS.] The chief administrative law judge shall by rule establish uniform procedures for the submission and consideration of applications for an award of fees and expenses in a contested case proceeding. If a court reviews the underlying decision of the contested case under sections 14.63 to 14.68, an award for fees and expenses may be made only pursuant to subdivision 3.*

*Subd. 2. [APPEAL.] A party dissatisfied with the fee determination made under subdivision 1 may petition for leave to appeal to the court having jurisdiction to review the merits of the underlying decision of the contested case. If the court denies the petition for leave to appeal, no appeal may be taken from the denial. If the court grants the petition, it may modify the determination only if it finds that the failure to make an award, or the calculation of the amount of the award, was an abuse of discretion.*

*Subd. 3. [JUDICIAL REVIEW.] (a) In awarding fees and expenses under subdivision 1 to a prevailing party in an action for judicial review of a contested case under sections 14.63 to 14.68, the court may include in that award fees and expenses to the extent authorized in section 2.*

*(b) Fees and expenses awarded under this subdivision may be paid in accordance with section 3, subdivision 2.*

Sec. 5. [3.765] [REPORTS ON AWARDS.]

*The state court administrator and the chief administrative law judge shall report annually to the legislature on the amount of fees and expenses awarded under section 2 during the preceding fiscal year in court actions and contested case proceedings. The reports shall describe the number, nature, and amount of the awards, the claims involved in the controversy, and any other relevant information that may aid the legislature in evaluating the scope and impact of the awards. State agencies shall provide the chief administrative law judge with information needed to comply with the requirements of this section.*

Sec. 6. Minnesota Statutes 1984, section 14.62, is amended by adding a subdivision to read:

*Subd. 3. [AWARD OF FEES AND OTHER EXPENSES.] Fees and expenses must be awarded as provided in sections 1 to 5.*

Sec. 7. [EFFECTIVE DATE.]

*Sections 1 to 6 are effective August 1, 1986, and apply to any civil action or contested case which is pending on, or commenced on or after, that date."*

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1980: A bill for an act relating to human services; providing for exhaustion of benefits from other programs before payment of adoption subsidies; amending Minnesota Statutes 1984, section 259.40, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 259.

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

Pages 1 and 2, delete sections 1 and 2 and insert:

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

Subdivision 1. [SUBSIDY PAYMENTS.] The commissioner of human services may make subsidy payments as he deems necessary to families an adoptive parent or parents who adopt a child who is a Minnesota resident and is under state guardianship of the commissioner or of a Minnesota resident from a licensed child placing agency after the adoptive placement of the child final decree of adoption is issued. The subsidy payments and any subsequent modifications to the subsidy payments shall be based on the needs of the child that the commissioner has determined cannot be met using other resources including programs available to the child and the child's adoptive parent or parents.

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

Subd. 2. [SUBSIDY AGREEMENT.] The placing agency shall certify a child as eligible for a subsidy according to rules promulgated by the commissioner. When a parent or parents are found and approved for adoptive placement of a child certified as eligible for a subsidy, and before the final decree of adoption is issued, there must be a written agreement in accordance with the rules promulgated by must be entered into by the commissioner, between the adoptive parent or parents entering into the subsidized adoption, and the placing agency. The written agreement must be in the form prescribed by the commissioner and must clearly setting set forth the responsibilities of all parties and, the anticipated duration of the subsidy payments, and the payment terms of the subsidy agreement. The subsidy agreement shall be subject to the commissioner's approval.

The commissioner shall provide adoption subsidies to the adoptive parent or parents according to the terms of the subsidy agreement. The subsidy may include payment for medical, dental, and surgical expenses, psychiatric and psychological expenses, maintenance costs, and other costs necessary for the child's care and well-being. The anticipated duration of the subsidy shall be specified in the agreement basic maintenance expenses of food, clothing, and shelter; ongoing supplemental maintenance expenses related to the child's special needs; nonmedical expenses periodically necessary for purchase of services, items or equipment related to the child's special needs; and medical expenses. The placing agency or the adoptive parent or parents shall provide written documentation to support requests for subsidy payments. The commissioner may require periodic reevaluation of subsidy payments. The amount of the subsidy payment may in no case exceed that which would be allowable for the child under foster family care."

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

adopted.

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 2111: A bill for an act relating to labor; creating the labor interpretative center; establishing an advisory council governing policies and program purposes; appropriating money.

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

Page 2, delete section 2

Amend the title as follows:

Page 1, line 4, delete “; appropriating money”

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

Mr. Purfeerst from the Committee on Transportation, to which was re-referred

S.F. No. 1744: A bill for an act relating to motor vehicles; providing for special license plates for Vietnam era veterans; amending Minnesota Statutes 1984, section 168.12, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1940: A bill for an act relating to local government; regulating payment of severance pay; amending Minnesota Statutes 1984, section 465.72.

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

Page 2, delete lines 6 to 15 and insert “*requiring that severance pay be paid within five years of retirement or termination of employment and the provisions of Minnesota Statutes, section 465.72, limiting severance pay to an amount equal to one year of pay do not apply to severance pay to governmental subdivision employees in the form of payment of accumulated sick leave that is used to make contributions on behalf of the former employee toward premiums for group insurance policies provided by the governmental subdivision.*”

*This subdivision applies only to payments made prior to the effective date of this act or to payments under contracts in existence on the effective date of this act. Any payments of severance pay made by governmental subdivisions according to this subdivision before the effective date of this act are validated.”*

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



Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1701: A bill for an act relating to cemeteries; providing for maintenance of certain cemeteries; amending Minnesota Statutes 1984, section 306.245.

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 1985 Supplement, section 365.10, is amended to read:

365.10 [TOWN MEETINGS, POWERS.]

The electors of each town have power, at their annual town meeting:

(1) to determine the locations of pounds, and number of poundmasters, and to discontinue any such pounds;

(2) to select such town officers as are to be chosen;

(3) to make lawful orders and bylaws as they deem proper for restraining horses, cattle, sheep, swine, and other domestic animals from going at large on the highways, provide for impounding those animals so going at large, and to fix penalties for violations of the orders or bylaws;

(4) to vote money for the repair and construction of roads and bridges, and to vote such sums as they deem expedient for other town expenses, including the construction and maintenance of docks and breakwaters;

(5) when they deem it for the interest of the town to direct that a specified amount of the road tax be expended, under the direction of their town board, on the roads of an adjoining town;

(6) to authorize the town board to purchase or build a town hall or other building for the use of the town, and to determine, by ballot, the amount of money to be raised for that purpose; but, if a site for a town hall is once obtained, it shall not be changed for another site, except by vote therefor designating a new site by two-thirds of the votes cast at such election of the legal voters of the town;

(7) to authorize the town board, by vote, to purchase grounds for a town cemetery, and limit the price to be paid, and to vote a tax for the payment thereof;

(8) to authorize the town, either by itself or in conjunction with one or more other towns, to purchase grounds for a public park and to limit the price to be paid therefor, to authorize the town, alone or in conjunction with such other town or towns, to care for, improve, and beautify such parks, and to determine, by ballot, the amount of money to be raised for that purpose, and to vote a tax for the payment thereof;

(9) to vote money to aid in the construction of community halls, to be erected by farm bureaus, farmers clubs, or other like organizations;

(10) to vote a tax to purchase and maintain a public dumping ground;

(11) to authorize the town board, by resolution, to determine whether to

open or maintain town roads or town cartways under the jurisdiction of the town board upon which no maintenance or construction has been conducted for 25 years or more. For purposes of this clause the provisions of section 163.16 shall not apply to town roads described in this clause. Nothing in this clause shall be construed to abridge the right of town voters or land owners to petition for the establishment of a cartway as provided in section 164.08;

(12) to authorize the town board to spend money in an amount as determined by the electors for the purpose of commemorating an event of historical significance to the town;

(13) to authorize the town board to provide, by ordinance, for licensing and regulating the presence or keeping of dogs and cats and their running at large within the town; ~~and~~

(14) to authorize the town board to contract with nonprofit organizations for health, social, or recreational services in an amount not to exceed a total of \$5,000 in any year when deemed in the public interest and of benefit to the town; *and*

*(15) to authorize the town board to establish a perpetual care program for the administration and maintenance of any cemetery located in the town, if the town receives sufficient funds for this purpose. Cemetery administration may include the sale of burial plots and the supervision of burials. The town may accept gifts of money and other assistance from individuals to establish the perpetual care program."*

Delete the title and insert:

"A bill for an act relating to town powers; authorizing the establishment of a perpetual care program for certain cemeteries; amending Minnesota Statutes 1985 Supplement, section 365.10."

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2011: A bill for an act relating to industrial development bonds; requiring the refund of application deposits to the city of Hastings.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 2035: A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, subdivision 1.

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

Pages 3 to 5, delete section 4 and insert:

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

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

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

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

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

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

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

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

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

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

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

(4) is intended to represent and does represent a military trailer; and  
 (5) carries registration plates on or in the trailer or the collector military vehicle towing the trailer."

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1935: A bill for an act relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to city of Hastings; amending Laws 1985, chapter 61, section 1.

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 1985, chapter 61, section 1, is amended to read:

Section 1. [SALE OF CERTAIN DEPARTMENT OF VETERANS AFFAIRS LAND.]

Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, or any other law to the contrary, the commissioner of administration may sell certain property to the city of Hastings in accordance with this section before January 1, ~~1986~~ 1987.

The property referred to in this section must be sold for a consideration of the commissioner of administration's appraised value, plus the cost of ~~survey~~ and appraisal incurred as a result of Laws 1985, chapter 61, section 1, and this act. The commissioner shall have the property surveyed and appraised, in the manner provided in Minnesota Statutes, section 94.10, to determine its value and exact legal description. *The appraisal must be based on the property being agricultural property and being continued in agricultural use rather than being used for industrial development.* The conveyance must be by quitclaim deed in a form approved by the attorney general.

The property is approximately ~~67.8~~ 74.3 acres of land located in the northeast quarter of section 34, and the northwest quarter of section 35, township 115, range 17, in Dakota county.

The property *has always been used for agricultural purposes and was surplus farm land at the Minnesota veterans home in Hastings. The property was originally conveyed by the city of Hastings to the state for the use of the veterans home.* The city of Hastings has immediate industrial use for the land.

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment."*

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was re-referred

S.F. No. 1873: A bill for an act relating to the University of Minnesota; appropriating money for agricultural extension service and experiment station projects.

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

Delete everything after the enacting clause and insert:

“Section 1. [AGRICULTURAL EXTENSION SERVICE PROJECTS.]

*\$1,485,000 is appropriated from the general fund to the board of regents of the University of Minnesota to be available until June 30, 1987, for the following agricultural extension service projects: project support program, farm financial management program, family financial and stress management education, community economy development education, an information exchange for sustainable farming methods including methods that decrease per unit cost of production and increase net income, and forest products marketing.*

Sec. 2. [AGRICULTURAL EXPERIMENT STATION RESEARCH PROJECTS.]

*\$1,280,000 is appropriated from the general fund to the board of regents of the University of Minnesota to be available until June 30, 1987, for the following agricultural experiment station research projects: agricultural practices that are directed towards family farm operations, rather than agribusiness, including integrated pest management, soil microbiology, manure management and cultivation of perennial crops and grasses, molecular biology in agriculture, water quality research, rural life and farming systems, forestry and natural resources, and animal health.*

Sec. 3. [MINNESOTA DEPARTMENT OF AGRICULTURE FARM ADVOCATE PROGRAM.]

*\$356,200 is appropriated from the general fund to the commissioner of agriculture for the farm advocate program. \$56,200 is available until June 30, 1987, and \$300,000 shall be made available on July 1, 1986, to be expended until June 30, 1987.*

Sec. 4. [FARM BUSINESS MANAGEMENT APPROPRIATIONS.]

*\$1,020,000 is appropriated from the general fund to the state board of vocational technical education for services as follows, to be available until June 30, 1987:*

- |   |                  |
|---|------------------|
| <i>(a) reduced tuition costs for existing farm business management and small business management programs</i>                 | <i>\$600,000</i> |
| <i>(b) additional farm business management programs</i>   | <i>\$270,000</i> |
| <i>(c) economic crisis workshops in agricultural crisis issues, including marketing, cost control, and financial planning</i> | <i>\$150,000</i> |

Sec. 5. [EFFECTIVE DATE.]

*Sections 1 to 4 are effective the day after final enactment."*

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1721: A bill for an act relating to human services; providing for health and dental coverage as child support; regulating withholding for purposes of child support; amending Minnesota Statutes 1984, section 518C.02, subdivision 3; Minnesota Statutes 1985 Supplement, section 518.611, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.551, subdivision 8.

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

Page 1, line 14, delete "*As and for additional support*" and insert "*Unless the obligee has group dependent health insurance coverage available*"

Page 1, line 18, delete everything after "*union*" and insert a period

Page 1, delete lines 19 to 28

Page 2, delete lines 1 to 9

Page 2, line 35, after "*the*" insert "*group*"

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

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

S.F. No. 2102: A bill for an act relating to marriage dissolution and legal separation; requiring appointment of guardians ad litem in certain child custody proceedings; amending Minnesota Statutes 1984, section 518.165.

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

Page 2, line 1, before "*minor*" insert "*court has reason to believe that the*" and delete "*alleged by a party to the*"

Page 2, line 2, delete "*proceeding or any other person to be*" and after "*of*" insert "*physical or sexual*"

Page 2, line 3, after the second comma, insert "*perpetrated by a party to the proceeding,*"

Page 2, line 6, delete the second comma and insert "*and*"

Page 2, line 6, delete "*, or mental health or medical*" and insert "*. No guardian ad litem need be appointed by the family court if the alleged physical or sexual abuse or neglect is reported to the juvenile court.*"

Page 2, delete lines 7 to 20

Renumber the subdivisions in sequence

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

adopted.

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1970: A bill for an act relating to education; making certain technical changes to transportation aid; amending Minnesota Statutes 1985 Supplement, section 124.255, subdivision 10.

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 1984, section 120.05, subdivision 6, is amended to read:

Subd. 6. [LIMITED PROVISIONAL LICENSES.] The board of teaching ~~may shall~~ grant provisional licenses, ~~which shall be that are~~ valid for two years, in fields in which licenses were not issued previously or in fields in which a shortage of licensed teachers exists. A shortage ~~shall be defined as is~~ a lack of or an inadequate supply of licensed personnel within a ~~given particular~~ licensure area in a school district that has notified the board of ~~teaching~~ of the shortage and has applied to the board of ~~teaching~~ for provisional licenses for that district's licensed staff.

Sec. 2. Minnesota Statutes 1985 Supplement, section 120.17, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL INSTRUCTION FOR HANDICAPPED CHILDREN.] Every district shall provide special instruction and services, either within the district or in another district, for handicapped children of school age who are residents of the district and who are handicapped as set forth in section 120.03. School age means ~~the ages of three~~ birth to 21 years for children who are handicapped as defined in section 120.03 and shall not extend beyond secondary school or its equivalent. For purposes of this subdivision, the age of a handicapped child shall be the age as of September 1 of the calendar year in which the school year for which the child seeks special instruction and services commences. ~~Every district may provide special instruction and services for handicapped children who have not attained school age.~~ Local health, education, and social service agencies shall refer children ~~from under age three to five~~ who are suspected of needing special instruction and services to the school district. ~~For the 1986-1987 and 1987-1988 school years, a school district is encouraged to shall~~ contract with a developmental achievement center ~~when for individual children for up to two years if the interagency early learning committee recommends to the district that the center services are appropriate, the center is cost efficient for the district, and when that the center provides is able to provide~~ continuity of special instruction and services for ~~individual~~ handicapped children under the age of five and their families. Districts with less than the minimum number of eligible handicapped children as determined by the state board shall cooperate with other districts to maintain a full range of programs for ~~education~~ special instruction and services for handicapped children. This subdivision does not alter the compulsory attendance requirements of section 120.10.

Sec. 3. Minnesota Statutes 1985 Supplement, section 120.17, subdivision

3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board, in consultation with the departments of health and human services, may adopt emergency rules and shall adopt permanent rules for instruction and services for children ~~from~~ *under* age ~~three to five~~ and their families. A developmental achievement center contracting with a school district to provide special instruction and services is eligible for variance from rules relating to personnel licensure. The licensure variance for a developmental achievement center shall be granted according to the same procedures and criteria used for granting a variance to a school district. The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 4. Minnesota Statutes 1985 Supplement, section 120.17, subdivision 3a, is amended to read:

Subd. 3a. [SCHOOL DISTRICT OBLIGATIONS.] Every district shall ensure that:

(a) all handicapped children are provided the special instruction and services which are appropriate to their needs;

(b) handicapped children ~~from~~ *under* age ~~three to five~~ and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(c) handicapped children and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment and educational placement of handicapped children;

(d) to the maximum extent appropriate, handicapped children, including those in public or private institutions or other care facilities, are educated with children who are not handicapped, and that special classes, separate schooling, or other removal of handicapped children from the regular educational environment occurs only when and to the extent that the nature or severity of the handicap is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(e) in accordance with recognized professional standards, testing and evaluation materials and procedures utilized for the purposes of classification and placement of handicapped children are selected and administered so



as not to be racially or culturally discriminatory; and

(f) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

Sec. 5. Minnesota Statutes 1985 Supplement, section 120.17, subdivision 12, is amended to read:

Subd. 12. [INTERAGENCY EARLY LEARNING COMMITTEE.] A district, group of districts, or special education cooperative, in cooperation with the county or counties in which the district or cooperative is located, shall establish an interagency early learning committee for handicapped children under age five and their families. Members of the committee shall be representatives of local and regional health, education, *including representatives of early childhood family education programs*, and county human service agencies; developmental achievement centers; current service providers; parents of young handicapped children; and other private or public agencies as appropriate. The committee shall elect a chair from among its members and shall meet regularly. The committee shall perform the following ongoing duties:

(1) identify current services and funding being provided within the community for handicapped children under the age of five and their families;

(2) establish and evaluate the identification, referral, and community learning systems to recommend, where necessary, alterations and improvements;

(3) facilitate the development of interagency individual education plans when necessary to appropriately serve handicapped children under the age of five and their families;

(4) *implement a process for assuring that services to handicapped children under age five involve the cooperating agencies at all steps leading to individualized programming;*

(5) review and comment on the early learning section of the total special education system for the district; and

~~(5) review and comment on the funding sources that currently exist for the services being provided to handicapped children under the age of five and their families in the area~~

~~(6) review the funding sources that currently exist for services being provided, reduce duplication of services and related costs and promote a coordinated comprehensive service delivery system in each community;~~

~~(7) evaluate costs and services provided by a school district, developmental achievement center, and other service providers, and develop recommendations for contracting based on cost effectiveness and appropriateness; and~~

~~(8) develop a transition plan if a service provider is not recommended to continue to provide services.~~

The departments of education, health, and human services are encouraged to provide assistance to the local agencies in developing cooperative plans for providing services.

Sec. 6. Minnesota Statutes 1985 Supplement, section 120.17, subdivision 13, is amended to read:

Subd. 13. [MAINTENANCE OF EFFORT.] For fiscal year 1986 the departments of education, health, and human services shall not reduce the level of funding for services for handicapped children under age five and their families below the level of funding provided in fiscal year 1985. For the period from July 1, 1985 to June 30, 1986 a local or regional health or human services agency or county board currently providing services to handicapped children under age five and their families through a developmental achievement center or other delivery system shall not decrease the level of services or the dollar amount provided for the services below the level of services or the dollar amount provided by it for the period from July 1, 1984 to June 30, 1985. For the 1985-1986 school year a school district currently providing services to handicapped children under age five and their families shall not decrease the level of services or the expenditure level below the level of services or the dollar amount provided by it in the 1984-1985 school year.

~~Beginning with the period from July 1, 1986 to June 30, 1987,~~ a local or regional health or human services agency or county board shall not decrease the level of services or the dollar amount provided for those services below the level of services or the dollar amount provided by it for the period from July 1, 1984 to June 30, 1985 unless the county and school district have entered into an agreement for continued funding of services to handicapped children and their families and a copy of the agreement has been filed with the departments of education, health, and human services. This prohibition applies to all funding levels regardless of the source.

*From July 1, 1986 until the county and school district have entered into an agreement, local and regional health and human services agencies, county boards, school districts, and the departments of education, health, and human services shall increase the level of services and the dollar amount provided for those services at least in proportion to the increase in the number of handicapped children under age five and their families who are served.*

*If a school district enters into an agreement with a county board according to this subdivision and if the district contracts with a service provider that is funded by a county board on the effective date of this act, the county board, for two years after the agreement, shall maintain at least the same level of services and dollar amount provided by the county board from July 1, 1984, to June 30, 1985, for services for handicapped children under the age of five and their families.*

*From July 1, 1986, until two years after an agreement between the county and a school district, the county board's payment may be reduced if and to the extent that state payments for programs related to handicapped children under the age of five and their families are reduced.*

*If a local, regional, or state health or human services agency or county board is authorized to charge a fee or other charges for services to handicapped children under the age of five and their families, it may annually increase the fee or other charges over the amount charged during the previous year only by the rate of the increase in the revised consumer price index for the Minneapolis-St. Paul metropolitan area prepared by the United States department of labor.*

This subdivision applies only to services that are special instruction and services, within the meaning of this section, and that reasonably would be the responsibility of a school district.

Sec. 7. Minnesota Statutes 1984, section 120.17, is amended by adding a subdivision to read:

*Subd. 14. [DISTRICT PLAN FOR CHILDREN UNDER AGE FIVE.] Every district's total special education services plan shall include a plan for the delivery of special instruction and services to handicapped children under age five in accordance with applicable rules of the state board. This plan shall be developed only after receiving the report and recommendations of the interagency early learning committee, as specified in subdivision 12. The district's plan shall document the findings and recommendations of the committee. The plan shall include procedures for:*

*(1) processing of all referrals for special instruction and services for handicapped children under the age of five;*

*(2) assuring that formal and informal assessments are given by appropriate personnel trained in the area of the suspected handicap;*

*(3) assuring that special instruction and services are available to all eligible handicapped children under age five and their families; and*

*(4) assuring that, where county funding has existed in the past for handicapped children under the age of five and their families, a county and school district collaborative funding program will be considered.*

Sec. 8. Minnesota Statutes 1984, section 121.496, is amended to read:

**121.496 [STATE DEPARTMENT OF EDUCATION TO FURNISH LIST OF BOOKS LIBRARY AND INFORMATION SERVICES DUTIES.]**

*Subdivision 1. [BOOKLISTS.] The state department of education shall from time to time prepare and amend a list of books suitable for school libraries, including dictionaries and other books of reference, histories and works of biography, literature, political economy, agriculture, travel, and science.*

*Subd. 2. [PROVIDING OTHER INFORMATION.] The department may provide library information services it considers appropriate and necessary to any state agency, governmental unit, nonprofit organization, or private entity. The department may collect reasonable fees not to exceed its actual costs for providing the information services. The department may also accept money from any public or private source to defray the cost of providing the information services.*

*Subd. 3. [OPEN APPROPRIATION.] The fees charged and money accepted by the department under subdivision 2 shall be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the department to defray the costs of providing the information services.*

Sec. 9. [121.508] [CENTERS FOR LEARNING OPPORTUNITIES.]

*Subdivision 1. [LEGISLATIVE FINDINGS AND PURPOSE.]*

*The legislature finds that there is a need to improve and strengthen educa-*

tional opportunities for unique pupils who have not experienced success in traditional high school programs. A coordinated approach by various public and private agencies and organizations can develop programs to meet pupil needs. The legislature intends to assist all school districts in the state by demonstrating various ways to cooperatively serve the unique needs of all pupils.

Subd. 2. [EXEMPLARY PROGRAMS.] The state board of education shall select five exemplary programs that serve pupils who have not experienced success in traditional school programs. These programs shall be designated as centers for learning opportunities.

Subd. 3. [SELECTION FACTORS.] The state board shall base selection of exemplary programs on one or more of the following factors when it reviews program applications:

(a) The program uses formal partnerships with business, industry, community organizations, and other agencies to provide support and learning opportunities for pupils in the program.

(b) The program is supported by private foundations and agencies without restrictions.

(c) The program serves adults who do not have a high school diploma, or the equivalent, as well as secondary school pupils.

(d) The program is sponsored by school districts, agencies supported by state and federal funds, local private industry councils, and special demonstrations under the job training partnership act.

(e) The program has been developed with the involvement of cooperating school districts and regional educational organizations such as educational cooperative service units, receives funding from interdistrict cooperation revenues, and exhibits cooperative sharing of facilities, staff, and other resources.

(f) The school board and appropriate exclusive representatives have negotiated agreements to modify certain unrequested leave of absence provisions, to use guest or special expert instructors, and to receive assistance from employees of noneducational agencies. The state board of education and the board of teaching have granted, to the extent necessary, variances for programs and personnel according to their rules and procedures.

(g) The program uses opportunities available under the post-secondary enrollment options act to provide appropriate post-secondary education for pupils with assessed needs.

(h) The school districts with pupils participating in the program have entered into agreements allowing foundation revenue to follow participating pupils.

Subd. 4. [PROGRAM LOCATION.] No more than two programs may be located in the seven-county metropolitan area.

Subd. 5. [TIMING.] The state board shall determine its criteria for selection by August 1, 1986. Applications may be made until January 1, 1987. Final selection shall be made by March 1, 1987.

Subd. 6. [ADDITIONAL FUNDING.] A center for learning opportunities

*may use money and services received from foundations, private organizations, and state and federal programs.*

*Subd. 7. [DISSEMINATION.] All programs that are selected must conduct state and regional workshops to promote the awareness of unique pupil needs and to assist districts in developing alternative ways to meet the needs.*

Sec. 10. Minnesota Statutes 1984, section 121.612, subdivision 5, is amended to read:

*Subd. 5. [REPORT.] By February 1, 1984, and February 1, 1985 of each year, the board of directors of the foundation shall report to the education committees of the legislature on about the progress of its activities made pursuant to the provisions of this section.*

Sec. 11. Minnesota Statutes 1984, section 121.612, is amended by adding a subdivision to read:

*Subd. 6. [CONTRACTS.] The board of directors may contract for professional, consulting, technical, or clerical services.*

Sec. 12. Minnesota Statutes 1984, section 121.612, is amended by adding a subdivision to read:

*Subd. 7. [REVENUE.] State or private money received by the foundation must be deposited in the state treasury and credited to a special account for the foundation. The foundation has sole authority to spend its money and may make reasonable expenditures to carry out the functions of the foundation. A portion of the annual amount appropriated for the foundation may be used by the board of directors for an expense allowance. The amount of and procedures for the expense allowance are as provided in section 15A.081, subdivision 8. The foundation may carry forward any unexpended balance from the first year of the biennium to the second year.*

Sec. 13. Minnesota Statutes 1985 Supplement, section 121.882, subdivision 2, is amended to read:

*Subd. 2. [PROGRAM CHARACTERISTICS.] Early childhood family education programs are programs for children in the period of life from birth to kindergarten, for the parents of such children, and for expectant parents. Principals shall have a major leadership role in developing these programs. The programs may include the following:*

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

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

(3) learning experiences for children and parents;

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

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

(6) information on related community resources; or

(7) other programs or activities.

The programs shall not include activities for children that do not require

substantial involvement of the children's parents. The programs shall be reviewed periodically to assure the instruction and materials are not racially, culturally, or sexually biased. The programs shall encourage parents to be aware of practices that may affect equitable development of children.

Sec. 14. Minnesota Statutes 1984, section 122.535, subdivision 2, is amended to read:

Subd. 2. [AGREEMENT.] The school board may enter into one or more agreements providing for instruction of its secondary pupils in one or more districts. The agreement shall be effective on July 1 and shall be for a specified or indefinite number of years. The agreement shall set forth the obligations of transportation, the tuition to be paid to the providing district, and all additional charges and fees to be paid to the providing district. The amount of tuition shall not be subject to the provisions of section 124.18, subdivision 2. The agreement may provide for negotiation of a plan for the assignment or employment in a providing district ~~as an exchange teacher according to section 125.13,~~ or placement on unrequested leave of absence of teachers whose positions are discontinued as a result of the agreement. *When no plan has been negotiated, a providing district that is filling a position resulting from implementation during the first 12 months of implementation of the agreement shall first offer the position to an available teacher. If no available teacher accepts the position, the board may fill the position with another teacher. For purposes of this subdivision, "available teacher" means a teacher who (1) is currently employed by a district that has entered into an agreement under this section, (2) was placed on unrequested leave of absence according to section 125.12 by a district that has entered into an agreement under this section not more than one year before implementation of the agreement, and (3) has been notified of being placed on unrequested leave of absence according to section 125.12 by a district that has entered into an agreement under this section. "Teacher" has the meaning given it in section 125.12, subdivision 1.*

Sec. 15. Minnesota Statutes 1984, section 123.39, subdivision 4, is amended to read:

Subd. 4. [ATTENDING OTHER DISTRICTS; TUITION PAID.] The board may provide for ~~the~~ instruction of any resident pupil in another district when inadequate room, distance to school, unfavorable road conditions, or other facts or conditions make attendance in his own district unreasonably difficult or impractical, ~~in which case such~~. *The district of residence shall pay to the district ~~so attended~~ of attendance the amount of tuition agreed upon or charged, pursuant to section 124.18, subdivision 2, and may provide transportation; ~~provided, that such~~. The pupil shall continue to be a pupil of the district of his residence for ~~the~~ payment of apportionment and other state aids. *The board and the exclusive representative may negotiate a plan for assigning or employing teachers, as an exchange teacher according to section 125.13, in the district of attendance or for placing teachers on unrequested leave of absence if their positions are discontinued as a result of pupils attending nonresident districts under this subdivision. If no plan is negotiated, a board filling a teaching position resulting from an agreement under this subdivision shall first offer the position to an available teacher. If no available teacher accepts the position, the board may fill the position with another teacher. For purposes of this subdivision, "available teacher"**

means a teacher (1) who is currently employed by the district of residence, and (2) as a result of an agreement under this subdivision, is on or has been notified of being placed on unrequested leave of absence according to section 125.12.

Sec. 16. [123.59] [EDUCATION DISTRICTS.]

*Subdivision 1. [PURPOSE.] The purpose of an education district is to increase options for learning and access to educational opportunities by facilitating cooperation and coordination among school districts and between school districts and post-secondary institutions.*

*Subd. 2. [CRITERIA.] An education district may be formed by a group of school districts that, at the time of formation, meets one of the following criteria:*

*(1) two or more districts with a combined total enrollment of more than 20,000 pupils in average daily membership; or*

*(2) a group of districts that has at least 5,000 pupils in average daily membership or at least five districts and, in either case, has cooperated for at least one school year under sections 122.541, 123.351, 471.59, or other formal agreements recognized by the department of education; or*

*(3) a group of districts that has at least 10,000 pupils in average daily membership or at least ten districts or 7,500 square miles and, in any case, has an agreement to cooperatively provide educational services.*

*Subd. 3. [EDUCATION DISTRICT BOARD.] Based on needs of member districts, an education district board shall coordinate the programs and services of the education district. The board shall consist of one representative appointed by the school board of each district forming the education district, except that the boards of the districts forming the education district may designate a board already established under sections 123.33, 123.351, 123.51, 123.58, chapter 136D, or section 471.59 to be the education district board. The board shall select its officers from among its members and shall specify the terms of officers.*

*Subd. 4. [JOINER AND WITHDRAWAL.] A process for additional districts to join the education district and for districts to withdraw from the education district shall be determined at the time of the education district formation.*

*Subd. 5. [DUTIES AND POWERS OF THE EDUCATION DISTRICT BOARD.] (a) The education district board shall develop and maintain a plan as specified in subdivision 7 for delivering educational services needed in the education district.*

*(b) The board may employ teachers and other staff as necessary to provide and support the programs and services of the education district. The board may discharge teachers according to section 125.12. Education district staff shall participate in retirement programs and may participate in any other programs available to school district staff.*

*(c) The board may enter into contracts with school districts and other public and private agencies to provide services needed in the education district.*

*(d) The board shall be governed, unless otherwise provided, by laws*

*applicable to independent school districts.*

*(e) The board shall submit a report each year about the activities of the education district to member districts on a date agreed to by the districts and by October 1 to the state board of education.*

*(f) The board is encouraged to publish and make available information about education district programs to the residents of an education district.*

*Subd. 6. [ADVISORY COUNCIL.] An advisory council, consisting of representatives from the program areas covered by the education district plan, shall be appointed by the education district board.*

*Subd. 7. [EDUCATION DISTRICT PLAN.] An education district board shall develop a comprehensive plan for continuous learning. The plan must address methods to improve the educational opportunities available in the education district.*

*The plan must be submitted for review to all educational cooperative service units serving the area in which the school districts forming the education district are located. After review by the ECSU, the plan must be submitted to the state board of education for its review and comment. The education district board shall review the plan annually and make appropriate changes.*

*Subd. 8. [MANDATORY PLAN COMPONENTS.] The education district plan must provide for the following:*

*(1) coordination of member district and education district programs for handicapped pupils, gifted and talented pupils, secondary vocational education, improved learning, community education, early childhood family education, and low incidence programs;*

*(2) research, planning and development functions, such as educational effectiveness programs, within the education district; and*

*(3) methods to meet needs for pupil health services and library services for professional staff within the educational district.*

*Subd. 9. [OPTIONAL PLAN COMPONENTS.] The education district plan may also include the following:*

*(1) methods for secondary pupils to enroll in courses in other school districts and in post-secondary institutions;*

*(2) methods for sharing administrative support and management services;*

*(3) professional development programs, including implementation of excellence in teaching and curriculum programs according to sections 126.70 to 126.72;*

*(4) programs that use learning time available during the summer; or*

*(5) use of technology to deliver education programs and provide management assistance.*

*Subd. 10. [ATTENDANCE IN OTHER DISTRICTS.] An education district board may provide for a pupil who is a resident of a member district to attend programs or courses offered by another district that is a member of the education district. A pupil and parent shall consult with a career teacher, counselor, or principal about attending the nonresident district. The board*



may develop procedures to reimburse a district for the cost of providing instruction to a nonresident pupil or the board may follow section 124.18, subdivision 2. The resident district shall count its resident pupils attending programs or courses in another district for the purpose of state aid and levy limitations. A resident district may provide transportation and receive transportation aid for its resident pupils attending programs or courses in another district.

**Subd. 11. [ATTENDANCE AT POST-SECONDARY INSTITUTIONS.]** An education district board may provide for a secondary pupil who is a resident of a member district to enroll in courses offered by or in conjunction with post-secondary institutions. A pupil and parent shall consult with a career teacher, counselor, or principal about attending post-secondary courses. Credit shall be determined according to sections 123.3512 and 123.3513. Reimbursement for instruction offered by the post-secondary institution may be determined according to an agreement between the post-secondary institution and the education district board. A resident and nonresident district may provide transportation on a regular school bus route for any pupil enrolled in a course offered by a post-secondary institution. This subdivision does not prevent a pupil from attending a post-secondary institution under section 123.3514.

**Subd. 12. [FILLING TEACHING POSITIONS.]** When an education district board or a school board of a district that is a member of the education district is filling a position resulting from implementation of the education district plan, the board shall first offer the position, as an exchange teacher according to section 125.13, to an available teacher. If no available teacher accepts the position, the board may fill the position with another teacher. For purposes of this subdivision, "available teacher" means a teacher who (1) is currently employed by a district that is a member of an education district, (2) was placed on unrequested leave of absence according to section 125.12 or 125.17 not more than one year before the formation of the education district by a district that is a member of the education district, (3) was placed on unrequested leave of absence according to section 125.12 or 125.17 after the formation of the education district by a district that is a member of the education district, or (4) has been notified of being placed on unrequested leave of absence according to section 125.12 or 125.17 by a district that is a member of an education district. "Teacher" has the meaning given it in section 125.12, subdivision 1.

**Subd. 13. [EDUCATIONAL COOPERATIVE SERVICE UNITS.]** If requested, educational cooperative service units shall provide assistance to districts in establishing education districts. The assistance may include determination of appropriate boundaries of the education district and development of the comprehensive plan for learning. The educational cooperative service units may provide any other services requested by the education district.

**Subd. 14. [REPORT TO LEGISLATURE.]** By January 15 of each year the state board of education shall report to the education committees of the legislature about the education districts that are established and the programs offered.

amended to read:

Subdivision 1. ~~The Each~~ school board ~~of each school district in the state~~ shall adopt a written planning, evaluation, and reporting policy ~~which that~~ establishes: (1) instructional goals and measurable learner objectives for the district; (2) a process for achieving these goals, ~~that assures consistency between the goals and the learner expectations~~; (3) a process to provide pupils with guidance in educational planning; and (4) procedures for evaluating and reporting progress toward the goals. These goals shall include meeting the curriculum requirements adopted by the state board of education. The school board shall review this policy each year and identify annual instructional goals and measurable learner objectives to be addressed during the current school year. School boards are encouraged to develop this ~~school district~~ policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board ~~of a district~~ is encouraged to 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 1985 Supplement, section 123.741, subdivision 6, is amended to read:

Subd. 6. [REPORT.] By ~~September~~ October 1 of each *even-numbered* year, the school board shall adopt a report which shall include the following:

(a) annual instructional goals which were addressed for that year in the planning, evaluation, and reporting process;

(b) appropriate evaluation of the annual instructional goals;

(c) the results of the professional staff evaluation including local assessment data obtained pursuant to section 123.742, subdivision 2, and any additional appropriate test data;

(d) the results of the consumer evaluation;

(e) the annual school district improvement plans; and

(f) a plan for implementing an assurance of mastery program.

Every other year the report shall include an evaluation of the assessment programs pursuant to subdivision 7.

The school board shall disseminate the report to all residents of the district by publication in the local newspaper with the largest circulation in the district, by newsletter, or through the United States postal service. The report shall be on file and available for inspection by the public. A copy of the report which is disseminated to the community shall be sent to the commissioner of education by ~~September~~ October 1 of each *even-numbered* year. The school board shall provide a copy of the commissioner's response to the report to the curriculum advisory committee. All activities and reports pursuant to this section shall comply with chapter 13, and any other law governing data on individuals in school districts.

Sec. 19. Minnesota Statutes 1985 Supplement, section 123.742, subdivision 1a, is amended to read:

Subd. 1a. [STATE CURRICULUM ADVISORY COMMITTEE; LEGIS-

LATIVE REPORT.] The commissioner shall appoint an 11-member state curriculum advisory committee to advise the state board and the department on the planning, evaluation, and reporting process. The committee shall consist of nine members, one appointed from each educational cooperative service unit, and two at-large members. The committee shall include representation from the state board of education, parents, teachers, administrators, and school board members. Each member shall be a present or past member of a school district curriculum advisory committee. The committee shall provide information and recommendations on at least the following:

- (1) department procedures for approving reports and disseminating information;
- (2) exemplary planning, evaluation, and reporting processes; and
- (3) recommendations for improving the planning, evaluation, and reporting process.

By ~~January~~ February 1 of each year, the commissioner shall prepare a report for the education committees of the legislature on the planning, evaluation, and reporting program, which shall include the recommendations of the state curriculum advisory committee.

Sec. 20. [124.261] [ADULT LITERACY PROGRAM.]

*Subdivision 1. [PURPOSE OF THE PROGRAM.] To provide adults who are without the fundamental skills needed to be self-sufficient, to participate fully in society, to improve learning, and to improve the quality of life, state aid shall be paid. Adult literacy programs are designed for motivated adults to achieve education above the minimum levels. A district with a program approved by the commissioner of education may levy and receive aid according to this section. Reasonable fees may be charged to participate in the program.*

*Subd. 2. [ADDITIONAL FUNDING.] Money from public or private organizations may be used by a district to supplement the revenue available under this section.*

*Subd. 3. [LIMITATION:] A district may receive revenue under this section or section 124.26 but not both.*

*Subd. 4. [MAXIMUM REVENUE.] The maximum revenue a district may receive under this section is an amount equal to the product of .002 times the foundation aid formula allowance for the current school year, multiplied by the population of the district. The district population, for the purposes of this section, is as provided in section 275.14 or as certified by the commissioner of education from the most recent federal census if that is requested by the district.*

*Subd. 5. [AID.] If a district levies for its adult literacy program according to section 39, it shall receive adult literacy aid equal to:*

- (1) the difference between the maximum revenue, as set forth in subdivision 4, and the permitted levy attributable to the same school year, times
- (2) the ratio of the district's actual levy to its permitted levy attributable to the same school year.

*Subd. 6. [USE OF REVENUE.] Adult literacy revenue shall be used only*

for adult literacy programs.

Sec. 21. Minnesota Statutes 1984, section 124.272, subdivision 1, is amended to read:

Subdivision 1. [LIMITATION.] This section shall not apply to ~~Special School District No. 1, Independent School Districts Nos. 11, 625, and 709, or to school districts which are members of Intermediate School Districts Nos. 287, 916, and 917. Special school district No. 1 and independent school districts Nos. 11, 625, and 709 shall be eligible only if they are implementing an education district plan according to section 16.~~

Sec. 22. Minnesota Statutes 1984, section 124.272, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE DISTRICTS.] A district shall be eligible for inter-district cooperation aid if it has entered into a cooperation agreement and if it has a cooperation plan approved by the commissioner of education *or if it is implementing an education district plan according to section 16.*

Sec. 23. Minnesota Statutes 1985 Supplement, section 124.272, subdivision 3, is amended to read:

Subd. 3. [COOPERATION PLAN.] To receive aid or to levy pursuant to section 275.125, subdivision 8a a district shall submit to the commissioner of education an application for aid by August 15. The application shall *certify that the district intends to implement an education district plan according to section 16* or contain the following:

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

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

(c) a copy of the cooperation agreement;

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

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

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

(g) other information required by the commissioner.

Sec. 24. Minnesota Statutes 1984, section 124.272, subdivision 4, is amended to read:

Subd. 4. [DEFINITION.] (a) A district's "interdistrict cooperation revenue" shall equal the lesser of:

(1) \$50 times the actual pupil units for that school year;

(2) the estimated cost to the district of the interdistrict cooperation program for the school year to which the levy is attributable; or

(3) \$50,000.

*Beginning in the 1987-1988 school year, the interdistrict cooperation revenue for a district that has entered into an education district may be increased by the lesser of \$25 times the actual pupil units for that school year or \$25,000.*

(b) A district's "interdistrict cooperation levy limitation" means its levy limitation computed according to section 275.125, subdivision 8a.

Sec. 25. Minnesota Statutes 1984, section 124.272, is amended by adding a subdivision to read:

*Subd. 4a. [LIMITATION ON USE OF REVENUE.] The proceeds of the interdistrict cooperation revenue may only be used to pay for instructional costs and administrative costs, that may not exceed five percent of the instructional costs, incurred in providing the program offerings resulting from the cooperation plan. However, the five percent limitation on administrative costs does not apply to the increased revenue for a district that has entered into an education district.*

Sec. 26. Minnesota Statutes 1984, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM LEVY.] (1) The levy authorized by subdivision 1 may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only two elections may be held to approve a levy increase which will commence in a specific school year. 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 ballot may designate a specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the board of \_\_\_\_\_, School District No. \_\_\_\_\_, be approved?"

If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(2) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to clause (1) of this subdivision may be called by the school board and shall be called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to clause (1) of this subdivision must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one such revocation or reduction election may be held to revoke or reduce a levy for any specific year and for years thereafter.

(3) A petition authorized by clause (1) shall be effective if signed by a number of qualified voters in excess of 15 percent, or ten 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.

(4) A petition authorized by clause (2) shall be effective if signed by a number of qualified voters in excess of five percent of the residents of the school district as determined by the most recent census. *In a district that has held an election to reduce or revoke a specific levy authority, any petition for a later election to reduce or revoke that authority is effective only if signed by a number of qualified voters in excess of ten percent of the residents of the school district as determined by the most recent census.* A revocation or reduction referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(5) 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.

(6) 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. 27. Minnesota Statutes 1984, section 124A.03, is amended by adding a subdivision to read:

*Subd. 4a. [SUMMER EDUCATIONAL IMPROVEMENT LEVY.] Each year a district may levy for summer educational improvement an amount equal to the following product:*

*(a) the district's summer educational improvement revenue allowance, as defined in section 28, for the summer in the next calendar year, times*

*(b) the lesser of*

*(1) one, or*

*(2) the ratio of the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the current regular school year, to the equalizing factor for the current school year.*

Sec. 28. Minnesota Statutes 1985 Supplement, section 124A.033, subdivision 2, is amended to read:

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

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

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

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

(3) "Summer program aid" means aid for summer programs and intersession classes of flexible school year programs.

(4) "Summer educational improvement revenue allowance" means an amount equal to the product of 0.005 times the number of actual pupil units in the preceding school year, times the formula allowance for the preceding school year.

Sec. 29. Minnesota Statutes 1984, section 124A.033, is amended by adding a subdivision to read:

*Subd. 6. [SUMMER EDUCATIONAL IMPROVEMENT AID.] Summer educational improvement aid for each summer shall be paid in the fiscal year during which the summer ends. For the summer of 1987 and each summer thereafter, a district shall receive summer educational improvement aid equal to:*

*(1) the difference between the district's summer educational improvement revenue allowance and the permitted levy, according to section 27, times*

*(2) the ratio of the district's actual levy to its permitted levy, certified in the calendar year prior to the summer.*

Sec. 30. Minnesota Statutes 1984, section 124A.033, is amended by adding a subdivision to read:

*Subd. 7. [USES OF AID AND LEVY.] Summer educational improvement aid and levy may be used for expenditures during the summer for curriculum development, staff development, parent or community involvement, experimental educational delivery systems, and other measures designed for improved learning.*

Sec. 31. [125.033] [LICENSURE EXCEPTION.]

*Notwithstanding any law to the contrary, a teacher holding at least one secondary license in English language arts, mathematics, social studies, developmental reading, or remedial reading may teach any of the listed subject areas even if not licensed during the time the teacher is teaching at a center for learning opportunities according to section 9.*

Sec. 32. Minnesota Statutes 1984, section 134.31, subdivision 2, is amended to read:

*Subd. 2. The department of education shall give advice and instruction to the managers of any public library or to any governing body maintaining a library or empowered to do so by law upon any matter pertaining to the organization, maintenance, or administration of libraries. The department may also give advice and instruction, as requested, to the managers of any library in a post-secondary educational institution institutions, state agencies, governmental units, nonprofit organizations, or private entities. It shall assist, to the extent possible, in the establishment and organization of library service in those areas where adequate services do not exist, and may aid in improving previously established library services.*

Sec. 33. Minnesota Statutes 1984, section 134.31, subdivision 3, is

amended to read:

Subd. 3. The department may provide, for any library in the state, books, journals, audiovisual items, ~~reference information~~ services or resource materials it deems appropriate and necessary and shall encourage the sharing of library resources and the development of interlibrary cooperation.

Sec. 34. [135A.10] [CREDIT FOR ADVANCED PLACEMENT PROGRAM.]

*Subdivision 1. [POLICY AND PROCEDURES TO AWARD CREDIT.] The board of regents of the University of Minnesota, the state university board, and the state board for community colleges shall each develop a clear and uniform policy for its system for awarding post-secondary credit toward a degree for a student who earns an acceptable score on an advanced placement program examination. Each policy must include procedures to inform students and prospective students about credit award and procedures to assure implementation on each campus. The higher education coordinating board shall assist in developing the policy.*

*Subd. 2. [DATA ABOUT CREDIT AWARD.] Each year the University of Minnesota, state universities, and community colleges must provide the higher education coordinating board information and data about credit awarded for advanced placement program examinations.*

Sec. 35. Minnesota Statutes 1984, section 136D.27, is amended to read:

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

*Each year the joint school board ~~may each year~~, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for ~~area vocational technical schools~~, may certify to each participating school district the tax levy specified in ~~section 275.125, subdivision 13, clause (2)~~. ~~Additional tax levies may be certified~~ which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *However, if an intermediate district is implementing an education district plan according to section 16, the proceeds of these additional levies may be used for any expenses of implementation.* Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.*

Sec. 36. Minnesota Statutes 1984, section 136D.74, subdivision 2, is amended to read:

Subd. 2. [TAX LEVY.] The intermediate school board may in each year for the purpose of paying any administrative, planning, operating, or capital



expenses incurred or to be incurred certify to each county auditor of each county in which said intermediate school district shall lie, as a single taxing district, ~~the tax levy specified in section 275.125, subdivision 13, clause (2).~~ Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *However, if an intermediate district is implementing an education district plan according to section 16, the proceeds of these additional levies may be used for any expenses of implementation.* Said annual tax levies shall be certified pursuant to section 124.02. Upon such certification the county auditor or auditors and other appropriate county officials shall levy and collect such levies and remit the proceeds of collection thereof to the intermediate school district as in the case with independent school districts. Such levies shall not be included in computing the limitations, if any, upon the levy of the intermediate district or any of the participating districts under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125.

Sec. 37. Minnesota Statutes 1984, section 136D.87, is amended to read:

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

*Each year the joint school board may each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred for area vocational technical schools, may certify to each participating school district the tax levy specified in section 275.125, subdivision 13, clause (2).* Additional tax levies may be certified which shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for expenses for special education and .5 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. *However, if an intermediate district is implementing an education district plan according to section 16, the proceeds of these additional levies may be used for any expenses of implementation.* Each participating school district shall include such tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. Such levies shall not be included in computing the limitations upon the levy of any district under sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. The board may, any time after such levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

Sec. 38. Minnesota Statutes 1985 Supplement, section 275.125, subdivision 8a, is amended to read:

Subd. 8a. [INTERDISTRICT COOPERATION LEVY.] Each year, a district which is eligible for aid pursuant to section 124.272, subdivision 2, may levy the amount of the estimated instructional and administrative costs of the interdistrict cooperation plan for the year to which the levy is attributable, but the levy shall not exceed the lesser of: (1) \$50 times the actual pupil units for that school year; (2) \$50,000; or (3) one mill times the adjusted assessed

valuation of the district for the preceding year. The proceeds of the levy may only be used to pay for instructional costs and administrative costs, that may not exceed five percent of the instructional costs, incurred in providing the program offerings resulting from the cooperation plan. For a district that has entered into an education district, the levy may be increased by the lesser of \$25 times the actual pupil units or \$25,000. The total amount levied under this subdivision may not exceed one mill.

Sec. 39. Minnesota Statutes 1984, section 275.125, is amended by adding a subdivision to read:

*Subd. 8d. [ADULT LITERACY LEVY.] A district may levy for its adult literacy program. The amount levied shall not exceed the lesser of:*

*(1) .2 mill times the adjusted assessed valuation of the district for the year preceding the year the levy is certified; or*

*(2) the maximum revenue, as set forth in section 20, subdivision 4, for the year for which the levy is attributable.*

Sec. 40. Minnesota Statutes 1984, section 298.24, subdivision 3, is amended to read:

Subd. 3. (a) A credit in the amount of not to exceed four cents per gross ton of taxable 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 by law been made subject to direct taxes for the payment of principal and interest on bonds issued by a school district or city.

(b) Notwithstanding clause (a), a credit of not to exceed seven cents shall be allowed a producer for the payment of taxes for bonds, and interest on them, issued by Independent School District 703, for which the producer's property has been made subject to direct taxes.

(c) Notwithstanding clause (a), a credit of not to exceed four cents shall be allowed a producer for the payment of taxes for bonds, and interest on them, issued by independent school district No. 701, for which the producer's property has been made subject to direct taxes.

(d) The credit allowed in this subdivision shall be allowed against taxes payable in the calendar years following the issuance and sale of the bonds until the total credit allowed in all years equals the total liability of the producer for direct taxes for the payment of the bonds and interest. If necessary to equal the total liability of the producer, the credit may be taken in years after the years when the taxes for the bond principal and interest were paid.

The amount of credit allowable hereunder in any year with respect to production from any plant subjected to direct taxes shall not exceed the amount of the direct taxes levied in the prior year against the plant for the bonds and interest and the indebtedness secured thereby, except if the credit allowed does not equal the amount levied in the prior year, then the unused credits of prior years may be used for the deficiency.

Sec. 41. Minnesota Statutes 1984, section 465.72, is amended to read:

## 465.72 [SEVERANCE PAY.]

*Subdivision 1. [GENERALLY.]* Except as may otherwise be provided in subdivision 2 and in Laws 1959, Chapter 690, as amended, any county, city, township, school district or other governmental subdivision may pay severance pay to its employees and promulgate rules for the payment of severance pay to an employee who leaves employment on or before or subsequent to the normal retirement date. Severance pay shall also include the payment of accumulated vacation leave, accumulated sick leave or a combination thereof. The severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits. It shall be paid in a manner mutually agreeable to the employee and employer over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. In no event shall severance pay provided for an employee leaving employment exceed an amount equivalent to one year of pay.

*Subd. 2. [EXCEPTION TO LIMITATIONS.]*

*The provisions of subdivision 1 requiring that severance pay be paid over a period not to exceed five years from retirement or termination of employment and that severance pay not exceed an amount equivalent to one year of pay do not apply to severance pay to school district employees in the form of payment of accumulated sick leave that is used to make contributions on behalf of the employee or former employee toward premiums for group insurance policies provided by the school district.*

*This subdivision applies only to payments made prior to July 1, 1986, and to payments made under contracts executed, ratified, and in effect on July 1, 1986. Any payments of severance pay made by school districts according to this subdivision before July 1, 1986, are validated.*

## Sec. 42. [SECONDARY VOCATIONAL RULE CHANGE.]

*According to its authority in Minnesota Statutes, section 121.11, the state board of education shall amend Minnesota Rules, part 3505.5300, subpart 3, to allow two hours of preparation time to be eligible for secondary vocational aid when the vocational education teaching assignment is five instructional contact hours. Minnesota Statutes, sections 14.26 to 14.28, shall apply to this rule amendment. Other sections of chapter 14 shall not apply. Notwithstanding any law to the contrary, the rule shall be effective for aid paid for the 1985-1986 school year and thereafter.*

Sec. 43. Laws 1985, First Special Session chapter 12, article 8, section 63, subdivision 2, is amended to read:

Subd. 2. [TEACHER EXAMINATIONS.] For duties related to teacher examinations there is appropriated:

\$105,000 \_\_\_\_\_ 1986,

\$ 75,000 \_\_\_\_\_ 1987.

\$30,000 of the fiscal year 1986 appropriation is to evaluate teaching skills of beginning teachers and \$75,000 each year is for development of teacher

examinations. *Any unexpended balance of this appropriation for fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.*

Sec. 44. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 3, is amended to read:

Subd. 3. [ACADEMIC EXCELLENCE FOUNDATION.] For support of the academic excellence foundation according to Minnesota Statutes, section 121.612, there is appropriated:

\$89,000 \_\_\_\_\_ 1986,

\$84,000 \_\_\_\_\_ 1987.

\$5,000 of the fiscal year 1986 appropriation shall be used for expenses related to the operation of the task force established in section 60, subdivision 1.

*Any unexpended balance from the appropriation for the academic excellence foundation for fiscal year 1986 shall not cancel but shall be available until June 30, 1987.*

Sec. 45. [AUTHORIZATION OF HIBBING BONDS AND TAX LEVIES.]

*Subdivision 1. [AMOUNT; PROCEDURE.] Independent school district No. 701, Hibbing, may issue bonds in an aggregate principal amount not exceeding \$2,000,000, in addition to any bonds already issued or authorized, to finance the acquisition and betterment of school buildings and facilities. Except as permitted by this section, the bonds shall be authorized, sold, and issued in accordance with Minnesota Statutes, chapter 475, except that no election shall be required to authorize their issuance except as provided in subdivision 2, and the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53.*

*Subd. 2. [NOTICE; ELECTION.] Prior to the issuance of the bonds, the school board shall publish in the official newspaper of the district a resolution authorizing their issuance, and if within ten days after such publication there is filed with the school district clerk a petition requesting an election on the proposition of issuing the bonds signed by qualified voters in number equal to ten percent of the number of qualified voters voting at the last general election in the district, the bonds shall not be issued unless and until such proposition has been approved by a majority of the votes cast thereon at a regular or special election.*

*Subd. 3. [LEVY.] After the sale and before the delivery of any bonds under authority of this section, the school board shall, by resolution, levy upon all taxable property in the school district, a direct, general ad valorem tax for each year of the term of the bonds in amounts which, if collected in full and added to the minimum amounts required to be paid to the district under subdivision 7 are sufficient to pay when due the principal of and interest on the bonds. A copy of the resolution shall be filed and the taxes levied shall be collected as specified in Minnesota Statutes, section 475.61. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475 with respect to*

the levying of taxes for their payment.

*Subd. 4. [DEFICIENCIES.] Bonds issued under authority of this section shall be general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the collections of the taxes levied pursuant to subdivision 2 or in the amounts required to be paid to the district under subdivision 7 they shall be made good by general levies, not subject to limit, on all taxable property in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.*

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

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

*Subd. 7. [PAYMENTS TO DISTRICT; APPROPRIATIONS.] Commencing with taxes payable in 1987, the commissioner of revenue shall deduct and pay to independent school district No. 701 on or before October 1 of each year, an amount equal to four cents per gross ton of taxable iron concentrate produced or to 90 percent of the debt service coming due on or before the second following January 1 on all bonds issued by the district pursuant to subdivision 1, whichever is greater, from the taxes paid pursuant to sections 298.23 to 298.28 by a person, corporation, partnership, operator, joint venture, or other owner of a taconite plant and taconite properties located in the school district. The deduction shall be made from the amount which would otherwise have been distributed to northeast Minnesota economic protection fund in the apportionment fund in the state treasury under section 298.28, subdivision 1. A sum is annually appropriated to the commissioner from the proceeds of the taxes sufficient to make the payments required by this section.*

*Subd. 8. [PAYMENTS WHEN PRODUCTION DECREASES OR STOPS.] If the producer described in subdivision 7 ceases operations or decreases its operations so that the amount of the deduction of four cents per gross ton of concentrate produced is insufficient to raise the minimum amount required to be paid annually under subdivision 7, then the difference between the deduction of four cents per gross ton of concentrate produced and such minimum amount shall be paid as provided in section 298.225.*

*Subd. 9. [DEPOSIT AND USE OF FUNDS.] The revenue received pursuant to this section by independent school district No. 701 shall be deposited in the bond redemption fund of the district and shall be used only to pay debt service on bonds issued pursuant to subdivision 1.*

*Subd. 10. [TERMINATION.] The deduction and payment of taxes authorized in subdivisions 7 and 8 shall terminate upon the payment in full, or*

*the discharge of the district's obligation to pay in full, the principal of and interest on all bonds issued pursuant to subdivision 1.*

*Subd. 11. [COMPLIANCE.] This section is effective the day after the school board of independent school district No. 701 complies with Minnesota Statutes, section 645.021, subdivision 3.*

**Sec. 46. [AUTHORIZATION OF VIRGINIA BONDS AND TAX LEVIES.]**

*Subdivision 1. [AMOUNT; PROCEDURE.] Independent school district No. 706, Virginia, may issue bonds in an aggregate principal amount not exceeding \$2,000,000, in addition to any bonds already issued or authorized, to finance the acquisition and betterment of school buildings and facilities. Except as permitted by this section, the bonds shall be authorized, sold, and issued in accordance with Minnesota Statutes, chapter 475, except that no election shall be required to authorize their issuance except as provided in subdivision 2, and the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53.*

*Subd. 2. [NOTICE; ELECTION.] Prior to the issuance of the bonds, the school board shall publish in the official newspaper of the district a resolution authorizing their issuance, and if within ten days after such publication there is filed with the school district clerk a petition requesting an election on the proposition of issuing the bonds signed by qualified voters in number equal to ten percent of the number of qualified voters voting at the last general election in the district, the bonds shall not be issued unless and until such proposition has been approved by a majority of the votes cast thereon at a regular or special election.*

*Subd. 3. [LEVY.] After the sale and before the delivery of any bonds under authority of this section, the school board shall, by resolution, levy upon all taxable property in the school district, a direct, general ad valorem tax for each year of the term of the bonds in amounts which, if collected in full and added to the minimum amounts required to be paid to the district under subdivision 7 are sufficient to pay when due the principal of and interest on the bonds. A copy of the resolution shall be filed and the taxes levied shall be collected as specified in Minnesota Statutes, section 475.61. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475 with respect to the levying of taxes for their payment.*

*Subd. 4. [DEFICIENCIES.] Bonds issued under authority of this section shall be general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the collections of the taxes levied pursuant to subdivision 2 or in the amounts required to be paid to the district under subdivision 7 they shall be made good by general levies, not subject to limit, on all taxable property in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.*

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

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

*Subd. 7. [PAYMENTS TO DISTRICT; APPROPRIATIONS.] Commencing with taxes payable in 1987, the commissioner of revenue shall deduct and pay to independent school district No. 706 on or before October 1 of each year, an amount equal to four cents per gross ton of taxable iron concentrate produced or to 90 percent of the debt service coming due on or before the second following January 1 on all bonds issued by the district pursuant to subdivision 1, whichever is greater, from the taxes paid pursuant to sections 298.23 to 298.28 by a person, corporation, partnership, operator, joint venture, or other owner of a taconite plant and taconite properties located in the school district. The deduction shall be made from the amount which would otherwise have been distributed to northeast Minnesota economic protection fund in the apportionment fund in the state treasury under section 298.28, subdivision 1. A sum is annually appropriated to the commissioner from the proceeds of the taxes sufficient to make the payments required by this section.*

*Subd. 8. [PAYMENTS WHEN PRODUCTION DECREASES OR STOPS.] If the producer described in subdivision 7 ceases operations or decreases its operations so that the amount of the deduction of four cents per gross ton of concentrate produced is insufficient to raise the minimum amount required to be paid annually under subdivision 7, then the difference between the deduction of four cents per gross ton of concentrate produced and such minimum amount shall be paid as provided in section 298.225.*

*Subd. 9. [DEPOSIT AND USE OF FUNDS.] The revenue received pursuant to this section by independent school district No. 706 shall be deposited in the bond redemption fund of the district and shall be used only to pay debt service on bonds issued pursuant to subdivision 1.*

*Subd. 10. [TERMINATION.] The deduction and payment of taxes authorized in subdivisions 7 and 8 shall terminate upon the payment in full, or the discharge of the district's obligation to pay in full, the principal of and interest on all bonds issued pursuant to subdivision 1.*

*Subd. 11. [COMPLIANCE.] This section is effective the day after the school board of independent school district No. 706 complies with Minnesota Statutes, section 645.021, subdivision 3.*

**Sec. 47. [AUTHORIZATION OF EVELETH BONDS AND TAX LEVIES.]**

*Subdivision 1. [AMOUNT; PROCEDURE.] Independent school district No. 697, Eveleth, may issue bonds in an aggregate principal amount not exceeding \$1,500,000, in addition to any bonds already issued or authorized, to finance the acquisition and betterment of school buildings and facilities. Except as permitted by this section, the bonds shall be authorized, sold, and*

issued in accordance with Minnesota Statutes, chapter 475, except that no election shall be required to authorize their issuance except as provided in subdivision 2, and the bonds shall not constitute net debt within the meaning of Minnesota Statutes, section 475.53.

*Subd. 2. [NOTICE; ELECTION.] Prior to the issuance of the bonds, the school board shall publish in the official newspaper of the district a resolution authorizing their issuance, and if within ten days after such publication there is filed with the school district clerk a petition requesting an election on the proposition of issuing the bonds signed by qualified voters in number equal to ten percent of the number of qualified voters voting at the last general election in the district, the bonds shall not be issued unless and until such proposition has been approved by a majority of the votes cast thereon at a regular or special election.*

*Subd. 3. [LEVY.] After the sale and before the delivery of any bonds under authority of this section, the school board shall, by resolution, levy upon all taxable property in the school district, a direct, general ad valorem tax for each year of the term of the bonds in amounts which, if collected in full and added to the minimum amounts required to be paid to the district under subdivision 7 are sufficient to pay when due the principal of and interest on the bonds. A copy of the resolution shall be filed and the taxes levied shall be collected as specified in Minnesota Statutes, section 475.61. A resolution of the board levying taxes for the payment of the bonds and interest on them as authorized by this section and pledging the proceeds of the levies for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475 with respect to the levying of taxes for their payment.*

*Subd. 4. [DEFICIENCIES.] Bonds issued under authority of this section shall be general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the collections of the taxes levied pursuant to subdivision 2 or in the amounts required to be paid to the district under subdivision 7 they shall be made good by general levies, not subject to limit, on all taxable property in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.*

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

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

*Subd. 7. [PAYMENTS TO DISTRICT; APPROPRIATIONS.] Commencing with taxes payable in 1986, the commissioner of revenue shall deduct and pay to independent school district No. 697 on or before October 1 of each year, an amount equal to five cents per gross ton of taxable iron*



concentrate produced or to 75 percent of the debt service coming due on or before the second following January 1 on all bonds issued by the district pursuant to subdivision 1, whichever is greater, from the taxes paid pursuant to sections 298.23 to 298.28 by a person, corporation, partnership, operator, joint venture, or other owner of a taconite plant and taconite properties located in the school district. The deduction shall be made from the amount which would otherwise have been distributed to northeast Minnesota economic protection fund in the apportionment fund in the state treasury under section 298.28, subdivision 1. A sum is annually appropriated to the commissioner from the proceeds of the taxes sufficient to make the payments required by this section.

**Subd. 8. [PAYMENTS WHEN PRODUCTION DECREASES OR STOPS.]** If the producer described in subdivision 7 ceases operations or decreases its operations so that the amount of the deduction of five cents per gross ton of concentrate produced is insufficient to raise the minimum amount required to be paid annually under subdivision 7, then the difference between the deduction of five cents per gross ton of concentrate produced and such minimum amount shall be paid as provided in section 298.225.

**Subd. 9. [DEPOSIT AND USE OF FUNDS.]** The revenue received pursuant to this section by independent school district No. 697 shall be deposited in the debt redemption fund of the district and shall be used only to pay debt service on bonds issued pursuant to subdivision 1.

**Subd. 10. [TERMINATION.]** The deduction and payment of taxes authorized in subdivisions 7 and 8 shall terminate upon the payment in full, or the discharge of the district's obligation to pay in full, the principal of and interest on all bonds issued pursuant to subdivision 1.

**Subd. 11. [COMPLIANCE.]** This section is effective the day after the school board of independent school district No. 697 complies with Minnesota Statutes, section 645.021, subdivision 3.

#### **Sec. 48. [EXCESS CAPITAL EXPENDITURE LEVY.]**

**Subdivision 1. [1986.]** Independent school district No. 97, Moose Lake, may levy up to \$75,000 in 1986 for capital expenditure purposes in addition to all other levies for capital expenditure and other purposes.

**Subd. 2: [1987.]** Independent school district No. 97, Moose Lake, may levy up to \$70,000 in 1987 for capital expenditure purposes in addition to all other levies for capital expenditure and other purposes.

**Subd. 3. [REFERENDUM.]** The authorization for the levy in subdivision 1 or 2 may be revoked or reduced as provided in this subdivision. A referendum on the question of revoking or reducing the authorized amount shall be called on the written petition of a number of qualified voters in excess of 15 percent of the average number of voters of the two most recent district-wide school elections. A petition to revoke or reduce the levy authorized by subdivision 1 must be received by September 1, 1986, and the referendum must be held by October 10, 1986. A petition to revoke or reduce the levy authorized by subdivision 2 must be received by September 1, 1987, and the referendum must be held by October 10, 1987. The ballot must state the number of mills required to raise the authorized amount. The ballot question must read substantially as follows:

"Shall the authority to make an extra levy for capital expenditures in (year) granted to independent school district No. 97 in (this act) be (re-voled/reduced from \$\_\_\_\_\_ to \$\_\_\_\_\_)?"

In other respects, the referendum shall be conducted as other elections are conducted under sections 134A.03 and 123.32.

Sec. 49. [PLAN FOR AUTOMATION OF STATE LIBRARIES.]

The commissioner of education shall develop a plan to address automation needs of state agency libraries. The plan shall include methods to:

- (1) strengthen government information services available to agencies and the public;
- (2) improve coordination and cooperation among state agency libraries; and
- (3) eliminate unnecessary duplication.

Other state agencies and the legislative reference library shall cooperate with the commissioner in developing this plan. The state law library may cooperate in developing this plan. By August 15, 1986, the plan shall be reported to the governor, education committees of the legislature, and senate finance and house appropriations committees.

Sec. 50. [SCHOOL HEALTH SERVICES STUDY.]

By February 1, 1987, the commissioner of education shall make recommendations about school health services to the education committees of the legislature, senate finance committee, and house appropriations committee. The study shall focus on minimizing the interference to learning of acute and chronic health problems and on developing healthy lifestyles for learners of all ages. The study must include:

- (1) a description of the range of health services provided to and by school districts, state activities relating to school health programs, including current school health requirements;
- (2) evaluation of the existing programs, including licensed school nurse staffing patterns and the relationship of staffing and services provided for the health needs of the school population;
- (3) evaluation of medication administration policies, procedures, and related liability issues;
- (4) alternative model programs;
- (5) existing and potential alternative funding sources; and
- (6) recommendations for improving existing programs or establishing new programs.

The commissioner of education shall collaborate with the commissioner of health and the commissioner of human services for aspects of the study.

Sec. 51. [REPORT TO LEGISLATURE.]

The policy required under section 34 must be developed and reported by each system to the education committees of the legislature by February 1, 1987.

## Sec. 52. [REPEALER.]

*Section 42 is repealed.*

## Sec. 53. [EFFECTIVE DATE.]

*Sections 26 and 42 are effective the day following final enactment. Section 52 is effective June 30, 1987. Sections 7, 20, 35, 36, and 37 are effective July 1, 1987. Sections 2, 3, and 4 are effective for the 1988-1989 school year and thereafter."*

Delete the title and insert:

"A bill for an act relating to education; requiring special education for children and their families from birth through age two; establishing centers for learning opportunities; establishing education districts with additional interdistrict cooperation revenue; establishing aid and levy for adult literacy programs; establishing aid and levy for summer educational improvement programs; requiring post-secondary policies for advanced placement programs; allowing additional uses for intermediate school district levies; establishing certain exceptions for school district employees for severance pay; authorizing certain bonds and tax levies for certain school districts; amending Minnesota Statutes 1984, sections 120.05, subdivision 6; 120.17, by adding a subdivision; 121.496; 121.612, subdivision 5; and by adding subdivisions; 122.535, subdivision 2; 123.39, subdivision 4; 123.741, subdivision 1; 124.272, subdivisions 1, 2, and 4, and by adding a subdivision; 124A.03, subdivision 2, and by adding a subdivision; 124A.033, by adding subdivisions; 134.31, subdivisions 2 and 3; 136D.27; 136D.74, subdivision 2; 136D.87; 275.125, by adding a subdivision; 298.24, subdivision 3; and 465.72; Minnesota Statutes 1985 Supplement, sections 120.17, subdivisions 1, 3, 3a, 12, and 13; 121.882, subdivision 2; 123.741, subdivision 6; 123.742, subdivision 1a; 124.272, subdivision 3; 124A.033, subdivision 2; and 275.125, subdivision 8a; Laws 1985, First Special Session chapter 12, article 8, sections 62, subdivision 3; and 63, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 121; 123; 124; 125; and 135A."

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1403: A bill for an act relating to taxation; exempting certain nonprofit nursing homes from taxation; amending Minnesota Statutes 1984, section 272.02, subdivision 1.

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

Page 1, lines 13 and 14, delete the new language

Page 1, after line 14, insert:

"(4) All licensed and medical assistance-certified nursing homes that are operated by a nonprofit corporation organized under chapter 317 or an organization that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985;"

Renumber the clauses in sequence

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1774: A bill for an act relating to state departments and agencies; providing for inspections of certain facilities and imposition of fines; amending Minnesota Statutes 1984, sections 144.55, subdivision 4; and 245.805.

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

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

Page 3, line 9, delete "no later than 30 days" and insert "within a reasonable time"

Page 3, line 12, delete everything after the comma and insert "the commissioner shall notify the operator of the commissioner's proposed fines for failure to comply with the correction order."

Page 3, delete line 13

Page 3, line 16, delete everything before the comma and insert "the commissioner's notification of proposed fines"

Page 3, line 23, before "The" insert "In each rule adopted or amended after the effective date of this section,"

Page 3, line 24, delete "promulgate by rule" and insert "adopt"

Page 3, line 25, after the period insert "Until the commissioner has adopted a schedule of fines in a rule, the schedule of fines in this subdivision applies."

(a) For deficiencies that the commissioner determines are administrative in nature and do not directly have adverse effects on the health, safety, or welfare of individuals, the commissioner shall assess a fine of \$250 for each uncorrected deficiency and may assess the fine for each day the deficiency remains uncorrected.

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

(c) For deficiencies that the commissioner determines adversely affect the health or safety of individuals or are violations of section 626.556, subdivisions 9 and 12, or section 626.557, subdivisions 14 and 15; the commissioner shall assess a fine of \$1,000 for each uncorrected deficiency and may assess the fine for each day the deficiency remains uncorrected."

Page 4, line 12, after "3" insert "and shall order the operator to pay all costs associated with the contested case proceeding, including reasonable

*attorney's fees."*

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2086: A bill for an act relating to tax-forfeited lands; requiring a conveyance of tax-forfeited land in St. Louis county.

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

Delete everything after the enacting clause and insert:

“Section 1. [ST. LOUIS COUNTY LAND CONVEYANCE.]

*(a) Notwithstanding any law to the contrary, the state of Minnesota and St. Louis County may convey to Clyde E. Arnberg and Lilah E. Arnberg, Box 2345, Star Route, Virginia, Minnesota 55792, land in St. Louis county identified as Lot C, Plat Da Bi Na Wa that forfeited for unpaid property taxes. The price for the land must be the same as that provided under Minnesota Statutes, section 281.02.*

*(b) The attorney general shall prepare the instrument of conveyance.*

*(c) The property to be sold was forfeited to the state for unpaid taxes as a result of a recording error. The Arnbergs were unaware that the taxes were not paid and were not notified of the proceeding that forfeited the property.*

Sec. 2. [EFFECTIVE DATE.]

*This act is effective the day after final enactment."*

Amend the title as follows:

Page 1, line 2, delete "requiring" and insert "providing"

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

Mr. Chmielewski from the Committee on Employment, to which was referred

S.F. No. 2130: A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Chmielewski from the Committee on Employment, to which was referred

S.F. No. 1903: A bill for an act relating to workers' compensation; regulating the obligations and administration of the special compensation fund; regulating the payment and right to benefits; compensation court of appeals; regulating attorneys' fees; providing for the administration of claims; pro-

viding penalties; amending Minnesota Statutes 1984, sections 176.041, subdivision 4; 176.081, subdivision 1; 176.101, subdivisions 2, 3f, and 3v; 176.104, subdivision 1; 176.105, subdivision 4; 176.111, subdivisions 6, 12, 15, and 20; 176.129, subdivision 8; 176.131, subdivisions 1a and 3; 176.135, subdivision 1a; 176.138; 176.179; 176.225, subdivision 1; 176.231, subdivisions 1 and 10; 176.242, subdivision 2; 176.243, subdivision 3; 176.361, subdivision 1; 176.421, subdivision 6; 176.461; 176.521, subdivision 3; 176.603; 176.611, subdivision 2; Minnesota Statutes 1985 Supplement, section 176.101, subdivision 3e; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1984, sections 176.265; 176.431; 176.441; and 176.611, subdivisions 3 and 4.

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

Pages 1 and 2, delete sections 2 and 3 and insert:

“Sec. 2. Minnesota Statutes 1984, section 79.251, subdivision 3, is amended to read:

Subd. 3. [RATES.] Insureds served by the assigned risk plan shall be charged premiums based upon a rating plan, including a merit rating plan adopted by the commissioner by rule. The commissioner shall annually, not later than January 1 of each year, establish the schedule of rates applicable to assigned risk plan business. Assigned risk premiums shall not be lower than rates generally charged by insurers for the business. The commissioner shall fix the compensation received by the agent of record. The establishment of the assigned risk plan rates and agent fees are not subject to chapter 14. The commissioner shall adopt a schedule of workers' compensation insurance rates for use in this state for each classification under which assigned risk plan insurance is written. The schedule of rates shall not be excessive, inadequate, or unfairly discriminatory. In adopting a schedule of rates, the commissioner may act on the written petition of any insurer writing contracts of insurance under the assigned risk plan, or an insured subject to the assigned risk plan, or other interested party requesting that a hearing be held for modification of the schedule of rates. The commissioner may include the expense of a reasonable charge for the services of an agent of record.

*Upon receipt of a petition for an increase in the existing schedule of rates, the commissioner shall determine whether the petition sets forth facts that show the existing schedule of rates is inadequate and in need of modification so as to indicate a need to hold a hearing. The commissioner may decline to grant a hearing if the insurer petitioner has failed to provide adequate information, as required by the commissioner or as requested upon receipt of a petition. The commissioner rejecting a petition for a hearing shall give notice of that determination to the petitioning party within 30 days of receipt of the petition and state the reasons for the rejection.*

*If the commissioner accepts the petition, the commissioner shall order a hearing on matters set forth in the petition requesting a modification of the schedule of rates. The hearing shall be held pursuant to the contested case procedures in chapter 14. The burden of proof shall be on the petitioning party.*

Sec. 3. Minnesota Statutes 1984, section 79.58, is amended by adding a

subdivision to read:

*Subd. 3. [EXPERIENCE RATING PLANS.] The commissioner shall disapprove any experience rating plan of a data service organization or insurer that establishes an annual premium requirement in excess of \$1,000.*

Sec. 4. Minnesota Statutes 1984, section 79.60, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Each insurer shall perform the following activities:

(a) Maintain membership in and report loss experience data to a licensed data service organization in accordance with the statistical plan and rules of the organization as approved by the commissioner;

(b) Establish a plan for merit rating which shall be consistently applied to all insureds, provided that members of a data service organization may use merit rating plans developed by that data service organization;

(c) Provide an annual report to the commissioner containing the information and prepared in the form required by the commissioner; and

(d) Keep a record of the premiums and losses paid under each workers' compensation policy written in Minnesota in the form required by the commissioner;

(e) *Keep a record and report losses incurred as the result of claims of injured workers claiming benefits under Minnesota law for which a policy was issued and premiums paid in another state; and*

(f) *Keep a record and report investment income earned on premiums and reserves attributable to Minnesota business.*

*"Loss experience data" for the purpose of clause (a) are incurred losses less an insurer's claims for reimbursement from the reinsurance association, second injury fund, and subrogation.*

Sec. 5. Minnesota Statutes 1984, section 79.61, subdivision 1, is amended to read:

79.61 [DATA SERVICE ORGANIZATIONS; REQUIRED AND PERMITTED ACTIVITY.]

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported *shall be reported accurately on the basis of actual classes written*, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities *shall be based on verified reports of insurer's premiums and losses*, and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization. *Losses are net losses after deductions for reimbursable losses from reinsurance, second injury fund, and subrogation*;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner. *All data collected from members shall be subject to regular and routine audit for accuracy and completeness. All compilations, summaries, or reports shall be issued only when the accuracy has been confirmed and sworn to under oath by the issuing data service organization as accurate and complete*;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; and

(h) Assess its members for operating expenses on a fair and equitable basis.

Sec. 6. Minnesota Statutes 1984, section 176.041, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYMENTS EXCLUDED.] This chapter does not apply to a person employed by a common carrier by railroad engaged in interstate or foreign commerce and who is covered by the Federal Employers' Liability Act, United States Code, title 45, sections 51 to 60, or other comparable federal law; to a person employed by a family farm as defined by section 176.011, subdivision 11a., or the spouse, parent, and child, regardless of age, of a farmer-employer working for the farmer-employer; to a partner engaged in a farm operation or a partner engaged in a business and the spouse, parent, and child, regardless of age, of a partner in the farm operation or business; to an executive officer of a family farm corporation; to an



executive officer of a closely held corporation referred to in section 176.012; to a spouse, parent, or child, regardless of age, of an executive officer of a family farm corporation as defined in section 500.24, subdivision 2, and employed by that family farm corporation; to a spouse, parent, or child, regardless of age, of an executive officer of a closely held corporation referred to in section 176.012; to another farmer or to a member of the other farmer's family exchanging work with the farmer-employer or family farm corporation operator in the same community; to a person whose employment at the time of the injury is casual and not in the usual course of the trade, business, profession, or occupation of the employer; persons who are independent contractors as defined by rules adopted by the commissioner pursuant to section 176.83 except that this exclusion does not apply to an employee of an independent contractor; nor does this chapter apply to an officer or a member of a veterans' organization whose employment relationship arises solely by virtue of attending meetings or conventions of the veterans' organization, unless the veterans' organization elects by resolution to provide coverage under this chapter for the officer or member.

Neither does the chapter apply to a person employed as a household worker in, for, or about a private home or household who earns less than \$500 \$1,000 in cash in a three-month period from a single private home or household provided that a household worker who has earned \$500 \$1,000 or more from the household worker's present employer in a three-month period within the previous year is covered by this chapter regardless of whether or not the household worker has earned \$500 \$1,000 in the present quarter.

This chapter does not apply to those persons employed by a corporation if those persons are related by blood or marriage, within the third degree of kindred according to the rules of civil law, to the officers of the corporation, and if the corporation files a written election with the commissioner to have those persons excluded from this chapter except that a written election is not required for a person who is otherwise excluded from this chapter by this section.

This chapter does not apply to a nonprofit association which does not pay more than \$500 \$1,000 in salary or wages in a year.

This chapter does not apply to persons covered under the Domestic Volunteer Service Act of 1973, as amended, 42 U.S.C. sections 5011, et. seq.

Sec. 7. Minnesota Statutes 1984, section 176.041, subdivision 2, is amended to read:

Subd. 2. [EXTRA-TERRITORIAL APPLICATION.] If an employee who regularly performs the primary duties of his employment within this state, ~~or who is hired within this state,~~ receives an injury while outside of this state in the employ of the same employer, the provisions of this chapter shall apply to such injury ~~unless the transfer is normally considered to be permanent.~~ If a resident of this state is transferred outside the territorial limits of the United States as an employee of a Minnesota employer, he shall be presumed to be temporarily employed outside of this state while so employed.

Sec. 8. Minnesota Statutes 1984, section 176.041, subdivision 3, is amended to read:

Subd. 3. [TEMPORARY OUT-OF-STATE EMPLOYMENT.] If an

employee hired in this state by a Minnesota employer, receives an injury while temporarily employed outside of this state, such injury shall be subject to the provisions of this chapter. ~~If the employer's business is in Minnesota and the employee's residence is in Minnesota, employment outside of this state shall be considered temporary.~~

Sec. 9. Minnesota Statutes 1984, section 176.041, is amended by adding a subdivision to read:

*Subd. 5a. [OUT-OF-STATE INJURIES.] Except as specifically provided by subdivisions 2 and 3, injuries occurring outside of this state are not subject to this chapter."*

Pages 3 and 4, delete section 5 and insert:

"Sec. 11. Minnesota Statutes 1984, section 176.081, subdivision 7, is amended to read:

*Subd. 7. If the employer or insurer files a denial of liability, notice of discontinuance, or fails to make payment of compensation or medical expenses within the statutory period after notice of injury or occupational disease, or otherwise unsuccessfully resists the payment of compensation or medical expenses, or unsuccessfully disputes the payment of rehabilitation benefits or other aspects of a rehabilitation plan, and the injured person has employed an attorney at law, who successfully procures payment on behalf of the employee or who enables the resolution of a dispute with respect to a rehabilitation plan, the compensation judge, commissioner, or the workers' compensation court of appeals upon appeal, upon application, shall award to the employee against the insurer or self-insured employer or uninsured employer, in addition to the compensation benefits paid or awarded to the employee, an amount equal to 25 percent of that portion of the attorney's fee which has been awarded pursuant to this section that is in excess of \$250, *except in cases where the employer or insurer has denied primary liability, 100 percent of reasonable attorney fees may be awarded.*"*

Pages 6 and 7, delete section 8 and insert:

"Sec. 14. Minnesota Statutes 1984, section 176.103, subdivision 2, is amended to read:

*Subd. 2. [SCOPE.] (a) The commissioner shall monitor the medical and surgical treatment provided to injured employees, the services of other health care providers and shall also monitor hospital utilization as it relates to the treatment of injured employees. This monitoring shall include determinations concerning the appropriateness of the service, whether the treatment is necessary and effective, the proper cost of services, the quality of the treatment, the right of providers to receive payment under this chapter for services rendered or the right to receive payment under this chapter for future services. The commissioner may penalize, disqualify, or suspend a provider from receiving payment for services rendered under this chapter, if the commissioner determines that the provider has violated any part of this chapter or rule adopted under this chapter. The commissioner's authority under this section also includes the authority to make determinations regarding any other activity involving the questions of utilization of medical services, and any other determination the commissioner deems necessary for the proper administration of this section.*

*Except as provided in paragraph (b) of this subdivision, the commissioner has the sole authority to make determinations under this section with a right of appeal to the medical services review board as provided in subdivision 3 and the workers' compensation court of appeals. A compensation judge has no jurisdiction in making determinations under this section.*

*(b) The commissioner has authority under this section to make determinations regarding medical causation. Objections to these determinations shall be referred to the chief administrative law judge for a de novo hearing before a compensation judge, with a right to review by the workers' compensation court of appeals, as provided in this chapter.*

Sec. 15. Minnesota Statutes 1985 Supplement, section 176.103, subdivision 3, is amended to read:

Subd. 3. [MEDICAL SERVICES REVIEW BOARD; SELECTION; POWERS.] (a) There is created a medical services review board *as an independent board* composed of the commissioner or the commissioner's designee as an ex officio member, two persons representing chiropractic, one person representing hospital administrators, and six physicians representing different specialties which the commissioner determines are the most frequently utilized by injured employees. The board shall also have one person representing employees, one person representing employers or insurers, and one person representing the general public. The members shall be appointed by the commissioner *of administration* and shall be governed by section 15.0575. Terms of the board's members may be renewed. The board shall appoint from among its clinical members a clinical advisory subcommittee on clinical quality and a clinical advisory subcommittee on clinical cost containment. Each subcommittee shall consist of at least three members one of whom shall be a member who is not a chiropractor or licensed physician.

The commissioner *of administration* may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one chiropractor, one hospital administrator, three physicians, one employee representative, one employer or insurer representative, and one representative of the general public.

The clinical quality subcommittee shall review clinical results for adequacy and recommend to the commissioner scales for disabilities and apportionment.

The clinical cost containment subcommittee shall review and recommend to the commissioner rates for individual clinical procedures and aggregate costs. The subcommittees shall make regular reports to the board and the commissioner which shall evaluate the reports for the purpose of determining whether or not a particular health care provider continues to qualify for payment under this chapter or is subject to any other sanctions or penalties authorized under this section and to determine whether an employee has been off work longer than necessary.

In evaluating the clinical consequences of the services provided to an employee by a clinical health care provider, the board shall consider the following factors in the priority listed:

- (1) the clinical effectiveness of the treatment;
- (2) the clinical cost of the treatment; and

(3) the length of time of treatment.

In its consideration of these factors, the board shall utilize the information and recommendations developed by the subcommittees. In addition, the board shall utilize any other data developed by the subcommittees pursuant to the duties assigned to the subcommittees under this section.

After making a determination, the board shall submit its recommendation in writing to the commissioner. The board shall advise the commissioner on the adoption of rules regarding all aspects of medical care and services provided to injured employees.

(b) The board shall appoint three of its members to hear appeals from decisions of the commissioner regarding quality control and supervision of medical care; any other disputes regarding medical, surgical, and hospital care; decisions regarding the eligibility of medical providers to receive payments; or any other determinations of the commissioner pursuant to subdivision 2. The three-member panel shall be composed of one member who does not represent a health care specialty, one member who represents the same specialty as the specialty at issue or, if the same specialty is not available, one member whose specialty is as close as possible considering the board's composition, and one member representing a different specialty. The three-member panel shall conduct a hearing in the same manner, giving the same notice and following other procedures required of the rehabilitation review panel in section 176.102, subdivision 3a. A majority vote of the three-member panel constitutes the decision of the full board. This decision may be appealed to the workers' compensation court of appeals.

(c) In any situation where a conflict of interest prevents the appointment of a full three-member panel or in any other situation where the commissioner deems it necessary to resolve a conflict of interest, the commissioner may appoint a temporary substitute board member to serve until the situation creating the conflict of interest has been resolved.

(d) The board may adopt rules of procedure. The rules may be joint rules with the rehabilitation review panel.

*(e) The board shall, pursuant to the administrative procedure act, adopt rules: (1) requiring health care providers to furnish clinical results data to the board; (2) requiring health care providers to furnish clinical cost data to the board; and (3) requiring insurers, within 30 days after an individual has reached maximum medical improvement, to furnish aggregate cost data to the board. The department shall collect the data the board by rule requires and shall compile and analyze the data in the manner the board by rule directs."*

Page 12, after line 21, insert:

"Sec. 25. Minnesota Statutes 1984, section 176.135, subdivision 1, is amended to read:

Subdivision 1. [MEDICAL, CHIROPRACTIC, PODIATRIC, SURGICAL, HOSPITAL.] (a) The employer shall furnish any medical, chiropractic, podiatric, surgical and hospital treatment, including nursing, medicines, medical, chiropractic, podiatric, and surgical supplies, crutches and apparatus, including artificial members, or, at the option of the employee, if the

employer has not filed notice as hereinafter provided, Christian Science treatment in lieu of medical treatment, chiropractic medicine and medical supplies, as may reasonably be required at the time of the injury and any time thereafter to cure and relieve from the effects of the injury. This treatment shall include treatments necessary to physical rehabilitation. The employer shall furnish replacement or repair for artificial members, glasses, or spectacles, artificial eyes, podiatric orthotics, dental bridge work, dentures or artificial teeth, hearing aids, canes, crutches or wheel chairs damaged by reason of an injury arising out of and in the course of the employment. In case of the employer's inability or refusal seasonably to do so the employer is liable for the reasonable expense incurred by or on behalf of the employee in providing the same. The employer shall pay for the reasonable value of nursing services by a member of the employee's family in cases of permanent total disability. *Except as provided in paragraph (b) of this subdivision, orders of the commissioner with respect to this subdivision may be reviewed by the medical services review board pursuant to section 176.103. Orders of the medical services review board with respect to this subdivision may be reviewed by the workers' compensation court of appeals on petition of an aggrieved party pursuant to section 176.103. Orders of the court of appeals may be reviewed by writ of certiorari to the supreme court.*

*(b) The commissioner has authority to make determinations regarding medical causation and regarding the question whether the medical condition, which required the furnished treatment or supplies, is a consequence of the injury. Objections to any order of the commissioner with respect to this paragraph shall be referred to the chief administrative law judge for a de novo hearing before a compensation judge, with a right to review by the workers' compensation court of appeals, as provided in this chapter."*

Page 14, after line 23, insert:

"Sec. 29. Minnesota Statutes 1984, section 176.181, subdivision 2, is amended to read:

Subd. 2. [COMPULSORY INSURANCE; SELF-INSURERS.] (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of commerce exempting the employer from insuring his liability for compensation and permitting him to self-insure the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 14. The commissioner of commerce shall also adopt, pursuant to clause (2)(c), rules permitting two or more employers, whether or not they are in the same industry, to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of commerce, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of his operations as a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of commerce, showing his financial ability to pay the compensation, whereupon by written order the commissioner of commerce may make an exemption

as he deems proper. The commissioner of commerce may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of commerce may revoke his order granting an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of commerce may require the employer to furnish security the commissioner of commerce considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of commerce shall deposit it with the state treasurer. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to the self-insurer, the commissioner of commerce may by written order to the state treasurer require him to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money obtained shall be deposited in the state treasury to the credit of the commissioner of commerce and awards made against any such self-insurer by the commissioner of commerce shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of commerce and approved by the commissioner of finance out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of commerce, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2)(a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of commerce. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be granted only when the commissioner of commerce is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of commerce may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of commerce.

(c) To carry out the purposes of this subdivision, the commissioner of commerce may promulgate administrative rules, including emergency rules, pursuant to sections 14.01 to 14.70. These rules may:

(i) establish reporting requirements for administrators of group self-insurance plans;

(ii) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(iii) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(iv) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(v) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(vi) establish other reasonable requirements to further the purposes of this subdivision.

*(d) To provide small businesses with the opportunity to self-insure on a group basis, the commissioner of commerce shall promulgate group self-insurance plan rules for groups of employers whose total earned premium prior to entering into a group self-insurance plan is not less than \$100,000. The rules shall provide:*

*(i) a waiver of joint and several liability requirements of the employers in the group of self-insurance plan where adequate alternative insurance or security is provided to insure payment of all claims;*

*(ii) a method to assist small business group self-insurance plans to obtain alternative insurance or security;*

*(iii) procedures by which the workers' compensation reinsurance association shall provide alternative insurance or security and the rates and charges for the insurance or security. No application for alternative insurance or security coverage shall be accepted for coverage unless the group self-insurance plan has been refused by at least two reinsurance or excess insurance insurers; and*

*(iv) for midterm termination of existing workers compensation insurance contracts without penalty in order to expedite creation of a group self-insurance plan."*

Page 14, line 35, delete the new language

Page 15, line 2, before the period, insert "; or

*(e) unreasonably or vexatiously discontinued compensation in violation of section 176.242"*

Page 17, line 4, before the period, insert "for the purpose of obtaining a medical report"

Page 18, after line 3, insert:

"Sec. 36. Minnesota Statutes 1984, section 176.271, subdivision 2, is amended to read:

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.

*A party that intends to deny a claim on the basis that the injury did not arise out of or in the course of employment or that the injury was not caused by a previously admitted work-related personal injury must, in addition to filing an answer under section 176.321, make the denial in writing, to the party serving notice under this subdivision within 15 days of the serving of the notice.*

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 or a proceeding under section 176.103, 176.242 or 176.243 or other proceeding for which the commissioner determines this notice is not necessary.

Sec. 37. Minnesota Statutes 1984, section 176.275, is amended to read:

176.275 [FILING OF PAPERS.]

The workers' compensation division, *the office of administrative hearings*, and the workers' compensation court of appeals shall file any paper which has been delivered to it for filing immediately upon its receipt ~~in the office of the commissioner of the department of labor and industry. The commissioner of the department of labor and industry shall file any paper which has been delivered to him for filing immediately upon its receipt if the paper to be filed complies with all requirements of law and rule.~~

Sec. 38. Minnesota Statutes 1984, section 176.291, is amended to read:

176.291 [DISPUTES AND DEFAULTS; PROCEDURE.]

Where there is a dispute as to a question of law or fact in connection with a claim for compensation, or where there has been a default in the payment of compensation for a period of ten days, *and there has been full compliance with section 176.271*, a party may ~~present~~ *serve on all other parties and file a verified petition to* with the commissioner stating the matter in dispute or the fact of default.

The petition shall also state *and include*:

- (1) names and residence *or business address* of parties;
- (2) facts relating to the employment at the time of *personal injury*, including amount of wages received;
- (3) extent and character of *personal injury*;
- (4) notice to or knowledge by employer of *personal injury including a copy of any notice required by section 176.271*;
- (5) *copies of written medical reports necessary to support the claim of personal injury, if appropriate*;
- (6) facts which the commissioner by rule requires; and,
- ~~(6)~~ (7) such other facts as are necessary for the information of the commissioner, a compensation judge or the workers' compensation court of appeals.



Sec. 39. Minnesota Statutes 1984, section 176.301, subdivision 1, is amended to read:

Subdivision 1. [TRIAL BY COURT; REFERENCE TO COMMISSIONER.] When issue has been joined in the district court action, the court may try the action itself without a jury, or refer the matter to the commissioner. ~~In the latter case, the commissioner shall refer the matter to the chief administrative law judge for assignment to a compensation judge. The compensation judge shall report his findings and decisions to the district court. The court may approve or disapprove such decision in the same manner as it approves or disapproves the report of a referee. The court shall enter judgment upon such decision.~~

Sec. 40. Minnesota Statutes 1984, section 176.305, is amended to read:

Subdivision 1. [HEARINGS ON PETITIONS.] The petitioner shall serve a copy of the petition on each adverse party personally or by first class mail. The original petition shall then be filed with the commissioner together with an appropriate affidavit of service. ~~When any the petition has been filed with the workers' compensation division commissioner alleges only a claim for permanent partial disability or permanent total disability, the commissioner shall, within ten days, refer the matter presented by the petition to a settlement judge. The settlement judge shall schedule a settlement conference if appropriate within 60 days. If a settlement conference is not appropriate, or if such a conference or conferences do not result in progress toward a settlement, the settlement judge shall certify the matter for a hearing before a compensation judge and shall refer the matter to the chief administrative law judge to be heard by a compensation judge.~~

Subd. 2. [REHABILITATION BENEFITS.] *If the petition filed with the commissioner alleges only a claim for rehabilitation benefits, the commissioner shall proceed pursuant to section 176.102.*

Subd. 3. [MEDICAL ISSUES.] *If the petition filed with the commissioner alleges only claims relating to medical and surgical treatment, the appropriateness of the treatment or service, whether the treatment is necessary and effective, the proper cost of services, the quality of the treatment, the right of providers to receive payment under this chapter for services rendered or the right to receive payment under this chapter for future services, the commissioner shall proceed pursuant to section 176.103.*

Subd. 4. [PRIMARY LIABILITY OR CAUSATION DENIAL.] *If the petition filed with the commissioner alleges a claim for the initial payment of workers' compensation benefits, for which the employer or insurer has under section 176.271, subdivision 2, denied liability either on the basis that the personal injury did not arise out of and in the course of employment or that the personal injury now claimed was not caused by a previously admitted work related personal injury, the commissioner shall proceed under this subdivision.*

*If upon a review of the petition, the commissioner determines that medical evidence is necessary to prove or disprove the claim and the medical reports on file with the workers' compensation division are insufficient, the commissioner shall immediately arrange for the employee to be examined by up to two health care providers. At the same time the commissioner, in consul-*

tation with the chief administrative law judge, shall give notice of the date, time, and place for a hearing which shall be no more than 20 days following the filing of the petition. The petition shall then be immediately forwarded to the office of administrative hearings.

For the purpose of interpretation of this subdivision, it is the intent of the legislature to provide for immediate hearings to employees who are being denied workers' compensation benefits so that an early determination of the liability for benefits can be made.

Subd. 5. [COPY OF PETITION.] The commissioner shall deliver the original petition and answer, after certification for a hearing before a compensation judge by a settlement judge pursuant to subdivision 1, to the office of administrative hearings for assignment to a compensation judge.

Subd. 3 6. [TESTIMONY.] Where the chief administrative law judge has substituted a compensation judge originally assigned to hear a matter, the testimony taken before the substitute compensation judge shall be considered as though taken before the judge before whom it was originally assigned.

Sec. 41. Minnesota Statutes 1984, section 176.306, is amended by adding a subdivision to read:

Subd. 3. [EXPEDITED HEARINGS.] Hearings held pursuant to section 176.305, subdivision 4, must be conducted within 20 days following the filing of a petition.

Sec. 42. Minnesota Statutes 1984, section 176.312, is amended to read:

176.312 [AFFIDAVIT AFFIDAVITS OF PREJUDICE AND PETITIONS FOR REASSIGNMENT.]

An affidavit of prejudice for cause may be filed by a party to the claim against a compensation judge, in the same manner as an affidavit of prejudice is filed pursuant to law or rule of district court pursuant to rules adopted by the chief administrative law judge. The filing of an affidavit of prejudice for cause against a compensation judge has the same effect and shall be treated in the same manner as in district court.

A petition for reassignment of a case to a different compensation judge may be filed once, in any case, by a party to the claim within ten days after the filing party has received notice of the assigned judge. Upon receipt of a timely petition for reassignment, the chief administrative law judge shall assign the case to another judge.

An affidavit of prejudice or a petition for reassignment shall be filed with the chief administrative law judge and shall not result in the continuance or delay of hearings scheduled pursuant to section 176.305, subdivision 4.

For the purpose of this section, in the event of multiple employers or insurers, all shall be considered as one party.

Sec. 43. Minnesota Statutes 1984, section 176.341, is amended to read:

176.341 [HEARING ON PETITION.]

Subdivision 1. [TIME.] Except for hearings scheduled pursuant to section 176.305, subdivision 4, upon receipt of a matter from the commissioner, the chief administrative law judge shall fix a time and place for hearing the peti-

tion. The hearing shall be held as soon as practicable and at a time and place determined by the chief administrative law judge to be the most convenient for the parties, keeping in mind the intent of chapter 176 and the requirements of section 176.306.

Subd. 2. [PLACE.] Unless otherwise ordered by the chief administrative law judge, the hearing shall be held in the county where the injury or death occurred.

Subd. 3. [NOTICE MAILED TO EACH PARTY.] *Except for hearings scheduled pursuant to section 176.305, subdivision 4, at least 30 days prior to the date of hearing, the chief administrative law judge shall mail a notice of the time and place of hearing to each interested party. This subdivision does not apply to hearings which have been continued from an earlier date. In those cases, the notice shall be given in a manner deemed appropriate by the chief administrative law judge after considering the particular circumstances in each case.*

Page 18, after line 35, insert:

*“Subdivisions 3 to 6 do not apply to matters pending in the mediation or rehabilitation and medical services sections.*

Sec. 45. Minnesota Statutes 1984, section 176.361, subdivision 2, is amended to read:

Subd. 2. [WRITTEN APPLICATION.] A person desiring to intervene in a workers' compensation case as a party, including but not limited to a health care provider who has rendered services to an employee or an insurer who has paid benefits under section 176.191, shall submit a timely written application to intervene to the compensation or settlement judge to whom the case has been assigned. If the case has not yet been assigned, the application shall be made to the calendar judge if the case has been certified to the office, or to the division if the case has not been certified to the office *or to the mediation or rehabilitation and medical services section if the matter is pending in that section.*

(a) The application must be served on all parties either personally, by first class mail, or registered mail, return receipt requested. An application to intervene must be served and filed within ~~60~~ 30 days after a person has received notice that a ~~petition claim~~ *claim* has been filed ~~as provided in this section~~ *or a request for mediation made*. An untimely ~~motion~~ *application* is subject to denial under subdivision 7.

(b) In any other situation, timeliness will be determined by the judge *or awarding authority* in each case based on circumstances at the time of filing. The application must show how the ~~moving party's~~ *applicant's* legal rights, duties, or privileges may be determined or affected by the case; state the grounds and purposes for which intervention is sought; and indicate the ~~moving party's~~ *statutory* right to intervene. The application must be accompanied by the following, if applicable, *except that if the action is pending in the mediation or rehabilitation and medical services section, clause (6) is not required and the information listed in clauses (1) to (5) may be brought to the conference rather than attached to the application:*

(1) an itemization of disability payments showing the period during which

the payments were or are being made; the weekly or monthly rate of the payments; and the amount of reimbursement claimed;

(2) a summary of the medical or treatment payments, or rehabilitation services provided by the division of vocational rehabilitation, broken down by creditor, showing the total bill submitted, the period of treatment or rehabilitation covered by that bill, the amount of payment on that bill, and to whom the payment was made;

(3) copies of all medical or treatment bills on which some payment was made;

(4) copies of the work sheets or other information stating how the payments on medical or treatment bills were calculated;

(5) a copy of the relevant policy or contract provisions upon which the claim for reimbursement is based;

(6) a proposed order allowing intervention with sufficient copies to serve on all parties;

(7) the name and telephone number of the person representing the intervenor who has authority to reach a settlement of the issues in dispute;

(8) proof of service or copy of the registered mail receipt;

(9) at the option of the intervenor, a proposed stipulation which states that all of the payments for which reimbursement is claimed are related to the injury or condition in dispute in the case and that, if the petitioner is successful in proving the compensability of the claim, it is agreed that the sum be reimbursed to the intervenor; and

(10) if represented by an attorney, the name, address, telephone number, and Minnesota Supreme Court license number of the attorney.

Sec. 46. Minnesota Statutes 1984, section 176.371, is amended to read:

#### 176.371 [AWARD OR DISALLOWANCE OF COMPENSATION.]

*Subdivision 1. [NONEXPEDITED HEARINGS.]* The compensation judge to whom a petition has been assigned for hearing, shall hear all competent, relevant evidence produced at the hearing. All questions of fact and law submitted to a compensation judge at the hearing shall be disposed of and the judge's decision shall be filed with the commissioner within 60 days after the submission, unless sickness or casualty prevents a timely filing, or the time is extended by written consent of the parties, or the chief administrative law judge extends the time for good cause. The compensation judge's decision shall include a determination of all contested issues of fact and law and an award or disallowance of compensation or other order as the pleadings, evidence, this chapter and rule require. A compensation judge's decision shall include a memorandum only if necessary to delineate the reasons for the decision or to discuss the credibility of witnesses. A memorandum shall not contain a recitation of the evidence presented at the hearing but shall be limited to the compensation judge's basis for the decision.

*Subd. 2. [EXPEDITED HEARINGS.]* The compensation judge to whom a petition has been assigned for hearing pursuant to section 176.305, subdivision 4, shall hear all competent evidence which is relevant and material to the

*issue of liability for the payment of workers' compensation benefits. All medical reports to be used by a party shall be presented to the judge prior to the commencement of the hearing. All questions of fact and law related solely to the issue of liability for the payment of workers' compensation benefits submitted to a compensation judge at the hearing shall be disposed of and the judge's decision shall be served on all parties within 60 days after the filing of the petition and filed with the commissioner within three business days thereafter.*

*The compensation judge's decision shall include the findings of fact and conclusions of law necessary to a determination of the liability for the payment of workers' compensation benefits and a statement of that determination. The decision shall also contain a brief statement of the reasons for the decision, including citations to applicable statutes, rules, or case law relied upon, but shall not contain a recitation or summary of the evidence presented at the hearing.*

*An expedited hearing shall not, without consent of the parties and the chief administrative law judge, consider issues other than primary liability or medical causation. Other issues shall be considered by other available procedures.*

*Subd. 3. [SALARY OF JUDGES.] No part of the salary of a compensation judge shall be paid unless the chief administrative law judge determines that all decisions of that judge have been issued within the time limit prescribed by this section."*

Page 19, after line 7, insert:

*"(1) grant an oral argument based on the record before the compensation judge;"*

Page 19, line 8, strike "(1)" and insert "(2)"

Page 19, line 9, strike "(2)" and insert "(3)"

Page 19, line 11, strike "(3)" and insert "(4) sustain, reverse,"

Page 19, line 13, delete "(4)" and insert "(5)"

Page 21, after line 7, insert:

*"Sec. 52. Minnesota Statutes 1984, section 176.83, subdivision 2, is amended to read:*

*Subd. 2. [REHABILITATION.] Rules necessary to implement and administer section 176.102, including the establishment of qualifications necessary to be a qualified rehabilitation consultant and the requirements to be an approved registered vendor of rehabilitation services.*

*In this regard, the commissioner shall impose fees under section 16A.428 sufficient to cover the cost of approving, registering and monitoring qualified rehabilitation consultants and approved vendors of rehabilitation services. The rules may also provide for penalties to be imposed by the commissioner against insurers or self-insured employers who fail to provide rehabilitation consultation to employees pursuant to section 176.102.*

*These rules may also establish criteria for determining "reasonable moving expenses" under section 176.102.*

The rules shall also establish criteria, guidelines, methods, or procedures to be met by an employer or insurer in providing the initial rehabilitation consultation required under this chapter which would permit the initial consultation to be provided by an individual other than a qualified rehabilitation consultant. In the absence of rules regarding an initial consultation this consultation shall be conducted pursuant to section 176.102."

Page 21, after line 10, insert:

"Sec. 54. [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 4, after "fund;" insert "restricting liability for out-of-state injuries;" and delete "regulating" and insert "regulating"

Page 1, line 6, after "fees;" insert "relating to jurisdiction of issues of medical causation;"

Page 1, line 8, after "sections" insert "79.251, subdivision 3; 79.58, by adding a subdivision; 79.60, subdivision 1; 79.61, subdivision 1;" and delete "subdivision 4" and insert "subdivisions 1, 2, and 3, and by adding a subdivision"

Page 1, line 9, delete "subdivision" and insert "subdivisions" and after "1" insert "and 7" and delete "subdivisions 2," and insert "subdivision" and after "3f" delete the comma

Page 1, line 10, delete "and 3v" and insert " ; 176.103, subdivision 2"

Page 1, line 13, delete "subdivision" and insert "subdivisions 1 and" and delete "176.138;" and after "176.179;" insert "176.181, subdivision 2;"

Page 1, line 15, after the second semicolon, insert "176.271, subdivision 2; 176.275; 176.291; 176.301, subdivision 1; 176.305; 176.306, by adding a subdivision; 176.312; 176.341;"

Page 1, line 16, delete "subdivision 1" and insert "subdivisions 1 and 2" and after the first semicolon, insert "176.371;"

Page 1, line 18, before the semicolon, insert " ; 176.83, subdivision 2"

Page 1, line 19, delete "section" and insert "sections" and after the semicolon, insert "176.103, subdivision 3; and 176.138;"

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

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

S.F. No. 1671: A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities.

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

Page 1, line 18, after "convention," insert "auditorium,"

Page 1, line 21, delete ", located in"

Page 1, line 22, delete "the city,"

Page 1, line 25, delete "is determined by the city"

Page 1, line 26, delete "to facilitate" and insert "facilitates"

Page 1, line 27, after "to" insert "property for" and delete "meetings" and insert "meeting facilities"

Page 2, line 8, before "I-94," and insert "8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and"

Page 2, line 9, delete "I-35W and Washington Avenue" and insert "Portland Avenue South"

Page 2, line 11, delete "University"

Page 2, line 12, delete "Avenue N.E." and insert "Main Street"

Page 2, delete line 13 and insert "Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and Prince Street and the portion of Prince Street between Main Street and Bank Street and the portion of Bank Street between Prince Street and University Avenue S.E. and the portion of University Avenue S.E. between Bank Street and"

Page 2, line 14, delete "Railroad tracks to"

Page 2, after line 15, insert:

"(e) "Skyways" means the skyway facilities referred to in the Convention Center Complex Guidelines and Criteria as they were revised October 9, 1985, and adopted October 25, 1985, part C.3.a. and b. except that facilities referred to in C.3.b.(1) must be financed and constructed at times and under other conditions identical or equivalent to skyways referred to in C.3.a."

Page 2, line 20, delete the comma

Page 2, line 23, after "for" insert "construction"

Page 3, line 1, after "posting" insert "of a"

Page 3, line 20, delete the first "or" and insert a comma and after "facilities" insert ", or replacement housing for housing removed from the site of the convention center or any related facilities"

Page 3, line 23, after "bonds" insert "issued pursuant to this act"

Page 4, line 25, before "Notwithstanding" insert "Subdivision 1. [IMPOSITION.]"

Page 4, line 29, delete "and use"

Page 4, line 30, delete "and uses"

Page 4, line 31, before the period, insert ", and may also by ordinance"

*impose an additional compensating use tax of up to one-half of one percent on uses of property within the city the sale of which would be subject to the additional sales tax but for the fact such property was sold outside the city. If amendments to Minnesota Statutes, chapter 297A, enacted subsequent to the effective date of this act exempt sales and uses which were taxable under Minnesota Statutes, chapter 297A, on the effective date of this act, the city may by ordinance extend the tax authorized in this section to any such sales and uses, provided that the city council shall have determined that the extension is necessary to provide revenues for application to the uses to which taxes under this section may be applied. Any revenue bonds issued in accordance with this act may, with the consent of the city council, contain a covenant that the tax will be so extended to the extent necessary to pay principal and interest on the bonds when due"*

Page 4, line 32, delete "The tax" and insert:

"Subd. 2. [ENFORCEMENT; COLLECTION.] These taxes" and after "interest" insert a comma

Page 4, line 35, delete "the tax" and insert "these taxes"

Page 5, line 2, before "Revenues" insert:

"Subd. 3. [USE OF PROCEEDS.]" and delete "tax" and insert "taxes"

Page 5, line 14, delete "AND" and insert a comma and after "LODGING" insert ", AND RESTAURANT"

Page 5, line 32, after "4" insert ", subdivision 3"

Page 6, line 2, delete "compliance by the" and insert "final enactment"

Page 6, delete line 3

Page 6, line 4, delete "Statutes, section 645.021, subdivision 3"

Page 6, line 5, delete "be imposed" and insert "become effective"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1833: A bill for an act relating to insurance; providing flexibility in the amount of coverages other than for the dwelling under a homeowner's policy; proposing coding for new law in Minnesota Statutes, chapter 65A.

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

Page 1, delete lines 14 and 15

Page 1, line 16, delete everything before "Coverage"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred



S.F. No. 1886: A bill for an act relating to the city of Hendrum; authorizing the establishment of a detached banking facility in the city of Moorhead by a state bank located in the city of Hendrum.

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

Page 1, line 8, delete "HENDRUM" and insert "MOORHEAD"

Page 1, line 10, delete "*in the city of Hendrum*" and insert "*within 30 miles of the city of Moorhead*"

Page 1, line 12, delete everything after "*Moorhead*"

Page 1, line 13, delete "*Minnesota Statutes, section 47.52*"

Amend the title as follows:

Page 1, lines 2 and 5, delete "Hendrum" and insert "Moorhead"

Page 1, line 4, delete "in" and insert "within 30 miles of"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was re-referred

S.F. No. 981: A bill for an act relating to consumer protection; requiring certain information relating to loan and residential real estate closing costs to be provided to buyers; governing the application of hazard insurance proceeds to a mortgage loan; establishing rates for title and mortgage insurance; proposing coding for new law in Minnesota Statutes, chapters 68A, 70A, and 325G.

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1878: A bill for an act relating to human services; affecting eligibility for medical assistance and general medical assistance care; augmenting the state's power to recover payments from third parties; abolishing the requirement of a separate application for general assistance medical care; amending Minnesota Statutes 1984, sections 256B.042, subdivision 2; 256B.15; 256B.37; and 256D.03, subdivision 3; and Minnesota Statutes 1985 Supplement, section 256B.06, subdivision 1; repealing Minnesota Statutes 1985 Supplement, section 256D.051, subdivision 12.

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

Page 1, after line 14, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 256.969, subdivision 2, is amended to read:

Subd. 2. [RATES FOR INPATIENT HOSPITALS.] Rates paid to inpa-

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

Page 1, line 19, strike “except that it shall have” and delete “two years” and strike “from”

Page 1, strike line 20

Page 1, line 21, strike “which to file” and insert “and” and strike “, and the statement”

Page 2, lines 3 to 5, delete the new language and insert “*The state agency shall not be subject to any limitations period referred to in section 514.69 or 514.71 and shall have one year from the date notice is received, pursuant to subdivision 4 of this section, to file its verified lien statement and may commence its action within six years of filing the lien.*”

Sec. 3. Minnesota Statutes 1984, section 256B.042, subdivision 3, is amended to read:

Subd. 3. To recover under this section the attorney general, or the appropriate county attorney acting at the direction of the attorney general, shall represent the state agency *and may initiate and prosecute any action against a person, firm or corporation who may be liable to the person to whom the care was furnished.*

Sec. 4. Minnesota Statutes 1984, section 256B.042, is amended by adding a subdivision to read:

*Subd. 4. The state agency shall be given notice of monetary claims against a person, firm or corporation who may be liable to pay part or all of the cost of medical care when the state agency has paid for or become liable for the cost of that care. Notice shall be given as follows:*

*(a) Applicants for medical assistance shall notify the agency of any possible claims upon submitting the application. Recipients of medical assistance shall notify the agency of any possible claims when those claims arise.*

*(b) A person providing medical care services to a person receiving medical assistance shall notify the agency whenever the person has reason to believe that a third party may be liable for payment of the cost of medical care.*

*(c) An attorney representing an applicant or recipient of medical assistance on a claim to which the state agency has a lien under this section shall notify the agency of the claim prior to filing the claim, commencing an action, or negotiating a settlement offer.*

*Notice given to the local agency is not sufficient to meet the requirements of paragraph (b) or (c).*

Sec. 5. Minnesota Statutes 1984, section 256B.042, is amended by adding a subdivision to read:

*Subd. 5. Upon any judgment, award, or settlement of cause of action upon which the state agency has filed its lien, the lien shall be satisfied in full, subject only to a pro rata share of the recipient's attorneys fees and costs incurred in the pursuit of the cause of action. However, any recipient who initiates an action to recover damages or compensation shall receive a net amount of no less than one-third of the total amount recovered."*

Page 5, line 26, before the period, insert "*to the provider or agency seeking reimbursement under that coverage*"

Page 6, after line 34, insert:

"Sec. 9. Minnesota Statutes 1984, section 256B.17, is amended by adding a subdivision to read:

*Subd. 9. [SETTLEMENTS AS A TRANSFER OF PROPERTY.] Any settlement of a cause of action accruing to an individual or eligible spouse as a result of injuries which necessitated medical care that does not make reasonable provision for the payment of the individual's or eligible spouse's medical bills and future medical needs will be presumed to be a transfer of property for less than fair market value under the provisions of this section."*

Page 7, line 10, after the period, insert "*For purposes of this section, assignment of benefits held under section 256B.06, subdivision 1, clause (16), must be honored by the private health care coverage, prepaid health plan, or automobile coverage.*"

Page 7, line 19, delete "2" and insert "1a"

Page 7, line 28, reinstate the stricken "2" and delete "3"

Page 7, after line 32, insert:

"*Subd. 3. [COORDINATION OF HMO BENEFITS.] When a parent or a person with an obligation of child support has enrolled in a prepaid health*

care plan under section 518.551, subdivision 8, the commissioner of human services shall limit the recipient to the prepaid health plan chosen by a parent or person with an obligation of child support to the extent that services available under medical assistance are also available under the prepaid health care plan. This limitation does not apply when a primary care physician participating in the health care plan, including but not limited to physicians specializing in family medicine, adult medicine, or general practice medicine, is not located within 15 miles of the recipient's place of residence.

Sec. 11. Minnesota Statutes 1984, section 256B.431, is amended by adding a subdivision to read:

*Subd. 2i. [EFFICIENCY INCENTIVES.] For rate years beginning on or after July 1, 1986, all nursing homes in each geographic group are subject to the lowest limit for that operating cost category or combination of operating cost categories for the purpose of determining efficiency incentives.*

Page 9, after line 1, insert:

“Sec. 13. Minnesota Statutes 1985 Supplement, section 256D.051, subdivision 6, is amended to read:

~~Subd. 6. [LOCAL AGENCY OPTIONS ALLOCATION OF MONEY FOR PAYMENT OF ADMINISTRATIVE COSTS AND REGISTRANT EXPENSES.] The local agency may, at its option, provide up to \$100 per registrant for direct expenses incurred by the registrant for transportation, clothes, and tools necessary for employment. The local agency may provide an additional \$100 for direct expenses of registrants remaining in the work readiness program for more than two months. After paying direct expenses as needed by individual registrants, the local agency may use any remaining money to provide additional services as needed by any registrant including education, orientation, placement, other work experience, on-the-job training, and other appropriate activities. The commissioner shall annually allocate money appropriated by the legislature among the local agencies for payment of administrative costs incurred by the provider of work readiness services and for payment of direct expenses incurred by work readiness registrants as follows: each local agency is eligible to receive the proportion of the money available that equals the monthly average number of work readiness registrants in the county divided by the monthly average number of work readiness participants in the state for the applicable period. The applicable period for fiscal year 1987 is the seven-month period beginning September 1, 1985, and ending March 31, 1986. For each fiscal year thereafter, the applicable period is the twelve-month period ending March 31. For purposes of this subdivision and section 256D.051, subdivision 6a, registrants include registrants receiving work readiness payments and services, and general assistance recipients who volunteer or are required to participate in the work readiness program.~~

Sec. 14. Minnesota Statutes 1985 Supplement, section 256D.051, is amended by adding a subdivision to read:

*Subd. 6a. [USE OF FUNDS.] The local agency shall use its allocation to pay direct registrant expenses and administrative costs of providing work readiness services. No more than 25 percent of the allocation may be used for administrative costs, except that money remaining after payment of direct registrant expenses may be used for additional administrative costs. Money*

may be used for the following direct registrant expenses: transportation, clothes, tools, and other necessary work-related expenses. Money may be used for the following administrative costs: providing employability assessments and development plans, employment search assistance, education, orientation, placement, on-the-job training, and other appropriate activities."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "authorizing modification and recomputation of hospital rate categories;"

Page 1, line 5, after the semicolon, insert "establishing an allocation formula and requirements for work readiness payments to counties; providing for coordination of HMO benefits with medical assistance; removing special cost limits for nursing homes;"

Page 1, line 8, delete "subdivision" and insert "subdivisions" and after "2" insert "and 3, and by adding subdivisions"

Page 1, line 8, after "256B.15;" insert "256B.17, by adding a subdivision;" and before "and" insert "256B.431, by adding a subdivision;"

Page 1, line 10, delete "section" and insert "sections 256.969, subdivision 2;" and after the semicolon, insert "and 256D.051, subdivision 6, and by adding a subdivision;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 958: A bill for an act relating to commerce; requiring disclosures in used motor vehicle transactions; proposing coding for new law in Minnesota Statutes, chapter 168.

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

Delete everything after the enacting clause and insert:

"Section 1. [168.79] [USED MOTOR VEHICLE GENERAL CONDITION DISCLOSURE.]

*Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:*

(a) "Consumer" means the purchaser, other than for purposes of resale, of a used motor vehicle used for personal, family, or household purposes at least 40 percent of the time.

(b) "Motor vehicle" means (1) a passenger automobile as defined in section 168.011, subdivision 7, including pickup trucks and vans; and (2) recreational equipment as defined in section 168.011, subdivision 25, which is sold to a consumer in this state.

(c) "Dealer" means licensed motor vehicle dealer as defined in section

168.27, subdivisions 1 and 3, or its agent.

*Subd. 2. [USED MOTOR VEHICLE GENERAL CONDITION DISCLOSURE.] A dealer of used motor vehicles or its agent shall inform prospective retail purchasers of used motor vehicles in writing before the purchase contract is executed in the manner and on the form prescribed in subdivision 3 of all significant existing mechanical and electrical and structural defects and damage. The dealer must disclose information that can be ascertained as a result of reasonable diligence, which shall consist of, but is not limited to, a walk-around and interior inspection, under-hood inspection, under-vehicle inspection and a test drive. Any sale not meeting the requirements of this subdivision is voidable at the option of the retail purchaser. No dealer may knowingly give false information to a purchaser in making any disclosure required by this section.*

*Subd. 3. [USED VEHICLE DISCLOSURE LABEL.] Each motor vehicle subject to the provisions of this section, displayed or offered for sale by a dealer, shall include a disclosure label displayed within the motor vehicle and readable from the outside, and it shall become the possession of the purchaser upon delivery. The label shall be signed and completed in duplicate prior to delivery of the vehicle. The dealer shall retain a copy of the signed disclosure label for at least four years. The used motor vehicle disclosure label required by this section shall, without exception, be in the form prescribed by the attorney general. The attorney general is exempt from the rulemaking provisions of chapter 14 in prescribing the form of the used motor vehicle disclosure label, but the attorney general may comply with section 14.38, subdivision 7.*

*Subd. 4. [EFFECT AS WARRANTIES.] Unless otherwise agreed to by the parties in the purchase contract, the inspection disclosures required in subdivisions 2 and 3 do not create any warranties express or implied and do not affect warranty coverage provided for in the purchase contract.*

*Subd. 5. [EXCEPTIONS.] Subdivisions 2 and 3 shall not apply to:*

*(a) A used motor vehicle prior to being displayed or offered for sale, provided a written statement "Not inspected for sale" is conspicuously displayed on each vehicle.*

*(b) A demonstrator or executive vehicle until removed from executive or demonstrator service and displayed or offered for sale on the sales lot.*

*(c) A used motor vehicle which is operated between point of wholesale or point of purchase and the licensee's business premises by the licensee or agent if a valid dealer registration plate is affixed to the vehicle.*

*(d) A business selling a used vehicle to an employee of that business, a lessor selling a used vehicle to an employee of the lessor, a lessor selling a leased vehicle by or to that vehicle's lessee or to an employee of the lessee.*

*Subd. 6. [SERVICE FEES.] A dealer licensee shall not assess a purchaser an additional service fee or charge for completing any sales-related vehicle inspection or forms which are required by law or rule.*

*Subd. 7. [CIVIL REMEDY.] Any dealer who is found to have violated this section shall be subject to the penalties and remedies provided in sections 8.31 and 168.27.*

*Subd. 8. [WAIVER.] Waiver of any requirements of this chapter, except as specifically provided for in this chapter, is prohibited and void.*

Sec. 2. Minnesota Statutes 1984, section 168.27, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "Leasing motor vehicles" means furnishing a motor vehicle for a fee under a bailor-bailee relationship where no incidences of ownership are intended to be transferred other than the right to use the vehicle for a stated period of time.

(2) "Brokering motor vehicles" means arranging sales between willing buyers and sellers of motor vehicles and receiving a fee for said service.

(3) "Wholesaling motor vehicles" means selling new or used motor vehicles to dealers for resale to the public.

(4) "Auctioning motor vehicles" means arranging for and handling the sale of motor vehicles, not the property of the auctioneer, to the highest bidder.

(5) "Dealer" includes new motor vehicle dealers, used motor vehicle dealers, brokers, wholesalers, auctioneers and lessors of new or used motor vehicles.

(6) "Commercial building" means a building adapted to commercial use and located in an area zoned for commercial or other less restrictive nonresidential use by the governmental unit in which it is located.

(7) "Isolated or occasional sales or leases" means the sale or lease of not to exceed five vehicles in a 12-month period.

Sec. 3. Minnesota Statutes 1984, section 168.27, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] (1) Salesmen and other employees of licensed dealers under this section shall not be required to obtain individual licenses.

(2) Isolated or occasional sales or leases of new or used motor vehicles shall be exempt from the provisions of this section. *A person who makes only isolated or occasional sales or leases is not considered to be in the business of selling or leasing motor vehicles and does not qualify to receive dealer plates pursuant to subdivision 16.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 168.27, subdivision 10, is amended to read:

Subd. 10. [PLACE OF DOING BUSINESS.] All licensees under this section shall have an established place of business which shall include as a minimum,

(1) For a new motor vehicle dealer, the following:

(a) a permanent enclosed commercial building on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records and files necessary to conduct the business are kept and maintained with

personnel available during normal business hours;

(b) a bona fide contract or franchise (1) in effect with a manufacturer or distributor of the new motor vehicles he proposes to sell, broker, wholesale or auction, or (2) in effect with the first-stage manufacturer or distributor of new motor vehicles purchased from a van converter or modifier which he proposes to sell, broker, wholesale, or auction, or (3) in effect with the final stage manufacturer of the new type A, B or C motor homes which he proposes to sell, broker, wholesale, or auction;

(c) a facility for the repair and servicing of motor vehicles and the storage of parts and accessories, not to exceed ten miles distance from the principal place of business. Such service may be provided through contract with bona fide operators actually engaged in such services.

(2) For a used motor vehicle dealer the following: a permanent enclosed commercial building on a permanent foundation, owned or under lease by the licensee *and an area adjacent to the building of sufficient size to permit the display of at least five vehicles*. The lease shall be for a minimum term of one year. The building shall contain office space for the books, records and files necessary to conduct the business and maintained with personnel available during normal business hours or automatic telephone answering service during normal working hours.

(3) For a motor vehicle lessor, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(4) For a motor vehicle broker, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(5) For a motor vehicle wholesaler, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(6) For a motor vehicle auctioneer, the following: a permanent enclosed commercial building, within or without the state, on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(7) If a new or used motor vehicle dealer maintains more than one place of doing business in a county, the separate places shall be listed on the application. If additional places of business are maintained outside of one county, separate licenses shall be obtained for each county.

(8) If a motor vehicle lessor, broker or auctioneer maintains more than one permanent place of doing business, either in one or more counties, the separate places shall be listed in the application, but only one license shall be



required.

Sec. 5. Minnesota Statutes 1985 Supplement, section 168.27, subdivision 24, is amended to read:

Subd. 24. [BONDS.] All persons licensed hereunder shall keep in full force and effect a bond with a corporate surety to be approved by the registrar of motor vehicles in amounts as herein provided; in the case of boat, snowmobile trailer, or motorized bicycle dealers in the amount of \$5,000; and as to all other persons in the amount of ~~\$25,000~~ \$50,000. The bond shall be conditioned on the faithful performance by the licensee of the obligations imposed by the laws of this state, including the conduct required of a licensee by this section and other sections governing the sale or transfer of motor vehicles, and the payment of all taxes, license fees and penalties. The bond shall be for the benefit of the state of Minnesota and any transferor, seller, or purchaser of a motor vehicle for any monetary loss caused by failure of the licensee to meet the obligations enumerated above. Proceedings on the forfeiture of the bonds shall be commenced in the district court of the county wherein the business of the licensed person was carried on, or if in more than one county, the county in which the offense occurred.

Sec. 6. [168A.088] [APPLICATIONS.]

*No application for certificate of title and no application for registration may be issued for any vehicle which was not manufactured to comply with federal emission standards as provided by the Clean Air Act, United States Code, title 42, sections 7401 through 7642, and regulations adopted pursuant to the act, and safety standards as provided by the National Traffic and Motor Safety Act, United States Code, title 15, sections 1381 through 1431, and regulations adopted pursuant to the act, unless the applicant furnishes:*

*(1) a bond release letter, with all attachments, issued by the United States Department of Transportation acknowledging receipt of a statement of compliance submitted by the importer of the vehicle and that the statement meets the safety requirements as provided by Code of Federal Regulations, title 19, section 12.80(e);*

*(2) a bond release letter, with all attachments, issued by the United States Environmental Protection Agency stating that the vehicle has been tested and known to be in conformity with federal emission requirements; and*

*(3) a receipt or certificate issued by the United States Department of the Treasury showing that any gas-guzzler taxes due on the vehicle as provided by Public Law Number 95-618, title 2, section 201(a), have been fully paid; or*

*(4) proof satisfactory to the agent that the vehicle was not brought into the United States from outside the country.*

*The application for certificate of title and the application for registration must be accompanied by*

*(1) a manufacturer's certificate of origin in the English language issued by the actual vehicle manufacturer,*

*(2) the original documents constituting valid proof of ownership in the country in which the vehicle was originally purchased, together with a*

*translation of the documents into the English language verified as to accuracy of the translation by affidavit of the translator, or*

*(3) with regard to a vehicle imported from a country that cancels the vehicle registration and title for export, the documents assigned to the vehicle after the registration and title have been canceled, together with a translation of the documents into the English language, verified as to accuracy of translation by affidavit of the translator.*

Sec. 7. Minnesota Statutes 1985 Supplement, section 325E.0951, is amended by adding a subdivision to read:

*Subd. 3a. [DISCLOSURE.] No person may transfer a motor vehicle without certifying in writing to the transferee that the pollution control system and restricted gasoline pipe are functional. The registrar of motor vehicles must prescribe the manner and form in which this written disclosure must be made. No transferor may knowingly give a false statement to a transferee in making any disclosure required by this subdivision."*

Delete the title and insert:

"A bill for an act relating to consumer protection; requiring certain disclosures in sales of used motor vehicles; regulating new and used motor vehicle licenses; providing certain standards in applications for certificates of title; amending Minnesota Statutes 1984, section 168.27, subdivisions 1 and 8; Minnesota Statutes 1985 Supplement, sections 168.27, subdivisions 10 and 24; 325E.0951, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 168; and 168A."

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 2097: A bill for an act relating to the Minnesota historical society; defining and establishing control over 1905 Capitol furnishings; amending Minnesota Statutes 1984, sections 138.67, by adding a subdivision; and 138.68.

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was re-referred

S.F. No. 2052: A bill for an act relating to the city of Grand Rapids; permitting the creation of the Central School commission.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 1912: A bill for an act relating to intoxicating liquor; authorizing the city of Vadnais Heights to issue up to five additional on-sale licenses.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 2100: A bill for an act relating to intoxicating liquor; removing the limit on the number of seasonal on-sale licenses which may be issued by St. Louis county; amending Laws 1973, chapter 663, section 1, as amended.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 2006: A bill for an act relating to intoxicating liquor; authorizing the city of Rochester to issue an on-sale license to a concessionaire at the Mayo civic auditorium.

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 1211: A bill for an act relating to utilities; prescribing fees and assessments relating to certificate of need process; exempting small telephone companies and public utilities from certain assessments by the public utilities commission and department of public service; amending Minnesota Statutes 1984, sections 216B.62, subdivisions 2, 3, 6, and by adding a subdivision; 237.295, subdivision 2; repealing Minnesota Statutes 1984, section 216B.243, subdivision 6.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Finance without recommendation. Report adopted.

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 1879: A bill for an act relating to alcoholic beverages; authorizing cities to issue temporary off-sale licenses for the sale of rare wine at auctions; amending Minnesota Statutes 1985 Supplement, section 340A.404, by adding a subdivision.

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

Page 1, line 9, delete "340A.404" and insert "340A.405"

Page 1, line 10, delete "11" and insert "4"

Page 1, line 11, before "The" insert "(a)"

Page 1, line 14, after "only" insert "vintage"

Page 1, after line 23, insert:

“(b) As used in the subdivision, “vintage wine” means bottled white, rose, or sparkling wine which is not less than five years old or bottled red wine which is not less than eight years old.”

Amend the title as follows:

Page 1, line 3, delete “rare” and insert “vintage”

Page 1, line 5, delete “340A.404” and insert “340A.405”

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

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1754: A bill for an act relating to education; requiring the state board for community colleges to develop upper division programs at the Arrowhead Community College.

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

Delete everything after the enacting clause and insert:

“Section 1. [ARROWHEAD UPPER DIVISION PROGRAM.]

*By January 1, 1987, the state university board in cooperation with the state board for community colleges and the board of regents, University of Minnesota, shall develop a plan for upper division courses and programs at the Arrowhead Community College. The plan shall provide for course offerings that lead to four-year degrees by the University of Minnesota or state university or both. The plan, including dates for implementation, must be reported to the education committees of the legislature and the education subcommittee of the senate finance committee and the education division of the house appropriations committee by February 1, 1987.”*

Amend the title as follows:

Page 1, lines 2 and 3, delete “the state board for community colleges” and insert “a plan”

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Pehler from the Committee on Education, to which was re-referred

S.F. No. 2023: A bill for an act relating to state lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; proposing coding for new law in Minnesota Statutes, chapter 92.

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

Page 1, after line 7, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 92.46, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC CAMP GROUNDS.] (a) The director may designate suitable portions of the state lands withdrawn from sale and not

reserved, as provided in section 92.45, as permanent state public camp grounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions he or she prescribes, subject to the provisions of this section.

(b) A lease may not be made for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioner of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

- (1) method of appraising the property;
- (2) determination of lease rates; and
- (3) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision shall be deposited into the permanent school trust fund. *However, in fiscal years 1986, 1987, 1988, and 1989 up to 50 percent of the money received from the lease of permanent school fund lands that would otherwise be deposited into the permanent school trust fund may be used to survey lots as required in section 2, subdivision 3. Any money that is not needed to survey lots shall be deposited in the permanent school trust fund.*

Page 1, line 22, delete "All" and insert "The"

Page 2, line 17, delete everything after "(c)" and insert "The commissioner shall survey a lot prior to offering it for sale"

Page 2, delete lines 18 to 21

Page 2, line 22, delete "lot," and insert a period

Page 2, line 23, delete everything before the period

Page 2, delete lines 24 to 32

Page 3, line 16, after "sale" insert ", excluding survey costs,"

Page 3, line 33, delete "1 and 2" and insert "2 and 3"

Page 3, line 35, delete "3" and insert "4"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "amending Minnesota Statutes 1985 Supplement, section 92.46, subdivision 1;"

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

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 2204: A bill for an act relating to independent school district No. 750, Cold Spring; authorizing the district to make an equal levy for debt service over the next five years.

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

Page 1, line 18, delete "must" and insert "is" and delete "be considered to be"

Page 1, line 24, delete "must"

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1727 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		1727	1578		

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. Purfeerst from the Committee on Transportation, to which was referred the following appointment as reported in the Journal for February 20, 1986:

TRANSPORTATION REGULATION BOARD  
CHAIRPERSON  
Roger Laufenburger

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Hughes from the Committee on Elections and Ethics, to which was referred the following appointment as reported in the Journal for February 5,

1986:

STATE ETHICAL PRACTICES BOARD  
A. J. Eckstein

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1994: A bill for an act relating to the city of Medina; authorizing a payment by the city for utility construction.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1955: A bill for an act relating to local government; changing the notice requirements for proposed special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1984: A bill for an act relating to local government; permitting counties to establish public works reserve funds; amending Minnesota Statutes 1984, section 471.57.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1998: A bill for an act relating to the city of McIntosh; authorizing the city to issue bonds in excess of its net debt limitations.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1956: A bill for an act relating to local government; providing for city capital improvement reserve funds; amending Minnesota Statutes 1984, section 471.57.

Reports the same back with the recommendation that the bill do pass and be

re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1966: A bill for an act relating to the city of St. Cloud; authorizing the city to impose certain taxes to construct, operate, and promote a convention center facility.

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

Page 1, line 23, delete everything after the period

Page 1, delete lines 24 and 25

Page 2, delete lines 1 and 2

Page 2, line 23, delete everything after "Notwithstanding"

Page 2, line 24, delete "imposed under" and delete "477A.018," and insert "477A.016, or any ordinance, city charter, or other provision of law,"

Page 2, line 25, delete "up to" and delete "five" and insert "two"

Page 2, line 26, delete everything before the period and insert "in addition to the tax authorized under Laws 1979, chapter 197, on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort other than the renting or leasing of it for a continuous period of 30 days or more"

Page 2, line 29, delete "477.018, subdivision 3" and insert "477A.016"

Page 2, line 31, delete everything after "I"

Page 2, line 32, delete "subdivision 1,"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1725: A bill for an act relating to the city of East Grand Forks; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

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

Page 1, line 19, after the period, insert "The port authority commission may issue general obligation bonds in the same manner as provided under Minnesota Statutes, section 458.193, except that no election shall be required to authorize their issuance except as provided in section 2."

Sec. 2. [GENERAL OBLIGATION BONDS; REFERENDUM ON PETITION.]

Before the issuance of the bonds, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the



*bonds, and if within ten days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election."*

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1847: A bill for an act relating to state and local government obligations; providing for a method of determining compliance with the volume cap limitations of proposed federal tax law.

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 1985 Supplement, section 462.445, subdivision 13, is amended to read:

Subd. 13. [INTEREST REDUCTION PROGRAM.] The authority to authorize payment of interest reduction assistance pursuant to subdivisions 10, 11 and 12 shall expire on January 1, ~~1987~~ 1993. Interest reduction assistance payments authorized prior to January 1, ~~1987~~ 1993, may be paid after January 1, ~~1987~~ 1993.

Sec. 2. [474A.01] [LEGISLATIVE FINDINGS AND PURPOSE.]

*The legislature finds that tax reform legislation adopted by the United States House of Representatives as H.R. 3838, 99th Cong. 1st Sess. (1985) on December 17, 1985, is causing uncertainty in the ability of the state government and local governments to sell obligations, the interest on which is exempt from federal income taxation.*

*The legislature further finds that this uncertainty is preventing the state government and local governments from financing at a reasonable cost public facilities, economic development projects, health care projects and facilities, housing for persons of low and moderate income, and loans to students, all of which are essential to the operation of state and local governments and for the health, welfare, and benefit of the people and the economy of the entire state.*

*It is the purpose of this act to provide a mechanism by which the obligations issued by and on behalf of state government and local governments will be allocated and accounted for by providing certificates of registration or certificates of entitlement to issuers in order to ensure that the obligations do not become taxable as a result of exceeding the volume limitation placed on certain obligations by the pending federal tax reform legislation.*

*It is the purpose and intent of the legislature to have this act prospectively*

replace and override any method of allocating the authority to issue certain tax-exempt obligations that may be a part of any federal tax reform legislation.

*It is also the purpose of this act to replace existing state laws that allocate the authority to issue certain obligations.*

Sec. 3. [474A.02] [DEFINITIONS.]

*Subdivision 1. [TERMS DEFINED.] For the purposes of this act, the terms defined in this section shall have the following meanings:*

*Subd. 2. [CERTIFICATE OF REGISTRATION; CERTIFICATE.] "Certificate of registration" or "certificate" means a document provided to an issuer of obligations by the department.*

*Subd. 3. [COMMERCIAL REDEVELOPMENT PROJECT.] "Commercial redevelopment project" means a project as defined in section 474.02, if it is not a manufacturing or pollution control project and one of the following conditions is met:*

*(a) The project site would qualify as a redevelopment district as defined in section 273.73, subdivision 10. To qualify the project need not be included in a tax increment financing district.*

*(b) Seventy-five percent of the proceeds of the obligations will be used to acquire and rehabilitate or replace an existing structure which is functionally obsolete or contains structural or other defects justifying substantial renovation or clearance.*

*(c) The project will be undertaken and the obligations issued pursuant to a written program administered by the local issuer and the financing provides for a substantial commitment of local public funds.*

*(d) Substantially all of the proceeds of the obligations will be used to finance facilities with respect to which an urban development action grant has been made under section 119 of the federal Housing and Community Development Act of 1974.*

*Subd. 4. [DEPARTMENT.] "Department" means the Minnesota department of finance.*

*Subd. 5. [DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.] "Department of energy and economic development" means the department of energy and economic development or its successor agency or agencies.*

*Subd. 6. [ENTITLEMENT ISSUER.] "Entitlement issuer" means issuers of obligations that are allocated the authority to issue obligations under sections 5 and 8.*

*Subd. 7. [EXISTING FEDERAL TAX LAW.] "Existing federal tax law" means the provisions of the Internal Revenue Code of 1954 as amended through December 31, 1985.*

*Subd. 8. [FEDERAL VOLUME LIMITATION ACT.] "Federal volume limitation act" means a bill that was adopted by the United States House of Representatives on December 17, 1985, as H.R. 3838, 99th Cong. 1st Sess. (1985) or any other act that becomes law effective January 1, 1986, or any*

time thereafter that does the following:

(1) places an annual limit or volume cap on the aggregate dollar amount of obligations of a specified type or types the interest on which is exempt from inclusion in gross income for the purposes of federal income taxation;

(2) provides for an allocation of the authority to issue obligations that are subject to an annual limit or volume cap among various uses for which the proceeds of the obligations may be used and among various issuers of obligations; and

(3) allows the governor during a specified interim period or the state legislature by law to provide for a different allocation of the authority to issue obligations that are subject to the annual limit or volume cap among uses and among issuers.

Subd. 9. [GOVERNMENTAL VOLUME CAP.] "Governmental volume cap" means the amount of issuance authority available for obligations subject to the annual limit or volume cap of the federal volume limitation act less the amount that the federal volume limitation act requires be held available for "qualified 501(c)(3) bonds" or obligations with a comparable definition in the federal volume limitation act.

Subd. 10. [ISSUER.] "Issuer" means all entitlement issuers as defined in subdivision 6 and other issuers as defined in subdivision 16.

Subd. 11. [LOCAL PUBLIC FUNDS.] "Local public funds" means the funds of a governmental unit except the following:

(1) the proceeds of an obligation subject to existing federal tax law or the federal volume limitation act;

(2) payments or property furnished by a nonexempt person to repay or secure the loan of proceeds of an obligation subject to existing federal tax law or the federal volume limitations act or other payments made in consideration of the issuance of an obligation subject to existing federal tax law or to the federal volume limitation act;

(3) payments furnished by a nonexempt person for its right to use in its trade or business a facility financed with the proceeds of obligations subject to existing federal tax law or the federal volume limitation act;

(4) tax increments, as defined in section 273.76; or

(5) tax reductions provided pursuant to sections 273.1312 to 273.1314.

Subd. 12. [MANUFACTURING PROJECT.] "Manufacturing project" means properties, real or personal, used in connection with a revenue producing enterprise in connection with assembling, fabricating, manufacturing, mixing, or processing any products of agriculture, forestry, mining, or manufacture. Properties used for storing, warehousing, or distributing qualify under this definition (1) if they are used as part of or in connection with an assembly, fabricating, manufacturing, mixing, or processing facility, or (2) if they are used for the storing of agricultural products and are located outside of the metropolitan area, as defined in section 473.121, subdivision 2. Manufacturing project includes properties, real or personal, used in connection with research and development activity to develop or improve products, production processes, or materials. For purposes of this subdivision, "a product

of manufacture" includes information and directions which dictate the functions to be performed by data processing equipment, commonly called computer software, regardless of whether they are embodied in or recorded on tangible personal property. A project qualifies as a manufacturing project only if 75 percent of the proceeds of the proposed obligations will be used for construction, acquisition, installation, or addition of properties described in this subdivision.

**Subd. 13. [MULTIFAMILY HOUSING PROJECT.]** "Multifamily housing project" means a development defined in Minnesota Statutes, section 462C.02, subdivision 5, or described in Minnesota Statutes, section 462C.02, subdivision 2, 3, or 4, for which the applicable housing plan and program approval requirements of Minnesota Statutes, sections 462C.03, 462C.04, and 462C.05, have been met.

**Subd. 14. [NONEXEMPT PERSON.]** "Nonexempt person" means a person or entity other than an exempt person as defined in section 103(b)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

**Subd. 15. [NOTICE OF ALLOCATION OF ENTITLEMENT.]** "Notice of allocation of entitlement" means a document provided to an entitlement issuer.

**Subd. 16. [OTHER ISSUER.]** "Other issuer" means any entity other than an entitlement issuer authorized by law to issue obligations subject to existing federal tax law or federal volume limitation act, including but not limited to the University of Minnesota, any home rule charter or statutory city, any town, any federally recognized American Indian tribe located in Minnesota, any housing and redevelopment authority referred to in chapter 462, or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law other than the iron range resources and rehabilitation board, or any entity issuing on behalf of the foregoing, acting as an issuer of obligations pursuant to law.

**Subd. 17. [POLLUTION CONTROL PROJECT.]** "Pollution control project" means properties, real or personal, used in the abatement or control of noise, air, or water pollution, or in the disposal of solid waste, in connection with a revenue producing enterprise, engaged in or to be engaged in any business or industry. A project qualifies as a pollution control project only:

(1) if 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision; or

(2) if it is not a manufacturing project and 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision and in subdivision 12.

**Subd. 18. [POOL.]** "Pool" means the amount of issuance authority for obligations that are to be allocated to issuers.

**Subd. 19. [PRELIMINARY RESOLUTION.]** "Preliminary resolution"

means a resolution adopted by the governing body of the issuer or in the case of the iron range resources and rehabilitation board by the commissioner of the board. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project and must identify the proposed project, the proposed site for the project, and the proposed amount of the obligations to be issued. The resolution for a waste management project need not include the site for the project if the resolution identifies a specific process and a deadline for site selection.

*Subd. 20.* [QUALIFIED 501(c)(3) BONDS.] "Qualified 501(c)(3) bonds" mean obligations so defined or obligations with a comparable definition in the federal volume limitation act.

*Subd. 21.* [SUBSTANTIAL COMMITMENT OF LOCAL PUBLIC FUNDS.] "Substantial commitment of local public funds" means that either of the following two conditions is satisfied:

(a) Under the project financing, the governmental unit appropriates, pledges, guarantees, or otherwise provides local public funds to pay part of the cost of financing the obligations, including bond issuance, debt service, loan origination, and carrying expenses, or of the facility financed with the proceeds of the obligations. This condition is satisfied only if, at the time the obligations are issued, the issuer reasonably expects that the aggregate value of the local public funds will exceed the lesser of \$1,000,000 or one percent of the face amount of the obligations. No provision may be made for a nonexempt person to reimburse the governmental unit for the local public funds.

(b) The governmental unit appropriates, pledges, guarantees, or otherwise provides a program contribution of local public funds or governmental services to the program or a facility financed with the proceeds of the obligations. This condition is satisfied only if the issuer reasonably expects at the time the obligations are issued that the aggregate value of the local public funds will exceed \$5,000,000 or five percent of the aggregate face amount of the obligations. The issuer must value the services at the reasonable cost of delivering them. The program contribution must be used for one or more of the following purposes:

(1) reducing the cost of financing the obligations, as described in clause (a);

(2) securing the payment of debt service on obligations issued pursuant to the program;

(3) financing public improvements under a comprehensive redevelopment or renewal program, if the costs are reasonably allocable to a facility financed with the proceeds of the obligations and if the improvements are made no earlier than three years prior to issuance of the obligations to which the contribution applies or more than one year after issuance; or

(4) other costs reasonably related to the program.

If the governmental unit is reimbursed by a nonexempt person for any part of the program within five years after the contribution was made, the reimbursement must be applied for one or more of the purposes described in this paragraph.

For purposes of this subdivision, "governmental unit" means the issuer

that issues the obligations for the project or the governmental unit that approves the obligations for the purposes of section 103(k)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1985, or both.

*Subd. 22. [WASTE MANAGEMENT PROJECT.]* "Waste management project" means a project which is authorized by chapter 115A or 400, or sections 473.801 to 473.834.

*Subd. 23. [WRITTEN DEVELOPMENT PROGRAM; PROGRAM.]* "Written development program" or "program" means a written economic development plan that contains at least substantially all of the following:

- (1) a description of the area subject to the plan, which may not exceed 20 percent of the total acreage of the issuer;
- (2) a statement of the objectives for the development of the area subject to the plan;
- (3) a statement of the development plan for the area subject to the plan, including the property within the area, if any, which is to be acquired by a governmental unit;
- (4) a description of the type of specific development reasonably expected to take place within the area subject to the plan; and
- (5) a description of the kind and an estimate of the amount of public funds, including local public funds, expected to be spent in connection with the development of the area subject to the plan.

#### Sec. 4. [474A.03] [DETERMINATION OF VOLUME CAP.]

*Subdivision 1. [1986 VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.]* No later than five days after enactment of this bill, the department shall determine the following: (1) the aggregate dollar amount of authority to issue obligations under the existing federal tax law that is available for issuance during calendar year 1986; (2) of the amount in clause (1), the amount that is allocated to entitlement issuers; (3) the amount that remains for allocation through the pool; and (4) the amount available for issuance of mortgage revenue bonds.

*Subd. 2. [1986 VOLUME CAP UNDER FEDERAL VOLUME LIMITATION ACT.]* No later than five days after enactment of this bill the department shall determine the aggregate dollar amount of authority to issue obligations under the federal volume limitation act during calendar year 1986 and of this amount, the department shall determine the following amounts:

- (1) the amount, if any, that the federal volume limitation act requires to be reserved for qualified 501(c)(3) bonds;
- (2) the amount of the governmental volume cap available to entitlement issuers as calculated under section 7, stating separately the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in the federal volume limitation act; and
- (3) the amount available for allocation through the pool.

*Subd. 3. [1987 VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.]* By no later than January 1, 1987, the department shall determine the aggregate dollar amount of authority to issue obligations under the existing

*federal tax law that is available for issuance by issuers during calendar year 1987. Of this amount, the department should determine the amount that is allocated to entitlement issuers, the amount that is available for allocation under the pool, and the amount available for issuance of mortgage revenue bonds; the aggregate dollar amount of authority to issue obligations under the federal volume limitation act during calendar year 1987.*

**Subd. 4. [1987 VOLUME CAP UNDER THE FEDERAL VOLUME LIMITATION ACT.]** *By no later than January 1, 1987, the department shall determine the aggregate dollar amount of authority to issue obligations under the federal volume limitation act during calendar year 1986, and of this amount, the department shall determine the following amounts:*

*(1) the amount, if any, that the federal volume limitation act requires to be reserved for qualified 501(c)(3) bonds;*

*(2) the amount of the governmental volume cap available to entitlement issuers as calculated under section 7, stating separately the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in the federal volume limitation act; and*

*(3) the amount available for allocation through the pool.*

*Of the amounts determined under this subdivision, one-half of the amount that is determined to be available for entitlement issuers shall be allocated to entitlement issuers under section 7, one-half shall be allocated through the pool under section 11, and only one-half of the amount that is available to be issued for qualified 501(c)(3) bonds shall be allocated under section 12. Issuance authority for the entitlement granted by section 7, subdivision 1, paragraph (8), shall be determined in accordance with the procedure contained in Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, provided that no more than \$13,750,000 of issuance authority shall be allocated in this manner. The amount of issuance authority not allocated to entitlement issuers under section 7, to the pool for distribution under section 11, or to the qualified 501(c)(3) bond pool for distribution under section 12 shall remain unallocated unless otherwise provided by law.*

**Subd. 5. [ADJUSTMENTS FOR CHANGES TO VOLUME CAP IN FEDERAL VOLUME LIMITATION ACT.]** *If the annual volume cap in the federal volume limitation act as determined under subdivisions 2 and 4 becomes greater than or less than the annual volume cap that existed in the federal volume limitation act in the form that existed as of January 1, 1986, the department shall adjust the calculations made under subdivisions 2 and 4.*

**Sec. 5. [473A.04] [ENTITLEMENT ALLOCATIONS UNDER EXISTING FEDERAL TAX LAW.]**

**Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.]** *\$25,000,000 for each calendar year of the aggregate limit of bond issuance authority allocated to the state under the existing federal tax law is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, any unused portion of the bonding authority allocated to the higher education coordinating board pursuant to this subdivision shall be canceled and the authority shall be allocated pursuant to section 474.19.*

**Subd. 2. [IRON RANGE RESOURCES AND REHABILITATION**

ALLOCATION.] From January 1 to August 31 of each calendar year, \$30,000,000 of the aggregate limit of bond issuance authority allocated to the state for any calendar year under the existing federal tax law is allocated to the iron range resources and rehabilitation commissioner. From September 1 to October 31 of each year, the iron range resources and rehabilitation commissioner may retain his allocation or a portion of it only if he has submitted to the energy and economic development authority on or before September 1 a letter which states (1) his intent to issue obligations pursuant to his allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the remaining unused allocation or the portion of it pursuant to which he intends to issue obligations. If the iron range resources and rehabilitation commissioner does not submit the required letter of intent and the application deposit, the amount originally allocated to the iron range resources and rehabilitation commissioner or the portion not already used not subject to a letter of intent shall be canceled and subject to reallocation. If the iron range resources and rehabilitation commissioner returns for reallocation all or any part of his allocation on or before October 31, that portion of his application deposit equal to one percent of the amount returned shall be refunded within 30 days.

Upon the request of a statutory city located in a taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations, in an amount requested by the city but not to exceed \$5,000,000, on behalf of the city.

Subd. 3. [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY ALLOCATION.] \$60,000,000 of the aggregate limit of bond issuance authority allocated for each calendar year to the state under the existing federal tax law is allocated to the department of energy and economic development for use or allocation pursuant to section 116J.58, subdivision 4. After August 31 of each year, any entity which receives an allocation from the department of energy and economic development pursuant to section 116J.58, subdivision 4, may retain its allocation or a portion of it only if it has submitted to the department of energy and economic development responsible for administering Laws 1984, chapter 582, on or before September 1 a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted by a federal limitation act, and (2) a description of the specific project or projects for which the obligations will be issued together with an application deposit in the amount of one percent of the amount of its remaining unused allocation or the portion of it pursuant to which it intends to issue obligations. If any entity which receives an allocation from the department of energy and economic development pursuant to section 116J.58, subdivision 4, does not submit the required letter of intent and the application deposit, the amount originally allocated to the entity which receives an allocation from the department of energy and economic development pursuant to section 116J.58, subdivision 4, or the portion not already used and not subject to a letter of intent shall be canceled and subject to reallocation. If the entity which receives an allocation from the energy and economic development department pursuant to section 116J.58, subdivision 4, returns for reallocation all or any part of its allocation on or before October 31, that portion of its



application deposit equal to one percent of the amount returned shall be refunded within 30 days.

*Subd. 4. [ENTITLEMENT CITIES.] From January 1 to August 31 of each calendar year an amount of bond issuance authority under the existing federal tax law shall be allocated to (a) cities of the first class, and (b) the largest Minnesota city located in a standard metropolitan statistical area that does not contain a city of the first class, if the city has a population of 25,000 or more. The amount allocated to a first-class city shall be an amount equal to \$200 multiplied by the city's population. The amount allocated to each city qualifying under clause (b) is \$5,000,000. After August 31 of each year, an issuer receiving an allocation under this subdivision may retain all or a portion of its allocation only if it has submitted to the department by September 1 a letter stating its intent to issue obligations pursuant to its allocation before the end of the calendar year or within the time period permitted under existing federal tax law and an application deposit equal to one percent of the amount of the unused allocation for which it intends to issue obligations. The portion of any unused issuance authority for which an application deposit and letter of intent has not been received by the department on September 1 is canceled and must be reallocated. If an issuer returns for reallocation all or part of its reallocation under this subdivision by October 31, the application deposit for the amount of the returned authority must be refunded to the issuer.*

*For purposes of this subdivision, "city" means a statutory or home rule charter city, and "population" means the population determined under section 477A.011, subdivision 3.*

*Subd. 5. [NOTICE OF ENTITLEMENT ALLOCATION.] The department shall provide a notice of allocation of entitlement to each issuer of the amount of their entitlement allocation under this section no later than ten days after enactment of this bill for calendar year 1986 and by no later than January 1, 1987, for calendar year 1987.*

*Subd. 6. [NOTICE OF ISSUE.] Issuers that issue obligations subject to existing federal tax law shall give a notice of issue stating the date of issuance of the obligations, the allocation under which the obligations are issued, and the principal amount of the obligations to the department of energy and economic development within five days after the obligations are issued. If the notice of issue is not filed within five days after the obligations are issued the obligations shall be considered not to have received an allocation under existing federal tax law by the department. Within 30 days after receipt of the notice, the department shall refund a portion of the application deposit required under this section equal to one percent of the principal amount of the obligations issued.*

*Subd. 7. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues bonds pursuant to issuance authority allocated to the original entitlement issuer under this section.*

*Subd. 8. [POOL ALLOCATION.] Any amount of the aggregate limit of bond issuance authority allocated to the state for any calendar year pursuant to a federal limitation act which is not allocated under this section shall be allocated among issuers.*

Sec. 6. [474A.05] [QUALIFIED MORTGAGE BONDS UNDER

## EXISTING FEDERAL LAW.]

*Subdivision 1. [HOUSING FINANCE AGENCY ALLOCATION.] The applicable limit for the Minnesota housing finance agency, pursuant to existing federal tax law, for any calendar year, shall be 100 percent of the state ceiling for that year, reduced only by (1) any amounts of bonds which have been or may be allocated by law to specified cities, and (2) any amounts of bonds which are allocated to cities. The aggregate amount allocated to cities, under clause (1) or (2), together with the amount of bonds reserved for the agency, shall not exceed the limit for the state under existing federal tax law.*

*By August 1 of each year, any city which has received by law an allocation of the state ceiling shall submit its housing programs to the Minnesota housing finance agency for approval pursuant to section 462C.04, subdivision 2, in an amount of bonds equal to or less than, the city's allocation. If the amount of bonds, for which program approval is granted on or before September 1 is less than the amount allocated by law to the city, the applicable limit for the agency shall be increased by the difference between the amount allocated by law to the city, and the amount for which program approval has been granted.*

*Subd. 2. [CITY ALLOCATION.] Unless otherwise authorized by law, a city that intends to issue during any calendar year mortgage revenue bonds that are subject to existing federal tax law, shall by January 2 of that year submit to the Minnesota housing finance agency a program that will use a portion of the state mortgage revenue bond ceiling. The total amount of bonds included in all programs submitted pursuant to this subdivision by a city may not exceed \$10,000,000. Each program shall be accompanied by a certificate from the city that states that the revenue bond is feasible. By February 1, the Minnesota housing finance agency shall review each program pursuant to section 462C.04, subdivision 2. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with this chapter, and that meet the following conditions:*

*(1) all of the loans must be reserved for a period of not less than six months for persons and families whose adjusted family income is below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and*

*(2) loans must be made only to finance homes that are serviced by municipal water and sewer utilities; provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year 1985, reduced by the amount of bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall approve programs that are submitted by a city which meets any of the following three criteria: (i) a city of the first class, or (ii) a city that did not receive an allocation under this subdivision or Minnesota Statutes 1984, section 462C.09, during the preceding two calendar years, or (iii) a group of cities that plan to jointly issue bonds for the program provided further that if approval of all of the programs submitted by cities that meet one or more of the criteria in clause (i), (ii), or (iii) would result in a total allocation to cities in excess of the portion of the state ceiling available for allocation, then from among those programs the agency shall select by lot the programs to be*

approved. If a portion of the state ceiling remains unallocated after the agency has approved all programs submitted by cities that meet one or more of the criteria in clause (i), (ii), or (iii), the Minnesota housing finance agency shall select by lot from among the remaining programs to be approved. The Minnesota housing finance agency shall determine if a program meets the conditions in clauses (1) and (2) based solely upon the program with accompanying information submitted to the agency. Approval of a program shall constitute an allocation of a portion of the state ceiling for mortgage revenue bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the last selected program that receives an allocation may be equal to or less than the amount of the bond issue or issues in the program.

If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue mortgage revenue bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the mortgage revenue bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program shall expire on September 1, and the applicable limit for the Minnesota housing finance agency shall be increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (2) shall not be required to apply under this subdivision with respect to bonds allocated by law to any such city. Nothing in this subdivision shall prevent any such city from applying for an additional allocation of bonds under this subdivision.

Subd. 3. [REALLOCATION.] On or before September 1 of each year, the Minnesota housing finance agency shall identify the amount, if any, of its applicable limit for housing mortgage bonds for that calendar year that it does not intend to issue. Any city that intends to issue mortgage revenue bonds prior to the end of the calendar year for which it has not received an allocation of the state ceiling may submit a program for approval on or before September 1 to the Minnesota housing finance agency for a portion of the amount of the Minnesota housing finance agency's applicable limit which the agency does not intend to issue. The total amount of bonds included in all programs of any city submitted pursuant to this subdivision shall not exceed \$10,000,000. The program shall be accompanied by the same certificate required by subdivision 2. The Minnesota housing finance agency shall allocate the amount of the state ceiling to be allocated pursuant to this subdivision using the same factors listed in subdivision 2, provided that a program for any city receiving an allocation pursuant to subdivision 2 during the calendar year shall be ranked below all other programs if the bonds proposed in the program, when added to the bonds included in programs approved pursuant to subdivision 2, exceed \$10,000,000. A city that submitted a program pursuant to subdivision 2 but that did not receive an allocation may renew its application with a letter of intent to issue. Nothing in this subdivision shall prevent any city referred to in subdivision 1, clause (1) from applying for an additional allocation of bonds under this subdivision.

Subd. 4. [AGENCY REVIEW.] The 30-day review requirement in section

462C.04, subdivision 2, shall not apply to programs submitted to the agency that require an allocation of the state ceiling pursuant to this section. A failure by the agency to complete any action by the dates set forth in this section shall not result in the approval of any program or the allocation of any portion of the applicable limit of the agency. Approval by the agency of programs after the dates provided in this section shall be effective in allocating a portion of the state ceiling. Programs approved by the agency may be amended with the approval of the agency under section 462C.04, subdivision 2, provided that the dollar amount of bonds for the program may not be increased.

Subd. 5. [STATE CERTIFICATION.] *The executive director of the Minnesota housing finance agency is designated as the state official to provide the preissuance certification required by section 103A(J)(4)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1985.*

Sec. 7. [474A.06] [DETERMINATION OF ENTITLEMENT ALLOCATIONS UNDER FEDERAL VOLUME LIMITATION ACT.]

Subdivision 1. [ENTITLEMENT ISSUERS.] *The dollar amount of issuance authority available for issuance by entitlement issuers under the federal volume limitation act shall be determined as follows:*

- (1) *to the state of Minnesota 24 percent of the governmental volume cap;*
- (2) *to the city of Minneapolis 8.7 percent of the governmental volume cap, plus an additional 3.5 percent of the governmental volume cap or \$16,000,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act;*
- (3) *to the city of St. Paul 6.4 percent of the governmental volume cap, plus an additional 1.4 percent of the governmental volume cap or \$8,500,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act;*
- (4) *to the city of Duluth 2.1 percent of the governmental volume cap, plus an additional five-tenths of one percent of the governmental volume cap or \$3,000,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act;*
- (5) *to the city of Moorhead six-tenths of one percent of the governmental volume cap;*
- (6) *to the city of Rochester six-tenths of one percent of the governmental volume cap;*
- (7) *to the city of St. Cloud six-tenths of one percent of the governmental volume cap;*
- (8) *to a city or cities that received an allocation to issue mortgage revenue bonds during 1986 under Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, an amount or amounts equal to such allocations for "qualified mortgage bonds" or for obligations with a comparable definition in the federal volume limitation act.*

*The department shall provide a notice of allocation of entitlement to each*

*entitlement issuer of the amount of their entitlement stating separately the amount that may be issued for "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act no later than ten days after enactment of this bill.*

**Sec. 8. [474A.07] [ALLOCATION OF STATE ENTITLEMENT UNDER FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [STATE ENTITLEMENTS.] The authority to issue obligations allocated to the state of Minnesota must be allocated by the governor to state issuers by executive order, provided that 11.5 percent of the issuance authority allocated to the state is allocated to the iron range resources and rehabilitation commissioner. Upon the request of a statutory city located in the taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1985 Supplement, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations on behalf of the city, in an amount requested by the city but not to exceed 17 percent of the amount allocated to the commissioner under this subdivision.*

*Subd. 2. [LIMIT ON ISSUANCE; QUALIFIED MORTGAGE BONDS.] Of any amount allocated under subdivision 1 to the Minnesota housing finance agency, no more than \$145,000,000 of "qualified mortgage bonds" or obligations with a comparable definition in the federal volume limitation act shall be issued during calendar year 1986.*

**Sec. 9. [474A.08] [ENTITLEMENT ISSUERS UNDER THE FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [NOTICE OF ISSUE.] Entitlement issuers that issue obligations under the federal volume limitation act for which an entitlement allocation was received under section \_\_\_\_\_, shall provide a notice of issue to the department on forms provided by the department stating: the date of issuance of the obligations; the title of the issue; the principal amount of the obligations; whether and to what extent the obligations are subject, in whole or in part, to the volume cap of the federal volume limitation act; whether the obligations constitute "qualified 501(c)(3) bonds" as defined in the federal volume limitation act. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance shall be deemed not to have received an allocation under the federal volume limitation act.*

*Subd. 2. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer.*

**Sec. 10. [474A.09] [RESERVATION OR CANCELLATION OF ENTITLEMENT ALLOCATIONS; FEDERAL VOLUME LIMITATION ACT.]**

*After August 31, 1986, an entitlement issuer may retain all or a portion of its entitlement allocation under the federal volume limitation act only if the department has received by August 31, a letter stating the intent of the entitlement issuer to issue obligations under its entitlement allocation before the*

end of the calendar year or within the time permitted by the federal volume limitation act and an application deposit equal to one percent of the unused allocation for which it intends to issue obligations, in addition to the deposit required by section 5, subdivisions 2, 3, and 4. The portion of any unused issuance authority for which an application deposit and letter of intent has not been received by the department by August 31, 1986, is canceled and shall be reallocated. Notwithstanding the provisions of this subdivision, the department may retain \$15,000 of the state's entitlement allocation for the issuance of obligations of the state. If any time after August 31, 1986, the department determines that part or all of this retained allocation will not be required for obligations issued by the state, the portion not required shall cancel and shall be reallocated under section 11.

**Sec. 11. [474A.10] [ALLOCATION OF POOL AMOUNT UNDER EXISTING FEDERAL TAX LAW AND UNDER THE FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [POOL AMOUNT.] From January 1 to December 31 of calendar year 1986 and for 1987 from January 1 to June 30, the amounts available for allocation under this section shall be allocated among issuers under this section. An entitlement issuer may apply for an allocation under this section after September 1 and only if the applicant has adopted a final resolution authorizing the sale of obligations equal to any allocation received under section 5 or 7 or has returned any remaining allocation for reallocation pursuant to this section, provided that entitlement issuers that received an allocation for "qualified mortgage bonds" or for other obligations with a comparable definition as defined in the federal volume limitation act under section 7, clause (8) may apply for an allocation at any time and provided that a city of the first class may apply for an allocation for a manufacturing project at any time.*

*Subd. 2. [APPLICATION.] An issuer may apply for an allocation of issuance authority pursuant to this section by submitting to the department on or before the 10th or the 25th day of any month an application on forms provided by the department accompanied by a preliminary resolution of the issuer. Applications for refunding issues must be ranked and awarded as though the project was undertaken at the time that the application is submitted.*

*Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:*

*(a) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment rate for the most recently available reporting period, as determined by the department of economic security. The unemployment rate for the applicant shall be the greater of (1) the most recent estimate available for the smallest jurisdiction which wholly includes the jurisdiction of the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.*

*(b) The number of individuals employed in the applicant's jurisdiction declined from the second calendar year before the application, to the first calendar year before the application. The estimate of the number of individ-*

uals employed for each year shall be based on the same source, and shall be (1) the most recent estimate available for the smallest jurisdiction which wholly includes the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(c) The project will provide additional general tax revenue to the taxing jurisdictions in which the project is located beginning not later than three years after issuance and sale of the obligations.

(d) The number of jobs to be created by the project described in the application is at least two jobs for each \$100,000 of issuance authority requested for the project.

(e) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, as based on the most recent certification of assessed value to the commissioner of revenue, has either (1) declined in relation to the first calendar year before the certification, or (2) increased in relation to the first calendar year before the certification at a rate which is not in excess of 90 percent of the rate of increase of the state average market value over the same period.

(f) The total capital expenditures for the project exceed by ten percent the amount of the proceeds of the obligations to be issued for the project.

(g) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(h) The project site meets the criteria necessary to qualify as a tax increment redevelopment district as defined in section 273.73, subdivision 10. To qualify under this clause the project need not be included in a tax increment financing district.

(i) The project meets one of the following energy conservation criteria: (1) the project is eligible for the additional federal investment tax credits for energy property, (2) the project involves construction or expansion of a district heating system as defined in section 116J.36, or (3) the project involves construction of an energy source as described in section 116J.26, clause (a), (b), or (d), or 116M.03, subdivisions 22, 23, and 26.

(j) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (1) located in a historic district designated under section 138.73, or on a site listed in the state registry of historical sites under sections 138.53 to 138.5819; or (2) designated in the National Register pursuant to United States Code, title 16, section 470a.

(k) Service connections to sewer and water systems are available to the project at the time the application is submitted.

(l) As provided by a binding agreement with the municipality, at least ten percent of the individuals employed by the principal user or users of the project will be minority or low income individuals.

(m) When the application is submitted either (1) neither the anticipated owner of the project, nor any party of which the owner was a controlling partner or shareholder, or which was a controlling shareholder or partner of the owner, owned or operated a substantially similar business within the state

or (2) the project is an expansion of the operations of an existing business which is not likely to have the effect of transferring existing employment from one or more other municipalities within the state to the municipality in which the project is located.

(n) A controlling interest in the project will be owned by one or more women or minority persons.

(o) Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.

(p) With respect to the federal volume limitation act the project is a multifamily housing project.

(q) With respect to the federal volume limitation act the project is a multifamily housing project designed for rental primarily to handicapped persons or to elderly persons.

(r) With respect to a refunding issue, the issue meets the requirements of section 475.67.

Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority to applications by the tenth day succeeding such application deadline specified in subdivision 2 in the following order of priority and available issuance authority may not be allocated to any other project:

(1) applications for manufacturing projects;

(2) applications for pollution control projects or waste management projects; and

(3) applications for commercial redevelopment projects or, with respect to the federal volume limitations act, for multifamily housing projects.

Within each category of applications available authority shall be assigned on the basis of the numerical rank determined under this section. In the case of an application for issuance authority that includes more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the allocation of issuance authority as between the applications shall be by lot unless otherwise agreed by the respective issuers.

(b) From January 1 through September 1, no more than 20 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(c) From January 1 through September 1, no more than 35 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section under existing federal tax law may be allocated to commercial redevelopment projects or, with respect to the federal volume limitations act, to commercial redevelopment projects and multifamily housing projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (1) on or after June 30 the total amount of issuance authority available



*under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; or (2) the entire amount of issuance authority available under this clause for commercial redevelopment and multifamily housing projects has been allocated.*

**Sec. 12. [474A.11] [501(c)(3) POOL; FEDERAL VOLUME LIMITATION ACT.]**

*This section applies only to allocations made under the federal volume limitations act. The amount, if any, of issuance authority that must be set aside for qualified 501(c)(3) bonds, as determined in section 4, subdivision 2, in 1986 or section 4, subdivision 4, in 1987 shall be allocated under this section. Issuers that desire to issue qualified 501(c)(3) bonds must apply for certificates of registration under section 13. Certificates will be provided for proposed issues of obligations in the order in which they arrive at the department. If the total amount of awards of issuance authority for certificates during any one week exceeds the amount available for allocation under section 4, subdivision 2, for 1986 or subdivision 4 for 1987, then the certificates will be issued by lot, unless otherwise agreed by the issuers making the application.*

*No certificate shall be awarded if the proposed issue is, in whole or in part, qualified 501(c)(3) bonds and the amount of such obligations previously issued in the calendar year is equal to or in excess of any minimum amount of issuance authority for that type of obligation as provided in the federal volume limitation act for calendar year 1986 or for 1987, is equal to or in excess of the amount of issuance authority available for qualified 501(c)(3) bonds as determined under section 4, subdivision 2, for 1986 or subdivision 4 for 1987.*

**Sec. 13. [474A.12] [CERTIFICATE OF REGISTRATION.]**

*Subdivision 1. [REQUIREMENT FOR CERTIFICATE OF REGISTRATION.] (a) Any obligation issued without having first received a certificate of registration shall be deemed not to have received an allocation for the purpose of complying with the federal volume limitation act. This subdivision shall not apply to obligations issued under the authority of an entitlement allocation.*

*(b) Any obligation issued without having first received a certificate of registration shall be deemed not to have received an allocation for proposed existing federal tax law, provided that an allocation received under the federal volume limitations act shall be deemed an allocation under existing federal tax law. This subdivision does not apply to obligations issued under the authority of an entitlement allocation.*

*Subd. 2. [PREREQUISITES TO APPLYING FOR CERTIFICATE OF REGISTRATION.] Prior to applying for a certificate of registration for an issue of obligations, the procedural requirements imposed by this act and by any other law must be met. If this act does not impose any procedural requirements with respect to a type of obligation, a certificate of registration may be applied for directly for an issue of that type obligations, so long as the procedural requirements of any other law are first met.*

*Subd. 3. [APPLICATION FOR CERTIFICATE OF REGISTRATION.] An issuer shall make application for a certificate of registration on forms provided by the department. The application shall contain the following:*

- (1) the name and address of the issuer;*
- (2) the address, telephone number, and name of an authorized representative of the issuer;*
- (3) the principal amount of obligations proposed to be issued by the issuer;*
- (4) the title of the proposed issue;*
- (5) a statement of the issuer that the proposed issue of obligations is expected to be issued on or before noon of the Thursday following the Friday that the certificate is issued;*
- (6) whether and to what extent the obligations are subject, in whole or in part, to the volume cap of existing federal tax law;*
- (7) whether and to what extent the obligations are subject, in whole or in part to the federal volume limitation act;*
- (8) whether the obligations constitute qualified 501(c)(3) bonds; and*
- (9) a request of the issuer for an amount of allocation under existing federal tax law or the federal volume limitation act, or both.*

*Subd. 4. [ISSUANCE OF CERTIFICATE OF REGISTRATION.] Except as provided in subdivision 6, the department shall issue a certificate of registration for any obligation for which a completed application has been submitted to the department under subdivision 2. The department shall issue certificates of registration beginning on the second Friday following enactment of this bill and on each Friday thereafter. A certificate of registration shall expire and be deemed not to have been issued if the department has not received by noon of the Thursday following the Friday on which the certificate of registration was issued a notice of issue on a form provided by the department stating that the obligations for which the certificate of registration were provided were issued. The notice of issue shall be executed by an officer of the issuer or by the bond counsel approving the issue and shall state the principal amount of the obligations issued and the difference, if any, between the amount issued and the amount stated in the certificate of registration. If the notice of issue is not provided to the department by the time required and if an allocation under the federal volume limitation act was provided to the issue, then the issue shall be deemed not to have received an allocation for the purpose of complying with the federal volume limitation act. Issuers that receive certificates for issues of obligations containing an allocation under the federal volume limitations act and do not return the notice of issue by the time required, must pay to the department the lesser of \$5,000 or one percent of the principal amount of the issue not issued prior to applying for a certificate of registration for a subsequent issue of obligations. If there are applications for certificates of registration for any one Friday's issuance of certificates for an aggregate dollar amount of obligations that would cause the volume cap placed on such obligations by the federal volume limitation act to be exceeded, the department shall conduct a lottery to determine which issues of obligations will be issued certificates that grant an allocation.*

*Subd. 5. [CONTENTS OF CERTIFICATE OF REGISTRATION.] The commissioner of the department, or a designee, must execute each certificate of registration. The certificate must state the title and the principal amount of the issue of obligations and the extent to which the issue is granted an allocation under the federal volume limitation act or under existing federal tax law, or both.*

*Subd. 6. [LIMITATIONS ON THE ISSUANCE OF ALLOCATIONS.] No allocation shall be provided under the federal volume limitations act under any of the following circumstances:*

*(a) No allocation may be granted to an issue of obligations that would cause the annual volume cap in the federal volume limitation act or under existing federal tax law to be exceeded.*

*(b) The principal amount of the proposed issue exceeds \$25,000,000 unless the issuer is the Minnesota housing finance agency or the Minnesota higher education coordinating board, or unless the issue is a pooled or joint issue or any issue of a joint powers board, provided that for joint or pooled issues or issues of a joint powers board the aggregate amount of the issue cannot exceed \$100,000,000.*

*Subd. 7. [CERTIFICATES ARE NOT TRANSFERABLE.] Certificates of registration are not transferable.*

**Sec. 14. [474A.13] [STATE HELD HARMLESS.]**

*The state shall not be held liable in any manner to any issuer, holder of obligations, or other person for carrying out the duties imposed under this act.*

**Sec. 15. [474A.14] [RATIFICATION OF EXISTING OBLIGATIONS.]**

*Any obligation issued by any issuer during calendar year 1986 until the day of enactment of this act may receive an allocation under this act if a certificate of registration is obtained or for entitlement issuers issuing from their entitlement allocation a notice of issue by the Friday after the first Friday after enactment of this act.*

**Sec. 16. [474A.15] [PROSPECTIVE OVERRIDE OF FEDERAL VOLUME LIMITATION ACT.]**

*This act prospectively overrides and replaces the method of allocating the authority to issue obligations among uses and among issuers as provided in the federal volume limitation act to the extent allowed by the federal volume limitation act.*

**Sec. 17. [474A.16] [STATE CERTIFICATION.]**

*The commissioner of the department is designated as the state official to provide pre-issuance certification as required by the federal volume limitation act.*

**Sec. 18. [474A.17] [APPROPRIATION; RECEIPTS.]**

*Any fees collected by the department under this act are appropriated to the general fund.*

**Sec. 19. [REPEALER.]**

*Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a and 3; 462C.11; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.191; 474.20; 474.22; 474.23; and 474.26 are repealed. Minnesota Statutes 1984, sections 462C.09, subdivision 1; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25 are repealed.*

Sec. 20. [EFFECTIVE DATE; SUNSET.]

*This act is effective retroactive to January 1, 1986, and is repealed effective July 2, 1987.*

Delete the title and insert:

“A bill for an act relating to public finance; providing a method for determining compliance with proposed federal tax law relating to state and local government obligations; amending Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13; proposing coding for new law as Minnesota Statutes, chapter 474A; repealing Minnesota Statutes 1984, sections 462C.09, subdivision 1; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a and 3; 462C.11; 474.16, subdivisions 3, and 6 to 15; 474.17; 474.19; 474.191; 474.20; 474.22; 474.23; and 474.26.”

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2171: A bill for an act relating to health; providing exemptions for certain air ambulance services; allowing certified first responders to drive certain basic life support transportation service vehicles; amending Minnesota Statutes 1984, sections 144.802, subdivision 5, and by adding a subdivision; and 144.804, subdivisions 1 and 3.

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

Page 2, delete section 3

Page 3, after line 18, insert:

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

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

Renumber the sections in sequence.

Delete the title and insert:

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

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2147: A bill for an act relating to health; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; and 174.29, subdivision 1.

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

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

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

Page 1, line 26, delete the new language

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2082: A bill for an act relating to human services; excluding certain programs from licensing requirements; amending Minnesota Statutes 1984, section 245.791.

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

Page 2, after line 32, insert:

"Sec. 2. [SUNSET.]

*The changes made in section 1 are repealed effective June 30, 1987.*"

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2079: A bill for an act relating to human services; creating a

service for the blind and visually handicapped in the department of jobs and training; providing for appeals; providing a penalty; amending Minnesota Statutes 1985 Supplement, sections 13.46, subdivision 2; 248.07, subdivisions 1, 2, 3, 4, 5, 7, 12, 14, 14a, and 15; proposing coding for new law in Minnesota Statutes, chapters 13 and 248; repealing Minnesota Statutes 1985 Supplement, section 248.08.

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

Page 3, line 5, delete "department" and insert "commissioner"

Page 3, line 6, delete "believes" and insert "determines"

Page 3, line 9, delete everything after "psychologist" and insert a period

Page 3, delete line 10

Page 3, line 15, delete "12" and insert "13"

Page 4, line 4, delete "the commissioner considers" and delete "in carrying" and insert "to carry"

Page 4, line 5, delete "programs and services for" and insert "the commissioner's duties and responsibilities with respect to"

Page 5, line 1, before the period, insert "under section 248.07, subdivision 14a"

Page 5, line 9, delete "status" and insert "condition"

Page 5, line 12, after "providing" insert "to eligible persons."

Page 5, line 13, after "charges" insert a comma

Page 5, line 14, delete "which" and insert "that" and delete "frequently"

Page 8, line 10, delete "department" and insert "commissioner"

Page 9, delete lines 2 to 12

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2038: A bill for an act relating to human services; reducing state aid for general assistance to counties which fail to provide literacy training; requiring certain recipients of general assistance to attend adult literacy training; amending Minnesota Statutes 1985 Supplement, sections 256D.03, subdivision 2; and 256D.05, subdivision 1.

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

Pages 1 and 2, delete section 1

Page 2, line 8, delete "Sec. 2" and insert "Section 1"

Page 4, line 22, delete "available job training" and insert "the work readiness program. Upon referral, the person must register and cooperate with

*the work readiness program to continue to receive assistance under this section"*

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete line 3

Page 1, line 4, delete "literacy training;"

Page 1, line 5, after "to" insert "cooperate with the work readiness program and"

Page 1, line 6, delete "sections" and insert "section"

Page 1, line 7, delete "256D.03, subdivision 2; and"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2115: A bill for an act relating to state real estate; permitting the sale of the old Shakopee correctional facility to the local government units.

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

Page 1, line 10, after "*located*" insert a comma and delete "\$\_\_\_\_\_," and insert "*the highest price offered over a minimum price of \$145,000,*"

Page 1, line 13, delete "a" and insert "the" and delete "or agency" and insert "*of corrections*"

Page 1, line 14, after the period, insert "*Proceeds from the sale must be deposited in the general fund.*"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2161: A bill for an act relating to employment; providing training opportunities for technically qualified individuals who may be exposed to hazardous substances, harmful physical agents, or infectious agents; amending Minnesota Statutes 1985 Supplement, section 182.653, subdivisions 4b, 4c, and 4f.

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

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 677: A bill for an act relating to human services; allowing the commissioner of human services to lease Oak Terrace Nursing Home for

certain purposes; amending Minnesota Statutes 1984, section 251.011, subdivision 4.

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

Page 1, line 15, delete "*human services*" and insert "*administration*"

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

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 2243: A bill for an act relating to public safety; restricting local requirements for stairways to be enclosed in certain buildings; requiring local governing bodies to consider certain facts before enacting ordinances affecting housing; defining the term "stories"; amending Minnesota Statutes 1984, section 299F.011, subdivision 4, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 16B.61, subdivision 3.

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

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

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

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

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

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

Page 3, after line 18, insert:

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

*Subd. 4c. Notwithstanding any provision of the uniform fire code, a state agency or local unit of government may not require stairways of existing multiple dwelling buildings of two stories or less to be enclosed. For the purposes of this subdivision the term "stories" has the meaning given it in the state building code.*"

Renumber the sections in sequence

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

Amend the title as follows:

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

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred



S.F. No. 1: A bill for an act proposing an amendment to the Minnesota Constitution; repealing article XIII, section 5 which prohibits lotteries.

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

Page 1, delete line 10 and insert "*X, section 8, shall be amended to read as follows:*

"Sec. 8. The legislature may authorize on-track parimutuel betting on horse racing *and a state lottery* in a manner prescribed by law."

Page 1, line 15, delete "*lotteries*" and insert "*a state lottery*"

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

### SECOND READING OF SENATE BILLS

S.F. Nos. 1869, 1850, 1961, 1974, 1848, 1980, 2111, 1940, 1701, 2035, 1935, 1721, 2102, 1970, 1774, 2086, 2130, 1903, 1671, 1833, 1886, 981, 958, 2097, 2052, 1912, 2100, 2006, 1879, 2023, 2204, 1994, 1955, 2171, 2147, 2082, 2079, 2161, 677, 2243 and 1 were read the second time.

### SECOND READING OF HOUSE BILLS

H.F. No. 1727 was read the second time.

### MOTIONS AND RESOLUTIONS

Mr. Frederickson moved that his name be stricken as chief author and the name of Mr. Moe, D.M. be added as chief author to S.F. No. 312. The motion prevailed.

Ms. Berglin moved that the name of Mr. Novak be added as a co-author to S.F. No. 1934. The motion prevailed.

Mr. Laidig moved that the name of Mr. Novak be added as a co-author to S.F. No. 2035. The motion prevailed.

Mr. Dicklich moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2128. The motion prevailed.

Mr. Peterson, C.C. moved that the name of Mr. DeCramer be added as a co-author to S.F. No. 2213. The motion prevailed.

Mr. Ramstad moved that the name of Mr. Dahl be added as a co-author to S.F. No. 2248. The motion prevailed.

Mr. Pehler moved that his name be stricken as chief author, shown as a co-author, and the name of Mr. Nelson be added as chief author to S.F. No. 2249. The motion prevailed.

Mr. Frank moved that the name of Mr. Ramstad be added as a co-author to S.F. No. 2250. The motion prevailed.

Mr. Mehrkens introduced—

Senate Resolution No. 112: A Senate resolution commending the people

and schools of Zumbrota upon the centennial of the graduation of its first class.

Referred to the Committee on Rules and Administration.

Mr. Davis moved that his name be stricken as chief author and the name of Mr. Johnson, D.J. be added as chief author to S.F. No. 2020. The motion prevailed.

Mr. Lessard moved that Senate Concurrent Resolution No. 19 be taken from the table. The motion prevailed.

Senate Concurrent Resolution No. 19: A Senate concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

WHEREAS, the State of Minnesota is proud of the veterans of this nation's wars; and

WHEREAS, 8,800 Americans including 121 Minnesotans remain unaccounted for from the Korean conflict and 2,441 Americans including 48 Minnesotans remain unaccounted for from the Vietnam conflict; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota, the House concurring, that an official symbol is established in memory of those Americans who are missing and unaccounted for. The symbol established is a "Red Ribbon" and that the Red Ribbon will be displayed in all public buildings and other appropriate locations on the national day of recognition, designated by the Congress of the United States, Friday, September 19, 1986 and until the issue is resolved.

BE IT FURTHER RESOLVED that the Secretary of the Senate is directed to prepare enrolled copies of this resolution, to be authenticated by his signature and those of the President of the Senate, the Speaker of the House, and the Chief Clerk of the House, and present them to representatives of the various Minnesota veterans organizations.

Mr. Lessard moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Mr. Pogemiller moved that his name be stricken as a co-author to S.F. No. 663. The motion prevailed.

### CONSENT CALENDAR

S.F. No. 1910: A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; directing revisor of statutes to make route substitution; amending Laws 1974, chapter 151, section 3.

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:

Adkins	DeCramer	Kamrath	Novak	Samuelson
Anderson	Dicklich	Knutson	Olson	Schmitz
Belanger	Frank	Kroening	Pehler	Sieloff
Benson	Frederick	Kronebusch	Peterson, C. C.	Solon
Berg	Frederickson	Laidig	Peterson, D. C.	Spear
Berglin	Freeman	Langseth	Peterson, D. L.	Storm
Bernhagen	Gustafson	Lessard	Peterson, R. W.	Stumpf
Bertram	Hughes	Luther	Petty	Taylor
Brataas	Isackson	McQuaid	Pogemiller	Vega
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Waldorf
Dahl	Johnson, D.J.	Merriam	Ramstad	Wegscheid
Davis	Jude	Moe, R. D.	Reichgott	Willet

So the bill passed and its title was agreed to.

S.F. No. 1939: A bill for an act relating to judgments; clarifying the general judgment lien law; amending Minnesota Statutes 1984, section 548.09, subdivision 1.

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:

Adkins	Dicklich	Knutson	Nelson	Renneke
Anderson	Diessner	Kroening	Novak	Samuelson
Belanger	Frank	Kronebusch	Olson	Schmitz
Benson	Frederick	Laidig	Pehler	Sieloff
Berg	Frederickson	Langseth	Peterson, C. C.	Solon
Berglin	Freeman	Lantry	Peterson, D. C.	Storm
Bernhagen	Hughes	Lessard	Peterson, D. L.	Stumpf
Bertram	Isackson	Luther	Peterson, R. W.	Taylor
Brataas	Johnson, D.E.	McQuaid	Petty	Vega
Chmielewski	Johnson, D.J.	Mehrkens	Pogemiller	Waldorf
Dahl	Jude	Merriam	Purfeerst	Wegscheid
Davis	Kamrath	Moe, D. M.	Ramstad	Willet
DeCramer	Knaak	Moe, R. D.	Reichgott	

So the bill passed and its title was agreed to.

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

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 2, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Novak	Samuelson
Anderson	Frank	Kronebusch	Olson	Schmitz
Belanger	Frederick	Laidig	Pehler	Sieloff
Benson	Frederickson	Langseth	Peterson, C. C.	Solon
Berg	Freeman	Lantry	Peterson, D. C.	Spear
Berglin	Gustafson	Lessard	Peterson, D. L.	Storm
Bernhagen	Hughes	Luther	Peterson, R. W.	Stumpf
Bertram	Isackson	McQuaid	Petty	Taylor
Brataas	Johnson, D.E.	Mehrkens	Pogemiller	Vega
Chmielewski	Jude	Merriam	Purfeerst	Waldorf
Dahl	Kamrath	Moe, D. M.	Ramstad	Wegscheid
Davis	Knaak	Moe, R. D.	Reichgott	
DeCramer	Knutson	Nelson	Renneke	

Messrs. Dicklich and Johnson, D.J. voted in the negative.

So the bill passed and its title was agreed to.

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

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:

Adkins	Dicklich	Knaak	Nelson	Samuelson
Anderson	Diessner	Knutson	Novak	Schmitz
Belanger	Frank	Kroening	Olson	Sieloff
Benson	Frederick	Kronebusch	Peterson, C. C.	Solon
Berg	Frederickson	Laidig	Peterson, D. C.	Spear
Berglin	Freeman	Langseth	Peterson, D. L.	Storm
Bernhagen	Gustafson	Lantry	Peterson, R. W.	Stumpf
Bertram	Hughes	Lessard	Petty	Taylor
Brataas	Isackson	Luther	Pogemiller	Vega
Chmielewski	Johnson, D.E.	McQuaid	Purfeerst	Waldorf
Dahl	Johnson, D.J.	Mehrkens	Ramstad	Wegscheid
Davis	Jude	Moe, D. M.	Reichgott	Willet
DeCramer	Kamrath	Moe, R. D.	Renneke	

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 2062: A bill for an act relating to occupations and professions; modifying the membership of the board of architecture, engineering, land surveying, and landscape architecture; amending Minnesota Statutes 1984, section 326.04.

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 65 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Moe, R. D.	Reichgott
Anderson	Diessner	Knutson	Nelson	Renneke
Belanger	Frank	Kroening	Novak	Samuelson
Benson	Frederick	Kronebusch	Olson	Schmitz
Berg	Frederickson	Laidig	Pebler	Solon
Berglin	Freeman	Langseth	Peterson, C. C.	Spear
Bernhagen	Gustafson	Lantry	Peterson, D. C.	Storm
Bertram	Hughes	Lessard	Peterson, D. L.	Stumpf
Brataas	Isackson	Luther	Peterson, R. W.	Taylor
Chmielewski	Johnson, D.E.	McQuaid	Petty	Vega
Dahl	Johnson, D.J.	Mehrkens	Pogemiller	Waldorf
Davis	Jude	Merriam	Purfeerst	Wegscheid
DeCramer	Kamrath	Moe, D. M.	Ramstad	Willet

So the bill passed and its title was agreed to.

S.F. No. 1914: A bill for an act relating to crimes; providing that violations involving theft of services may be aggregated for purposes of criminal pros-

education; amending Minnesota Statutes 1984, section 609.52, 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 65 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Moe, R. D.	Reichgott
Anderson	Diessner	Knutson	Nelson	Renneke
Belanger	Frank	Kroening	Novak	Samuelson
Benson	Frederick	Kronebusch	Olson	Schmitz
Berg	Frederickson	Laidig	Pehler	Solon
Berglin	Freeman	Langseth	Peterson, C. C.	Spear
Bernhagen	Gustafson	Lantry	Peterson, D. C.	Storm
Bertram	Hughes	Lessard	Peterson, D. L.	Stumpf
Brataas	Isackson	Luther	Peterson, R. W.	Taylor
Chmielewski	Johnson, D.E.	McQuaid	Petty	Vega
Dahl	Johnson, D.J.	Mehrkens	Pogemiller	Waldorf
Davis	Jude	Merriam	Purfeerst	Wegscheid
DeCramer	Kamrath	Moe, D. M.	Ramstad	Willet

So the bill passed and its title was agreed to.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

Mr. Peterson, R. W. introduced—

S.F. No. 2265: A bill for an act relating to occupations and professions; architects, engineers, land surveyors, and landscape architects; making certain technical changes related to certain licensing exceptions; amending Minnesota Statutes 1984, sections 326.03, subdivision 2; and 326.06.

Referred to the Committee on Economic Development and Commerce.

Mr. Nelson introduced—

S.F. No. 2266: A bill for an act relating to public employment labor relations; regulating fair share fees; regulating arbitration; defining employer and employee; amending Minnesota Statutes 1984, sections 179A.03, subdivisions 14, 15, and by adding a subdivision; 179A.05, subdivision 6; 179A.07, subdivision 2; 179A.13, by adding a subdivision; 179A.16, subdivisions 4 and 8; and 179A.21, subdivision 2.

Referred to the Committee on Employment.

Mr. Pehler introduced—

S.F. No. 2267: A bill for an act relating to retirement; making public employees retirement association membership optional for employees of county historical societies; amending Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a.

Referred to the Committee on Governmental Operations.

Messrs. Stumpf; Johnson, D.J.; Moe, R.D.; Willet and Peterson, C.C. introduced—

S.F. No. 2268: A bill for an act relating to state monuments; authorizing development of a plan for a memorial to Native Americans; amending Minnesota Statutes 1984, section 138.585, by adding a subdivision.

Referred to the Committee on Veterans and General Legislation.

Mrs. Lantry and Ms. Berglin introduced—

S.F. No. 2269: A bill for an act relating to human services; providing for outpatient commitment; defining "incapacitated person" to include one who needs mental health services; providing for guardianship and conservatorship to alleviate mental illness; amending Minnesota Statutes 1984, sections 253B.02, subdivision 15, and by adding subdivisions; 253B.07, subdivision 2; 253B.09, subdivisions 1, 2, and 5, and by adding a subdivision; 253B.10, subdivision 1; 253B.12, subdivisions 2 and 5; 253B.14; 525.54, subdivision 2; 525.551, subdivision 5; and 525.56, subdivision 3.

Referred to the Committee on Judiciary.

Mrs. Kronebusch introduced—

S.F. No. 2270: A bill for an act relating to crime victims; authorizing the payment of certain reparations to victims of the crime of tampering with a witness; amending Minnesota Statutes 1985 Supplement, section 611A.52.

Referred to the Committee on Judiciary.

Mr. Samuelson introduced—

S.F. No. 2271: A bill for an act relating to state lands; directing transfer of the Croft Mine Park, and all artifacts, machinery, and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

Referred to the Committee on Agriculture and Natural Resources.

Ms. Peterson, D.C. introduced—

S.F. No. 2272: A bill for an act relating to traffic regulations; extending the prohibition against wearing headphones while operating a motor vehicle to include bicycles; amending Minnesota Statutes 1984, section 169.471, subdivision 2.

Referred to the Committee on Transportation.

Mr. Isackson introduced—

S.F. No. 2273: A bill for an act relating to state parks; requiring a permit for the use of metal detectors in state parks and other public areas; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 85.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Isackson; Peterson, D.L.; Benson; Bernhagen and Anderson introduced—

S.F. No. 2274: A bill for an act relating to homesteads; increasing rural homestead exemption to 160 acres; amending Minnesota Statutes 1984, section 510.02.

Referred to the Committee on Judiciary.

Mr. Bertram introduced—

S.F. No. 2275: A bill for an act relating to corrections; authorizing the commissioner of corrections to contract for an inmate visitation program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 243.

Referred to the Committee on Health and Human Services.

Mr. Solon introduced—

S.F. No. 2276: A bill for an act relating to insurance; requiring notification to the issuing insurer when replacing a life insurance policy; amending Minnesota Statutes 1984, section 72A.20, by adding a subdivision.

Referred to the Committee on Economic Development and Commerce.

Mr. Langseth introduced—

S.F. No. 2277: A bill for an act relating to crimes; requiring mandatory minimum sentences when a firearm or dangerous weapon is used during the commission of certain controlled substance crimes; amending Minnesota Statutes 1984, section 609.11, subdivision 9.

Referred to the Committee on Judiciary.

Mr. Dieterich, by request, introduced—

S.F. No. 2278: A bill for an act relating to retirement; Minnesota state retirement system; changing the formulas for determining average salary and retirement annuity; amending Minnesota Statutes 1984, section 352.115, subdivisions 2 and 3.

Referred to the Committee on Governmental Operations.

Mr. Jude introduced—

S.F. No. 2279: A bill for an act relating to nonprofit corporations; adoption services corporations; providing that pledges to make contributions to reimburse the corporation for expenses shall be voidable at the option of the person making the pledge and payment of expenses shall not be a prerequisite to providing adoption services; amending Minnesota Statutes 1984, section 317.65, subdivision 7.

Referred to the Committee on Judiciary.

Messrs. Johnson, D.J.; Dicklich and Lessard introduced—

S.F. No. 2280: A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain

taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01; subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Lessard, Stumpf, Bertram, Bernhagen and Isackson introduced—

S.F. No. 2281: A bill for an act relating to game and fish; establishing a program to compensate landowners and lessees for damages done by wild animals; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

### MOTIONS AND RESOLUTIONS

Pursuant to Rule 40, Mr. Taylor moved that H.F. No. 654 be withdrawn from the Committee on Judiciary and placed on General Orders.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 31 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Jude	McQuaid	Sieloff
Benson	Frank	Kamrath	Mehrkens	Storm
Berg	Frederick	Knaak	Olson	Taylor
Bernhagen	Frederickson	Knutson	Pehler	
Bertram	Gustafson	Kronebusch	Peterson, D.L.	
Brataas	Isackson	Laidig	Ramstad	
Chmielewski	Johnson, D.E.	Lessard	Renneke	

Those who voted in the negative were:

Adkins	Freeman	Merriam	Peterson, R.W.	Solon
Berglin	Hughes	Moe, D. M.	Petty	Spear
Dahl	Johnson, D.J.	Moe, R. D.	Pogenmiller	Stumpf
Davis	Kroening	Nelson	Purfeerst	Vega
Dicklich	Langseth	Novak	Reichgott	Waldorf
Diessner	Lantry	Peterson, C.C.	Samuelson	Willet
Dieterich	Luther	Peterson, D.C.	Schmitz	

The motion did not prevail.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, March 4, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



**SEVENTY-EIGHTH DAY**

St. Paul, Minnesota, Tuesday, March 4, 1986

The Senate met at 12:00 noon and was called to order by the President.

**CALL OF THE SENATE**

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. James D. Gorman.

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

Adkins	Diessner	Knutson	Novak	Sietoff
Anderson	Dieterich	Kroening	Olson	Solon
Belanger	Frank	Kronebusch	Pehler	Spear
Benson	Frederick	Laidig	Peterson, C.C.	Storm
Berg	Frederickson	Langseth	Peterson, D.C.	Stumpf
Berglin	Freeman	Lantry	Peterson, D.L.	Taylor
Bernhagen	Gustafson	Lessard	Peterson, R.W.	Vega
Bertram	Hughes	Luther	Petty	Waldorf
Brataas	Isackson	McQuaid	Purfeerst	Wegscheid
Chmielewski	Johnson, D.E.	Mehrkens	Ramstad	Willet
Dahl	Johnson, D.J.	Merriam	Reichgott	
Davis	Jude	Moe, D.M.	Renneke	
DeCramer	Kamrath	Moe, R.D.	Samuelson	
Dicklich	Knaak	Nelson	Schmitz	

The President declared a quorum present.

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

**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. 1612: A bill for an act relating to insurance; changing certain incorporation requirements for domestic insurance corporations; changing certain investment requirements for life insurance companies; amending Minnesota Statutes 1984, sections 60A.07, subdivision 1; and 61A.282, subdivision 1.

Senate File No. 1612 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 3, 1986

### CONCURRENCE AND REPASSAGE

Mr. Wegscheid moved that the Senate concur in the amendments by the House to S.F. No. 1612 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1612: A bill for an act relating to insurance; changing certain incorporation requirements for domestic insurance corporations; redefining cost for purpose of insurance company bidding for government contracts; classifying certain data collected by the commissioner of commerce as non-public data; changing certain investment requirements for life insurance companies; authorizing joint underwriting association issuance of insurance to hospitals and nursing homes; providing liability insurance for foster parents; regulating fraternal benefit societies; allowing the Minnesota automobile insurance plan to write liability insurance on school buses up to \$1,000,000; redefining cost for purpose of insurance company bidding for government contracts; amending Minnesota Statutes 1984, sections 60A.07, subdivision 1; 61A.282, subdivision 1; 65B.06, subdivision 3; 62F.06, subdivision 1; 62F.09; 245.814; and 471.616, subdivision 1; Minnesota Statutes 1985 Supplement, sections 13.71, by adding a subdivision; 64B.01; and 64B.03; proposing coding for new law in Minnesota Statutes, chapter 62F.

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:

Adkins	Diessner	Kamrath	Olson	Sieloff
Anderson	Dieterich	Knaak	Pehler	Spear
Belanger	Frank	Kroening	Peterson.C.C.	Storm
Benson	Frederick	Kronebusch	Peterson.D.C.	Stumpf
Berg	Frederickson	Lantry	Peterson.D.L.	Taylor
Bernhagen	Freeman	Luther	Peterson.R.W.	Waldorf
Bertram	Hughes	McQuaid	Petty	Wegscheid
Chmielewski	Isackson	Mehrkens	Ramstad	Willet
Davis	Johnson, D.E.	Merriam	Renneke	
DeCramer	Jude	Moe, R. D.	Schmitz	

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. 1970, 2068, 2143, 2294, 2317, 1764 and 1776.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 3, 1986

### FIRST READING OF HOUSE BILLS

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

indicated.

H.F. No. 1970: A bill for an act relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to city of Hastings; amending Laws 1985, chapter 61, section 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1935, now on General Orders.

H.F. No. 2068: A bill for an act relating to the city of Litchfield; permitting certain investments of municipal power agency funds.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1922, now on General Orders.

H.F. No. 2143: A bill for an act relating to utilities; permitting certain energy cost adjustments; amending Minnesota Statutes 1984, section 216B.16, subdivision 7.

Referred to the Committee on Public Utilities and State Regulated Industries.

H.F. No. 2294: A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2130, now on the Consent Calendar.

H.F. No. 2317: A bill for an act relating to corporations; providing for the resignation of registered agents of foreign corporations; amending Minnesota Statutes 1984, section 303.10, by adding a subdivision.

Referred to the Committee on Judiciary.

H.F. No. 1764: A bill for an act relating to commerce; regulating medical malpractice insurance to health care providers who are unable to obtain the coverage in the voluntary market; regulating malpractice actions against health care providers; providing certification of expert review and the waiver of privilege by health care providers; requiring disclosure of experts; revising the statute of limitations for minors; changing the pleading of punitive damages; changing the collateral source rule; and providing periodic payments of damages exceeding a threshold limitation; requiring certain supplemental reports; amending Minnesota Statutes 1984, sections 60A.13, by adding a subdivision; 62F.04, by adding a subdivision; 62F.06, subdivision 1; 541.15; 549.09, subdivision 1; 549.20, subdivision 1, and by adding a subdivision; and 595.02, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 145.

Referred to the Committee on Judiciary.

H.F. No. 1776: A bill for an act relating to commerce; providing immunity to the state and municipalities for certain claims; regulating certain self-insurance pools; modifying the limitation on actions for damages based on services of construction to improve real property; abolishing the collateral source rule; requiring judgments to be paid in periodic installments rather than a lump sum upon request of either party; limiting contingent attorney's fees; abolishing punitive damages in civil actions; limiting noneconomic

loss; and eliminating joint liability in tort; providing for reimbursement for certain costs in civil actions; amending Minnesota Statutes 1984, sections 466.01, subdivision 1; 466.03, subdivisions 4 and 6b, and by adding subdivisions; 471.982, subdivision 3; 541.051; 549.09, subdivision 1; 549.20, subdivision 1; 549.21; and 604.02, subdivision 1; Minnesota Statutes 1985 Supplement, section 3.736, subdivisions 1 and 3; repealing Minnesota Statutes 1984, section 549.20, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 466, 541, 548, and 549.

Referred to the Committee on Judiciary.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 2246. The motion prevailed.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2132: A bill for an act relating to energy; clarifying the authority of a municipality to enforce certain energy efficiency standards; amending Minnesota Statutes 1984, section 116J.27, subdivisions 4 and 4a.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2150: A bill for an act relating to Dakota county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2262: A bill for an act relating to Winona county; permitting the county to convey certain real estate to a county agricultural society.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2127: A bill for an act relating to the city of Cologne; exempting certain general obligation bonds and tax levies from debt and levy limitations.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2199: A bill for an act relating to metropolitan waste control; appropriating money to reimburse Farmington for excess charges.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2057: A bill for an act relating to public indebtedness; providing for the power of municipalities to enter into repurchase and reverse repurchase agreements with qualified dealers; providing for the safekeeping of investments by qualified dealers; amending Minnesota Statutes 1984, section 475.66, subdivision 2; and Minnesota Statutes 1985 Supplement, sections 475.66, subdivision 1; and 475.76, subdivision 1.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2203: A bill for an act relating to local improvements; providing for the rate of interest on special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2209: A bill for an act relating to Olmsted county; increasing the amount the county board may appropriate annually for use as a contingent fund; amending Laws 1965, chapter 433, section 1, as amended.

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2205: A bill for an act relating to Washington county; permitting the county to finance water systems on behalf of cities and towns in the county by the issuance of county general obligation bonds.

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

Page 2, delete lines 21 to 36

Page 3, delete lines 1 to 7

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2163: A bill for an act relating to counties; setting conditions for St. Louis county to appoint a county administrator; amending Minnesota Statutes 1984, section 375A.06, subdivision 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 1984, section 375A.06, subdivision 5, is amended to read:

Subd. 5. [APPOINTMENT WITHOUT REFERENDUM.] Notwithstanding section 375A.12, a county board meeting the requirements of subdivision 1 ~~except St. Louis county~~ may without referendum appoint a county administrator as provided in this section.

Sec. 2. Minnesota Statutes 1984, section 383C.035, is amended to read:

383C.035 [UNCLASSIFIED CIVIL SERVICE.]

The officers and employees of such county and of any agency, board, or commission, supported in whole or in part by taxation upon the taxable property of such county or appointed by the judges of the district or probate court for such county, are hereby divided into the unclassified and classified service. The unclassified service shall comprise:

(a) All officers elected by popular vote or persons appointed to fill vacancies in such offices.

(b) Judges and receivers, referees, arbiters, court reporters, jurors, notaries public, and persons appointed by a court to make or conduct any special inquiry of a judicial and temporary character.

(c) Superintendent or principal administrative officer or comptroller of any separate department of county government which is now or hereafter created pursuant to law, who is directly responsible to the board of county commissioners or any other board or commission, as well as the county agricultural agents and the home demonstration agents under the control of the county extension committee.

~~(d) Members of the teaching staff, supervisors and principals in the employ of the superintendent of county schools.~~

~~(e) Members of nonpaid board, or commissioners appointed by the board of county commissioners or acting in an advisory capacity.~~

~~(f) (e) Assistant county attorneys or special investigators in the employ of the county attorney.~~

~~(g) (f) All common labor temporarily employed on an hourly basis.~~

~~(h) (g) All inmate or patient help in county institutions.~~

~~(i) (h) All physicians, dentists, registered nurses and medical laboratory technicians working under the direction of a licensed physician or dentist in any hospital or sanatorium operated by a commission or board of such county.~~

~~(j) (i) All county commissioners' clerks appointed by the county board after~~

the passage of sections 383C.03 to 383C.059; but nothing in sections 383C.03 to 383C.059 shall affect the civil service status of any person previously appointed and now holding such a position in the classified service of the county.

(~~e~~) (j) A legislative lobbyist/grant coordinator appointed by the county board to act as legislative liaison with the St. Louis county legislative delegation and pursue legislative concerns and grant opportunities for the county, and the clerk for that position.

(k) *The county recorder.*

(l) *Any department head designated by the county board.*

The classified service shall include all other positions now existing and hereinafter created in the service of the county or any board or commission, agency, or offices of such county, including mine inspectors appointed by the board of county commissioners.

Sec. 3. Minnesota Statutes 1984, section 383C.136, is amended to read:

383C.136 [~~TREASURER; ABOLITION ORGANIZATION OF OFFICE OFFICES.~~]

In St. Louis county on the expiration of the current term of the county treasurer and starting on January 4, 1971, the duties and functions of the county treasurer shall be transferred to and be performed by the county auditor, and the office of county treasurer shall be is abolished and cease to exist from and after that date.

*In St. Louis county, no person shall be elected after 1986 to succeed the county recorder. In 1991 the county board shall appoint a county recorder to serve at its discretion.*

Sec. 4. [EFFECTIVE DATE.]

*Pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (b), section 1 of this act is effective without local approval.*

*After compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Louis county board,*

*Section 2 of this act, except paragraph (l), takes effect January 1, 1987,*

*Section 2, paragraph (l), of this act takes effect January 1, 1989, and*

*Section 3 of this act takes effect January 1, 1991."*

Delete the title and insert:

"A bill for an act relating to St. Louis county; making certain offices appointive; allowing the county board to assign certain offices to the unclassified service; amending Minnesota Statutes 1984, sections 375A.06, subdivision 5; 383C.035 and 383C.136."

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred

S.F. No. 1839: A bill for an act relating to elections; recodifying and clarifying the laws on election contests; amending Minnesota Statutes 1984, sections 209.01; 209.02; 209.03; 209.05; 209.06; 209.07; 209.09; 209.10; and 209.12; proposing coding for new law in Minnesota Statutes, chapter 209; repealing Minnesota Statutes 1984, sections 209.02, subdivisions 2, 3, 4, 4a, 5, 6, 7, and 8; 209.04; and 209.11.

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred

S.F. No. 2032: A bill for an act relating to elections; changing certain procedures in absentee voting; increasing minimum number of election judges in certain precincts; changing certain official ballots for judicial candidates; requiring vendor bonds for certain voting systems; requiring public notice and demonstration for new voting equipment; authorizing standard ballot format; limiting number of ballots at single counting centers; amending Minnesota Statutes 1984, sections 203B.08, subdivisions 1a and 3a; 204B.22, by adding a subdivision; 204B.36, subdivision 4; 204D.14, subdivision 2; 206.56, by adding a subdivision; 206.57, by adding a subdivision; 206.58, subdivision 1; 206.82, by adding a subdivision; 206.84, subdivision 3; and 206.85, subdivision 2.

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

Mr. Hughes from the Committee on Elections and Ethics, to which was re-referred

S.F. No. 1151: A bill for an act relating to elections; adopting the court-ordered apportionment plan, but changing Ottawa township in LeSueur county from the second to the first congressional district; repealing Minnesota Statutes 1984, sections 2.741 to 2.811.

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

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

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

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

Page 1, after line 20, insert:

"Sec. 3. [INSTRUCTION TO REVISOR.]

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

Sec. 4. [SEVERABILITY.]

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



*section 1, subdivision 2, is void."*

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

Amend the title as follows:

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

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred

S.F. No. 1858: A bill for an act relating to elections; regulating lobbyist and candidate activities and contributions; proposing coding for new law in Minnesota Statutes, chapter 10A.

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

Page 1, line 11, after "legislature" insert "or a state constitutional office"

Page 1, lines 12 and 13, delete "during a session or special session of the legislature" and insert "when the legislature meets in regular session in each biennium at the time prescribed by law or a special session called by the governor, pursuant to the Minnesota Constitution, article IV, section 12"

Page 1, line 15, after "legislature" insert "or a state constitutional office"

Page 1, lines 17 and 18, delete "during a session or special session of the legislature" and insert "when the legislature meets in regular session in each biennium at the time prescribed by law or a special session called by the governor, pursuant to the Minnesota Constitution, article IV, section 12"

Page 1, after line 20, insert:

"Sec. 2. [10A.066] [CONTRIBUTIONS AND SOLICITATIONS; LEGISLATIVE SESSION OF UNITED STATES CONGRESS.]

*Subdivision 1. [FEDERALLY REGISTERED LOBBYIST CONTRIBUTIONS, SOLICITATIONS.] A federally registered lobbyist may not make a contribution to a Minnesota candidate for the United States Senate or House of Representatives or to the candidate's principal campaign committee during a legislative session of the United States Congress.*

*Subd. 2. [SOLICITATION PROHIBITED.] A Minnesota candidate for the United States Senate or House of Representatives or that candidate's principal campaign committee may not solicit a federally registered lobbyist for a contribution during a legislative session of the United States Congress.*

*Subd. 3. [PENALTY.] A violation of this section is a misdemeanor.*

Sec. 3. Minnesota Statutes 1984, section 10A.15, subdivision 1, is amended to read:

Subdivision 1. No anonymous contribution in excess of \$20 shall be retained by any political committee or political fund, but shall be forwarded to the board and deposited in the general account of the state elections cam-

paign fund. *A political committee or political fund shall not accept aggregate contributions or transfers of funds in excess of \$750 in any year from any one political committee, political fund, individual, or association.*

Sec. 4. Minnesota Statutes 1984, section 10A.15, is amended by adding a subdivision to read:

*Subd. 3b. Contributions to a candidate or principal campaign committee by individual members of a political fund which are solicited by the political fund shall be reported as attributable to the political fund and count toward the contribution limits on that fund specified in section 10A.27, if the political fund was organized to direct the contributions and expenditures of its members, as well as to influence the nomination or election of a candidate.*

*Anyone having evidence that individual members of a political fund have been solicited in the manner specified in this section shall inform the ethical practices board so that it may determine whether the reporting and contribution limits provisions of this subdivision apply."*

Amend the title as follows:

Page 1, line 3, after "contributions;" insert "providing a penalty; amending Minnesota Statutes 1984, section 10A.15, subdivision 1, and by adding a subdivision;"

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred

S.F. No. 1985: A bill for an act relating to the city of Minneapolis; establishing an election day for the park and recreation board.

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

Delete everything after the enacting clause and insert:

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

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

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

*The term of the elected member of the board of estimate and taxation of the city of Minneapolis, whose term would have been filled at a 1987 municipal election, is extended to the first business day in January 1990. At the general municipal election in 1989, and every four years thereafter, the voters of the city of Minneapolis shall elect two members of the board, each for a term of four years.*

Sec. 3. [PARK AND RECREATION BOARD.]

*The terms of the commissioners of the park and recreation board of the city of Minneapolis, whose terms would have been filled at a 1987 municipal election, are extended to the first business day in January 1990. At the general municipal election in 1989, and every four years thereafter, the voters of*

*the city shall elect nine commissioners, three at large and six from the park and recreation districts, as provided for in the Minneapolis city charter.*

Sec. 4. [LIBRARY BOARD.]

*The terms of the elected members of the library board of the city of Minneapolis, whose terms would have been filled at a 1987 municipal election, are extended to the first business day in January 1990. At the general municipal election in 1989, and every four years thereafter, the electors of the city of Minneapolis shall elect six members of the board, each for a term of four years.*

Sec. 5. [EFFECTIVE DATE.]

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

Delete the title and insert:

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

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred

S.F. No. 2069: A bill for an act relating to elections; providing for postponement of precinct caucuses in case of inclement weather; amending Minnesota Statutes 1984, section 202A.14, subdivision 1.

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 1984, section 202A.14, subdivision 1, is amended to read:*

*Subdivision 1. [TIME AND MANNER OF HOLDING; POSTPONE-MENT.] At 8:00 p.m. on the third Tuesday in March in every state general election year there shall be held for every election precinct a party caucus in the manner provided in sections 202A.14 to 202A.19, except that in the event of severe weather a major political party may request the secretary of state to postpone caucuses. If a major political party makes a request, or upon the secretary of state's own initiative, after consultation with all major political parties and on the advice of the federal weather bureau and the department of transportation, the secretary of state may declare precinct caucuses to be postponed for a week in counties where weather makes travel especially dangerous. The secretary of state shall submit a notice of the postponement to news media covering the affected counties by six o'clock p.m. on the scheduled day of the caucus. A postponed caucus may also be postponed pursuant to this subdivision.*

Sec. 2. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*"

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

Mr. Hughes from the Committee on Elections and Ethics, to which was referred

S.F. No. 2116: A bill for an act relating to elections; providing for recall of certain elected county officials; proposing coding for new law in Minnesota Statutes, chapter 351; repealing Minnesota Statutes 1984, sections 351.03; 351.04; 351.08 to 351.11.

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

Page 2, line 5, delete "RECALL" and insert "REMOVAL"

Page 2, line 10, delete "recall" and insert "removal"

Page 2, line 22, delete "recall" and insert "removal"

Page 2, line 35, delete "RECALL" and insert "REMOVAL"

Page 3, line 5, delete "recall" and insert "removal"

Page 3, line 27, delete "recall" and insert "removal"

Page 4, line 35, delete "recall" and insert "removal"

Page 5, line 5, delete "recall" and insert "removal"

Page 5, line 8, delete "RECALL" and insert "REMOVAL"

Page 5, line 10, delete "recalled" and insert "removed"

Page 5, line 11, delete "recall" and insert "removal"

Page 5, line 20, delete "recalled" and insert "removed"

Page 5, lines 22 and 23, delete ", or for the next full term of the same office following removal"

Amend the title as follows:

Page 1, line 2, delete "recall" and insert "removal"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1904: A bill for an act relating to commerce; prohibiting surcharges on credit card sales; prescribing a penalty; proposing coding for new law in Minnesota Statutes, chapter 325G.

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

Page 1, line 8, delete "Subdivision 1. [PROHIBITION.]"

Page 1, delete lines 21 to 23

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1866: A bill for an act relating to economic development; authorizing the energy and economic development authority to make grants for the creation of seed capital funds; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116M.

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

Page 1, line 13, delete "*young*"

Page 4, line 7, delete "*reasonable*"

Page 4, line 8, delete everything after the period

Page 4, delete lines 9 and 10

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 2078: A bill for an act relating to insurance; authorizing and regulating the use of nonprofit risk indemnification trusts; prescribing the powers and duties of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 60A.

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

Page 1, line 15, after "*organizations*" insert "*and their officers, directors, and agents*"

Page 1, line 16, delete everything after "*to*"

Page 2, line 20, delete "*or*" and before the period, insert "*or property insurance*"

Page 2, line 32, delete "*No indemnification agreement*"

Page 2, delete lines 33 and 34 and insert "*Each form of indemnification agreement shall be filed with and approved by the commissioner.*"

Page 3, line 1, delete "*contributions*" and insert "*contribution schedules*"

Page 5, after line 21, insert:

"Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.*"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was re-referred

S.F. No. 1387: A bill for an act relating to automobile insurance; requiring revocation of motor vehicle registration for failure to maintain insurance; requiring drivers to carry proof of insurance; amending Minnesota Statutes 1984, section 65B.67, subdivisions 3 and 4a; proposing coding for new law in Minnesota Statutes, chapter 65B.

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

Page 1, line 13, delete "*proof that a valid*" and insert "*evidence that*"

Page 1, line 14, delete "*policy*"

Page 1, lines 20 and 21, delete "*charged with violating*" and insert "*shall be in violation of*"

Page 1, line 21, delete "*shall be convicted*"

Page 1, line 23, delete "*48 hours*" and insert "*seven days*"

Page 1, line 24, after the period, insert "*Commercial vehicles required to file proof of insurance pursuant to chapter 221 are exempt from this section.*"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 2075: A bill for an act relating to commerce; authorizing payment of a certain nominal referral fee by timeshare developers; amending Minnesota Statutes 1985 Supplement, section 82.19, subdivision 3.

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

Page 1, line 18, strike the comma and insert a semicolon

Page 1, line 19, strike the comma and before "(3)" insert a semicolon

Page 1, line 21, delete the comma and insert a semicolon

Page 1, line 23, delete "\$250" and insert "\$150, and payment is not conditioned upon any sale but is made merely for providing the referral and the person paying the fee is bound by any representations the person receiving the fee makes"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1932: A resolution memorializing the President and Congress of the United States to adopt legislation preventing state and local governments from providing corporate welfare.

Reports the same back with the recommendation that the resolution do pass and be re-referred to the Committee on Rules and Administration. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was re-referred

S.F. No. 1990: A bill for an act relating to traffic regulations; requiring increased insurance coverage upon conviction of certain alcohol- and drug-related crimes; authorizing the commissioner to cancel certain reinstated licenses if insurance is not maintained; amending Minnesota Statutes 1984, section 169.121, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 171.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2155: A bill for an act relating to human services; establishing administrative and computer systems for human services programs; strengthening the commissioner's power to determine and recover overpayments; creating incentives for county recovery of overpayments; disallowing increases due to related-party transactions; clarifying payment methods for ancillary services; establishing requirements for property transfers under the general assistance program; counting human services long-term care rates and audit experience toward requirements for a certified public accountant license; requiring a report; appropriating money; amending Minnesota Statutes 1984, sections 256.98; 256B.02, subdivision 7; 256B.064, subdivisions 1a and 1c; 256B.27, subdivisions 3, 4, and by adding a subdivision; 256B.433; 256B.48, subdivision 1; 256D.05, by adding a subdivision; 256D.14; and 326.19, subdivision 4; Minnesota Statutes 1985 Supplement, section 256B.0641; proposing coding for new law in Minnesota Statutes, chapters 256 and 256B.

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

Page 3, lines 30 to 35, delete the new language and insert *"The term includes directors, officers, and shareholders of professional corporations and officers and directors of corporations having five or fewer shareholders who, either individually or jointly with another or others, have the legal control, supervision, or responsibility of submitting claims for reimbursement to the medical assistance program. The term does not include directors, officers, and shareholders of nonprofit corporations."*

Page 4, lines 14 to 16, reinstate the stricken language

Page 4, line 17, reinstate the stricken "medically necessary when the services" and after the stricken "ordered" insert *"were provided pursuant to a specific order written prior to the delivery of the service"* and reinstate the stricken "by a"

Page 4, line 18, reinstate the stricken language and after the period, insert *"An order is a specific order only if it is related to the current condition of the recipient and it states with particularity the nature, scope, duration, and intensity of the services."*

Page 5, line 29, after the period, insert *"Within one year of a written*

*request by the current owner, the commissioner shall conduct a field audit of the facility for the auditable rate years during which the former owner owned the facility and issue a report of the field audit within 15 months of the written request."*

Page 5, line 33, after "audits" insert "*prior to June 30, 1987,*"

Page 5, line 34, delete the first comma and insert "*or*" and delete "*, or 1983*"

Page 7, line 18, after "*facility*" insert "*at a price in excess of the fair market value of the facility*"

Page 7, line 35, before the first "The" insert "*Subdivision 1.*"

Page 8, line 2, before "Payment" insert "*Except for physical therapy, occupational therapy, speech therapy, and audiology services,*"

Page 8, line 3, strike "nursing home" and insert "*long-term care facility*"

Page 8, lines 4 to 8, reinstate the stricken language

Page 8, line 8, after the period, insert "*Payment for physical therapy, occupational therapy, speech therapy, and audiology services shall be made only to the long-term care facility. In developing the payment method for physical therapy, occupational therapy, speech therapy, and audiology services, the commissioner shall consider a pricing method that establishes a fee to be paid for all units of service below a defined utilization level and a different fee or a variable fee schedule that decreases the fee for each unit of service as utilization increases above the defined level. The commissioner shall also consider the effect of the payment method on quality of care.*

*Subd. 2. Notwithstanding any other law or rule, payments for physical therapy, occupational therapy, speech therapy, and audiology services rendered to recipients in long-term care facilities after June 30, 1986, shall be made only to the long-term care facility. The therapist or audiologist must certify that the service provided was medically necessary, prior to the long-term care facility's billing."*

Page 10, line 19, delete the new language and insert "*at the cost set forth pursuant to a written agreement approved by the commissioner*"

Page 11, after line 32, insert:

"Sec. 13. Minnesota Statutes 1985 Supplement, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing home and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a of this section, the commissioner may authorize continued medical assistance payments to a nursing home which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by subdivision 1, paragraph (a), for (i) residents who resided in the nursing home before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. *Nursing homes seeking continued medical assistance payments under this subdivision shall make the*



reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant. In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing home under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing home."

Page 12, after line 24, insert:

*"(e) Excluded resources. A resource which is transferred while otherwise excluded under sections 256D.01 to 256D.21 shall not be considered an available resource for purposes of this subdivision."*

Page 13, delete section 15

Page 14, after line 14, insert:

*"Sec. 19. [EFFECTIVE DATE.]*

*Sections 7 and 13 are effective the day following final enactment."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after the semicolon, insert "exempting certain nursing homes from financial statement audits;"

Page 1, delete lines 11 and 12

Page 1, line 13, delete "accountant license;"

Page 1, line 18, after the first semicolon, insert "and" and delete "and 326.19,"

Page 1, line 19, delete "subdivision 4;"

Page 1, line 20, delete "section" and insert "sections"

Page 1, line 20, after the semicolon, insert "and 256B.48, subdivision 1b;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 2179: A bill for an act relating to commerce; consumer protection; requiring the repair, refund, or replacement of new motor vehicles under certain circumstances; prescribing certain settlement procedures; amending Minnesota Statutes 1984, section 325F.665, as amended.

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

Page 1, after line 8, insert:

*"Article 1"*

Page 2, line 9, delete "primarily" and insert "used"

Page 2, line 10, before the third comma, insert "at least 40 percent of the time"

Page 2, line 20, before "process" delete "a" and insert "an arbitration"

Page 2, lines 20 and 21, delete "incorporated into the terms of a manufacturer's written warranty"

Page 6, line 26, strike "substantially"

Page 7, line 18, delete "internal" and insert "informal"

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

Page 7, delete lines 35 and 36

Page 8, line 1, delete everything before the period

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

Page 8, delete lines 4 and 5

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

Page 8, after line 31, insert:

## "Article 2

### FARM EQUIPMENT WARRANTY COMPLIANCE

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

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

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

*Subd. 3. [CONSUMER.] "Consumer" means a purchaser, other than for purposes of resale, of a new farm tractor, a person to whom the new farm tractor is transferred for the same purposes during the duration of an express warranty applicable to the farm tractor and any other person entitled by the terms of the warranty to enforce the terms of the warranty. In the case of an agricultural vehicle within the warranty period, the sale must be made through an authorized farm equipment dealer.*

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

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

*Subd. 6. [FAIR RENTAL VALUE.] "Fair rental value" means the rental value calculated in accordance with the "Tractor and Farm Equipment*

*Trade-In Guide* published by the national farm and power equipment dealers association.

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

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

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

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

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

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

At the time of purchase the manufacturer must provide directly to the consumer a written statement on a separate piece of paper, in 10-point all capital type, in substantially the following form: "IMPORTANT: IF THIS VEHICLE IS DEFECTIVE, YOU MAY BE ENTITLED UNDER STATE LAW TO REPLACEMENT OF IT OR A REFUND OF ITS PURCHASE PRICE. HOWEVER, TO BE ENTITLED TO REFUND OR REPLACEMENT, YOU MUST FIRST NOTIFY THE MANUFACTURER, ITS AGENT, OR ITS AUTHORIZED DEALER OF THE PROBLEM IN WRITING AND GIVE THEM AN OPPORTUNITY TO REPAIR THE VEHICLE."

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

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

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

Subdivision 1. [DUTY.] (a) If the manufacturer or its authorized dealers are unable to make the farm tractor conform to any applicable express written warranty by repairing or correcting any condition which substantially impairs the use or market value of the farm tractor to the consumer within the time periods and after the number of attempts specified in subdivision 2, the manufacturer, through its authorized dealer who sold the farm tractor, shall, at the option of the consumer, replace the farm tractor with a comparable one, charging the consumer only a reasonable allowance for the consumer's

use of the farm tractor, or accept the return of the farm tractor from the consumer and refund to the consumer the cash purchase price, including sales tax, license fees, registration fees, and any similar governmental charges, less a reasonable allowance for prior use. Refunds shall be made to the consumer and lienholder, if any, as their interests may appear in the county recorder's office. If no replacement or refund is made, the consumer may bring a civil action to enforce the obligation. No action may be brought unless the manufacturer has received prior direct written notification from or on behalf of the consumer and has been offered an opportunity to cure the condition alleged within a reasonable time that is not to exceed 60 business days.

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

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

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

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

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

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

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

*Subd. 3. [REPLACEMENT OR REFUND.] If, in an informal dispute settlement procedure, it is decided that a consumer is entitled to a replacement vehicle under section 4, then the consumer has the option of selecting and*

receiving either a replacement vehicle or a full refund as authorized by section 4. Any refund selected by a consumer shall include all amounts authorized by section 4.

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

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

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

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

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

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

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

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

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

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

*It shall be an affirmative defense to claim under sections 1 to 8 that (1) an*

*alleged nonconformity does not substantially impair such use and market value, or (2) a nonconformity is the result of abuse or neglect, or of modifications or alterations of the farm tractor not authorized by the manufacturer.*

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

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

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

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

Sec. 10. [EFFECTIVE DATE.]

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

Amend the title as follows:

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

Page 1, line 6, after "amended" insert "; proposing coding for new law in Minnesota Statutes, chapter 325F"

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

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

S.F. No. 2135: A bill for an act relating to child abuse; providing immunity from liability for disclosure; amending Minnesota Statutes 1985 Supplement, section 626.556, subdivision 4.

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

Page 1, lines 14 and 15, delete the new language

Page 1, line 16, strike "and"

Page 1, line 17, after "(2)" insert "*any social worker or supervisor employed by a local welfare agency complying with subdivision 10d; and*

(3)"

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

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1852: A bill for an act relating to cemeteries; changing procedures for dealing with certain burial sites; increasing a penalty; amending Minnesota Statutes 1984, section 307.08.

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

Mr. Vega from the Committee on Energy and Housing, to which was referred

S.F. No. 2246: A bill for an act relating to energy; providing for compensation by utilities of solid waste resource recovery facilities in metropolitan counties for electricity generated; setting term; amending Minnesota Statutes 1984, section 216B.164, subdivision 4.

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

Page 1, line 25, after "at" insert "70 percent of"

Page 2, line 1, after the period, insert "*The compensation shall not be reduced by penalties or payments assessed for the cancellation or termination of an agreement or because the energy capacity is unavailable at the qualifying facility.*"

And when so amended the bill do pass. Mr. Frank questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Vega from the Committee on Energy and Housing, to which was referred

S.F. No. 2238: A bill for an act relating to Hennepin county; creating a county housing and redevelopment authority; applying the provisions of the municipal housing and redevelopment act to Hennepin county; providing for local approval of projects.

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 1796: A bill for an act relating to state investments; establishing various accounts within the supplemental investment fund; providing for the administration of the accounts and for the investment and valuation of shares within each account; amending Minnesota Statutes 1984, sections 11A.17, subdivisions 1, 4, 9, and by adding a subdivision; 69.77, subdivision 2; 69.775; 352.96, subdivision 4; 352D.04, subdivision 1; Minnesota Statutes 1985 Supplement, section 11A.17, subdivision 13; and Laws 1969, chapter 950, section 3, as amended.

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

Page 3, line 5, strike "FIXED RETURN ACCOUNT AND"

Page 3, line 6, strike everything after "BOND ACCOUNT.]"

Page 3, strike lines 7 to 16

Page 3, line 17, strike "established."

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 2085: A bill for an act relating to juvenile justice; providing for membership terms, removal, and filling of vacancies on the juvenile justice advisory committee; amending Minnesota Statutes 1984, section 116J.404.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 2257: A bill for an act relating to the Minnesota zoological garden; authorizing a lease and management contract; abolishing the state zoological board; amending Minnesota Statutes 1984, sections 43A.27, by adding a subdivision; 179A.03, subdivision 15; 466.01, subdivision 1; Minnesota Statutes 1985 Supplement, sections 43A.27, subdivision 2; 352.01, subdivision 2A; proposing coding for new law in Minnesota Statutes, chapter 85A; repealing Minnesota Statutes 1984, section 85A.01, subdivisions 3 and 4; Minnesota Statutes 1985 Supplement, sections 85A.01, subdivisions 1 and 2; 85A.02, subdivision 5a; and 85A.04, subdivision 1.

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

Page 5, line 14, delete "must" and insert "may"

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 2112: A bill for an act relating to retirement; police and fire-fighters' relief associations; standardizing auditing requirements; clarifying various duties and responsibilities in the management of local associations; amending Minnesota Statutes 1984, sections 3.85, subdivision 6; 6.72, subdivision 2; 69.011, subdivision 2; 69.021, subdivisions 4 and 7; 69.051; 69.77; 69.773, subdivision 2; 69.775; 69.80; and 424A.001, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 69.011, subdivision 1; 69.031, subdivision 1; and 356.216; proposing coding for new law in Minnesota Statutes, chapters 6 and 423A.

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

Page 13, after line 16, insert:

*“(b) The detailed financial statement shall be certified by an independent public accountant or auditor or by the auditor or accountant who regularly examines or audits the financial transactions of the municipality. In addition to certifying the financial condition of the special and general funds of the relief association, the accountant or auditor conducting the examination shall give an opinion as to the condition of the special and general funds of the relief association, and shall comment upon any exceptions to the report. The independent accountant or auditor shall have at least five years of public accounting, auditing, or similar experience, and shall not be an active, inactive, or retired member of the relief association or the fire or police*



department;"

Page 13, line 17, delete "(b)" and insert "(c)"

Page 13, line 20, delete "(c)" and insert "(d)"

Page 26, line 12, delete "PUBLIC CORPORATION" and insert "RECORDS"

Page 26, line 14, delete "PUBLIC CORPORATION" and insert "RECORDS"

Page 26, line 15, delete "a public corporation"

Page 26, line 16, delete "and to"

Page 26, line 17, after "of" insert "chapter 13, and the provisions of"

Page 26, line 19, after "records" insert "of the special fund"

Page 26, line 33, delete the colon

Page 26, delete lines 34 and 35

Page 26, line 36, delete "(2)"

Page 26, line 36, after "as" insert "it" and after "authorized" insert "to have on the board"

Page 27, line 2, before the period, insert ", but the municipality may appoint to those positions any individuals it so chooses"

Page 27, line 17, after "any" insert "real"

Page 27, lines 18 and 19, delete "or member of the relief association"

Page 27, lines 24 and 25, delete "or member of the relief association"

Page 27, line 26, before the first comma, insert "a board member" and delete the second comma

Page 27, line 27, delete "or member of the relief association"

Page 27, line 28, after the period, insert "Transfer of assets does not mean the payment of relief association benefits or administrative expenses permitted by law."

Page 28, line 6, delete "TRANSACTIONS" and insert "RECEIPTS AND DISBURSEMENTS"

Page 28, line 9, delete "shall" and insert "may"

Page 28, line 10, delete everything after "association" and insert ", but must countersign all disbursements of at least \$5,000. If an institution with trustee powers is hired to"

Page 28, delete line 11

Page 28, line 12, before the period, insert ", an official designated by the municipality must approve the trustee agreement and shall countersign authorizations for disbursements of at least \$5,000"

Page 28, after line 12, insert:

"Sec. 17. Minnesota Statutes 1984, section 424A.001, subdivision 4, is

amended to read:

Subd. 4. [RELIEF ASSOCIATION.] "Relief association" means (a) a volunteer firefighters' relief association or volunteer firefighters' division or account of a partially salaried and partially volunteer firefighters' relief association organized and incorporated under chapter 317 and any laws of the state, governed by chapters 69 and 424A, and directly associated with a fire department established by municipal ordinance; or (b) any separate incorporated volunteer firefighters' relief association subsidiary to and providing service pension and retirement benefit coverage for members of an independent nonprofit firefighting corporation organized under the provisions of chapter 317, governed by chapter 424A, and operating exclusively for firefighting purposes. *A relief association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response.*"

Page 28, line 23, after "any" insert "real"

Page 28, lines 24 and 25, delete "or member of the relief association"

Page 28, lines 27 and 28, delete "or member of the relief association"

Page 28, line 32, before the first comma, insert "a board member" and delete the second comma

Page 28, line 33, delete "or member of the relief association"

Page 28, line 34, after the period, insert "Transfer of assets does not mean the payment of relief association benefits or administrative expenses permitted by law."

Page 28, line 36, delete "of" and insert "with" and delete "seven" and insert "two municipal"

Page 29, line 2, delete "by" and insert "up to"

Page 29, after line 9, insert:

"Sec. 20. [CITY OBLIGATION TO RELIEF ASSOCIATION.]

*Notwithstanding the provisions of section 69.77, in 1986 the city of Winona shall contribute to the Winona police relief association an amount equal to the amount the city contributed to the relief association in 1985.*

Sec. 21. [STATE AUDITOR TO AUDIT RELIEF ASSOCIATION.]

*The state auditor shall perform a comprehensive audit of the financial transactions and financial position of the Winona police relief association for the years 1984 and 1985.*

*The auditor shall determine the amount of assets held by the relief association and shall report the total to the actuary for the relief association.*

*The auditor shall send a copy of the audit report to the city, to the commissioner of finance, and to the legislative commission on pensions and retirement.*

Sec. 22. [ACTUARY TO DETERMINE MINIMUM OBLIGATION.]

*The actuary for the relief association shall determine, according to section*

69.77, the minimum obligation of the city for the year 1987 based on the amount of total assets certified by the state auditor in the examination of 1985 financial statements of the relief association.

In addition to the filing of reports required in section 356.215, subdivision 3, the actuary for the relief association shall send a copy of the December 31, 1985, valuation report to the commissioner of finance.

Sec. 23. [STATE AIDS FOR WINONA.]

Upon receipt of the state auditor's report of the relief association for calendar year 1985 and of the valuation report for December 31, 1985, the commissioner of finance shall issue warrants to the city of Winona in the amounts equal to the amounts of police state aid, amortization state aid, and supplemental amortization state aid withheld by the department of finance since August 26, 1985, plus interest at a rate of six percent per annum from the date each state aid payment was withheld."

Page 29, line 22, delete "19" and insert "24"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "auditing, financial reporting, and state aid for the Winona police relief association;"

Page 1, line 10, after the comma, insert "subdivision 4, and"

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was re-referred

S.F. No. 1595: A bill for an act relating to agriculture; providing a milk marketing and price stabilization plan; declaring state policy relating to milk; creating a milk stabilization board; authorizing the board to prescribe milk stabilization plans and maximum and minimum prices for marketing milk; requiring licenses for persons involved in milk marketing; prescribing milk marketing violations; authorizing enforcement of disruptive trade practices; authorizing entry, inspection, and investigation of milk marketing practices; requiring records and reports; providing remedies and penalties for milk marketing violations; authorizing local advisory boards; authorizing assessments on milk processors; authorizing a referendum on continuance of stabilized prices; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1984, chapter 32A.

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

Pages 1 to 19, delete sections 1 to 15 and insert:

"Section 1. [32C.005] [FINDINGS.]

The legislature finds that to protect the health and welfare of the state it is necessary to provide a fair pricing and marketing program in the state for dairy products and to protect consumers of dairy products from unfair trade

*practices, unfair methods of competition, conditions of monopoly, and combinations in restraint of trade.*

Sec. 2. [32C.01] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this chapter.*

*Subd. 2. [AGRICULTURAL MARKETING AGREEMENT ACT.] "Agricultural Marketing Agreement Act" means the Agricultural Marketing Agreement Act of 1937 as amended, United States Code, title 7, section 601, et seq.*

*Subd. 3. [BOARD.] "Board" means the milk stabilization board established in section 3 of this act.*

*Subd. 4. [BULK MILK.] "Bulk milk" means milk purchased by a processor from a person other than a dairy farmer in a container other than the one in which the milk will be resold to a retailer or to a consumer.*

*Subd. 5. [CLASSIFIED PRICING SYSTEM.] "Classified pricing system" means the classified pricing system described under United States Code, title 7, section 608c(5).*

*Subd. 6. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture.*

*Subd. 7. [DAIRY FARMER.] "Dairy farmer" means a person who produces grade A raw milk for sale to a processor.*

*Subd. 8. [DAIRY FARMER-PROCESSOR.] "Dairy farmer-processor" means a person who is both a dairy farmer and a processor and does not purchase raw milk from other dairy farmers. A dairy farmer-processor is a dairy farmer when selling to a processor raw milk produced by the dairy farmer-processor, and is a processor when processing, manufacturing, or selling dairy products, or receiving bulk milk from another person.*

*Subd. 9. [DAIRY MARKETER.] "Dairy marketer" means a processor or distributor, including the subsidiaries, affiliate corporations, agents, and representatives.*

*Subd. 10. [DAIRY PRODUCTS.] "Dairy products" means milk products and frozen dairy products.*

*Subd. 11. [DIRECTOR.] "Director" means director of the milk stabilization board.*

*Subd. 12. [DISTRIBUTOR.] "Distributor" means a person, other than a processor, who sells to retailers or consumers at retail on home delivery routes or at fixed places of business.*

*Subd. 13. [DISTRIBUTOR PRICE.] "Distributor price" means the price at which a milk product or frozen dairy product is purchased by a retailer.*

*Subd. 14. [FROZEN DAIRY PRODUCT.] "Frozen dairy product" means:*

*(1) ice cream, frozen custard, ice milk, mellorine, olarine, sherine, fruit sherbets, fruit sherbines;*

*(2) the mix from which a product in clause (1) is made;*

(3) frozen products that contain milk solids other than fat or butterfat, commonly referred to in the dairy industry as "novelties"; or

(4) frozen products, except baked goods, containing a milk derivative.

*Subd. 15. [HANDLER POOLING ARRANGEMENT.] "Handler pooling arrangement" means the handler pooling arrangement described under United States Code, title 7, section 608c(5).*

*Subd. 16. [HANDLING.] "Handling" means the activities of a dairy marketer in bottling, processing, packaging, or manufacturing dairy products, or in purchasing processed or manufactured dairy products that are resold to another dairy marketer or retailer.*

*Subd. 17. [MARKETING AREA.] "Marketing area" means an area, established by the board, with uniform stabilized prices.*

*Subd. 18. [MARKETWIDE POOLING ARRANGEMENT.] "Marketwide pooling arrangement" means the marketwide pooling arrangement described in United States Code, title 7, section 608c(5).*

*Subd. 19. [MILK.] "Milk" means the lacteal secretion of a cow, including a secretion that is raw, cooled, pasteurized, standardized, homogenized, recombined, or concentrated, which meets the grade A requirements established in section 32.394.*

*Subd. 20. [MILK PRODUCT.] "Milk product" means:*

(1) raw milk, regular or creamline milk, standardized milk, whole pasteurized milk, special milk, homogenized milk, fortified milk, plain or creamed buttermilk, cottage cheese, creamed cottage cheese, flavored milk, flavored skim milk, sour cream, half and half, whipping cream, whipped cream, skim milk; low fat milk, fluid cream, concentrated milk, yogurt, and eggnog; or

(2) a product that contains milk solids other than fat, butterfat, or a milk derivative, which is manufactured to resemble a milk product as defined in clause (1).

"Milk product" does not include butter, cheese other than cottage cheese or cream cottage cheese, nonfat dry milk, skim condensed milk, whole condensed milk, whole dry milk, dried cream, evaporated milk, sweetened condensed milk, or baked goods.

*Subd. 21. [PERSON.] "Person" means an individual, business entity, cooperative corporation or association, or governmental agency.*

*Subd. 22. [PROCESSOR.] "Processor" means a person who:*

(1) processes or manufactures dairy products;

(2) purchases raw milk from a grade A dairy farmer for resale to a person who processes or manufactures dairy products; or

(3) purchases bulk milk from anyone for resale to a person who processes or manufactures dairy products.

"Processor" does not include a person who purchases ice cream mix, ice milk mix, or other frozen dairy products mix and whose processing activities are limited to converting the mix into a frozen dairy product, if more than half

of the sales of the frozen dairy product are made by the person to consumers at retail on the premises where the frozen dairy product is processed.

*Subd. 23. [RETAILER.] "Retailer" means a person who sells dairy products to consumers at fixed places of business located in this state, except that "retailer" does not include a person whose primary business is the sale of food or dairy products subject to the sales tax under section 297A.01; subdivision 3, paragraph (c).*

*Subd. 24. [RETAIL PRICE.] "Retail price" means the price at which a dairy product is purchased when purchased for a purpose other than resale.*

*Subd. 25. [STABILIZED PRICES.] "Stabilized prices" means the minimum or maximum price, or both, established by the board for dairy products.*

### Sec. 3. [32C.02] [MILK STABILIZATION BOARD.]

*Subdivision 1. [MEMBERSHIP.] (a) The milk stabilization board is an agency in the executive branch consisting of seven members appointed by the governor as follows:*

*(1) three dairy farmers selling to processors, one of whom represents the counties of Big Stone, Swift, Pope, Stearns, Sherburne, Anoka, Chisago, and counties north of the northern boundary of those counties, one of whom represents the remaining counties, and one at large;*

*(2) one licensed processor;*

*(3) one licensed retailer; and*

*(4) two consumers who are not otherwise engaged in the milk business, one of whom is a resident of congressional district 1, 2, 3, or 4, and one of whom is a resident of congressional district 5, 6, 7, or 8.*

*(b) Dairy farmer members may be selected from names provided by dairy farmer organizations in the state. A dairy farmer organization that desires to provide names shall notify the commissioner. The commissioner of agriculture shall notify the state dairy farmer organizations if there is a dairy farmer vacancy on the board. Within 30 days after the notification, the commissioner shall hold a meeting in the district with the vacancy to receive the names of two persons.*

*(c) A member of the board may not hold an elected state office while a member.*

*(d) Terms, compensation, and removal of the board members are governed by section 15.0575.*

*Subd. 2. [CHAIRPERSON.] Four members of the board constitute a quorum to transact business. The board shall annually elect one of its members as the chair and may elect any other officers it deems necessary.*

*Subd. 3. [MEETINGS.] Meetings of the board must be held at least every 60 days at the call of the chair or a majority of the board.*

*Subd. 4. [DIRECTOR.] The board shall employ a director to serve in the unclassified service of the state. The board shall determine the director's qualifications and duties.*

*Subd. 5. [EMPLOYEES.] The director may employ persons for permanent and temporary employment. Employees are subject to chapters 43A and 179A.*

*Subd. 6. [ADMINISTRATIVE ASSISTANCE.] The commissioner shall provide offices and staff necessary for the board and shall cooperate with the board by providing information, inspections, and enforcement at the request of the board.*

**Sec. 4. [32C.03] [POWERS; DUTIES.]**

*Subdivision 1. [CONTRACTS.] The board may enter into contracts for auditing, economic research, and other technical services.*

*Subd. 2. [MARKETING AREAS.] The board shall establish the boundaries for marketing areas within the state and may change the boundaries when necessary.*

*Subd. 3. [PRICES.] The board shall establish and amend stabilized prices for each marketing area.*

*Subd. 4. [MEDIATION.] The board may, at the request of the parties, mediate any dispute among dairy farmers, processors, distributors, retailers, or consumers if the dispute involves the production, transportation, processing, storage, distribution, or sale of dairy products.*

*Subd. 5. [COOPERATION WITH OTHER GOVERNMENTAL AGENCIES.] The board may cooperate with stabilization agencies in other states and with the secretary of agriculture of the United States in the manner provided in the Agricultural Marketing Agreement Act to carry out the purposes of this chapter.*

**Sec. 5. [32C.04] [AUTHORITY OF OTHER AGENCIES NOT AFFECTED.]**

*The provisions of this chapter do not limit the health and sanitation authority of the commissioner of agriculture, commissioner of health, county boards of health, or municipal health officials.*

**Sec. 6. [32C.05] [STABILIZATION PLANS.]**

*Subdivision 1. [PRICES.] The board shall establish a stabilization plan for each marketing area. A plan must at least establish minimum stabilized prices for:*

- (1) raw milk;*
- (2) milk products sold by processors or distributors to retailers; and*
- (3) milk products sold to consumers.*

*Subd. 2. [POOLING ARRANGEMENTS.] A stabilization plan may provide for a classified pricing system based upon utilization, a handler pooling arrangement, or a marketwide pooling arrangement. A stabilization plan with a marketwide pooling arrangement may require raw milk produced by dairy farmer-processors to be included in the pooling arrangement.*

*Subd. 3. [APPLICABILITY TO PROCESSORS PURCHASING IN MULTIPLE MARKETING AREAS.] A stabilization plan must provide a method to determine how it applies to processors purchasing raw milk in two*

or more marketing areas.

*Subd. 4. [AREAS UNDER FEDERAL MILK MARKETING ORDER.] A stabilization plan for a marketing area that includes an area of a federal milk marketing order may require licensed processors subject to both the state stabilization plan and to the federal milk marketing order to pay:*

*(1) minimum raw milk class prices that exceed the minimum raw milk class prices established by the federal order; and*

*(2) the difference between the federal and state minimum prices directly to dairy farmers on the basis of a handler pooling arrangement basis.*

*Subd. 5. [ADOPTION.] (a) Adoption of a stabilization plan is not subject to chapter 14, but a stabilization plan may be adopted or amended only after the board has mailed a proposed plan to the dairy marketing licensees in the marketing area and has given public notice of the proposed plan through news media generally circulated or broadcast in the marketing area, held a public meeting in the marketing area within 7 to 12 days after the mailing, and mailed a copy of the final stabilization plan to the dairy marketing licensees in the marketing area.*

*(b) A stabilization plan or an amendment to a stabilization plan is effective seven days after the new or amended stabilization plan is mailed to the dairy marketing licensees in the marketing area. An effective stabilization plan has the same force and effect as a rule adopted under chapter 14.*

*Subd. 6. [APPEAL; STAY OF STABILIZATION PLAN.] A stabilization plan may be appealed to the district court. An action may be brought in the county in which the person bringing the action resides or in the county in which the board has its main office. In reviewing the plan, the court shall consider whether it meets the criteria, and was adopted in accordance with the procedures, prescribed in this chapter.*

*If a stabilization plan or portion of a plan is appealed, a stay of the stabilization plan or portion of the plan may not be granted before final determination of the matter by the court.*

**Sec. 7. [32C.06] [PRICES; SETTING.]**

*Subdivision 1. [RAW MILK.] (a) Stabilized prices for raw milk to be paid by processors to dairy farmers in each marketing area must be beneficial to the public interest, protect dairy farmers, and ensure an adequate supply of pure and wholesome milk to the inhabitants of the state.*

*(b) In establishing or changing stabilized prices to be paid by processors to dairy farmers for raw milk in each marketing area, the board shall consider:*

*(1) the available supply of raw milk;*

*(2) the adequacy of the reserve supply of raw milk available to processors;*

*(3) the difference between raw milk production and dairy product consumption;*

*(4) the cost of dairy feed; and*

*(5) farm wage rates.*

*Subd. 2. [MILK PRODUCTS.] (a) In establishing stabilized prices for a*



marketing area, other than the price paid to a dairy farmer by a processor for raw milk, the board shall consider the operative economic factors in a marketing area including:

- (1) the prevailing raw milk prices in the marketing area;
- (2) the processing and distribution costs incurred by processors, distributors, and retailers, including a reasonable return upon investment;
- (3) the quantity of dairy products consumed in the area; and
- (4) other economic factors that significantly affect the supply of and demand for dairy products in the area.

(b) Stabilized prices for milk products other than raw milk may reflect packaging costs and the cost differences between home-delivered products, products sold at a fixed location, and products sold directly to consumers by processors and distributors.

(c) Stabilized prices may be adjusted based on:

- (1) the butterfat content or other components of the raw milk;
- (2) the location where the raw milk is obtained;
- (3) the location of a plant where a portion of the raw milk purchased by a processor is transferred or diverted by the processor from the plant where the raw milk is normally utilized; and
- (4) other factors provided for price adjustments under the Agricultural Marketing Agreement Act of 1937 as amended, United States Code, title 7, section 601, et seq.

(d) Stabilized prices may vary from one marketing area to another.

Subd. 3. [RAW MILK FROM NONDAIRY FARMER SOURCES.] The board may establish stabilized prices to be paid by a processor for raw milk purchased from sources other than dairy farmers in the same manner as it establishes prices for raw milk purchased from dairy farmers.

Subd. 4. [BOARD DISCRETION.] The board need not establish stabilized prices for all milk products in each marketing area.

Subd. 5. [QUANTITY DISCOUNTS.] (a) A stabilization plan may establish quantity discount rates for dairy products. Discount rates must:

- (1) provide that a variety of dairy product brands are available to consumers purchasing from large retailers;
- (2) protect against financial injury to small independent processors and distributors;
- (3) be based on the retailer's total purchases of specific dairy products; and
- (4) be based upon a graduated scale of discounts proportionate to purchases made by retailers during a designated base period of one month, one quarter, six months, or one year.

(b) If a retailer operates two or more separate places of business, the board shall base the quantity discount rate for each place of business upon the quantity of dairy products purchased for resale at that place of business

alone.

(c) All processors and distributors delivering dairy products to a quantity discount retailer may give quantity discounts in accordance with the rates regardless of the quantities of the products actually purchased by the retailer from each individual processor or distributor.

Subd. 6. [SIMULTANEOUS PRICE CHANGES.] *The board shall provide that changes in stabilized prices paid to dairy farmer prices are accompanied by simultaneous changes in the other stabilized prices established by the board.*

Sec. 8. [32C.07] [MARKETING AREAS.]

Subdivision 1. [DESIGNATION.] *The board shall designate marketing areas with stabilized prices for the entire state. The board may change the number and alter the boundaries of the marketing areas.*

Subd. 2. [CONSIDERATIONS.] (a) *In designating marketing areas the board shall consider:*

(1) *conditions affecting the production, distribution, and sale of dairy products in the marketing areas;*

(2) *the need for establishing area boundaries that will facilitate cooperation between the board and federal authorities engaged in regulating prices paid by processors for raw milk; and*

(3) *other relevant factors.*

Sec. 9. [32C.08] [LOCAL ADVISORY BOARDS.]

*If a public hearing is scheduled by the board in a marketing area to establish stabilized prices, the board may, at least ten days before the date set for the hearing, appoint a local advisory board. A local advisory board must include two producers; two processors; two retailers who are actively engaged in milk production, processing, and marketing in the area; and two consumers in the area. The local advisory board shall meet with the board at the call of the board before, during, or after the public hearing, except that no more than three meetings or conferences between the board and the local advisory board may be held. The members of the local advisory board may not receive a per diem, but must receive mileage and expenses as provided in section 15.014, subdivision 2. A local advisory board ceases to exist when the board has set its stabilization plan for the local advisory board's marketing area.*

Sec. 10. [32C.09] [REFERENDUM ON CONTINUANCE OF STABILIZED PRICES.]

*If a petition is presented to the commissioner containing names of grade A dairy farmers equal to at least 25 percent of the total grade A dairy farmers in the state subject to sections 1 to 8 of this act, with the signature of at least one dairy farmer from every county in which a dairy farmer resides, the commissioner shall conduct a statewide referendum among all grade A dairy farmers in the state on whether to maintain stabilized prices. The referendum must be by secret mail ballot in accordance with rules established by the commissioner, and shall report the results of the referendum to the legislature the next time it convenes.*

Sec. 11. [32C.10] [DAIRY LICENSES.]

*Subdivision 1. [GENERAL REQUIREMENT.] Each dairy farmer-processor, dairy marketer, distributor, processor, or retailer buying or selling dairy products in the state shall obtain a dairy license.*

*Subd. 2. [SEPARATE BUSINESS LOCATIONS.] A dairy license under this section is required for each separate place of business.*

*Subd. 3. [AGRICULTURE DEPARTMENT LICENSE REQUIRED.] A processor or distributor may not obtain a dairy license without first having obtained a license under chapter 32 from the commissioner.*

Sec. 12. [32C.11] [LICENSE APPLICATIONS.]

*Subdivision 1. [FORMS.] The commissioner, with the approval of the board, shall prepare and distribute dairy license application forms.*

*Subd. 2. [PROCESSORS AND DISTRIBUTORS.] A processor or distributor applicant must affirm that:*

*(1) the applicant will not sell dairy products to a person required to have a dairy license unless the person has a license;*

*(2) the applicant will offer the applicant's service to the entire marketing area; and*

*(3) the applicant will offer each of the applicant's customers in the marketing area the same frequency of delivery and the same in-store services that are customary in the customer's community.*

*Subd. 3. [DISTRIBUTORS AND RETAILERS.] A distributor or retailer applicant must affirm that the applicant will not purchase dairy products from persons not licensed by the commissioner.*

Sec. 13. [32C.12] [LICENSE ISSUANCE, VALIDITY, AND REVOCATION.]

*Subdivision 1. [LICENSE HEARING.] (a) Within ten days after the commissioner receives an application for a license, the commissioner shall notify the board. Within ten days after being notified, the board shall make a recommendation for issuance of the license or notify the applicant of the date when a hearing will be held to receive evidence relative to the applicant's eligibility.*

*(b) A hearing under paragraph (a) must be held within 20 days after the date the notice is given. Within five days after the close of the eligibility hearing, the board shall notify the applicant and the commissioner of its recommendation to issue or deny a license.*

*(c) The commissioner must issue or deny a license within ten days after receiving the recommendation. The commissioner may not charge a fee for a dairy license.*

*Subd. 2. [VALIDITY.] A dairy marketing license is valid unless:*

*(1) the ownership or location of the licensed business is changed;*

*(2) the license is suspended or revoked; or*

*(3) the licensed business is discontinued or is inactive for a period of more than 30 days.*

*Subd. 3. [SUSPENSION OR REVOCATION.] The commissioner may not suspend or revoke a license without a hearing, which is a contested case procedure subject to chapter 14.*

**Sec. 14. [32C.13] [RECORDS AND REPORTS.]**

*Subdivision 1. [RECORD CONSOLIDATION.] The commissioner and the board shall accommodate dairy licensees by allowing all records required under this section and chapter 32 to be consolidated.*

*Subd. 2. [REQUIRED RECORDS:] (a) A dairy licensee shall maintain, in a manner prescribed by the commissioner by rule, a record of:*

*(1) all raw milk received or purchased by the licensee, showing the names and addresses of the dairy farmers and others from whom the raw milk was purchased, the quantity, price paid, butterfat test, and any deductions made;*

*(2) all dairy products sold or used, classified as to grade, use, location, market outlet, size and type of container, the composition of the product in terms of butterfat and solids, the quantity sold, and the prices received; and*

*(3) the quantity of each dairy product manufactured by a licensee, together with the composition of the product, the quantity sold, and the prices received.*

*Subd. 3. [ADDITIONAL RECORDS.] In addition to the records required under subdivision 2, the commissioner may require dairy licensees to maintain records of:*

*(1) the shrinkage, wastage, or loss of raw milk and butterfat, and of skim milk and butterfat destroyed or used for special purposes such as livestock feed;*

*(2) the inventory of raw milk and other dairy products on hand at the end of a designated accounting period;*

*(3) all items of expense incurred by the licensee in procuring raw milk and other ingredients, and in processing, manufacturing, storing, distributing, and selling dairy products, including overhead and general and administrative costs, and all other items of cost incurred by each licensee in the conduct of its business; and*

*(4) any other record.*

*Subd. 4. [RECORDS OF PROFIT OR LOSS NOT REQUIRED.] A dairy licensee may not be required to reveal profit or loss.*

*Subd. 5. [FORM OF RECORDS.] The commissioner shall require records to be in a form that will allow the board to make statistical studies.*

*Subd. 6. [RECORD MAINTENANCE.] Records required under this section must be preserved for three years.*

**Sec. 15. [32C.14] [BUYING, SELLING, AND PRICING VIOLATIONS.]**

*Subdivision 1. [BUYING OR SELLING WITHOUT A LICENSE.] A dairy farmer-processor, dairy marketer, distributor, processor, or retailer may not buy or sell dairy products without a dairy license.*

*Subd. 2. [BUYING OR SELLING AT PRICES OTHER THAN STABI-*

LIZED PRICES.] A dairy licensee may not buy or sell dairy products with a stabilized price for less than the minimum price or more than the maximum price established by the board.

Subd. 3. [CIRCUMVENTING STABILIZED PRICING.] A dairy licensee may not use or attempt to use a method, device, or transaction:

(1) intended to accomplish, or having the effect of accomplishing, the sale or attempted sale or the purchase or attempted purchase of dairy products at less than the minimum prices established by the board;

(2) designed to circumvent the stabilized prices set by the board; or

(3) having the effect of substantially undermining the effectiveness of the stabilized prices.

Subd. 4. [SELLING PRODUCTS OF DIFFERENT BRANDS AT DIFFERENT PRICES.] A retailer may not sell or offer for sale dairy products of one brand at a price different from the price charged by the retailer for an equal quantity of a product of the same type, quality, or grade, but of a different brand, unless the price differential is equal to the difference in the prices paid by the retailer for the products.

Subd. 5. [DAIRY PRODUCTS PRICED WITH OTHER PRODUCTS.] A dairy marketer may not charge a combined price for a dairy product and another commodity or service that is less or is represented to be less than the aggregate of the price of the dairy product and the price or value of the other commodity or service when sold or offered for sale separately.

Subd. 6. [SELLING BELOW COST.] If a stabilized price has not been established for a dairy product, a dairy marketer may not sell, offer for sale, or advertise for sale the dairy product below cost, or give, offer to give, or advertise the intent to give away the dairy product, to damage a competitor or destroy competition. This section does not apply to a sale made in conformance with section 325D.06, clauses (1) to (4). An enforcement action may not be commenced under this section if the retail price is 15 percent or more above the list price of the processor.

Subd. 7. [PRIMA FACIE EVIDENCE OF SALE BELOW COST.] (a) In an action for an injunction from or to impose civil penalties for a violation of this section, evidence that a dairy product was sold, offered for sale, or advertised for sale at a price that damages or destroys competition is prima facie evidence that the product was sold, offered for sale, or advertised for sale below cost to damage a competitor or to destroy competition.

(b) For purposes of paragraph (a), price is presumed to damage or destroy competition if:

(1) a retail price is less than eight percent above the current net delivered price of the processor including a rebate, discount, refund, and price differential; or

(2) a price charged to a retailer by a distributor is less than five percent above the current net delivered price of the processor including any rebate, discount, refund, and price differential."

Page 20, line 4, before the period, insert "or the board"

Page 20, line 5, delete "A person doing"

Page 20, line 6, delete everything before the second "in" and delete the second "the" and insert "doing" and after "business" insert "in this state, a person"

Page 20, line 8, before the period, insert "of this act"

Page 20, line 11, delete "greater"

Page 20, line 17, delete "24-point" and insert "24 points in size"

Page 23, line 34, before the period, insert "of this act"

Page 24, line 3, delete "the"

Page 24, line 33, delete "to" and after "only" insert "to"

Page 25, line 12, before "A" insert "(a)"

Page 26, line 2, delete "administer and enforce this chapter" and insert "carry out sections 23 to 25"

Page 26, line 6, delete "all" and delete "marketing"

Page 26, line 10, delete "the" and insert "a" and delete "marketing"

Page 26, line 12, delete "license" and insert "licensed business"

Page 26, line 16, before "the" insert "the commissioner or"

Page 26, line 34, delete "milk stabilization"

Page 26, line 35, before "of" insert "and enforcement"

Page 27, lines 6 and 13, delete "marketing"

Page 27, line 15, after the period, insert "A procedure to suspend or revoke a license is a contested case subject to chapter 14."

Page 27, line 19, delete "must" and insert "shall"

Page 27, line 27, delete "shall" and insert "must"

Page 27, line 34, delete "and have the relief,"

Page 28, line 2, after "adequate" insert "legal" and delete "of law"

Page 28, line 5, delete the first "of"

Page 28, line 6, delete "one or more" and insert "a"

Page 28, line 7, delete "competitors" and insert "competitor" and delete "one or more persons" and insert "a person."

Page 28, line 13, delete "by" and insert "within"

Page 28, line 14, after "of" insert "the"

Page 28, line 30, delete "milk stabilization"

Page 29, line 15, delete "may" and insert a comma

Page 29, line 16, before "reopen" insert "may"

Page 29, line 17, after "modify" insert a comma

Page 29, line 25, delete "shall" and insert "must"

Page 29, line 31, after "evidence" insert a comma

Page 30, line 31, before "DAMAGES" insert "TREBLE" and delete "that" and insert "who"

Page 30, line 36, delete "that" and insert "who"

Page 31, line 2, delete "have"

Page 31, line 5, before "and" insert a comma

Page 31, line 7, delete everything after "exist"

Page 31, line 8, delete everything before the period

Page 31, line 22, delete "cents" and insert "cent"

Page 31, line 30, delete "the amount of the" and delete "is" and insert "are"

Page 31, line 31, delete "shall" and insert "must"

Page 32, lines 3 and 7, delete "shall" and insert "must"

Page 32, line 15, delete "relation" and insert "relationship"

Page 32, line 16, delete "if" and insert "whether"

Page 32, line 22, delete "4" and insert "3" and delete "(d)" and insert "(f)"

Pages 32 and 33, delete sections 30 and 31

Page 33, after line 11, insert:

"Sec. 32. [REPEALER.]

*This act is repealed effective June 30, 1988.*"

Page 33, line 13, before "but" insert a comma

Page 33, line 14, delete "until" and insert "before"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, delete "appropriating money;"

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1730 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1730	1751				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1730 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1730 and

insert the language after the enacting clause of S.F. No. 1751, the first engrossment; further, delete the title of H.F. No. 1730 and insert the title of S.F. No. 1751, the first engrossment.

And when so amended H.F. No. 1730 will be identical to S.F. No. 1751, and further recommends that H.F. No. 1730 be given its second reading and substituted for S.F. No. 1751, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2014 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2014	1838				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2014 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2014 and insert the language after the enacting clause of S.F. No. 1838, the first engrossment; further, delete the title of H.F. No. 2014 and insert the title of S.F. No. 1838, the first engrossment.

And when so amended H.F. No. 2014 will be identical to S.F. No. 1838, and further recommends that H.F. No. 2014 be given its second reading and substituted for S.F. No. 1838, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1807 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1807	1760				

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.

### SECOND READING OF SENATE BILLS

S.F. Nos. 2132, 2262, 2057, 2203, 2209, 2163, 1839, 2032, 1151, 1858, 1985, 2069, 2116, 1904, 2078, 1387, 2075, 2179, 2135, 1852, 2238, 1796, 2085, 2257, 2112 and 1595 were read the second time.

### SECOND READING OF HOUSE BILLS

H.F. Nos. 1730, 2014 and 1807 were read the second time.

### MOTIONS AND RESOLUTIONS

Mr. Stumpf moved that the name of Mr. Novak be added as a co-author to S.F. No. 1967. The motion prevailed.

Mr. Moe, D.M. moved that the name of Mrs. Kronebusch be added as a co-author to S.F. No. 2097. The motion prevailed.

Mr. Luther moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2257. The motion prevailed.

Mr. Langseth moved that the name of Mr. Dahl be added as a co-author to S.F. No. 2277. The motion prevailed.

Mr. Johnson, D.E. introduced—

Senate Resolution No. 113: A Senate resolution congratulating Mike Arends on being named Star Farmer of America.

Referred to the Committee on Rules and Administration.

Mr. Taylor introduced—

Senate Resolution No. 114: A Senate resolution congratulating Mankato West High School for winning the 1986 Minnesota State Academic Decathlon.

Referred to the Committee on Rules and Administration.

Mr. Purfeerst introduced—

Senate Resolution No. 115: A Senate resolution extending congratulations to the Northfield High School on winning first place in the 1986 State High School Class A Danceline Competition.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Consent Calendar. The motion prevailed.

### CONSENT CALENDAR

H.F. No. 1727: A bill for an act relating to agriculture; moving Wadena county from area one to area four for purposes of potato industry promotion;

amending Minnesota Statutes 1984, section 17.54, subdivision 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 53 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Jude	Olson	Sieloff
Anderson	Dicklich	Kamrath	Pehler	Solon
Belanger	Diessner	Knaak	Peterson, C. C.	Spear
Benson	Frank	Kronebusch	Peterson, D. C.	Storm
Berg	Frederickson	Laidig	Peterson, D. L.	Stumpf
Bernhagen	Freeman	Langseth	Peterson, R. W.	Taylor
Bertram	Gustafson	Lantry	Petty	Waldorf
Brataas	Hughes	Luther	Purfeerst	Wegscheid
Chmielewski	Isackson	Mehrkens	Ramstad	Willet
Dahl	Johnson, D. E.	Merriam	Renneke	
Davis	Johnson, D. J.	Moe, R. D.	Schmitz	

Mr. Kroening voted in the negative.

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed 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 bills were read the first time and referred to the committees indicated.

Mr. Benson introduced—

S.F. No. 2282: A bill for an act relating to crimes; making it a felony to disseminate or possess photographic representations of sexual conduct involving minors; amending Minnesota Statutes 1984, section 617.247, subdivisions 3 and 4.

Referred to the Committee on Judiciary.

Mr. Chmielewski introduced—

S.F. No. 2283: A bill for an act relating to courts; authorizing a majority of the judges of a judicial district to abolish the public defender system; amending Minnesota Statutes 1984, section 611.26, subdivision 1.

Referred to the Committee on Judiciary.

Mr. Jude introduced—

S.F. No. 2284: A bill for an act relating to environment; providing for the adoption of a sewage treatment system construction code; requiring certification of sewage system contractors and inspectors in certain counties; providing for the administration of certification laws by the pollution control

agency; authorizing adoption of rules; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 116.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Freeman introduced—

S.F. No. 2285: A bill for an act relating to transportation; municipal state-aid streets; authorizing cities to use municipal state-aid funds to purchase emergency traffic light systems; amending Minnesota Statutes 1984, section 162.14, subdivision 2.

Referred to the Committee on Transportation.

Mr. Merriam introduced—

S.F. No. 2286: A bill for an act relating to public safety; expanding the crime of driving a motor vehicle while under the influence of alcohol or a controlled substance; amending Minnesota Statutes 1984, sections 169.121, subdivisions 2 and 6; 169.123, subdivisions 2a, 3, 4, and 6; and 361.12, subdivision 1; and Minnesota Statutes 1985 Supplement, sections 169.121, subdivision 1; and 169.123, subdivision 2.

Referred to the Committee on Judiciary.

Messrs. Lessard, Bertram, Stumpf, Bernhagen and Isackson introduced—

S.F. No. 2287: A bill for an act relating to game and fish; establishing a program to compensate landowners and lessees for damages done by wild animals; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Pogemiller introduced—

S.F. No. 2288: A bill for an act relating to adoption; requiring counseling prior to the adoption of foreign born children; making foreign born children eligible for subsidized adoption payments; amending Minnesota Statutes 1984, section 259.40, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 259.

Referred to the Committee on Health and Human Services.

Ms. Peterson, D.C. introduced—

S.F. No. 2289: A bill for an act relating to education; requiring the state board of education to study its school desegregation rules and recommend changes.

Referred to the Committee on Education.

Messrs. Pehler and Vega introduced—

S.F. No. 2290: A bill for an act relating to state departments and agencies; creating a commission for the quincennial of the Hispanic presence in the western hemisphere.

Referred to the Committee on Governmental Operations.

Mr. Johnson, D.J. introduced—

S.F. No. 2291: A bill for an act relating to transportation; prohibiting railroad company from holding employee liable for negligence resulting in damage to company property during the course of employment; proposing coding for new law in Minnesota Statutes, chapter 219.

Referred to the Committee on Judiciary.

Mr. Waldorf introduced—

S.F. No. 2292: A bill for an act relating to the city of Saint Paul; providing for the redesign, reconstruction and widening of Lexington avenue south of Larpenteur avenue; amending Laws 1977, chapter 402, section 2.

Referred to the Committee on Local and Urban Government.

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chairman of the Subcommittee on Bill Scheduling, designated the General Orders Calendar or any addendum thereto, a Special Orders Calendar to be heard immediately.

### SPECIAL ORDER

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

Pursuant to Rule 22, Mr. Anderson requested to be excused from voting on all questions pertaining to S.F. No. 1546.

S.F. No. 1546 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kamrath	Olson	Sieloff
Belanger	Dieterich	Kroening	Pehler	Solon
Benson	Frank	Kronebusch	Peterson, C.C.	Spear
Berg	Frederick	Laidig	Peterson, D.C.	Storm
Bernhagen	Frederickson	Langseth	Peterson, D.L.	Stumpf
Bertram	Freeman	Lantry	Peterson, R.W.	Taylor
Brataas	Gustafson	Luther	Petty	Waldorf
Chmielewski	Hughes	McQuaid	Purfeerst	Wegscheid
Dahl	Isackson	Mehrkens	Ramstad	Willet
Davis	Johnson, D.E.	Merriam	Reichgott	
DeCramer	Johnson, D.J.	Moe, R.D.	Renneke	
Dicklich	Jude	Nelson	Schmitz	

Mr. Knaak voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1851: A bill for an act relating to state government; changing

certain procedures related to the state archaeologist and archaeological sites; amending Minnesota Statutes 1984, sections 138.35, subdivision 1; and 138.40, subdivision 3.

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:

Adkins	Diessner	Kamrath	Nelson	Schmitz
Anderson	Dieterich	Knaak	Olson	Sieloff
Belanger	Frank	Kroening	Pehler	Solon
Benson	Frederick	Kronebusch	Peterson, C.C.	Spear
Bernhagen	Frederickson	Laidig	Peterson, D.C.	Storm
Bertram	Freeman	Langseth	Peterson, D.L.	Stumpf
Brataas	Gustafson	Lantry	Peterson, R.W.	Taylor
Chmielewski	Hughes	Luther	Petty	Waldorf
Dahl	Isackson	McQuaid	Purfeerst	Wegscheid
Davis	Johnson, D.E.	Merriam	Ramstad	
DeCramer	Johnson, D.J.	Moe, D.M.	Reichgott	
Dicklich	Jude	Moe, R.D.	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1641: A bill for an act relating to motor vehicles; establishing a system of registration of fleet vehicles; amending Minnesota Statutes 1984, section 168.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168.

Mr. Willet moved to amend S.F. No. 1641 as follows:

Page 1, line 17, delete "unique"

The motion prevailed. So the amendment was adopted.

S.F. No. 1641 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 0, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Johnson, D.J.	Moe, D.M.	Reichgott
Anderson	Dicklich	Jude	Moe, R.D.	Renneke
Belanger	Diessner	Kamrath	Nelson	Samuelson
Benson	Dieterich	Knaak	Olson	Schmitz
Berg	Frank	Kroening	Pehler	Spear
Berglin	Frederick	Kronebusch	Peterson, C.C.	Storm
Bernhagen	Frederickson	Laidig	Peterson, D.C.	Stumpf
Bertram	Freeman	Langseth	Peterson, D.L.	Taylor
Brataas	Gustafson	Lantry	Peterson, R.W.	Waldorf
Chmielewski	Hughes	Luther	Petty	Wegscheid
Dahl	Isackson	McQuaid	Purfeerst	Willet
Davis	Johnson, D.E.	Merriam	Ramstad	

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

### SPECIAL ORDER

S.F. No. 1790: A bill for an act relating to economic development; rural

development; providing for time of lease payments for lease of department of natural resources lands; establishing a mineral resources program; establishing a community development division in the department of energy and economic development; transferring the independent wastewater treatment grant program from the pollution control agency to the department of energy and economic development; establishing the greater Minnesota corporation; establishing the rural development revolving fund program; establishing the state supplemental education grant program; adding criteria for allocation of private activity bonds and available issuance authority; appropriating money; amending Minnesota Statutes 1984, sections 89.17; 116.16, subdivision 5; 116J.61; 116J.873, subdivision 1; 462.384, subdivision 7; and 474.19, subdivision 4; Minnesota Statutes 1985 Supplement, sections 92.50; 116.16, subdivision 2; 116M.06, subdivision 3; and 474.19, subdivisions 3; proposing coding for new law in Minnesota Statutes, chapters 84, 116J, 116L, and 136A; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1985 Supplement, sections 116.18, subdivision 3a; 116J.951; 116J.955; and 116J.961, subdivisions 7, 8, 9, and 10.

Mr. Knaak moved to amend S.F. No. 1790 as follows:

Page 29, line 12, delete everything after "the"

Page 29, line 13, delete everything before the period and insert "*commissioner of human services for grants to public or private agencies operating emergency food shelves in qualifying counties. For purposes of this section, a qualifying county is one in which the assessed valuation of agricultural land identified in section 273.13, subdivision 23, constitutes 60 percent or more of the assessed valuation of the county*"

Amend the title as follows:

Page 1, line 15, after the first semicolon, insert "authorizing grants to assist emergency food shelf programs in rural counties;"

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:

Anderson	Frederick	Knaak	Olson	Storm
Belanger	Frederickson	Kronebusch	Peterson, D.L.	Taylor
Benson	Gustafson	Laidig	Ramstad	
Bernhagen	Isackson	McQuaid	Renneke	
Brataas	Johnson, D.E.	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Peterson, C.C.	Solon
Berglin	Dieterich	Lantry	Peterson, D.C.	Spear
Bertram	Frank	Luther	Peterson, R.W.	Stumpf
Chmielewski	Freeman	Merriam	Petty	Waldorf
Dahl	Hughes	Moe, D.M.	Purfeerst	Wegscheid
Davis	Johnson, D.J.	Moe, R.D.	Reichgott	Willet
DeCramer	Jude	Nelson	Samuelson	
Dicklich	Kroening	Pehler	Schmitz	

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

Mr. Peterson, D.L. moved to amend S.F. No. 1790 as follows:

Page 22, after line 2, insert:

**"Sec. 26. [136A.102] [CERTAIN INCOME OR GAIN NOT COUNTED FOR NEED CRITERIA.]**

*In establishing criteria for financial need under section 136A.101, subdivision 5, the board must not count as income: to the extent included in federal adjusted gross income, income, or gain recognized on (i) the sale of agricultural production property, including real property, and equipment used in a farm business that was owned and operated by the taxpayer as his principal business, if the taxpayer had a debt-to-asset-ratio of at least 70 percent at the time of the sale and at least 70 percent of the proceeds of the sale were used solely to discharge indebtedness secured by a mortgage, lien, or other security interest on the property sold, or (ii) the discharge of farm business indebtedness of a farmer who owns and operates a farm business if at the time of the discharge the taxpayer had a debt-to-asset-ratio of at least 70 percent; if the gain is long term capital gain for federal income tax purposes, the part not to be counted is limited to 40 percent of the gain."*

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Renneke moved to amend S.F. No. 1790 as follows:

Pages 5 to 7, delete sections 4 and 5

Page 10, line 1, after the second comma, insert "and"

Page 10, line 2, delete everything after "council"

Page 10, line 3, delete everything before the semicolon

Pages 10 to 12, delete section 9

Page 28, delete section 33

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Knutson	Moe, D.M.	Renneke
Benson	Frederickson	Kronebusch	Nelson	Sieloff
Berg	Gustafson	Laidig	Olson	Storm
Bernhagen	Isackson	Luther	Pehler	Taylor
Bertram	Johnson, D.E.	McQuaid	Peterson, D.L.	Waldorf
Brataas	Kamrath	Mehrkens	Peterson, R.W.	Willet
Dieterich	Knaak	Merriam	Ramstad	

Those who voted in the negative were:

Adkins	Diessner	Kroening	Peterson, C.C.	Schmitz
Berglin	Frank	Langseth	Peterson, D.C.	Stumpf
Dahl	Freeman	Lantry	Petty	Vega
Davis	Hughes	Lessard	Purfeerst	Wegscheid
DeCramer	Johnson, D.J.	Moe, R.D.	Reichgott	
Dicklich	Jude	Novak	Samuelson	

The motion prevailed. So the amendment was adopted.

Mr. Frederickson moved to amend S.F. No. 1790 as follows:

Page 27, after line 24, insert:

“Sec. 32. [LIMITATION ON SPENDING.]

*Money appropriated from the rural rehabilitation revolving fund under sections 33, 35, 36, 39, and 40 of this act must be spent only in qualifying counties. For purposes of this section, a qualifying county is one in which the assessed valuation of agricultural land identified in section 273.13, subdivision 23, constitutes 60 percent or more of the assessed valuation of the county.”*

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

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:

Anderson	Bertram	Gustafson	Knutson	Ramstad
Belanger	Brataas	Isackson	Kronebusch	Renneke
Benson	Davis	Johnson, D.E.	McQuaid	Sieloff
Berg	Frederick	Kamrath	Olson	Storm
Bernhagen	Frederickson	Knaak	Peterson, D.L.	Taylor

Those who voted in the negative were:

Adkins	Frank	Lantry	Novak	Reichgott
Berglin	Freeman	Lessard	Pehler	Samuelson
Dahl	Hughes	Luther	Peterson, C.C.	Schmitz
DeCramer	Johnson, D.J.	Merriam	Peterson, D.C.	Vega
Dicklich	Jude	Moe, D.M.	Peterson, R.W.	Waldorf
Diessner	Kroening	Moe, R.D.	Petty	Wegscheid
Dieterich	Langseth	Nelson	Purfeerst	Willett

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

Mr. Benson moved to amend S.F. No. 1790 as follows:

Page 23, after line 1, insert:

“Sec. 27. Minnesota Statutes 1984, section 297A.01, subdivision 16, is amended to read:

Subd. 16. [CAPITAL EQUIPMENT.] Capital equipment means machinery and equipment and the materials and supplies necessary to construct or install the machinery or equipment. To qualify under this definition the capital equipment must be used by the purchaser or lessee for manufacturing, fabricating, or refining a product to be sold at retail and must be used for the establishment of a new or the physical expansion of an existing manufacturing, fabricating, or refining facility in the state. Capital equipment does not include (1) machinery or equipment purchased or leased to replace machinery or equipment performing substantially the same function in an existing facility, (2) repair or replacement parts, or (3) (2) machinery or equipment used to extract, receive, or store raw materials.

Sec. 28. Minnesota Statutes 1985 Supplement, section 297A.02, subdivi-



sion 2, is amended to read:

Subd. 2. [MACHINERY AND EQUIPMENT.] Notwithstanding the provisions of subdivision 1, the rate of the excise tax imposed upon sales of special tooling, ~~and capital equipment~~ is four percent and upon sales of farm machinery is two percent.

Sec. 29. Minnesota Statutes 1985 Supplement, section 297A.14, is amended to read:

297A.14 [USING, STORING OR CONSUMING TANGIBLE PERSONAL PROPERTY; ADMISSIONS; UTILITIES.]

For the privilege of using, storing or consuming in Minnesota tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service purchased for use, storage or consumption in this state, a use tax is imposed on every person in this state at the rate of six percent of the sales price of sales at retail unless the tax imposed by section 297A.02 was paid on the sales price. Notwithstanding the provisions of the preceding sentence, the rate of the use tax imposed upon the sales price of sales of special tooling, ~~and capital equipment~~ is four percent and upon the sales price of sales of farm machinery is two percent.

A motor vehicle subject to tax under this section shall be taxed at its fair market value at the time of transport into Minnesota if the motor vehicle was acquired more than three months prior to its transport into this state.

Sec. 30. Minnesota Statutes 1985 Supplement, section 297A.25, subdivision 1, is amended to read:

Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) the gross receipts from the sale of food products including but not limited to cereal and cereal products; butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products, and food products which are not taxable pursuant to section 297A.01, subdivision 3, clause (c). This exemption does not include the following:

(i) candy and candy products, except when sold for fundraising purposes by a nonprofit organization that provides educational and social activities for young people primarily aged 18 and under;

(ii) carbonated beverages, beverages commonly referred to as soft drinks containing less than 15 percent fruit juice, or bottled water other than non-carbonated and noneffervescent bottled water sold in individual containers of one-half gallon or more in size;

(b) the gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles

notwithstanding the presence of medicinal ingredients therein;

(c) the gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) the gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); provided that the property is not subject to tax in that state or country to which it is transported for storage or use, or, if subject to tax in that other state, that state allows a similar exemption for property purchased therein and transported to Minnesota for use in this state; except that sales of tangible personal property that is shipped or transported for use outside Minnesota shall be taxed at the rate of the use tax imposed by the state to which the property is shipped or transported, unless that state has no use tax, in which case the sale shall be taxed at the rate generally imposed by this state; and provided further that sales of tangible personal property to be used in other states or countries as part of a maintenance contract shall be specifically exempt; or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) the gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) the gross receipts from the sale of and storage, use or consumption of petroleum products (i) 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, or (ii) which are used in the improvement of agricultural land by constructing, maintaining, and repairing drainage ditches, tile drainage systems, grass waterways, water impoundment, and other erosion control structures;

(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 semiprecious 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 hollowware and silver-plated hollowware; 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. Chemicals used for cleaning food processing machinery and equipment are included in this exemption. 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. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption;

(i) the gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross

receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. The term "publication" shall not include magazines and periodicals sold over the counter. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) the gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(k) the gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale. For purposes of this clause, sales by a nonprofit organization shall be deemed to be "isolated or occasional" if they occur at sale events that have a duration of three or fewer consecutive days. The granting of the privilege of admission to places of amusement and the privilege of use of amusement devices by a nonprofit organization at an isolated or occasional event conducted on property owned or leased for a continuous period of more than 30 days by the nonprofit organization are also exempt. The exemption provided for isolated sales of tangible personal property and of the granting of admissions or the privilege of use of amusement devices by nonprofit organizations pursuant to this clause shall be available only if the sum of the days on which the organization and any subsidiary nonprofit organization sponsored by it that does not have a separate sales tax exemption permit conduct sales of tangible personal property, plus the days with respect to which the organization charges for the use of amusement devices or admission to places of amusement, does not exceed eight days in a calendar year. For purposes of this clause, a "nonprofit organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, no part of the net earnings of which inures to the benefit of a private individual;

(l) the gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to,

engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock;

(m) the gross receipts from sales of airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators;

(n) the gross receipts from the sale of 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;

(o) the gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders. Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(p) the gross receipts from the sale of caskets and burial vaults;

(q) the gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with United States Code, title 38, section 1901, as amended;

(r) the gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect;

(s) the gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with United States Code, title 38, 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 United States Code, title 38, chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph;

(t) the gross receipts from the sale of textbooks which are prescribed for use

in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25;

(u) the gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota. Mailing and reply envelopes and cards used exclusively in connection with the advertising and promotional materials are included in this exemption;

(v) the gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, hot water, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(w) the gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of Minnesota Statutes 1980, section 290.05, subdivision 1, clause (i);

(x) the gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1982; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses;

(y) the gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene;

(z) the gross receipts from the sale of a manufactured home, as defined in section 327.31, subdivision 6, to be used by the purchaser for residential purposes, unless the sale is the first-retail sale of the manufactured home in this state;

(aa) the gross receipts from the sale of equipment used for processing solid or hazardous waste at a resource recovery facility, as defined in section 115A.03, subdivision 28;

(bb) the gross receipts from the sale of repair and replacement parts, except tires, used for maintenance or repair of farm machinery, if the part replaces a farm machinery part assigned a specific or generic part number by the manufacturer of the farm machinery;

(cc) the gross receipts from sales of tickets or admissions to regular season school games, events, and activities. For purposes of this clause, "school" has the meaning given it in section 120.10, subdivision 2;

*(dd) the gross receipts from sales and use of capital equipment."*

Page 29, line 27, delete "and"

Page 29, line 28, after "10" insert "; 297A.15, subdivision 5; and 297A.257"

Page 29, line 30, delete "30" and insert "33"

Page 29, line 31, after the period, insert "*Sections 27 to 29 are effective for sales after June 30, 1986.*"

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

Mr. Dieterich questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Benson appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 38 and nays 21, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Novak	Samuelson
Berg	Diessner	Langseth	Pehler	Schmitz
Berglin	Dieterich	Lantry	Peterson, C.C.	Vega
Bertram	Frank	Lessard	Peterson, D.C.	Waldorf
Chmielewski	Freeman	Luther	Peterson, R.W.	Wegscheid
Dahl	Hughes	Merriam	Petty	Willet
Davis	Johnson, D.J.	Moe, R.D.	Purfeerst	
DeCramer	Jude	Nelson	Reichgott	

Those who voted in the negative were:

Anderson	Frederickson	Knaak	Olson	Taylor
Belanger	Gustafson	Knütson	Peterson, D.L.	
Benson	Isackson	Kronebusch	Ramstad	
Bernhagen	Johnson, D.E.	McQuaid	Renneke	
Frederick	Kamrath	Mehrrens	Steloff	

The decision of the President was sustained.

Mr. Benson then moved to amend S.F. No. 1790 as follows:

Page 23, after line 1, insert:

“Sec. 27. Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [MODIFICATIONS REDUCING FEDERAL ADJUSTED GROSS INCOME.] There shall be subtracted from federal adjusted gross income:

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

(2) the portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 40 per centum of the portion of the gain;

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

(4) if included in federal adjusted gross income, the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

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

(6) pension income as provided by section 290.08, subdivision 26;

(7) the first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in clause (6);

(8) unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(9) for an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(10)(a) income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;



(b) to the extent included in computing federal adjusted gross income, expenses and other items allocable to the business of mining or producing iron ore, the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, shall be allowed as a subtraction to the extent that the expenses or other items are included in computing the modifications provided in section 290.01, subdivision 20a, clause (7) or paragraph (a) of this clause and to the extent that the expenses or other items are not deductible, capitalizable, retainable in basis, or taken into account by allowance or otherwise in computing the occupation tax. Occupation taxes imposed under chapter 298, royalty taxes imposed under chapter 299, and depletion expenses may not be subtracted under this paragraph;

(11) to the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause (6) apply and an amount subtracted under this clause may not be subtracted under clause (6); and

(12) to the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted; and

*(13) to the extent included in federal adjusted gross income, income, or gain as provided by section 29. If the gain is long term capital gain for federal income tax purposes, the modification is limited to 40 percent of the gain.*

Sec. 28. Minnesota Statutes 1985 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal adjusted gross income as defined in the Internal Revenue Code;

(2) the taxpayer's federal tax preference items; less the sum of

(i) interest income as defined in section 290.01, subdivision 20b, clause (1); and

(ii) the amount of interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed qualified net investment income, as defined in section 55(e)(5) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income or amounts that are not allowable under section 55(e)(8) of the Internal Revenue Code.

In the case of an estate or trust, adjusted gross income must be modified as provided in section 55(e)(6)(B) of the Internal Revenue Code.

(b) "Federal tax preference items" means items as defined in sections 57, 58, and 443(d) of the Internal Revenue Code, modified as follows:

(1) The capital gain preference item shall be reduced where the gain would be modified because some or all of the assets have a higher basis for Minnesota purposes than for federal purposes.

(2) In the case of a nonresident individual, or an estate or trust, with a net operating loss that is a larger amount for Minnesota than for federal, the capital gain preference item shall be reduced to the extent it was reduced in the allowance of the net operating loss.

(3) Federal preference items from the business of mining or producing iron ore and other ores which are subject to the occupation tax and exempt from taxation under section 290.05, subdivision 1, shall not be a preference item for Minnesota.

(4) Other federal preference items to the extent not allowed in the computation of Minnesota gross income, as determined by the commissioner, are not preference items for Minnesota.

(5) *The capital gain preference item must be reduced to the extent it includes any gain on a transaction described in section 29.*

(c) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1984.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section), reduced by the sum of the nonrefundable credits allowed under this chapter.

Sec. 29. Minnesota Statutes 1984, section 290.08, is amended by adding a subdivision to read:

*Subd. 27. [GAINS ON AGRICULTURAL PRODUCTION PROPERTY.] Gross income does not include income or gains realized by an individual taxpayer, family farm corporation, or authorized farm corporation on (i) the sale of agricultural production property, including real property, and equipment used in a farm business that was owned and operated by the taxpayer as the taxpayer's principal business, if the taxpayer had a debt-to-asset-ratio of at least 70 percent at the time of the sale and at least 70 percent of the proceeds of the sale were used solely to discharge indebtedness secured by a mortgage, lien, or other security interest on the property sold, or (ii) the discharge of farm business indebtedness of a taxpayer who owns and operates a farm business if at the time of the discharge the taxpayer had a debt-to-asset-ratio of at least 70 percent. For purposes of this subdivision, "family farm corporation" and "authorized farm corporation" have the meanings given them in section 500.24, subdivision 2."*

Page 29, after line 24, insert:

"Sec. 44. [MEMORIAL RESOLUTION.]

WHEREAS, the family farm agricultural system is the most productive agricultural system in the world; and

WHEREAS, the benefits of this traditional and productive system are enjoyed by all citizens; and

WHEREAS, high interest rates, low farm prices, scarce credit, and declining real estate and equipment values have created a financial crisis for family farmers in the United States; and

WHEREAS, these problems result in an instability in the entire rural economy; and

WHEREAS, this economic instability has forced many family farmers into bankruptcy, foreclosure, or the sale of assets to discharge indebtedness to creditors; and

WHEREAS, the current Internal Revenue Code imposes income taxes on sale transactions at a time when the family farmer is least able to pay the additional taxes; NOW, THEREFORE,

BE IT RESOLVED by the Legislature of the State of Minnesota that Congress should enact and the President sign legislation to exclude from taxation under the Internal Revenue Code income or gains recognized on the sale of agricultural production property used in a farm business owned and operated by the taxpayer as the taxpayer's principal business, if at the time of sale the taxpayer had a debt-to-asset-ratio of at least 70 percent and at least 70 percent of the proceeds of the sale were used solely to discharge indebtedness secured by a security interest on the property.

BE IT FURTHER RESOLVED, that Congress should enact and the President sign legislation excluding from taxation under the Internal Revenue Code income or gains recognized on any discharge of farm business indebtedness of a farmer who owns and operates a farm business, if at the time of the discharge the taxpayer had a debt-to-asset-ratio of at least 70 percent.

BE IT FURTHER RESOLVED that the legislation include a provision excluding such gains from preference items for purposes of the alternative minimum tax.

BE IT FURTHER RESOLVED that the Secretary of State of Minnesota is instructed to transmit copies of this resolution to the President of the United States, the President of the Senate of the United States, the Speaker of the House of Representatives of the United States, the Minnesota Senators and Representatives in Congress, and members of the Ways and Means Committee of the United States House of Representatives, and the members of the Finance Committee of the United States Senate.

Page 29, line 31, after the period, insert:

*"Sections 27 to 29 are effective for taxable years beginning after December 31, 1985."*

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

Mr. Dieterich questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

S.F. No. 1790 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 60 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kamrath	Nelson	Renneke
Anderson	Diessner	Kroening	Novak	Samuelson
Belanger	Frank	Kronebusch	Olson	Schmitz
Berg	Frederick	Langseth	Pehler	Sieloff
Berglin	Frederickson	Lantry	Peterson, C.C.	Solon
Bernhagen	Freeman	Lessard	Peterson, D.C.	Storm
Bertram	Gustafson	Luther	Peterson, D.L.	Stumpf
Brataas	Hughes	McQuaid	Peterson, R.W.	Taylor
Chmielewski	Isackson	Mehrkens	Petty	Vega
Dahl	Johnson, D.E.	Merriam	Purfeerst	Waldorf
Davis	Johnson, D.J.	Moe, D.M.	Ramstad	Wegscheid
DeCramer	Jude	Moe, R.D.	Reichgott	Willet

Messrs. Knaak and Knutson voted in the negative.

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

### SPECIAL ORDER

S.F. No. 1526: A bill for an act relating to natural resources; recodifying laws governing wild animals in general, the taking and possession of game and fish, and the management of natural resources; providing penalties; amending Minnesota Statutes 1984, sections 9.071; 14.02, subdivision 4; 14.38, subdivision 6; 18.021, subdivision 3; 84.0274, subdivision 6; 84.88, subdivision 2; 84.89; 84A.02; 85.018, subdivision 8; 86A.06; 105.391, subdivisions 3 and 12; 105.417, subdivision 4; 111.81, subdivision 1; 343.21, subdivision 8; 343.30; 352B.01, subdivision 2; 361.25; 383C.13; 477A.12; 477A.13; Minnesota Statutes 1985 Supplement, section 105.74; proposing coding for new law in Minnesota Statutes, chapters 84; 97A; 97B; 97C; 609; and 624; repealing Minnesota Statutes 1984, and 1985 Supplement, chapters 97, 98, 99, 100, 101, and 102.

Mr. Merriam moved to amend S.F. No. 1526 as follows:

Page 2, line 7, delete "*hunter, fisherman, trapper, tourist or vacationist*" and insert "*person fishing, hunting, trapping, vacationing, or touring.*"

Page 48, line 28, delete "*fishermen*" and insert "*fishing licensees*"

Page 56, line 31, delete "*sportsmen*" and insert "*hunters*"

Page 57, line 16, delete "SPORTSMAN" and insert "SPORTING"

Page 57, lines 17 and 28, delete "*sportsman*" and insert "*sporting*"

Page 62, line 2, delete "*licensed*" and delete "*fishermen*" and insert "*fishing licensees*"

Page 64, lines 7 and 13, delete "*sportsman*" and insert "*sporting*."

Page 123, line 14, delete "FISHERMEN'S" and insert "FISHING"

Page 123, line 16, delete "*fishermen's*" and insert "*fishing*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1526 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 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kamrath	Nelson	Schmitz
Anderson	Diessner	Knaak	Novak	Sieloff
Belanger	Dieterich	Knutson	Olson	Spear
Benson	Frank	Kroening	Pehler	Storm
Berg	Frederick	Kronebusch	Peterson, C.C.	Stumpf
Berglin	Frederickson	Langseth	Peterson, D.C.	Taylor
Bernhagen	Freeman	Lantry	Peterson, D.L.	Vega
Bertram	Gustafson	Lessard	Peterson, R.W.	Waldorf
Brataas	Hughes	Luther	Petty	Wegscheid
Chmielewski	Isackson	McQuaid	Ramstad	Willet
Dahl	Johnson, D.E.	Mehrkens	Reichgott	
Davis	Johnson, D.J.	Merriam	Renneke	
DeCramer	Jude	Moe, R.D.	Samuelson	

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

### SPECIAL ORDER

S.F. No. 1771: A bill for an act relating to education; expanding the types of institutions eligible for the post-secondary enrollment options act; requiring school districts to provide information and counseling services; requiring pupils to provide notice of intention to enroll; establishing a task force to study certain issues; amending Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 3, and by adding subdivisions.

Mr. Vega moved to amend S.F. No. 1771 as follows:

Page 1, line 16, strike "or a private,"

Page 1, line 17, strike the old language and delete the new language

Page 1, line 18, strike everything before "located"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 13 and nays 46, as follows:

Those who voted in the affirmative were:

Berglin	Luther	Peterson, R.W.	Storm	Willet
Dahl	Mehrkens	Solon	Vega	
Knutson	Peterson, C.C.	Spear	Wegscheid	

Those who voted in the negative were:

Adkins	Dieterich	Jude	Moe, R.D.	Renneke
Anderson	Frank	Kamrath	Nelson	Schmitz
Belanger	Frederick	Knaak	Novak	Sieloff
Benson	Frederickson	Kroening	Olson	Stumpf
Bernhagen	Freeman	Kronebusch	Pehler	Taylor
Bertram	Gustafson	Langseth	Peterson, D.C.	Waldorf
Chmielewski	Hughes	Lantry	Peterson, D.L.	
Davis	Isackson	Lessard	Petty	
DeCramer	Johnson, D.E.	McQuaid	Purfeerst	
Dicklich	Johnson, D.J.	Merriam	Ramstad	

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

Mr. Knaak moved to amend S.F. No. 1771 as follows:

Delete everything after the enacting clause and insert:

“Section 1. [REPEALER.]

*Minnesota Statutes 1985 Supplement, section 123.3514, is repealed.”*

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert “repealing the post-secondary enrollment options act; repealing Minnesota Statutes 1985 Supplement, section 123.3514.”

Page 1, delete lines 3 to 9

Mr. Frederickson moved to amend the Knaak amendment to S. F. No. 1771 as follows:

Page 1, after line 5, insert:

“Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective June 30, 1987.”*

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

The question recurred on the adoption of the Knaak amendment.

The roll was called, and there were yeas 18 and nays 47, as follows:

Those who voted in the affirmative were:

Benson	Chmielewski	Knaak	Peterson, C.C.	Vega
Bernhagen	Frederick	Kronebusch	Peterson, D.L.	Willet
Bertram	Gustafson	Lessard	Renneke	
Brataas	Kamrath	Novak	Samuelson	

Those who voted in the negative were:

Adkins	Dieterich	Kroening	Olson	Solon
Anderson	Frank	Langseth	Pehler	Spear
Belanger	Frederickson	Lantry	Peterson, D.C.	Storm
Berg	Freeman	Luther	Peterson, R.W.	Stumpf
Berglin	Hughes	McQuaid	Petty	Taylor
Dahl	Isackson	Mehrkens	Purfeerst	Waldorf
Davis	Johnson, D.E.	Merriam	Ramstad	Wegscheid
DeCramer	Johnson, D.J.	Moe, D.M.	Reichgott	
Dicklich	Jude	Moe, R.D.	Schmitz	
Diessner	Knutson	Nelson	Sieloff	

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

Mr. Knaak then moved to amend S.F. No. 1771 as follows:

Page 1, after line 11, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 2, is amended to read:

Subd. 2. [PURPOSE.] The purpose of this section is to promote rigorous academic pursuits and to provide a wider variety of options to high school pupils by encouraging and enabling secondary pupils to enroll full time or part time in nonsectarian courses or programs, *as defined in section 7*, in eligible post-secondary institutions, as defined in subdivision 3.”

Page 1, after line 25, insert:

“Sec. 4. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade pupil may apply to an eligible institution, as defined in subdivision 3, to allow the pupil to enroll in *eligible nonsectarian courses or programs, as defined in section 7*, offered at that post-secondary institution, *subject to the limitations specified in section 7*. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course or programs and hours of enrollment of that pupil.”

Page 2, after line 31, insert:

“Sec. 7. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

Subd. 4c. [LIMIT ON COURSES OR PROGRAMS.] *A pupil may not enroll in a post-secondary course or program under this section if the same or a similar course or program is offered at the school the pupil attends. The school board shall determine whether the course or program offered at the school is the same as or similar to the course or program offered at the post-secondary institution. If there is a dispute under this subdivision between the school board and the pupil, the pupil may appeal the school board's decision to the state board of education. The state board's decision is final.*

Sec. 8. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] ~~A school district shall grant academic credit to a pupil enrolled in an eligible course or program under this section as defined in section 7 if the pupil successfully completes the course or program attended. If no comparable course or program is offered by the district, the state board of education shall determine the number of credits that shall be granted to a pupil who successfully completes and passes the course or program. If a comparable course or program is offered by the district, the school board shall grant a comparable number of credits to the pupil. The credit to be granted by a school district shall be determined by the state board of education.~~ *If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course or program, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.*

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

Page 3, delete lines 28 to 35

Page 3, line 36, delete “also”

Page 4, line 17, delete “1, 3, 5, 6, 7, and 8” and insert “2, 5, 9, 10, 11, and 12”

Page 4, line 18, delete "2" and insert "1, 3, 4, 6, 7," and delete "4" and insert "8"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "prohibiting pupils from enrolling in post-secondary courses if the same or similar courses are offered in the pupil's school;"

Page 1, line 9, delete "subdivision" and insert "subdivisions 2," and after "3," insert "4, and 5,"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 46 and nays 18, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Merriam	Solon
Anderson	DeCramer	Jude	Moë, D.M.	Storm
Benson	Diessner	Kamrath	Moë, R.D.	Stumpf
Berg	Frederick	Knaak	Novak	Vega
Berglin	Frederickson	Knutson	Peterson, C.C.	Wegscheid
Bernhagen	Freeman	Kroening	Peterson, D.L.	Willet
Bertram	Gustafson	Kronebusch	Purfeerst	
Brataas	Hughes	Langseth	Ramstad	
Chmielewski	Isackson	Lessard	Renneke	
Dahl	Johnson, D.E.	Mehrkens	Samuelson	

Those who voted in the negative were:

Belanger	Luther	Pehler	Reichgott	Taylor
Dicklich	McQuaid	Peterson, D.C.	Schmitz	Waldorf
Dieterich	Nelson	Peterson, R.W.	Sieloff	
Lantry	Olson	Petty	Spear	

The motion prevailed. So the amendment was adopted.

Mr. Renneke moved to amend S.F. No. 1771 as follows:

Page 1, line 21, delete "attend" and insert "enroll in"

Page 1, line 22, delete "institution" and insert "course or program for secondary school credit"

Page 1, line 24, delete "attending the" and insert "enrolling in a"

Page 1, line 25, delete "institution" and insert "course or program for secondary school credit"

Page 1, after line 25, insert:

"Sec. 3. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade pupil may apply to an eligible institution, as defined in subdivision 3, to allow the pupil to enroll in non-sectarian courses or programs offered at that post-secondary institution. *The pupil shall designate whether the course or program is for secondary or post-secondary credit.* If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the



pupil's school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course or programs and hours of enrollment of that pupil. *If the pupil is taking the course or program for post-secondary credit the institution shall include the statement of tuition and other charges in the notice. The notice must state that state and federal financial aid may be available to the pupil.*"

Page 2, after line 31, insert:

"Sec. 6. Minnesota Statutes 1985 Supplement, section 123.3514, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL ARRANGEMENTS.] At the end of each school year, the department of education shall pay the tuition reimbursement amount within 30 days to the post-secondary institutions that enroll pupils under this section. *No reimbursement may be paid for courses or programs taken for post-secondary credit.* The amount of tuition reimbursement shall equal the lesser of:

(1) the actual costs of tuition, textbooks, materials, and fees directly related to the course or program charged for the secondary pupil enrolling in a course or program *for secondary credit* under this section; or

(2) an amount equal to the difference between the formula allowance plus the total tier revenue attributable to that pupil and an amount computed by multiplying the formula allowance plus the total tier revenue attributable to that pupil by a ratio. The ratio to be used is the total number of hours that the pupil is enrolled in courses in the secondary school during the regular school year over the total number of secondary instructional hours per pupil in that pupil's resident district.

The amount paid for each pupil shall be subtracted from the foundation aid paid to the pupil's resident district. If the amount to be subtracted is greater than the amount of foundation aid due the district, the excess reduction shall be made from other state aids due to the district."

Page 3, after line 15, insert:

"Sec. 9. Minnesota Statutes 1985 Supplement, section 123.3514, is amended by adding a subdivision to read:

Subd. 12. [STUDENT AID.] *A pupil who takes a course or program for post-secondary credit under this section is eligible for aid under chapter 136A.*"

Page 4, line 17, delete "3, 5, 6, 7, and 8" and insert "4, 7, 8, 10, and 11"

Page 4, line 18, delete "and 4" and insert "3, 5, 6, and 9"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "requiring designation of courses for secondary or post-secondary credit; limiting state tuition reimbursement to courses taken for secondary credit; clarifying availability of financial aid for courses taken for post-secondary credit;"

Page 1, line 9, after "3," insert "4, and 6,"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 38 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Jude	Pehler	Storm
Anderson	Davis	Kamrath	Peterson, C.C.	Stumpf
Benson	DeCramer	Knaak	Peterson, D.L.	Taylor
Berg	Frederick	Knutson	Purfeerst	Vega
Bernhagen	Frederickson	Kronebusch	Ramstad	Wegscheid
Bertram	Gustafson	Langseth	Reichgott	Willet
Brataas	Isackson	Lessard	Renneke	
Chmielewski	Johnson, D.E.	McQuaid	Samuelson	

Those who voted in the negative were:

Belanger	Freeman	Merriam	Olson	Sieloff
Berglin	Johnson, D.J.	Moe, D.M.	Peterson, D.C.	Solon
Dicklich	Kroening	Moe, R.D.	Peterson, R.W.	Spear
Diessner	Lantry	Nelson	Petty	Waldorf
Dieterich	Luther	Novak	Schmitz	

The motion prevailed. So the amendment was adopted.

S.F. No. 1771 was then progressed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Knaak, Mrs. McQuaid, Messrs. Anderson and Storm introduced—

Senate Resolution No. 116: A Senate resolution requesting the Governor to disclose the causes of the current budget shortfall.

Referred to the Committee on Rules and Administration. Mr. Knaak questioned the reference thereon and, under Rule 53, the resolution was referred to the Committee on Rules and Administration.

Mr. Mehrkens, Mrs. Kronebusch and Mr. Benson introduced—

Senate Resolution No. 117: A Senate resolution to recognize and celebrate the 25th anniversary of the Richard J. Dorer Memorial Hardwood Forest.

Referred to the Committee on Rules and Administration.

Mr. Kroening moved that S.F. No. 2238, on General Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Ms. Berglin moved that S.F. No. 1924, No. 104 on General Orders, be stricken and returned to its author. The motion prevailed.

### RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 7:30 p.m. The motion prevailed.

The hour of 7:30 p.m. having arrived, the President called the Senate to order.

### CALL OF THE SENATE

Mr. Langseth imposed a call of the Senate. The Sergeant at Arms was

instructed to bring in the absent members.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Special Orders Calendar. The motion prevailed.

### SPECIAL ORDER

S.F. No. 1823: A bill for an act relating to financial institutions; providing for open end loan account arrangements; modifying permissible finance charges and annual charges; eliminating alternative credit card plan requirements; amending Minnesota Statutes 1984, section 48.185, subdivisions 1, 3, and 4; repealing Minnesota Statutes 1984, section 48.185, subdivision 4a.

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 15, as follows:

Those who voted in the affirmative were:

Anderson	Diessner	Kronebusch	Novak	Schmitz
Belanger	Freeman	Laidig	Olson	Solon
Benson	Gustafson	Langseth	Pehler	Storm
Bernhagen	Hughes	Luther	Peterson, D.L.	Taylor
Bertram	Isackson	McQuaid	Peterson, R.W.	Waldorf
Brataas	Johnson, D.E.	Mehrkens	Petty	Wegscheid
Chmielewski	Kamrath	Merriam	Ramstad	
Davis	Knaak	Moe, D.M.	Renneke	
DeCramer	Knutson	Moe, R.D.	Samuelson	

Those who voted in the negative were:

Berg	Dieterich	Jude	Peterson, C.C.	Reichgott
Berglin	Frank	Kroening	Peterson, D.C.	Stumpf
Dahl	Johnson, D.J.	Lantry	Purfeerst	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

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

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	Dicklich	Knaak	Moe, R. D.	Renneke
Belanger	Diessner	Knutson	Novak	Samuelson
Benson	Dieterich	Kronebusch	Olson	Schmitz
Berg	Frank	Laidig	Pehler	Sieloff
Berglin	Freeman	Langseth	Peterson, C.C.	Solon
Bernhagen	Gustafson	Lantry	Peterson, D.C.	Spear
Bertram	Hughes	Lessard	Peterson, D.L.	Storm
Brataas	Isackson	Luther	Peterson, R.W.	Stumpf
Chmielewski	Johnson, D.E.	McQuaid	Petty	Taylor
Dahl	Johnson, D.J.	Mehrkens	Purfeerst	Waldorf
Davis	Jude	Merriam	Ramstad	Wegscheid
DeCramer	Kamrath	Moe, D. M.	Reichgott	Willet

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S. F. No. 1848: A bill for an act relating to costs and attorney fees; providing for recovery of costs and attorney fees by prevailing parties in civil actions and contested case proceedings involving the state; amending Minnesota Statutes 1984, section 14.62, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 3.

Mr. Peterson, R. W. moved to amend S.F. No. 1848 as follows:

Page 3, delete lines 14 to 19 and insert:

*“(a) If a prevailing party other than the state, in a civil action or contested case proceeding other than a tort action, brought by or against the state, shows that the position of the state was not substantially justified, the court or administrative law judge shall award fees and other expenses to the party unless special circumstances make an award unjust.”*

Page 4, line 24, delete “may” and insert “shall”

The motion prevailed. So the amendment was adopted.

S.F. No. 1848 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:

Adkins	DeCramer	Jude	Mehrkens	Renneke
Anderson	Dicklich	Kamrath	Moe, R. D.	Samuelson
Belanger	Diessner	Knaak	Novak	Schmitz
Benson	Frank	Knutson	Pehler	Sieloff
Berg	Frederick	Kroening	Peterson, C. C.	Spear
Berglin	Frederickson	Kronebusch	Peterson, D. C.	Storm
Bernhagen	Freeman	Laidig	Peterson, D. L.	Stumpf
Bertram	Gustafson	Langseth	Peterson, R. W.	Taylor
Brataas	Hughes	Lantry	Petty	Waldorf
Chmielewski	Isackson	Lessard	Purfeerst	Wegscheid
Dahl	Johnson, D. E.	Luther	Ramstad	Willet
Davis	Johnson, D. J.	McQuaid	Reichgott	

Mr. Merriam voted in the negative.

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

**SPECIAL ORDER**

S.F. No. 1880: A bill for an act relating to veterans; establishing a veterans' cemetery; proposing coding for new law in Minnesota Statutes, chapter 197.

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:

Adkins	DeCramer	Jude	Mehrkens	Reichgott
Anderson	Dicklich	Kamrath	Merriam	Renneke
Belanger	Diessner	Knaak	Moe, R. D.	Samuelson
Benson	Frank	Knutson	Novak	Schmitz
Berg	Frederick	Kroening	Olson	Sieloff
Berglin	Frederickson	Kronebusch	Pehler	Spear
Bernhagen	Freeman	Laidig	Peterson, D. C.	Storm
Bertram	Gustafson	Langseth	Peterson, D. L.	Stumpf
Brataas	Hughes	Lantry	Peterson, R. W.	Taylor
Chmielewski	Isackson	Lessard	Petty	Waldorf
Dahl	Johnson, D. E.	Luther	Purfeerst	Wegscheid
Davis	Johnson, D. J.	McQuaid	Ramstad	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1965: A bill for an act relating to human services; revising the community social services act; clarifying allocation of funds; expanding responsibilities of county boards; requiring the county boards to publish biennial plans relating to community social services; amending Minnesota Statutes 1984, sections 256E.05, subdivision 3; 256E.06, subdivision 2; 256E.09, subdivision 1; and Minnesota Statutes 1985 Supplement, section 256E.08, subdivision 1.

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 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knaak	Moe, R. D.	Samuelson
Anderson	Dieterich	Knutson	Novak	Schmitz
Belanger	Frank	Kroening	Olson	Sieloff
Benson	Frederick	Kronebusch	Pehler	Spear
Berglin	Frederickson	Laidig	Peterson, D. C.	Storm
Bernhagen	Freeman	Langseth	Peterson, D. L.	Stumpf
Bertram	Gustafson	Lantry	Peterson, R. W.	Taylor
Brataas	Hughes	Lessard	Petty	Waldorf
Chmielewski	Isackson	Luther	Purfeerst	Wegscheid
Dahl	Johnson, D. E.	McQuaid	Ramstad	Willet
Davis	Jude	Mehrkens	Reichgott	
DeCramer	Kamrath	Merriam	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1950: A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

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 3, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Novak	Schmitz
Anderson	Diessner	Knutson	Olson	Sieloff
Belanger	Dieterich	Kroening	Pehler	Spear
Benson	Frank	Kronebusch	Peterson, C.C.	Storm
Berg	Frederick	Laidig	Peterson, D.C.	Stumpf
Berglin	Frederickson	Langseth	Peterson, D.L.	Taylor
Bernhagen	Freeman	Lantry	Peterson, R.W.	Waldorf
Bertram	Hughes	Luther	Petty	Wegscheid
Brataas	Isackson	McQuaid	Purfeerst	Willet
Dahl	Johnson, D.E.	Mehrkens	Ramstad	
Davis	Jude	Merriam	Reichgott	
DeCramer	Kamrath	Moe, R. D.	Renneke	

Messrs. Chmielewski, Lessard and Samuelson voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1680: A bill for an act relating to Anoka county; providing that Anoka county park ordinances supersede local ordinances.

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:

Adkins	Dicklich	Knaak	Novak	Sieloff
Anderson	Diessner	Knutson	Olson	Solon
Belanger	Dieterich	Kroening	Pehler	Spear
Benson	Frank	Kronebusch	Peterson, C.C.	Storm
Berg	Frederick	Laidig	Peterson, D.C.	Stumpf
Berglin	Frederickson	Langseth	Peterson, D.L.	Taylor
Bernhagen	Freeman	Lantry	Peterson, R.W.	Waldorf
Bertram	Gustafson	Lessard	Petty	Wegscheid
Brataas	Hughes	Luther	Purfeerst	Willet
Chmielewski	Isackson	McQuaid	Ramstad	
Dahl	Johnson, D.E.	Mehrkens	Reichgott	
Davis	Jude	Merriam	Renneke	
DeCramer	Kamrath	Moe, R. D.	Schmitz	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 985: A bill for an act relating to administrative procedure; clarifying provisions relating to emergency rules; defining order; limiting certain agency actions; requiring an order to be rendered in accordance with the contested case procedures of the administrative procedure act; amending Minnesota Statutes 1984, sections 14.02, by adding a subdivision; 14.29, subdivisions 1 and 2; and 14.57; proposing coding for new law in Minnesota Statutes, chapter 14.

Mr. Jude moved to amend S.F. No. 985 as follows:

Page 1, after line 21, insert:

“Sec. 2. Minnesota Statutes 1985 Supplement, section 14.02, subdivision 4, is amended to read:

Subd. 4. [RULE.] "Rule" means every agency statement of general applicability and future effect, including amendments, suspensions, and repeals of rules, adopted to implement or make specific the law enforced or administered by it or to govern its organization or procedure. *Every agency statement that meets this definition is a "rule," regardless of whether the agency labels the statement with another term, such as a policy, informational, interpretive, or instructional bulletin or statement.* ~~It~~ Rule does not include (a) rules concerning only the internal management of the agency or other agencies, and which do not directly affect the rights of or procedure available to the public; (b) rules of the commissioner of corrections relating to the internal management of institutions under the commissioner's control and those rules governing the inmates thereof prescribed pursuant to section 609.105; (c) rules of the division of game and fish published in accordance with section 97.53; (d) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs; (e) opinions of the attorney general; (f) the systems architecture plan and long-range plan of the state education management information system provided by section 121.931; (g) the data element dictionary and the annual data acquisition calendar of the department of education to the extent provided by section 121.932; (h) the comprehensive statewide plan of the crime control planning board provided in section 299A.03; or (i) occupational safety and health standards provided in section 182.655."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 985 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Novak	Renneke
Anderson	Dieterich	Kronebusch	Olson	Schmitz
Belanger	Frank	Laidig	Pehler	Sieloff
Benson	Frederickson	Langseth	Peterson, C. C.	Spear
Berg	Freeman	Lantry	Peterson, D. C.	Storm
Berglin	Gustafson	Lessard	Peterson, D. L.	Stumpf
Bertram	Hughes	Luther	Peterson, R. W.	Taylor
Chmielewski	Isackson	McQuaid	Peity	Waldorf
Dahl	Jude	Merriam	Purfeerst	Wegscheid
Davis	Kamrath	Moe, D. M.	Ramstad	Willet
DeCramer	Knaak	Moe, R. D.	Reichgott	

Mr. Mehrkens voted in the negative.

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

### SPECIAL ORDER

S.F. No. 51: A bill for an act relating to health; requiring licensure of home care agencies; providing a home care bill of rights; providing a complaint procedure for home care clients; appropriating money; amending Minnesota

Statutes 1984, sections 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53, subdivisions 1, 2, 3, and 4; 144A.54, subdivision 1; 256B.04, by adding a subdivision; and 364.09; Minnesota Statutes 1985 Supplement, section 626.557, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144A.

Ms. Berglin moved to amend S.F. No. 51 as follows:

Page 3, after line 18, insert:

*“(3) an individual not connected with a home care agency who provides basic chore, housekeeping, or personal care services to not more than one person or family, if the individual providing services was previously acquainted with the person or family receiving services; the services are provided primarily as a contribution of services and not as a business, as employment, or for substantial compensation; and compensation received for providing services is not the individual's primary source of income.”*

Page 3, line 19, delete “(3)” and insert “(4)”

Page 3, line 22, delete “(4)” and insert “(5)”

Page 14, line 32, delete “a visit” and insert “visits”

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend S.F. No. 51 as follows:

Page 3, line 19, delete “or” and insert a comma

Page 3, line 20, after “services” insert “or meal preparations”

The motion prevailed. So the amendment was adopted.

Mr. Willet moved to amend the Berglin amendment to S.F. No. 51, adopted by the Senate March 4, 1986, as follows:

Page 1, delete line 6

Page 1, line 7, delete everything before the second “services”

Page 1, line 8, delete the comma and insert a semicolon

Page 1, delete lines 9 to 11

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

Mr. Benson moved to amend S.F. No. 51 as follows:

Page 14, line 21, after the period, insert “*Emergency rules expire January 1, 1987.*”

The motion prevailed. So the amendment was adopted.

S.F. No. 51 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 61 and nays 0, as follows:

Those who voted in the affirmative were:



Adkins	Dicklich	Knaak	Novak	Sieloff
Anderson	Diessner	Knutson	Olson	Solon
Belanger	Dieterich	Kroening	Pehler	Spear
Benson	Frank	Kronebusch	Peterson, C.C.	Storm
Berg	Frederick	Laidig	Peterson, D.C.	Stumpf
Berglin	Frederickson	Langseth	Peterson, D.L.	Taylor
Bernhagen	Freeman	Lantry	Peterson, R.W.	Waldorf
Bertram	Gustafson	Lessard	Petty	Wegscheid
Brataas	Isackson	Luther	Ramstad	Willet
Chmielewski	Johnson, D.E.	McQuaid	Reichgott	
Dahl	Johnson, D.J.	Mehrkens	Renneke	
Davis	Jude	Merriam	Samuelson	
DeCramer	Kamrath	Moe, D. M.	Schmitz	

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

### SPECIAL ORDER

S.F. No. 1581: A bill for an act relating to human services; establishing requirements for the regulation of child day care; prohibiting local governments from establishing special fire code requirements for small family day care homes; limiting the liability of municipalities for licensing activities; providing for indemnification of municipalities by the state; establishing a task force; requiring reports; amending Minnesota Statutes 1984, sections 245.802, subdivision 1; 299F.011, subdivision 4a; and 466.03, by adding a subdivision; proposing code for new law in Minnesota Statutes, chapters 245 and 466.

Mr. Kamrath moved to amend S.F. No. 1581 as follows:

Page 1, after line 15, insert:

“Section 1. Minnesota Statutes 1984, section 245.791, is amended to read:

245.791 [EXCLUSIONS.]

*Subdivision 1.* Sections 245.781 to 245.812 shall not apply to:

- (1) Day care or residential care provided by a relative to related persons;
- (2) Day care or residential care provided for a cumulative total of less than 30 days in any 12-month period;
- (3) Day care provided for persons from a single unrelated family for any length of time;
- (4) A home caring for a person placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years after placement;
- (5) A licensed hospital whose psychiatric or chemical dependency program is located within the hospital;
- (6) A nursing home, hospital, or boarding care home, licensed by the state commissioner of health, except that an identifiable unit of such a facility which regularly provides care for more than five adults defined as persons in Minnesota Statutes, section 245.782, subdivision 2, who are not residents or patients of the nursing home, hospital, or boarding care home, must be licensed under sections 245.781 to 245.812;
- (7) A day care or residential program serving any number of adults who are

not defined as persons under Minnesota Statutes, section 245.782, subdivision 2;

(8) A sheltered workshop day program, certified by the state board of education;

(9) A work activity day program, certified by the state board of education;

(10) A work-wage home providing care for one nonrelated child who has reached his sixteenth birthday and who has been independently placed for purposes of education or employment;

(11) A school under the general supervision of the commissioner of education or a local education agency;

(12) A residential or day care facility under the direct control and supervision of a local education agency or a state agency other than the commissioner;

(13) Day care provided for periods of no more than three hours per day for any person while his relatives are in the same building, or can be present in the same building within 30 minutes;

(14) Facilities which in the judgment of the commissioner of education are operated for the primary purpose of educating children shall be exempt from these rules and regulations except insofar as the regulations affect the health and safety of the children therein. The classrooms shall meet the applicable standards of the commissioner of public safety and state commissioner of health.

*Subd. 2. [RURAL CHILD CARE EXCLUSION.] Laws and rules relating to the regulation and operation of family day care or group family day care homes, including the provisions of the state building code under chapter 16B and the state fire code under chapter 299F, do not apply to a provider who resides in a city or town that has a population of under 5,000 persons, unless the provider chooses to be licensed. The city or town shall provide for local registration at the provider's request."*

Page 4, line 25, delete "2" and insert "3"

Page 7, line 10, delete "8" and insert "9"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "exempting rural providers from licensure;"

Page 1, line 10, after "sections" insert "245.791;"

The motion prevailed. So the amendment was adopted.

S.F. No. 1581 was then progressed.

### SPECIAL ORDER

S.F. No. 1949: A bill for an act relating to natural resources; requiring public access restrictions to be the same as lake use restrictions; amending Minnesota Statutes 1984, sections 378.32, subdivisions 2, 6, and 7; and

459.20; proposing coding for new law in Minnesota Statutes, chapter 378.

Mr. Merriam moved to amend S.F. No. 1949 as follows:

Page 2, line 5, after "are" insert "generally"

Page 2, line 6, delete "by any other person" and after the period, insert "Special use exceptions that are not dependent on lakeshore or property ownership may be granted by permit."

The motion prevailed. So the amendment was adopted.

S.F. No. 1949 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:

Adkins	Davis	Johnson, D.E.	Mehrkens	Renneke
Anderson	DeCramer	Jude	Merriam	Samuelson
Belanger	Dicklich	Kamrath	Moe, R. D.	Schmitz
Benson	Diessner	Kroening	Olson	Sieloff
Berg	Frank	Kronebusch	Pehler	Spear
Berglin	Frederick	Laidig	Peterson, D.C.	Stumpf
Bernhagen	Frederickson	Langseth	Peterson, D.L.	Taylor
Bertram	Freeman	Lantry	Peterson, R.W.	Waldorf
Brataas	Gustafson	Lessard	Purfeerst	Wegscheid
Chmielewski	Hughes	Luther	Ramstad	Willet
Dahl	Isackson	McQuaid	Reichgott	

Messrs. Knaak and Storm voted in the negative.

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

### SPECIAL ORDER

S.F. No. 1810: A bill for an act relating to human services; providing for conditions requiring monthly reporting by recipients of aid to families with dependent children; amending Minnesota Statutes 1985 Supplement, section 256.73, subdivision 6.

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:

Adkins	Davis	Johnson, D.E.	Mehrkens	Renneke
Anderson	DeCramer	Jude	Merriam	Samuelson
Belanger	Dicklich	Kamrath	Moe, R. D.	Schmitz
Benson	Diessner	Knaak	Olson	Sieloff
Berg	Frank	Kroening	Peterson, C.C.	Spear
Berglin	Frederick	Kronebusch	Peterson, D.C.	Storm
Bernhagen	Frederickson	Laidig	Peterson, D.L.	Stumpf
Bertram	Freeman	Langseth	Peterson, R.W.	Waldorf
Brataas	Gustafson	Lantry	Purfeerst	Wegscheid
Chmielewski	Hughes	Lessard	Ramstad	Willet
Dahl	Isackson	Luther	Reichgott	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1919: A bill for an act relating to mental health; extending the patients' bill of rights to cover people receiving out-patient mental health treatment; defining a minimum grievance procedure for health care facilities; including in the patients' bill of rights the right of access to protection and advocacy services; amending Minnesota Statutes 1984, section 144.651, subdivisions 2, 4, 20, and by adding a subdivision.

Ms. Berglin moved to amend S.F. No. 1919 as follows:

Page 3, line 14, after "of" insert "reasonable" and after "access" insert "at reasonable times"

The motion prevailed. So the amendment was adopted.

S.F. No. 1919 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:

Adkins	Davis	Johnson, D.E.	McQuaid	Renneke
Anderson	DeCramer	Jude	Mehrkens	Samuelson
Belanger	Dicklich	Kamrath	Merriam	Schmitz
Benson	Diessner	Knaak	Moe, R. D.	Sieloff
Berg	Frank	Kroening	Olson	Solon
Berglin	Frederick	Kronebusch	Pehler	Storm
Bernhagen	Frederickson	Laidig	Peterson, D.C.	Stumpf
Bertram	Freeman	Langseth	Peterson, D.L.	Taylor
Brataas	Gustafson	Lantry	Peterson, R.W.	Waldorf
Chmielewski	Hughes	Lessard	Ramstad	Wegscheid
Dahl	Isackson	Luther	Reichgott	Willet

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

**SPECIAL ORDER**

S.F. No. 2039: A bill for an act relating to the attorney general; expanding the powers of the attorney general to obtain certain information and to investigate and prosecute for fraud of the medical assistance program; amending Minnesota Statutes 1984, sections 8.31, subdivision 1; 256B.064, subdivision 1a; 256B.12; 256B.27, subdivisions 3, 4, and 5; and 256B.30; Minnesota Statutes 1985 Supplement, section 214.10, subdivision 8.

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:

Adkins	DeCramer	Kamrath	Olson	Sieloff
Anderson	Dicklich	Knaak	Pehler	Solon
Belanger	Diessner	Kroening	Peterson, C.C.	Spear
Benson	Frank	Kronebusch	Peterson, D.C.	Storm
Berg	Frederick	Laidig	Peterson, D.L.	Stumpf
Berglin	Frederickson	Langseth	Peterson, R.W.	Taylor
Bernhagen	Freeman	Lantry	Purfeerst	Waldorf
Bertram	Gustafson	Lessard	Ramstad	Wegscheid
Brataas	Hughes	Luther	Reichgott	Willet
Chmielewski	Isackson	Mehrkens	Renneke	
Dahl	Johnson, D.E.	Merriam	Samuelson	
Davis	Jude	Moe, R.D.	Schmitz	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 421: A bill for an act relating to transportation; railroads; requiring occupied caboose car on certain trains; requiring caboose car to be equipped with shortwave radio; imposing a penalty; amending Minnesota Statutes 1984, section 219.56; proposing coding for new law in Minnesota Statutes, chapter 219.

Mr. Merriam moved to amend S.F. No. 421 as follows:

Page 2, line 20, delete everything after the first "is"

Page 2, line 21, delete "liable for" and insert "subject to" and after "a" insert "civil"

The motion prevailed. So the amendment was adopted.

S.F. No. 421 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 14, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Johnson, D.E.	Luther	Ramstad
Anderson	Dicklich	Johnson, D.J.	Merriam	Reichgott
Berglin	Diessner	Jude	Moe, R.D.	Samuelson
Bernhagen	Dieterich	Knaak	Nelson	Schmitz
Bertram	Frank	Kroening	Pehler	Solon
Brataas	Frederick	Laidig	Peterson, C.C.	Spear
Chmielewski	Frederickson	Langseth	Peterson, D.C.	Stumpf
Dahl	Freeman	Lantry	Peterson, R.W.	Waldorf
Davis	Hughes	Lessard	Purfeerst	Willet

Those who voted in the negative were:

Belanger	Isackson	McQuaid	Peterson, D.L.	Storm
Benson	Kamrath	Mehrkens	Renneke	Taylor
Berg	Kronebusch	Olson	Sieloff	

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

### SPECIAL ORDER

S.F. No. 1642: A bill for an act relating to commerce; regulating electri-

cians; amending Minnesota Statutes 1984, sections 326.01, by adding a subdivision; 326.245; 326.248; Minnesota Statutes 1985 Supplement, sections 326.01, subdivision 5; 326.242, subdivisions 1, 2, 6, and 12; 326.2421, subdivision 3; 326.244, subdivisions 2 and 5; and 326.246.

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:

Adkins	DeCramer	Kamrath	Moe, D. M.	Samuelson
Anderson	Dicklich	Knaak	Moe, R. D.	Schmitz
Belanger	Diessner	Kroening	Olson	Sieloff
Benson	Frank	Kronebusch	Pehler	Solon
Berg	Frederick	Laidig	Peterson, C. C.	Spear
Berglin	Frederickson	Langseth	Peterson, D. C.	Storm
Bernhagen	Freeman	Lantry	Peterson, D. L.	Stumpf
Bertram	Gustafson	Lessard	Peterson, R. W.	Taylor
Brataas	Hughes	Luther	Purfeerst	Waldorf
Chmielewski	Isackson	McQuaid	Ramstad	Wegscheid
Dahl	Johnson, D. J.	Mehrkens	Reichgott	Willet
Davis	Jude	Merriam	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1850: A bill for an act relating to state government; regulating fees for state agency services; amending Minnesota Statutes 1985 Supplement, sections 16A.128 and 16A.1281.

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 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kamrath	Moe, D. M.	Schmitz
Anderson	Dicklich	Knaak	Moe, R. D.	Sieloff
Belanger	Diessner	Kroening	Olson	Solon
Benson	Frank	Kronebusch	Pehler	Spear
Berg	Frederick	Laidig	Peterson, C. C.	Storm
Berglin	Frederickson	Langseth	Peterson, D. C.	Stumpf
Bernhagen	Freeman	Lantry	Peterson, D. L.	Taylor
Bertram	Gustafson	Lessard	Peterson, R. W.	Waldorf
Brataas	Hughes	Luther	Purfeerst	Wegscheid
Chmielewski	Isackson	McQuaid	Ramstad	Willet
Dahl	Johnson, D. E.	Mehrkens	Reichgott	
Davis	Jude	Merriam	Samuelson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1797: A bill for an act relating to public administration; providing for various town powers; permitting certain sales of public property; providing conditions for contractor's bonds; amending Minnesota Statutes 1984, sections 366.01, subdivision 1; 367.31, subdivision 4; and 471.64, subdivi-

sion 1; and Minnesota Statutes 1985 Supplement, sections 365.10; and 574.26.

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:

Adkins	Dicklich	Kamrath	Moe, D. M.	Schmitz
Anderson	Diessner	Knaak	Moe, R. D.	Sieloff
Belanger	Frank	Kroening	Nelson	Solon
Benson	Frederick	Kronebusch	Olson	Spear
Berg	Frederickson	Laidig	Pehler	Stumpf
Berglin	Freeman	Langseth	Peterson, C. C.	Taylor
Bernhagen	Gustafson	Lantry	Peterson, D. C.	Waldorf
Bertram	Hughes	Lessard	Peterson, D. L.	Wegscheid
Chmielewski	Isackson	Luther	Peterson, R. W.	Willet
Dahl	Johnson, D. E.	McQuaid	Purfeerst	
Davis	Johnson, D. J.	Mehrkens	Ramstad	
DeCramer	Jude	Merriam	Reichgott	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1441: A bill for an act relating to human services; providing for computer services to comply with long-term sheltered employment program evaluation criteria and for training and employment of persons with disabilities; amending Minnesota Statutes 1984, section 129A.08, by adding a subdivision.

Mr. Wegscheid moved to amend S.F. No. 1441 as follows:

Page 1, lines 12 and 22, delete "*funds*" and insert "*money*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1441 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:

Adkins	Davis	Jude	Merriam	Reichgott
Anderson	Dicklich	Kamrath	Moe, D. M.	Schmitz
Belanger	Diessner	Knaak	Moe, R. D.	Sieloff
Benson	Frank	Kroening	Nelson	Solon
Berg	Frederick	Kronebusch	Olson	Spear
Berglin	Frederickson	Laidig	Pehler	Stumpf
Bernhagen	Freeman	Langseth	Peterson, D. C.	Taylor
Bertram	Gustafson	Lantry	Peterson, D. L.	Waldorf
Brataas	Hughes	Lessard	Peterson, R. W.	Wegscheid
Chmielewski	Isackson	McQuaid	Purfeerst	Willet
Dahl	Johnson, D. E.	Mehrkens	Ramstad	

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

### SPECIAL ORDER

S.F. No. 1613: A bill for an act relating to agriculture; establishing filing

requirements, enforcement, and priority of veterinarian's lien; amending Minnesota Statutes 1984, section 514.92.

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 1, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kamrath	Merriam	Samuelson
Anderson	Dicklich	Knaak	Moe, D. M.	Schmitz
Belanger	Diessner	Kroening	Moe, R. D.	Sieloff
Benson	Frank	Kronebusch	Olson	Sofon
Berg	Frederickson	Laidig	Pehler	Spear
Berglin	Freeman	Langseth	Peterson, C. C.	Storm
Bernhagen	Gustafson	Lantry	Peterson, D. C.	Stumpf
Bertram	Hughes	Lessard	Peterson, R. W.	Taylor
Brataas	Isackson	Luther	Purfeerst	Waldorf
Chmielewski	Johnson, D.E.	McQuaid	Ramstad	Wegscheid
Davis	Jude	Mehrkens	Reichgott	Willet

Mr. Peterson, D.L. voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1733: A bill for an act relating to agriculture; clarifying the exceptions to prohibition against manufacture of food from adulterated milk or cream; amending Minnesota Statutes 1985 Supplement, section 32.21, 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 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Olson	Solon
Anderson	Frank	Kronebusch	Pehler	Spear
Belanger	Frederick	Laidig	Peterson, C. C.	Storm
Benson	Frederickson	Langseth	Peterson, D. C.	Stumpf
Berg	Freeman	Lantry	Peterson, D. L.	Taylor
Berglin	Gustafson	Lessard	Peterson, R. W.	Waldorf
Bernhagen	Hughes	Luther	Purfeerst	Wegscheid
Bertram	Isackson	McQuaid	Ramstad	Willet
Brataas	Johnson, D.E.	Mehrkens	Reichgott	
Dahl	Jude	Merriam	Samuelson	
Davis	Kamrath	Moe, D. M.	Schmitz	
DeCramer	Knaak	Moe, R. D.	Sieloff	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1792: A bill for an act relating to agriculture; state agricultural society; removing the time and geographical restrictions on the society's ability to impose certain restrictions on performers at the state fairgrounds; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision



1.

Mr. Chmielewski moved to amend S.F. No. 1792 as follows:

Page 1, after line 22, insert:

“Sec. 2. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*”

The motion prevailed. So the amendment was adopted.

S.F. No. 1792 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 26, as follows:

Those who voted in the affirmative were:

Adkins	Freeman	Knaak	Mehrkens	Schmitz
Anderson	Gustafson	Kroening	Moe, D. M.	Sieloff
Belanger	Hughes	Laidig	Moe, R. D.	Storm
Diessner	Isackson	Langseth	Olson	Waldorf
Frank	Jude	Lessard	Purfeerst	Wegscheid
Frederickson	Kamrath	McQuaid	Reichgott	

Those who voted in the negative were:

Benson	Chmielewski	Johnson, D.E.	Peterson, C.C.	Taylor
Berg	Dahl	Kronebusch	Peterson, D.C.	Willet
Berglin	Davis	Lantry	Peterson, R.W.	
Bernhagen	DeCramer	Luther	Ramstad	
Bertram	Dicklich	Merriam	Spear	
Brataas	Frederick	Pehler	Stumpf	

So the bill, as amended, failed to pass.

### SPECIAL ORDER

S.F. No. 1742: A bill for an act relating to military affairs; authorizing the department of military affairs to purchase certain insurance; amending Minnesota Statutes, 1984, section 15.38, by adding a subdivision.

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:

Adkins	Davis	Jude	McQuaid	Ramstad
Anderson	DeCramer	Kamrath	Mehrkens	Reichgott
Belanger	Diessner	Knaak	Merriam	Schmitz
Benson	Frank	Kroening	Moe, R. D.	Sieloff
Berg	Frederick	Kronebusch	Olson	Spear
Berglin	Frederickson	Laidig	Pehler	Storm
Bernhagen	Freeman	Langseth	Peterson, D.C.	Stumpf
Bertram	Hughes	Lantry	Peterson, D.L.	Waldorf
Brataas	Isackson	Lessard	Peterson, R.W.	Wegscheid
Dahl	Johnson, D.E.	Luther	Purfeerst	Willet

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1793: A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

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:

Adkins	Davis	Johnson, D.E.	McQuaid	Schmitz
Anderson	DeCramer	Jude	Mehrkens	Sieloff
Belanger	Dicklich	Kamrath	Merriam	Spear
Benson	Diessner	Knaak	Moe, R. D.	Storm
Berg	Frank	Kroening	Olson	Stumpf
Berglin	Frederick	Kronebusch	Pehler	Taylor
Bernhagen	Frederickson	Laidig	Peterson, D.C.	Waldorf
Bertram	Freeman	Langseth	Peterson, R.W.	Wegscheid
Brataas	Gustafson	Lantry	Purfeerst	Willet
Chmielewski	Hughes	Lessard	Ramstad	
Dahl	Isackson	Luther	Reichgott	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1643: A bill for an act relating to property taxes; permitting Aitkin county to levy a tax for development purposes; permitting the city of Breezy Point to increase its levy; providing for reverse referendum; amending Laws 1984, chapter 502, article 13, section 10, 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:

Adkins	Davis	Johnson, D.E.	McQuaid	Ramstad
Anderson	DeCramer	Jude	Mehrkens	Reichgott
Belanger	Dicklich	Kamrath	Merriam	Schmitz
Benson	Diessner	Knaak	Moe, R. D.	Sieloff
Berg	Frank	Kroening	Olson	Spear
Berglin	Frederick	Kronebusch	Pehler	Storm
Bernhagen	Frederickson	Laidig	Peterson, C.C.	Stumpf
Bertram	Freeman	Langseth	Peterson, D.C.	Taylor
Brataas	Gustafson	Lantry	Peterson, D.L.	Waldorf
Chmielewski	Hughes	Lessard	Peterson, R.W.	Wegscheid
Dahl	Isackson	Luther	Purfeerst	Willet

So the bill passed and its title was agreed to.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Order of Business of Reports of Committees. The motion prevailed.

**REPORTS OF COMMITTEES**

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now

adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2044: A bill for an act relating to port authorities; prohibiting the use of state money or credit to pay or guarantee the debt of a port authority or its debtor; proposing coding for new law in Minnesota Statutes, chapter 458.

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

Page 1, line 10, delete "*Public money or*" and after "*state*" insert "*or money from the general fund of the state*"

And when so amended the bill be re-referred to the Committee on Economic Development and Commerce without recommendation. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2160: A bill for an act relating to unclaimed property; requiring that the sum payable on an abandoned warrant issued by a county be conveyed to the issuing county for deposit in the county treasury; amending Minnesota Statutes 1984, section 345.48, subdivision 1.

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

Page 1, line 13, delete the new language and insert "*except for the amounts*"

Page 1, line 14, after "*on*" insert "*county*" and delete "*issued by counties*" and strike "*shall forthwith*" and insert "*must*"

Page 1, line 16, delete "*convey sums*" and insert "*deposit amounts*" and after "*on*" insert "*county*" and delete "*issued by*"

Page 1, line 17, delete the first "*counties*" and delete "*treasurers*" and insert "*general fund*" and delete "*counties, who shall*" and insert "*county.*"

Page 1, line 18, delete the new language

Page 1, line 19, delete "*or conveyance*"

Amend the title as follows:

Page 1, line 4, delete "*conveyed to*" and insert "*deposited in*" and delete "*county for deposit in the*" and insert "*county's*"

Page 1, line 5, delete "*county treasury*" and insert "*general fund*"

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S. F. No. 2105: A bill for an act relating to local government; permitting the establishment of special service districts in the cities of Cambridge and Lindstrom; providing taxing and other powers to the cities of Cambridge and Lindstrom.

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

Page 1, line 12, after "*Cambridge*" insert "*or the city of Lindstrom*"

Page 3, line 20, delete "*or to*"

Page 3, delete line 21

Page 3, line 22, delete "*section 473F.08*"

Page 3, line 26, after "*amount*" insert "*sufficient*"

Page 5, line 12, delete "*chapter 473F,*"

Page 5, line 18, after "*obligations*" insert "*including certificates of indebtedness*"

Page 5, line 32, after the period, insert "*The amount of any taxes that are required to be levied outside of the territory of the special services district or taken from the general funds of the municipality to pay principal and interest on the obligations shall be reimbursed to the municipality from taxes levied within the special services district.*"

Page 6, lines 17, 18, 22, 23, and 27, delete "*ten*" and insert "*15*"

Page 6, line 21, delete "*2*" and insert "*3*"

Page 7, line 26, delete "*2*" and insert "*3*"

Page 8, line 28, delete "*of Cambridge*"

Pages 8 to 16, delete sections 12 to 22

Page 16, line 18, after "*effective*" insert "*for the city of Cambridge*"

Page 16, line 19, delete "*12 to 22*" and insert "*1 to 11*" and after "*effective*" insert "*for the city of Lindstrom*"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S. F. No. 2255: A bill for an act relating to the city of Cloquet; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

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

Page 1, line 19, after the period, insert "*The port authority commission may issue general obligation bonds in the same manner as provided under Minnesota Statutes; section 458.193, except that no election shall be required to authorize their issuance except as provided in section 2.*"

Sec. 2. [GENERAL OBLIGATION BONDS; REFERENDUM ON PETITION.]

*Before the issuance of the bonds, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the bonds, and if within ten days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election."*

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2223: A bill for an act relating to the city of Bowlus; permitting the city to exceed its debt limit for a firehall.

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

Page 1, line 7, after "debt" insert "in the amount of \$20,000"

Page 1, line 8, delete "in the amount of"

Page 1, line 9, delete "\$20,000,"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2159: A bill for an act relating to the environment; disapproving a nuclear waste repository in Minnesota; making findings on economics of nuclear power; requiring a report from nuclear power generators on the economic feasibility of nuclear power; requiring nuclear power plants to be decommissioned by December 31, 1990; proposing coding for new law in Minnesota Statutes, chapters 116C and 216B.

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

Pages 3 and 4, delete sections 3 and 4 and insert:

"Sec. 3. [APPROVAL OF NEW NUCLEAR POWER PLANTS.]

*A new nuclear fission power plant may not be constructed in the state unless the economic feasibility and the total economic costs to the ratepayers are presented to the legislature and the legislature expressly approves the construction by law."*

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

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, delete everything after the semicolon

Page 1, delete lines 4 and 5

Page 1, delete everything before the semicolon and insert "approval of new nuclear power plants"

Page 1, line 8, delete "chapters" and insert "chapter" and delete "and"

Page 1, line 9, delete "216B"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2091: A bill for an act relating to agriculture; creating a rural economy adjustment board; providing for the issuance of bonds or other obligations by the board and the loan of proceeds to counties for grants or loans to farmers to repay or refinance existing indebtedness; authorizing the levy and collection of taxes for the repayment of loans by counties; permitting the acquisition of conservation easements in agricultural property; proposing coding for new law in Minnesota Statutes, chapter 41A.

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

Page 1, line 15, delete "16" and insert "14"

Page 1, delete lines 18 to 28 and insert:

*"Agricultural economic conditions in the state require authorization for loans as provided in this act to preserve the rural areas of the state and making loans under this act constitutes an essential public purpose."*

Page 2, delete lines 1 to 24

Page 2, line 27, delete "16" and insert "14"

Page 2, line 31, before the period, insert ", also including poultry"

Page 2, line 36, delete everything after "3." and insert "[COMMISSIONER.] 'Commissioner' means the commissioner of the department of finance."

Page 3, delete line 1

Page 3, line 7, delete everything after "means" and insert "family farm, family farm corporation, authorized farm corporation, as defined in section 500.24."

Page 3, delete lines 8 to 10

Page 3, delete section 4

Page 3, line 33, delete "[41A.25]" and insert "[41A.24]"

Page 3, lines 34 and 35, delete "board" and insert "commissioner"

Page 3, line 35, delete "it" and insert "the commissioner"

Page 4, line 1, delete "6 or 7" and insert "5"

Page 4, line 3, delete "8" and insert "6"

Page 4, line 5, delete "board" in both places and insert "commissioner"

Page 4, lines 7, 8, 11, 13 and 30, delete "board" and insert "commissioner"

Page 4, line 19, delete "7" and insert "5"

Page 4, line 33, delete "16" and insert "14"

Page 5, lines 2 and 11, delete "16" and insert "14"

Page 5, lines 2, 9, 13, 14, 18 and 20, delete "board" and insert "commissioner"

Page 5, line 5, delete everything after "money"

Page 5, line 6, delete "to section 6," and delete "7" and insert "5"

Page 5, line 8, delete "8" and insert "6"

Page 5, line 18, delete "its" and insert "the commissioner's"

Page 5, line 22, delete "board" in both places and insert "commissioner"

Pages 5 and 6, delete section 6

Page 6, line 28, delete "[41A.27]" and insert "[41A.25]"

Page 6, lines 29 and 33, delete "board" and insert "commissioner"

Page 6, line 34, delete "board" in both places and insert "commissioner"

Page 7, lines 1, 8 and 22, delete "16" and insert "14"

Page 7, lines 2, 12 and 36, delete "board" and insert "commissioner"

Page 7, line 9, delete the first "of" and insert "to"

Page 7, line 11, delete "8" and insert "6"

Page 7, line 13, delete the comma

Page 8, line 1, delete "5" and insert "4"

Page 8, line 14, delete "[41A.28]" and insert "[41A.26]"

Page 8, lines 15, 16 and 20, delete "board" and insert "commissioner"

Page 8, line 17, delete "16" and insert "14"

Page 8, line 21, delete "board" in both places and insert "commissioner"

Page 9, line 13, delete "[41A.29]" and insert "[41A.27]" and delete "BOARD" and insert "COMMISSIONER"

Page 9, line 14, delete "board" in both places and insert "commissioner"

Page 9, lines 16, 17, 30 and 35, delete "16" and insert "14"

Page 9, lines 18, 21, 22, 26, 27, 29, 33, 35 and 36, delete "board" and insert "commissioner"

Page 9, line 31, delete "[41A.30]" and insert "[41A.28]"

Page 10, line 2, delete "*resolution of the members of the board*" and insert "*order of the commissioner*"

Page 10, line 15, delete "*resolution*" and insert "*order*"

Page 10, lines 16, 17, 18, 21, 26, 27, 33 and 35, delete "*board*" and insert "*commissioner*"

Page 10, line 29, delete "*resolutions*" and insert "*orders*"

Page 10, line 31, delete "*a bond resolution of the board*" and insert "*an order of the commissioner*"

Page 11, line 6, delete "*A resolution or resolutions*" and insert "*An order*"

Page 11, line 21, after "*consent*" insert "*to*"

Page 11, lines 23, 25, 29 and 36, delete "*board*" and insert "*commissioner*"

Page 11, line 26, delete "*5*" and insert "*4*"

Page 11, lines 30 and 36, delete "*its*" and insert "*the commissioner's*"

Page 11, line 32, delete "*members of the board*" and insert "*commissioner*"

Page 12, lines 1, 5, 6, 15, 18, 21, 25, 29 and 35, delete "*board*" and insert "*commissioner*"

Page 12, line 4, delete "[41A.31]" and insert "[41A.29]"

Page 12, lines 6 and 17, delete "*16*" and insert "*14*"

Page 12, lines 9 and 12, delete "*resolution*" and insert "*order*"

Page 12, line 17, delete "*resolution or resolution*" and insert "*order*"

Page 12, line 25, delete "*resolution*" and insert "*an order*"

Page 12, line 27, delete "[41A.32]" and insert "[41A.30]"

Page 12, line 30, delete "*board*" in both places and insert "*commissioner*"

Page 13, lines 5 and 19, delete "*board*" and insert "*commissioner*"

Page 13, line 20, delete "*it*" and insert "*the commissioner*"

Page 13, lines 21, 23, 25 and 35, delete "*16*" and insert "*14*"

Page 13, line 24, delete "[41A.33]" and insert "[41A.31]"

Page 13, line 34, delete "[41A.34]" and insert "[41A.32]"

Page 14, lines 2, 6, 8, 12, 16 and 26, delete "*16*" and insert "*14*"

Page 14, line 2, delete "*a resolution*" and insert "*an order*"

Page 14, lines 7, 9 and 12, delete "*resolution*" and insert "*order*"

Page 14, lines 9, 15 and 26, delete "*board*" and insert "*commissioner*"

Page 14, line 10, delete "*it*" and insert "*the commissioner*"

Page 14, line 14, delete "[41A.35]" and insert "[41A.33]"



Page 14, line 24, delete "[41A.36]" and insert "[41A.34]"

Page 15, line 9, delete "16" and insert "14"

Page 15, line 16, delete "9" and insert "7" and delete "10" and insert "8"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "creating a rural economy"

Page 1, line 3, delete "adjustment board,"

Page 1, line 4, delete "board" and insert "commissioner of finance"

Page 1, line 5, delete "grants or"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1905: A bill for an act relating to insurance; prohibiting discrimination in auto insurance based upon marital dissolution; amending Minnesota Statutes 1984, section 65B.13; and proposing coding for new law in Minnesota Statutes, chapter 65B.

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

Page 1, line 14, after "standard" insert "or preferred"

Page 2, line 18, delete "either" and insert "only"

Page 2, line 19, delete everything after "to"

Page 2, delete lines 20 to 30

Page 2, line 31, delete "record of"

Page 2, line 33, before the period, insert ", provided the person or persons to be insured meets the insurer's eligibility standards"

Page 2, after line 33, insert:

*"Subd. 2. [NAMED INSURED.] A named insured under a policy of private passenger vehicle insurance shall have the premium determined at the first and any subsequent renewals of the policy after entry of a valid decree of dissolution of the marriage of the named insured only on the basis of the driving record applicable to the named insured and any person who is to be an insured, as defined in section 65B.43, under the policy to be renewed."*

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 2051: A bill for an act relating to highways; providing for

transfers of ownership of certain highways between the commissioner of transportation and Hennepin county; adding new routes to the trunk highway system in substitution of existing routes; deleting routes from the trunk highway system; authorizing the commissioner of transportation to add certain routes to the trunk highway system; amending Minnesota Statutes 1984, section 161.117.

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

Pages 2 and 3, delete section 3.

Page 4, line 10, delete "*University Avenue*"

Page 4, line 11, delete "*at the northerly limits of*" and insert "*Route No. 394 in*"

Page 4, delete section 7

Page 6, line 15, delete "*10*" and insert "*8*"

Page 6, line 27, delete "*the*" and insert "*its intersection with*"

Page 6, line 28, delete "*interchange on*" and insert "*near*"

Page 7, delete lines 2 to 5

Page 7, line 6, delete "*(6)*" and insert "*(5)*" and delete "*52*" and insert "*12*"

Page 7, line 10, delete "*(7)*" and insert "*(6)*"

Page 7, line 14, delete "*(8)*" and insert "*(7)*"

Page 7, line 18, delete "*(9)*" and insert "*(8)*"

Page 7, after line 20, insert:

"*(9) New Brighton Boulevard from its intersection with marked Interstate Highway No. 35W to its intersection with Broadway Street Northeast, in the city of Minneapolis.*"

Page 7, line 32, delete "*Interstate*" and insert "*Trunk*" and delete "*94*" and insert "*No. 101*"

Page 8, lines 9, 11, 15 and 30, delete "*14*" and insert "*12*"

Page 8, delete lines 19 to 26

Page 8, line 33, delete "*a*" and insert "*the*" and delete "*sections 1 to 14*" and insert "*section 9, subdivision 2, clause (10),*"

Page 9, line 1, delete "*14*" and insert "*12*"

Page 9, line 7, delete "*9*" and insert "*7*"

Page 9, line 12, delete "*14*" and insert "*12, or by reason of route description revisions required by the transfer*"

Page 9, line 13, delete "*11, subdivision 2 is*" and insert "*9, subdivisions 1 and 2 are*"

Page 9, line 14, delete "*13*" and insert "*11*" and delete "*11*" and insert "*9*"

Page 9, line 15, delete "subdivisions 1, 3 and 4" and insert "subdivision 3" and delete "10, 12, and 13," and insert "8, 10 and 11"

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2066: A bill for an act relating to the city of Redwood Falls; authorizing the city to exercise development and redevelopment powers.

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

Page 1, delete lines 6 to 10 and insert:

"Section 1. [REDWOOD FALLS; RURAL DEVELOPMENT FINANCING AUTHORITY POWERS.]

*The city of Redwood Falls may exercise the same powers as a rural development financing authority established under Minnesota Statutes, section 362A.01, or other law. The city may exercise all the powers relating to the rural development financing authority granted to a county by Minnesota Statutes, chapter 362A, or other law.*

Sec. 2. [REDWOOD FALLS; PORT AUTHORITY POWERS.]

*The city of Redwood Falls may exercise the same powers as a port authority established under Minnesota Statutes, section 458.09, or other law. The city may exercise all the powers relating to the port authority granted to a city by Minnesota Statutes, chapter 458, or other law. The port authority commission may issue general obligation bonds in the same manner as provided under Minnesota Statutes, section 458.193, except that no election shall be required to authorize their issuance except as provided in section 3.*

Sec. 3. [GENERAL OBLIGATION BONDS; REFERENDUM ON PETITION.]

*Before the issuance of the bonds authorized in section 2, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the bonds, and if within ten days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds, signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election.*

Sec. 4. [REDWOOD FALLS; HOUSING AND REDEVELOPMENT AUTHORITY POWERS.]

*The city of Redwood Falls may exercise the same powers as a municipal housing and redevelopment authority established under Minnesota Statutes, section 462.425, or other law. The city may exercise all the powers relating to the municipal housing and redevelopment authority granted to a city by Minnesota Statutes, chapter 462, or other law."*

Page 1, line 11, delete everything before "The" and insert:

"Sec. 5. [REDWOOD FALLS; DEVELOPMENT AND REDEVELOPMENT POWERS.]"

Page 1, line 20, before the first "The" insert "Notwithstanding any contrary provision of law or city charter," and delete "this section" and insert "sections 1 to 5"

Page 2, line 2, delete "Section 1" and insert "This act"

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 1473: A bill for an act relating to transportation; advertising devices; authorizing advertising on certain telephone booths; amending Minnesota Statutes 1984, section 160.27, subdivision 3.

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

Page 1, line 14, after "city" insert "or town"

Page 1, line 19, delete everything after the first "city" and insert "or town."

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

Mr. Purfeerst from the Committee on Transportation, to which was referred

S.F. No. 2144: A bill for an act relating to transportation; railroads; permitting transportation regulation board to approve certain rate changes and applications for track abandonment or discontinuance of service in certain cases without a public hearing; amending Minnesota Statutes 1984, section 221.041, subdivision 1; Minnesota Statutes 1985 Supplement, sections 219.741; and 219.85.

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

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1984, section 174A.02, subdivision 4, is amended to read:

Subd. 4. [HEARING UPON PETITIONS HEARINGS; NOTICE.] With respect to those matters within its jurisdiction the board shall receive, hear and determine ~~within six months~~ all petitions filed with it in accordance with the procedures established by law and may hold hearings and make determinations upon its own motion to the same extent, and in every instance, in which it may do so upon petition. Upon receiving petitions filed pursuant to sections 221.061, 221.081, 221.121, subdivision 1, 221.151, 221.296, and

221.55, the board shall give notice of the filing of the petition to representatives of associations or other interested groups or persons who have registered their names with the board for that purpose and to whomever the board deems to be interested in the petition. The board may grant or deny the request of the petition 30 days after notice of the filing has been fully given. If the board receives a written objection and notice of intent to appear at a hearing to object to the petition from any person within 20 days of the notice having been fully given, the request of the petition shall be granted or denied only after a contested case hearing has been conducted on the petition, unless the objection is withdrawn prior to the hearing. The board may elect to hold a contested case hearing if no objections to the petition are received. If a timely objection is not received, or if received and withdrawn, and the request of the petition is denied without hearing, the petitioner may request within 30 days of receiving the notice of denial, and shall be granted, a contested case hearing on the petition.

Sec. 2. Minnesota Statutes 1984, section 216A.05, subdivision 5, is amended to read:

Subd. 5. [HEARINGS UPON PETITIONS.] With respect to those matters within its jurisdiction the commission shall receive, hear and determine all petitions filed with it in accordance with the rules of practice and procedure promulgated by the commission, and may investigate, hold hearings and make determinations upon its own motion to the same extent, and in every instance, in which it may do so upon petition. Upon receiving petitions filed pursuant to sections 221.061, 221.081, 221.121, subdivision 1, 221.151, 221.296, and 221.55, the commission shall give notice of the filing of the petition to representatives of associations or other interested groups or persons who have registered their names with the executive secretary for that purpose and to whomever he deems to be interested in the petition. The commission may grant or deny the request of the petition 30 days after notice of the filing has been fully given. If the commission receives a written objection and a notice of intent to appear at a hearing to object to the petition from any person within 20 days of the notice having been fully given, the request of the petition shall be granted or denied only after a contested case hearing has been conducted on the petition, unless the objection is withdrawn prior to the hearing. The commission may elect to hold a contested case hearing if no objections to the petition are received. If a timely objection is not received, or if received and withdrawn, and the request of the petition is denied without hearing, the petitioner may request within 30 days of receiving the notice of denial, and shall be granted, a contested case hearing on the petition.

Sec. 3. Minnesota Statutes 1985 Supplement, section 219.47, subdivision 1, is amended to read:

Subdivision 1. [PERMANENT.] The board, upon application made, after a thorough investigation and hearing in any particular case, may permit a common carrier, person, or corporation to which sections 219.45 to 219.53 apply, to erect an overhead or side obstruction closer to the track than provided for in section 219.46, to construct track at less clearance than provided for in section 219.46, and to reconstruct and maintain them when in the judgment of the commissioner compliance with the clearance prescribed in section 219.46 is unreasonable or unnecessary or the erection or construction of the overhead or side obstruction or tracks or the reconstruction and main-

tenance of them at less clearance than provided in section 219.46 will not create a condition unduly hazardous to the employees of that common carrier, person, or corporation. *Before taking final action on the application, the board need conduct only those hearings or other proceedings as it finds necessary for the resolution of the material issues raised by the application.*"

Page 3, after line 28, insert:

"Sec. 7. Minnesota Statutes 1984, section 221.291, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION OF HAZARDOUS MATERIALS.] A person who ships, transports, or offers for transportation hazardous waste or hazardous material in violation of a provision of this chapter or a rule or order of the commissioner or board adopted or issued under this chapter which specifically applies to the transportation of hazardous material or hazardous waste is guilty of a misdemeanor and upon conviction ~~shall~~ *may* be fined ~~not less than~~ *up to* the maximum fine which may be imposed for a misdemeanor for each violation."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "clarifying procedures in certain contested matters brought before the transportation regulation board; permitting the transportation regulation board to grant clearance variances without evidentiary hearings in certain cases;"

Page 1, line 6, after the semicolon, insert "providing a maximum fine for motor carrier violations involving transportation of hazardous materials;"

Page 1, line 7, delete "section" and insert "sections 174A.02, subdivision 4; 216A.05, subdivision 5;" and before "Minnesota" insert "221.291, subdivision 3;"

Page 1, line 8, after "sections" insert "219.47, subdivision 1;"

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

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1861: A bill for an act relating to education; appropriating money to the department of education for grants to the Little Crow Regional Tele-Network.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2099: A bill for an act relating to taxation; gasoline; abolishing the credit for agricultural alcohol gasoline; repealing Minnesota Statutes 1985 Supplement, sections 296.01, subdivision 24; and 296.022, subdivisions 7 and 8.

Reports the same back with the recommendation that the bill be re-referred

to the Committee on Taxes and Tax Laws without recommendation. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was re-referred

S.F. No. 912: A bill for an act relating to human services; providing state hospital revolving fund for chemical dependency; creating a consolidated fund for payment of chemical dependency treatment; appropriating money to counties for treatment; providing for client eligibility, vendor eligibility, and state collections; providing for American Indian special funding; removing chemical dependency treatment from medical assistance, general assistance medical care, and general assistance funding; amending Minnesota Statutes 1984, sections 246.04; 246.18; 246.23; 246.50, by adding a subdivision; 246.51, subdivision 1; 246.54; 256B.02, subdivision 8; 256B.70; and 256D.03, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 246; and proposing coding for new law as Minnesota Statutes, chapter 254B.

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 1984, section 246.04, is amended to read:

246.04 [BOOKS AND ACCOUNTS.]

The commissioner of human services shall keep at his office a proper and complete system of books and accounts with each institution, showing every expenditure authorized and made therefor. Such books shall contain a separate account of each extraordinary or special appropriation made by the legislature, with every item of expenditure therefrom. *The commissioner shall maintain a separate fund for all chemical dependency appropriations that will provide for an ascertainable review of receipts and expenditures under section 246.18, subdivision 2.*

Sec. 2. Minnesota Statutes 1984, section 246.18, is amended to read:

246.18 [DISPOSAL OF FUNDS.]

*Subdivision 1. [GENERALLY.] Except as provided in subdivision 2, every officer and employee of the several institutions under the jurisdiction of the commissioner of human services shall pay to the accounting officer thereof any funds in his hands belonging to the institution. Every accounting officer, at the close of each month or oftener, shall forward to the commissioner of human services a statement of the amount and sources of all moneys received. On receipt of such statement, the commissioner shall transmit the same to the commissioner of finance, who shall deliver to the state treasurer a draft upon the accounting officer for the same specifying the funds to which it is to be credited. Upon payment of such draft, the amount shall be so credited.*

*Subd. 2. [CHEMICAL DEPENDENCY FUND.] Money received by a chemical dependency treatment facility operated by a hospital or nursing home under the jurisdiction of the commissioner of human services must be*

*deposited in the state treasury and credited to a chemical dependency fund. Money in the chemical dependency fund is appropriated to the commissioner to operate chemical dependency programs.*

*Subd. 3. [CHEMICAL DEPENDENCY ACCOUNTS.] The commissioner of finance shall provide accounting procedures for separate interest bearing chemical dependency accounts within the chemical dependency fund for each state facility providing chemical dependency services that will allow money to be readily available to finance chemical dependency programs. After June 30, 1992, the commissioner must not allocate money to a state facility for chemical dependency programs in excess of the amount of deposits of money received by the facility and deposited in the facility's chemical dependency account without the approval of the governor after consultation with the legislative advisory commission, except that before June 30, 1992, the commissioner may transfer or supplement funds in chemical dependency accounts to cover any revenue shortfall in a particular state hospital chemical dependency program. Twenty percent of the money in the chemical dependency fund that was reappropriated from the state hospital account must be transferred to the state hospitals' chemical dependency accounts on a pro rata basis as an advance payment for chemical dependency services to be delivered under sections 8 to 16.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 246.23, is amended to read:

246.23 [PERSONS ADMISSIBLE TO STATE HOSPITALS.]

*No person who has not a settlement in a county, as defined in section 256D.18, shall be admitted to a state hospital for persons with mental illness, mental retardation, or chemical dependency, except that the commissioner of human services may authorize admission thereto when the residence cannot be ascertained, or when the circumstances in his judgment make it advisable. Except for emergency admissions under sections 253B.05 and 253B.11, or when authorized by the commissioner, a chemical dependency program must not admit a chemically dependent person unless the cost of services will be paid for by private money or nongovernmental third-party payments, the person has been placed by a county or a federally recognized tribal unit that is responsible for payment, or the hospital obtains approval of the admission from the county financially responsible for the person. The commissioner shall maintain and enhance cooperative and effective relationships between counties and state hospitals and between the various state hospital chemical dependency programs. In carrying out this responsibility the commissioner shall maintain a regionally based system of chemical dependency programs. When application is made to a judge of probate for admission to any of the state hospitals above named for admission thereto, if he finds that the person for whom application is made has not such residence, or that his residence cannot be ascertained, he shall so report to the commissioner; and he may recommend that such person be admitted notwithstanding, giving his reasons therefor. The commissioner of human services shall thereupon investigate the question of residence and, if he finds that such person has not such residence and has a legal residence in another state or country, he may cause him to be returned thereto at the expense of this state.*

Sec. 4. Minnesota Statutes 1984, section 246.50, is amended by adding a



subdivision to read:

*Subd. 9. "Chemical dependency programs" means all planned services for chemically dependent persons provided by the commissioner in a specific state hospital, the chemical dependency unit operated by the Ah-Gwah-Ching nursing home, and diagnostic evaluation, prevention, referral, outpatient, or aftercare services developed as part of licensed residential or nonresidential chemical dependency treatment programs.*

Sec. 5. Minnesota Statutes 1984, section 246.51, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURES.] The commissioner shall make investigation as necessary to determine, and as circumstances require redetermine, what part of the cost of care, if any, the patient is able to pay. If the patient is unable to pay the full cost of care the commissioner shall make a determination as to the ability of the relatives to pay. The patient or relatives or both shall provide the commissioner documents and proofs necessary to determine their ability to pay. Failure to provide the commissioner with sufficient information to determine ability to pay may make the patient or relatives, both, liable for the full *per capita* cost of care until the time when sufficient information is provided. No parent shall be liable for the cost of care given a patient at a state hospital after the patient has reached the age of 18 years. The commissioner's determination shall be conclusive in any action to enforce payment of the cost of care unless appealed from as provided in section 246.55. All money received, *except for chemical dependency receipts*, shall be paid to the state treasurer and placed in the general fund of the state and a separate account kept of it. Responsibility under this section shall not apply to those relatives having gross earnings of less than \$11,000 per year.

Sec. 6. Minnesota Statutes 1985 Supplement, section 246.54, is amended to read:

246.54 [LIABILITY OF COUNTY; REIMBURSEMENT.]

*Except for chemical dependency services provided under sections 8 to 16, the patient's or resident's county shall pay to the state of Minnesota a portion of the cost of care provided in a state hospital to a patient or resident legally settled in that county. A county's payment shall be made from the county's own sources of revenue and payments shall be paid as follows: payments to the state from the county shall equal ten percent of the per capita rate, as determined by the commissioner, for each day, or the portion thereof, that the patient or resident spends at a state hospital. If payments received by the state under sections 246.50 to 246.53 exceed 90 percent of the per capita rate, the county shall be responsible for paying the state only the remaining amount. The county shall not be entitled to reimbursement from the patient or resident, the patient's or resident's estate, or from the patient's or resident's relatives, except as provided in section 246.53. No such payments shall be made for any patient or resident who was last committed prior to July 1, 1947.*

Sec. 7. [246.64] [CHEMICAL DEPENDENCY SERVICE AGREEMENTS.]

*Subdivision 1. [CHEMICAL DEPENDENCY RATES.] Notwithstanding*

sections 246.50, subdivision 5; 246.511; and 251.011, the commissioner shall establish separate rates for each chemical dependency service operated by the commissioner and may establish separate rates for each service component within the program by establishing fees for services or different per diem rates for each separate chemical dependency unit within the program based on actual costs attributable to the service or unit. The rate must allocate the cost of all anticipated maintenance, treatment, and expenses including depreciation of buildings and equipment, interest paid on bonds issued for capital improvements for chemical dependency programs, reimbursement and other indirect costs related to the operation of chemical dependency programs other than that paid from the Minnesota state building fund, and losses due to bad debt. The rate must not include allocations of chaplaincy, patient advocacy, or quality assurance costs that are not required for chemical dependency licensure by the commissioner or certification for chemical dependency by the Joint Commission on Accreditation of Hospitals. Notwithstanding any other law, the commissioner shall treat these costs as nonhospital department expenses.

*Subd. 2. [DEPRECIATION COLLECTIONS.]* Beginning July 1, 1987, depreciation collected under subdivision 1 must be credited to the general fund and principal and interest on the bonded debt collected under subdivision 1 must be deposited in the state bond fund.

*Subd. 3. [RESPONSIBILITIES OF COMMISSIONER.]* The commissioner shall credit all receipts from billings for rates set in subdivision 1, except those credited according to subdivision 2, to the chemical dependency fund. This money must not be used for a hospital activity that is not a chemical dependency service or an allocation of expenditures that are included in the base for computation of the rates under subdivision 1. The commissioner may expand chemical dependency services so long as expenditures are recovered by patient fees, transfer of funds, or supplementary appropriations. The commissioner may expand or reduce chemical dependency staff complement as long as expenditures are recovered by patient fees, transfer of funds, or supplementary appropriations. An increase or decrease in chemical dependency staff shall not result in an increase or decrease in staff in any facility or unit not providing chemical dependency services. Notwithstanding chapters 176 and 268, the commissioner shall provide for the self-insurance of state hospital chemical dependency programs for the costs of unemployment compensation and workers' compensation claims. The commissioner shall provide a biennial report to the chairs of the senate finance subcommittee on health and human services, the house of representatives health and human services division of appropriations, and the senate and house of representatives health and human services committees.

*Subd. 4. [TRADE SECRET INFORMATION.]* Notwithstanding any law to the contrary, data concerning matters affecting the competitive position of the chemical dependency programs is "trade secret information" for purposes of classification under section 13.37, subdivision 2.

**Sec. 8. [254B.01] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.]* The definitions in this section apply to sections 8 to 20.

*Subd. 2. [AMERICAN INDIAN.]* For purposes of services provided under

section 16, subdivision 7; "American Indian" means a person who is a member of an Indian tribe, and the commissioner shall use the definitions of "Indian" and "Indian tribe" and "Indian organization" provided in Public Law Number 93-638. For purposes of services provided under section 16, subdivision 4, "American Indian" means a resident of federally recognized tribal lands who is recognized as an Indian person by the federally recognized tribal governing body.

*Subd. 3. [CHEMICAL DEPENDENCY SERVICES.] "Chemical dependency services" means a planned program of care for the treatment of chemical dependency or chemical abuse to minimize or prevent further chemical abuse by the person. Diagnostic, evaluation, prevention, referral, detoxification, and aftercare services that are not part of a program of care licensable as a residential or nonresidential chemical dependency treatment program are not chemical dependency services for purposes of this section.*

*Subd. 4. [COMMISSIONER.] Unless otherwise indicated, "commissioner" means the commissioner of human services.*

*Subd. 5. [LOCAL AGENCY.] "Local agency" means the agency designated by a board of county commissioners or a human services board to make placements and submit state invoices according to sections 8 to 20.*

*Subd. 6. [LOCAL MONEY.] "Local money" means county levies, community social services block grants, federal social services money, or other money that may be spent at county discretion to provide chemical dependency services eligible for payment according to sections 8 to 20.*

**Sec. 9. [254B.02] [CHEMICAL DEPENDENCY ALLOCATION PROCESS.]**

*Subdivision 1. [CHEMICAL DEPENDENCY TREATMENT ALLOCATION.] The commissioner shall annually divide the money available in the chemical dependency fund that is not held in reserve by counties from a previous allocation. Twelve percent of the money must be reserved for treatment of American Indians by eligible vendors under section 12. The remainder of the money must be allocated among the counties according to the following formula, using state demographer data and other data sources determined by the commissioner:*

*(a) The county non-Indian and-over age 14 per capita-months of eligibility for aid to families with dependent children, general assistance, and medical assistance is divided by the total state non-Indian and over age 14 per capita-months of eligibility to determine the caseload factor for each county.*

*(b) The average median family income for the previous three years for the state is divided by the average median family income for the previous three years for each county to determine the income factor.*

*(c) The non-Indian and over age 14 population of the county is multiplied by the sum of the income factor and the caseload factor to determine the adjusted population.*

*(d) \$15,000 shall be allocated to each county.*

*(e) The remaining funds shall be allocated proportional to the county adjusted population.*

*Subd. 2. [COUNTY ADJUSTMENT; MAXIMUM ALLOCATION.] The commissioner shall determine the state money used by each county in fiscal year 1986, using all state data sources. If available records do not provide specific chemical dependency expenditures for every county, the commissioner shall determine the amount of state money using estimates based on available data. In state fiscal year 1988, a county must not be allocated more than 150 percent of the state money spent by or on behalf of the county for chemical dependency treatment services eligible for payment under section 12. The allocation maximums must be increased by 25 percent each year. After fiscal year 1992, there must be no allocation maximum. The commissioner shall reallocate the excess over the maximum to counties allocated less than the fiscal year 1986 state money, using the following process:*

*(a) The allocation is divided by 1985 state expenditures to determine percentage of prior expenditure, and counties are ranked by percentage of prior expenditure.*

*(b) The allocation of the lowest ranked county is raised to the same percentage of prior expenditure as the second lowest ranked county. The allocation of these two counties is then raised to the percentage of prior expenditures of the third lowest ranked county.*

*(c) The operations under paragraph (b) are repeated with each county by ranking until the money in excess of the allocation maximum has been allocated.*

*Subd. 3. [RESERVE ACCOUNT.] The commissioner shall allocate money from the reserve account to counties that, during the current fiscal year, have met or exceeded the base level of expenditures for eligible chemical dependency services from local money. The commissioner shall establish the base level for fiscal year 1988 as the amount of local money used for eligible services in calendar year 1986. In later years, the base level must be increased in the same proportion as state appropriations to implement sections 8 to 20 are increased. The base level must not be decreased if appropriations are decreased in later years. The local match rate for the reserve account is the same rate as applied to the initial allocation. Reserve account payments must not be included when calculating the county adjustments made according to subdivision 2.*

*Subd. 4. [ALLOCATION SPENDING LIMITS.] Money allocated according to subdivision 1 and section 16, subdivision 4, is available for payments for up to two years. The commissioner shall deduct payments from the most recent year allocation in which money is available. Allocations under this section that are not used within two years must be reallocated to the reserve account for payments under subdivision 3. Allocations under section 16, subdivision 4, that are not used within two years must be reallocated for payments under section 16, subdivision 5.*

*Subd. 5. [ADMINISTRATIVE ADJUSTMENT.] The commissioner may make payments to local agencies from money allocated under this section to support administrative activities under sections 10 and 11. The administrative payment must not exceed five percent of the first \$50,000, four percent of the next \$50,000, and three percent of the remaining county allocation and must not be paid if the level of expenditures indicates that the allocation for the year will be exhausted by payments for services from the allocation.*

Twenty-five percent of the administrative allowance shall be advanced at the beginning of each year and remaining payments must be made under this section at the end of each quarter from any unspent allocation for that year.

**Sec. 10. [254B.03] [RESPONSIBILITY TO PROVIDE CHEMICAL DEPENDENCY TREATMENT.]**

*Subdivision 1. [LOCAL AGENCY DUTIES.] (a) Every local agency shall provide chemical dependency services to persons residing within its jurisdiction who meet criteria established by the commissioner for placement in a chemical dependency residential or nonresidential treatment service. Chemical dependency money must be administered by the local agencies according to law and rules adopted by the commissioner under sections 14.01 to 14.69.*

*(b) In order to contain costs, the county board shall, with the approval of the commissioner of human services, select eligible vendors of chemical dependency services who can provide economical care. Unless the local agency is a social services department directly administered by a county or human services board, the local agency shall not be an eligible vendor under section 12. The commissioner may approve proposals from county boards to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. If a county implements a demonstration or experimental medical services funding plan, the commissioner shall transfer the money as appropriate.*

*Subd. 2. [CHEMICAL DEPENDENCY SERVICES.] (a) Payment from the chemical dependency fund is limited to payments for services other than detoxification that, if located outside of federally recognized tribal lands, would be required to be licensed by the commissioner as a residential or nonresidential treatment program under sections 245.781 to 245.812. Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245.791. Vendors receiving payments from the chemical dependency fund must not require copayment from a recipient of benefits for services provided under this subdivision.*

*(b) A county may, from its own resources, provide chemical dependency services for which state payments are not made.*

*(c) The commissioner shall coordinate chemical dependency services and determine whether there is a need for any proposed expansion of chemical dependency treatment services. The commissioner shall deny vendor certification to any provider that has not received prior approval from the commissioner for the creation of new programs or the expansion of existing program capacity. The commissioner shall consider the provider's capacity to obtain clients from outside the state based on plans, agreements, and previous utilization history, when determining the need for new treatment services.*

*Subd. 3. [LOCAL AGENCIES TO PAY STATE FOR COUNTY SHARE.] Local agencies shall submit invoices to the state on forms supplied by the commissioner and according to procedures established by the commissioner. Local agencies shall pay the state for the county share of the invoiced services.*

*Subd. 4. [DIVISION OF COSTS.] The county shall, out of local money, reimburse the state for 15 percent of the cost of chemical dependency serv-*

ices costs paid by the state under this section. Counties may use the indigent hospitalization levy for treatment and hospital payments made under this section. Fifteen percent of any state collections from private or third-party pay must be distributed to the county that paid for the treatment under this section. If all funds allocated according to section 9 are exhausted by a county and the county has met or exceeded the base level of expenditures under section 9, subdivision 3, the county shall reimburse the state for 15 percent of the costs paid by the state under this section. The commissioner may refuse to pay state funds for services to persons not eligible under section 11, subdivision 1, if the commissioner determines that funds will otherwise not be available for persons who are entitled to chemical dependency fund services.

*Subd. 5. [RULES; APPEAL.] The commissioner shall adopt rules as necessary to implement sections 8 to 20. The commissioner shall establish an appeals process for use by vendors or recipients when services certified by the county are disputed. The commissioner may adopt rules and standards for the appeal process to assure adequate redress for persons referred to inappropriate services.*

*Subd. 6. [PILOT PROJECTS.] The commissioner may transfer funds for chemical dependency services from the general fund appropriations for the general assistance, general assistance medical care, and medical assistance programs for pilot projects to design and test procedures needed to implement this legislation. The commissioner shall exempt funds from these sources that are used in pilot projects from relevant provisions of state laws and rules governing the use of these funds. The commissioner may make grants and contracts for this purpose, and the provisions of chapter 14 shall not apply to the procedures and criteria used to implement pilot projects.*

*Subd. 7. [COMMISSIONER REVIEW; COMPLAINTS.] The commissioner shall:*

*(1) provide training and assistance to counties on procedures for processing placements and making payments;*

*(2) visit facilities and review records as necessary to determine compliance with procedures established by law and rule;*

*(3) take complaints from vendors and recipients and investigate county placement activities as needed to determine compliance with law and rule.*

*Counties and vendors shall make regular reports as required by the commissioner to facilitate commissioner review.*

*Subd. 8. [REPORT TO LEGISLATURE.] The commissioner shall report to the legislature each biennium beginning in 1989 on chemical dependency services provided and expenditures made, and shall make recommendations regarding funding levels and new legislation.*

**Sec. 11. [254B.04] [ELIGIBILITY FOR CHEMICAL DEPENDENCY FUND SERVICES.]**

*Subdivision 1. [ELIGIBILITY.] Persons eligible for benefits under sections 256D.01 to 256D.21 and persons eligible for federal health care benefits under section 256B.06 are entitled to chemical dependency fund services.*

*Subd. 2. [AMOUNT OF CONTRIBUTION.] The commissioner shall adopt a sliding fee scale to determine the amount of contribution to be required from persons whose income and nonexempt property are greater than the standard of assistance under sections 256B.06 and 256D.01 to 256D.21. The commissioner may adopt an existing fee scale from another assistance program or from the state facilities by publication in the state register. The fee scale must not provide assistance to persons whose income is more than 115 percent of the state median income. Payments of liabilities under this section are medical expenses for purposes of determining spend-down under sections 256B.06 and 256D.01 to 256D.21.*

**Sec. 12. [254B.05] [VENDOR ELIGIBILITY.]**

*Programs licensed by the commissioner are eligible vendors. Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245.791. American Indian programs that, if located outside of federally recognized tribal lands, would be required to be licensed to provide chemical dependency primary treatment, extended care, transitional residence, or outpatient treatment services, are eligible vendors. Detoxification programs are not eligible vendors. Programs that, if located outside of federally recognized tribal lands, would not be licensed as a chemical dependency residential or nonresidential treatment program under sections 245.781 to 245.812 are not eligible vendors. To be eligible for payment under the Consolidated Chemical Dependency Treatment Fund, a vendor must participate in the Drug and Alcohol Abuse Normative Evaluation System or a comparable system determined by the commissioner.*

**Sec. 13. [254B.06] [REIMBURSEMENT; PAYMENT; DENIAL.]**

*Subdivision 1. [STATE COLLECTIONS.] The commissioner is responsible for all collections from persons determined to be partially responsible for the cost of care of an eligible person receiving services under sections 8 to 20. The commissioner may collect all third-party payments for chemical dependency services provided under sections 8 to 20, including private insurance and federal medicaid and medicare financial participation. The commissioner shall deposit in the general fund a percentage of collections to pay for the cost of billing and collections. The remaining receipts must be deposited in the chemical dependency fund.*

*Subd. 2. [ALLOCATION OF COLLECTIONS.] The commissioner shall allocate all federal financial participation collections to the reserve fund under section 9, subdivision 3. The commissioner shall retain 85 percent of patient payments and third-party payments and allocate the collections to the treatment allocation for the county that is financially responsible for the person. Fifteen percent of patient and third-party payments must be paid to the county financially responsible for the patient. Collections for patient payment and third-party payment for services provided under section 16 shall be allocated to the allocation of the tribal unit which placed the person. Collections of federal financial participation for services provided under section 16 shall be allocated to the tribal reserve account under section 16, subdivision 5.*

*Subd. 3. [PAYMENT; DENIAL.] The commissioner shall pay eligible vendors for placements made by local agencies under section 10, subdivision 1, and placements by tribal-designated agencies according to section 16. The*

*commissioner may reduce or deny payment of the state share when services are not provided according to the placement criteria established by the commissioner. The commissioner may pay for all or a portion of improper county chemical dependency placements and bill the county for the entire payment made when the placement did not comply with criteria established by the commissioner.*

Sec. 14. [254B.07] [THIRD-PARTY LIABILITY.]

*The state agency provision and payment of, or liability for, chemical dependency medical care is the same as in section 256B.042.*

Sec. 15. [254B.08] [FEDERAL WAIVERS.]

*The commissioner shall apply for any federal waivers necessary to secure, to the extent allowed by law, federal financial participation for the provision of services to persons who need chemical dependency services. The commissioner may seek amendments to the waivers or apply for additional waivers to contain costs. The commissioner shall ensure that payment for the cost of providing chemical dependency services under the federal waiver plan does not exceed the cost of chemical dependency services that would have been provided without the waived services.*

Sec. 16. [254B.09] [INDIAN RESERVATION ALLOCATION OF CHEMICAL DEPENDENCY FUND.]

*Subdivision 1. [AMERICAN INDIAN CHEMICAL DEPENDENCY ACCOUNT.] The commissioner shall pay eligible vendors for chemical dependency services to American Indians on the same basis as other payments, except that no local match is required when an invoice is submitted by the governing authority of a federally recognized American Indian tribal body on behalf of a current resident of the reservation under this section.*

*Subd. 2. [AMERICAN INDIAN AGREEMENTS.] The commissioner may enter into agreements with federally recognized tribal units to pay for chemical dependency treatment services provided under sections 8 to 20. The agreements must require the governing body of the tribal unit to fulfill all county responsibilities regarding the form and manner of invoicing, and provide that only invoices for eligible vendors according to section 12 will be included in invoices sent to the commissioner for payment, to the extent that money allocated under subdivision 3 is used.*

*Subd. 3. [TRIBAL NONPARTICIPATION.] If a federally recognized tribal governing body has not entered into an agreement under subdivision 2 or cancels the agreement, money must be reallocated to the account established by subdivision 5.*

*Subd. 4. [TRIBAL ALLOCATION.] Forty-two and one-half percent of the American Indian chemical dependency account must be allocated to the federally recognized American Indian tribal governing bodies that have entered into an agreement under subdivision 2 as follows: \$10,000 must be allocated to each governing body and the remainder must be allocated in direct proportion to the population of the reservation according to the most recently available estimates from the federal Bureau of Indian Affairs.*

*Subd. 5. [TRIBAL RESERVE ACCOUNT.] The commissioner shall reserve 7.5 percent of the American Indian chemical dependency account.*



*The reserve must be allocated to those tribal units that have used all money allocated under subdivision 4 according to agreements made under subdivision 2. An American Indian tribal governing body may receive not more than 30 percent of the reserve account in a year. Money must be allocated as invoices are received.*

*Subd. 6. [AMERICAN INDIAN TRIBAL PLACEMENTS.] After entering into an agreement under subdivision 2, the governing authority of each reservation may submit invoices to the state for the cost of providing chemical dependency services to residents of the reservation according to the placement regulations governing county placements, except that local match requirements are waived. The governing body may designate an agency to act on its behalf to provide placement services and manage invoices by written notice to the commissioner and evidence of agreement by the agency designated.*

*Subd. 7. [NONRESERVATION INDIAN ACCOUNT.] Fifty percent of the American Indian chemical dependency allocation must be held in reserve by the commissioner in an account for treatment of Indians not residing on lands of a reservation receiving money under subdivision 4. This money must be used to pay for services certified by county invoice to have been provided to an American Indian eligible recipient. Money allocated under this subdivision may be used for payments on behalf of American Indian county residents only if, in addition to other placement standards, the county certifies that the placement was appropriate to the cultural orientation of the client.*

Sec. 17. Minnesota Statutes 1985 Supplement, section 256B.02, subdivision 8, is amended to read:

Subd. 8. [MEDICAL ASSISTANCE; MEDICAL CARE.] "Medical assistance" or "medical care" means payment of part or all of the cost of the following care and services for eligible individuals whose income and resources are insufficient to meet all of this cost:

(1) Inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries. The commissioner shall publish in the State Register a proposed list of elective surgeries that require a second medical opinion prior to reimbursement. The list is not subject to the requirements of sections 14.01 to 14.70. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal;

(2) Skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 256B.50, subdivision 1, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562;

(3) Physicians' services;

(4) Outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the

clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section;

(5) Community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2;

(6) Home health care services;

(7) Private duty nursing services;

(8) Physical therapy and related services;

(9) Dental services, excluding cast metal restorations;

(10) Laboratory and X-ray services;

(11) The following if prescribed by a licensed practitioner: drugs, eye-glasses, dentures, and prosthetic devices. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over the counter

drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over the counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and his determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

The basis for determining the amount of payment shall be the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Establishment of this fee shall not be subject to the requirements of the administrative procedure act. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2.

Notwithstanding the above provisions, implementation of any change in the fixed dispensing fee which has not been subject to the administrative procedure act shall be limited to not more than 180 days, unless, during that time, the commissioner shall have initiated rulemaking through the administrative procedure act;

(12) Diagnostic, screening, and preventive services;

(13) Health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act;

(14) Abortion services, but only if one of the following conditions is met:

(a) The abortion is a medical necessity. "Medical necessity" means (1) the signed written statement of two physicians indicating the abortion is medically necessary to prevent the death of the mother, and (2) the patient has given her consent to the abortion in writing unless the patient is physically or legally incapable of providing informed consent to the procedure, in which case consent will be given as otherwise provided by law;

(b) The pregnancy is the result of criminal sexual conduct as defined in

section 609.342, clauses (c), (d), (e)(i), and (f), and the incident is reported within 48 hours after the incident occurs to a valid law enforcement agency for investigation, unless the victim is physically unable to report the criminal sexual conduct, in which case the report shall be made within 48 hours after the victim becomes physically able to report the criminal sexual conduct; or

(c) The pregnancy is the result of incest, but only if the incident and relative are reported to a valid law enforcement agency for investigation prior to the abortion;

(15) Transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory;

(16) To the extent authorized by rule of the state agency, costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care;

(17) Personal care attendant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care attendants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies; and

(18) Any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, *except licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under sections 8 to 20.*

Sec. 18. Minnesota Statutes 1984, section 256B.70, is amended to read:

256B.70 [DEMONSTRATION PROJECT WAIVER.]

Each hospital that participates as a provider in a demonstration project, established by the commissioner of human services to deliver medical assistance, *or chemical dependency services on a prepaid, capitation basis*, is exempt from the prospective payment system for inpatient hospital service during the period of its participation in that project.

Sec. 19. Minnesota Statutes 1985 Supplement, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) Reimbursement under the general assistance medical care program shall be limited to the following categories of service: inpatient hospital care, outpatient hospital care, services provided by medicare certified rehabilitation agencies, prescription drugs, equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level, eyeglasses and eye examinations provided by a physician or optometrist,

hearing aids, prosthetic devices, laboratory and X-ray services, physician's services, medical transportation, chiropractic services as covered under the medical assistance program, podiatric services, and dental care. In addition, payments of state aid shall be made for day treatment services provided by a mental health center established under sections 245.61 to 245.69, subdivision 1, and funded through chapter 256E and for prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization.

(b) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under section 256B.02, subdivision 8. The rates payable under this section must be calculated according to section 256.966, subdivision 2.

(c) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(d) Any county may, from its own resources, provide medical 5 payments for which state payments are not made.

*(e) Chemical dependency services that are reimbursed under sections 8 to 20 must not be reimbursed under general assistance medical care.*

Sec. 20. Minnesota Statutes 1984, section 256E.08, subdivision 7, is amended to read:

Subd. 7. [COUNTY OF FINANCIAL RESPONSIBILITY.] (a) Except as described in paragraphs (b) and (c), the county responsible for payment for community social services is the county in which the recipient of services resides at the time of application if the applicant is not in a facility described in section 256B.02, subdivision 2, or has never resided in this state other than in such a facility. If the applicant is in a facility described in section 256B.02 and has previously resided in this state without being in such a facility, then the county of financial responsibility is the county in which he or she resided immediately before entering the facility. The county of financial responsibility does not change as a result of referral or approval of referral for services to another county by the county of financial responsibility. 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. When there is a dispute as to the county of financial responsibility, the county providing or arranging for services shall pay for them pending final determination of the county of residence. Disputes concerning the county of financial responsibility shall be settled in the manner prescribed in section 256D.18, subdivision 4. When the county board providing the care or service is not the county of the minor's legal residence, it has a claim for recovery of costs upon the county where the minor has residence.

(b) The county of financial responsibility for detoxification services and chemical dependency emergency admissions is the county where the client is when the need for services is identified. If the client is a resident of a chemical dependency facility, paragraph (a) applies.

(c) The county of financial responsibility for social services for a person receiving aid to families with dependent children, general assistance, or

medical assistance is the county from which that person is receiving the aid or assistance.

Sec. 21. [APPROPRIATIONS.]

*Subdivision 1. [CHEMICAL DEPENDENCY FUND.] The general fund appropriations for the general assistance, general assistance medical care, and medical assistance programs are reduced by the amount attributable to chemical dependency services covered under sections 8 to 16 and this amount is reappropriated to the commissioner of human services for transfer to the chemical dependency fund.*

*The general fund appropriation for the state hospital account is reduced by the amount attributable to chemical dependency programs and this amount is reappropriated to the commissioner of human services for transfer to the chemical dependency fund. This amount must be increased by the amount of salary supplement funds allocated for chemical dependency services for each biennium.*

*Notwithstanding any other law, \$1,050,000 of the federal alcohol and drug block grant is appropriated to the commissioner of human services for the chemical dependency fund.*

*Subd. 2. [AMERICAN INDIAN GRANTS.] The general fund appropriation for chemical dependency services grants for American Indians is reduced by \$640,000 and reappropriated to the commissioner of human services for transfer to the chemical dependency services fund.*

Sec. 22. [EXEMPTION.]

*Medical assistance funding for all intermediate care facilities providing chemical dependency services on or before January 1, 1986, shall be exempted from the provisions of sections 8 to 20. The commissioner shall include in the biennial report required under section 10, subdivision 8, recommendations regarding the necessity for continuing this exception beyond July 1, 1989.*

Sec. 23. [SUNSET.]

*The new sections and subdivisions and amendments enacted by sections 1 to 22 are repealed July 1, 1987, unless adequate funding is made available to meet the cash-flow and capital needs of the state hospital chemical dependency units as determined by the commissioner in consultation with the chief executive officers of those units.*

Sec. 24. [EFFECTIVE DATE.]

*Section 10, subdivision 6, and section 15 are effective the day following final enactment. Sections 1 to 9; 10, subdivisions 1 to 5, 7, and 8; 11 to 14; and 16 to 23 are effective July 1, 1987."*

Delete the title and insert:

*"A bill for an act relating to human services; providing state hospital revolving fund for chemical dependency; creating a consolidated fund for payment of chemical dependency treatment; appropriating money to counties for treatment; providing for client eligibility, vendor eligibility, and state collections; providing for American Indian special funding; removing chem-*

ical dependency treatment from medical assistance, general assistance medical care, and general assistance funding; amending Minnesota Statutes 1984, sections 246.04; 246.18; 246.50, by adding a subdivision; 246.51, subdivision 1; 256B.70; and 256E.08, subdivision 7; amending Minnesota Statutes 1985 Supplement, sections 246.23; 246.54; 256B.02, subdivision 8; and 256D.03, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 246; and proposing coding for new law as Minnesota Statutes, chapter 254B."

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2173: A bill for an act relating to state lands; authorizing exchange of state property with Minnesota transportation museum property.

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

Page 1, line 16, after "*The*" insert "*commissioner may*" and delete "*must be*" and insert "*the property if the exchange is*"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1745: A bill for an act relating to state lands; authorizing sale of Pearl Lake lakeshore parcel in Stearns county.

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

Page 1, line 7, after "*94.09,*" insert "*94.10,*"

Page 1, line 9, delete "*declare as surplus*" and insert "*offer*"

Page 1, line 10, delete everything after "*Herges*"

Page 1, line 11, delete everything before "*before*"

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1886 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1886	1955				

Pursuant to Rule 49, the Committee on Rules and Administration recom-



mends that H.F. No. 1886 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1886 and insert the language after the enacting clause of S.F. No. 1955; further, delete the title of H.F. No. 1886 and insert the title of S.F. No. 1955.

And when so amended H.F. No. 1886 will be identical to S.F. No. 1955, and further recommends that H.F. No. 1886 be given its second reading and substituted for S.F. No. 1955, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1850 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1850	2006				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1850 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1850 and insert the language after the enacting clause of S.F. No. 2006, further, delete the title of H.F. No. 1850 and insert the title of S.F. No. 2006.

And when so amended H.F. No. 1850 will be identical to S.F. No. 2006, and further recommends that H.F. No. 1850 be given its second reading and substituted for S.F. No. 2006, 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. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred the following appointment as reported in the Journal for February 13, 1986:

**PUBLIC UTILITIES COMMISSION**  
Barbara Chapman

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

H.F. No. 1815: A bill for an act relating to taxation; real property; pre-

scribing requirements of the sales ratio study used by the state board of equalization; amending Minnesota Statutes 1984, section 270.12, subdivision 2.

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

Delete everything after the enacting clause and insert:

“ARTICLE I

INCOME TAX UPDATE

Section 1. Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] Except as otherwise provided in this chapter, the term “gross income,” as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source.

The term “gross income” in its application to individuals, estates, and trusts shall mean the adjusted gross income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in subdivisions 20a to 20f. For estates and trusts the adjusted gross income shall be their federal taxable income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in subdivisions 20a to 20f.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1980, and as amended by sections 302(b) and 501 to 509 of Public Law Number 97-34, shall be in effect for taxable years beginning after December 31, 1980 including the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, Public Law Number 96-223. The provisions of Public Law Number 96-471 (relating to installment sales) sections 122, 123, 126, 201, 202, 203, 204, 211, 213, 214, 251, 261, 264, 265, 311(g)(3), 313, 314(a)(1), 321(a), 501 to 507, 811, and 812 of the Economic Recovery Tax Act of 1981, Public Law Number 97-34 and section 113 of Public Law Number 97-119 shall be effective at the same time that they become effective for federal income tax purposes.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1981, shall be in effect for taxable years beginning after December 31, 1981. The provisions of sections 205(a), 214 to 222, 231, 232, 236, 247, 251, 252, 253, 265, 266, 285, 288, and 335 of the Tax Equity and Fiscal Responsibility Act of 1982, Public Law Number 97-248, section 6(b)(2) and (3) of the Subchapter S Revision Act of 1982, Public Law Number 97-354, section 517 of Public Law Number 97-424, sections 101(c) and (d), 102(a), (aa), (f)(4), (g), (j), (l), 103(c), 104(b)(3), 105, 305(d), 306(a)(9) of Public

Law Number 97-448, and sections 101 and 102 of Public Law Number 97-473 shall be effective at the same time that they become effective for federal income tax purposes. The Payment-in-Kind Tax Treatment Act of 1983, Public Law Number 98-4, shall be effective at the same time that it becomes effective for federal income tax purposes.

(iii) The Internal Revenue Code of 1954, as amended through January 15, 1983, shall be in effect for taxable years beginning after December 31, 1982.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1983, shall be in effect for taxable years beginning after December 31, 1983. The provisions of sections 13, 17, 25(b), 31, 32, 41 to 43, 52, 55, 56, 71 to 74, 77, 81, 82, 91, 92, 94, 101 to 103, 105 to 108, 111 to 113, 147(c), 171, 172, 174, 175, 179(a), 221, 223, 224, 421(b), 432, 481, 491, 512, 522 to 524, 554 to 557, 561, 611(a), 621 to 623, 626 to 628, 711(c), 712(d), 713(b), (e), (g), and (h), 721(a), (b); (d), (g), (i), (o), (p), (r), (t), and (w), 722(e), 1001, 1026, 1061 to 1064, 1066, 1076, 1078, and 2638(b) of the Deficit Reduction Act of 1984, Public Law Number 98-369, and section 1 of Public Law Number 98-611 shall be effective at the same time that they become effective for federal income tax purposes.

(v) The Internal Revenue Code of 1954, as amended through May 25, 1985, shall be in effect for taxable years beginning after December 31, 1984.

*The provisions of sections 101, 102, 103, 201, and 202 of Public Law Number 99-121 shall be effective at the same time that they become effective for federal income tax purposes.*

(vi) *The Internal Revenue Code of 1954, as amended through December 31, 1985, shall be in effect for taxable years beginning after December 31, 1985.*

References to the Internal Revenue Code of 1954 in subdivisions 20a, 20b, 20e, and 20f mean the code in effect for the purpose of defining gross income for the applicable taxable year.

Sec. 2. Minnesota Statutes 1985 Supplement, section 290.079, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT CONSTITUTING INTEREST.] For purposes of this chapter, in the case of any contract for the sale or exchange of property there shall be treated as interest that part of a payment to which section 483 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985, applies. The treatment of loans with below-market interest rates shall be the same as is provided in section 7872 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985.

Sec. 3. Minnesota Statutes 1985 Supplement, section 290.09, subdivision 7, is amended to read:

Subd. 7. [DEPRECIATION.] (A) [CUMULATIVE DEPRECIATION.] (a) There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence):

(1) of property used in the trade or business, or

(2) of property held for the production of income.

In the case of recovery property as provided in clause (c), the deduction allowable under clause (c) shall be deemed to constitute the reasonable allowance provided by this subdivision, except for the provisions of Part (B) relating to first year depreciation and except with respect to that portion of the basis of the property to which section 167(k) of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985, applies.

(b) The term "reasonable allowance" as used in clause (a) shall include (but shall not be limited to) an allowance computed in accordance with regulations prescribed by the commissioner, under any of the following methods:

(1) the straight line method.

(2) the declining balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the method described in paragraph (1).

(3) the sum of the years-digits method, and

(4) any other consistent method productive of an annual allowance, which, when added to all allowances for the period commencing with the taxpayer's use of the property and including the taxable year, does not, during the first two-thirds of the useful life of the property, exceed the total of such allowances which would have been used had such allowances been computed under the method described in (2). Nothing in this clause shall be construed to limit or reduce an allowance otherwise allowable under clause (a).

(c) For purposes of this subdivision "reasonable allowance" shall be the accelerated cost recovery system provisions of section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985, except as provided in this subdivision. In the case of recovery property within the meaning of section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985, the term "reasonable allowance" as used in clause (a) shall mean 85 percent of the deduction allowed pursuant to section 168 of the Internal Revenue Code of 1954 for property placed in service after December 31, 1980 and for taxable years beginning before January 1, 1982.

For taxable years beginning after December 31, 1981 the term reasonable allowance as used in clause (a) shall mean the following percent of the deduction allowed pursuant to section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985:

(1) For 3, 5 and 10 year property and for 15 year public utility property the allowable percentage is 83 percent and 80 percent for taxable years beginning after December 31, 1982.

(2) For 15 or, 18, or 19 year real property the allowable percentage is 60 percent.

For property placed in service after December 31, 1980 the term "reasonable allowance" as used in clause (a) shall mean 100 percent of the deduction allowed pursuant to section 168 of the Internal Revenue Code of 1954 where the taxpayer uses for federal income tax purposes the straight line method provided in section 168(b)(3), (f)(12), or (j)(1) or a method provided

in section 168(e)(2) of the Internal Revenue Code of 1954, as amended through December 31, ~~1984~~ 1985. For property placed in service after December 31, 1980 and for which the full amount of the deduction allowed under section 168 of the Internal Revenue Code of 1954, as amended through December 31, ~~1984~~ 1985 has been allowed, the remaining depreciable basis in those assets for Minnesota purposes shall be a depreciation allowance computed by using the straight line method over the following number of years:

- (1) 3 year property - 1 year.
- (2) 5 year property - 2 years.
- (3) 10 year property - 5 years.
- (4) All 15 ~~and~~, 18, ~~and~~ 19 year property - 7 years.

When an asset is exchanged for another asset including an involuntary conversion and under the provision of the Internal Revenue Code gain is not recognized in whole or in part on the exchange of the first asset, the basis of the second asset shall be the same as its federal basis provided that the difference in basis due to the limitations provided in this clause can be written off as provided in the preceding sentence.

After the full amount of the allowable deduction for that property under the provision of section 168 of the Internal Revenue Code of 1954, as amended through December 31, ~~1984~~ 1985, has been obtained, the remaining depreciable basis in those assets for Minnesota purposes that shall be allowed as a depreciation allowance as provided above shall include the amount of any basis reduction made for federal purposes under section 48(q) of the Internal Revenue Code, as amended through December 31, ~~1984~~ 1985, to reflect the investment tax credit. No amount shall be allowed as a deduction under section 196 of the Internal Revenue Code of 1954, as amended through December 31, ~~1984~~ 1985.

The provisions of section 168(i)(4) of the Internal Revenue Code of 1954, as amended through December 31, ~~1984~~ 1985 shall apply to restrict research credit carrybacks and net operating loss carrybacks which are allocable to elected qualified leased property, notwithstanding section 290.068, subdivision 3, or 290.095, subdivision 3.

The provisions of section 280F of the Internal Revenue Code of 1954, as amended through ~~May 25~~ December 31, 1985, shall apply to limit the depreciation deductions, (including the first year depreciation deduction provided in paragraph (B)), for luxury automobiles and other property as provided in that section, and provided that if that section applies, the taxpayer shall be allowed to deduct the same amount of depreciation as was deducted for federal income tax purposes.

(d) Paragraphs (2), (3), and (4) of clause (b) shall apply only in the case of property (other than intangible property) described in clause (a) with a useful life of three years or more.

(1) the construction, reconstruction, or erection of which is completed after December 31, 1958, and then only to that portion of the basis which is prop-

erly attributable to such construction, reconstruction, or erection after December 31, 1958, or

(2) acquired after December 31, 1958, if the original use of such property commenced with the taxpayer and commences after such date.

(e) Where, under rules prescribed by the commissioner, the taxpayer and the commissioner have, after June 30, 1959, entered into an agreement in writing specifically dealing with the useful life and rate of depreciation of any property, the rate so agreed upon shall be binding on both the taxpayer and the commissioner in the absence of facts or circumstances not taken into consideration in the adoption of such agreement. The responsibility of establishing the existence of such facts and circumstances shall rest with the party initiating the modification. Any change in the agreed rate and useful life specified in the agreement shall not be effective for taxable years before the taxable year in which notice in writing by certified mail is served by the party to the agreement initiating such change. This clause shall not apply with respect to recovery property as defined in clause (c).

(f) In the absence of an agreement under clause (e) containing a provision to the contrary, a taxpayer may at any time elect in accordance with rules prescribed by the commissioner to change from the method of depreciation prescribed in clause (b)(2) to the method described in clause (b)(1).

(g) The basis on which exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the adjusted basis provided in this chapter for the purpose of determining the gain on the sale or other disposition of such property.

(B) [FIRST YEAR DEPRECIATION.] The term "reasonable allowance" as used in this subdivision may, at the election of the taxpayer, include an amount as provided under section 179 of the Internal Revenue Code of 1954, as amended through December 31, ~~1984~~ 1985.

Sec. 4. Minnesota Statutes 1985 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal adjusted gross income as defined in the Internal Revenue Code;

(2) the taxpayer's federal tax preference items; less the sum of

(i) interest income as defined in section 290.01, subdivision 20b, clause (1); and

(ii) the amount of interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed qualified net investment income, as defined in section 55(e)(5) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income or amounts that are not allowable under section

55(e)(8) of the Internal Revenue Code.

In the case of an estate or trust, adjusted gross income must be modified as provided in section 55(e)(6)(B) of the Internal Revenue Code.

(b) "Federal tax preference items" means items as defined in sections 57, 58, and 443(d) of the Internal Revenue Code, modified as follows:

(1) The capital gain preference item shall be reduced where the gain would be modified because some or all of the assets have a higher basis for Minnesota purposes than for federal purposes.

(2) In the case of a nonresident individual, or an estate or trust, with a net operating loss that is a larger amount for Minnesota than for federal, the capital gain preference item shall be reduced to the extent it was reduced in the allowance of the net operating loss.

(3) Federal preference items from the business of mining or producing iron ore and other ores which are subject to the occupation tax and exempt from taxation under section 290.05, subdivision 1, shall not be a preference item for Minnesota.

(4) Other federal preference items to the extent not allowed in the computation of Minnesota gross income, as determined by the commissioner, are not preference items for Minnesota.

(c) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1984 1985.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section), reduced by the sum of the nonrefundable credits allowed under this chapter.

Sec. 5. Minnesota Statutes 1985 Supplement, section 290.132, subdivision 1, is amended to read:

Subdivision 1. [TAXABILITY OF CORPORATION ON DISTRIBUTION.] No gain or loss shall be recognized to a corporation on the distribution, with respect to its stock as provided in section 311 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985.

The effect on earnings and profits shall be determined according to the provisions of section 312 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985. However, when determining earnings and profits in section 312(f) and (g), the date December 31, 1932 shall be substituted for February 28, 1913, and January 1, 1933 shall be substituted for March 1, 1913.

Sec. 6. Minnesota Statutes 1985 Supplement, section 290.16, subdivision 7, is amended to read:

Subd. 7. [BONDS, OTHER EVIDENCES OF INDEBTEDNESS.] For the purpose of this section, the treatment of bonds and other debt instruments shall be governed by the provisions of sections 1271 to 1288 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985.

Sec. 7. Minnesota Statutes 1985 Supplement, section 290.16, subdivision 15, is amended to read:

Subd. 15. [GAIN FROM DISPOSITIONS OF CERTAIN DEPRECI-

ABLE PROPERTY.] For purposes of this subdivision "depreciable property" shall mean "Section 1245 property" or "Section 1245 recovery property" as those phrases are defined in section 1245(a) (3) or (5) of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985.

In determining net income of any corporate taxpayer, the gain realized from the disposition of "depreciable property" shall be treated in the same manner as is provided by section 1245 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985 and regulations adopted pursuant thereto except that the determination shall be made using the basis computed under this chapter.

Sec. 8. Minnesota Statutes 1985 Supplement, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through ~~May 25~~ December 31, 1985; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in section 290.01, subdivision 20a, clauses (1), (2), (3), and (4);

(ii) all nontaxable income;

(iii) recognized net long-term capital gains;

(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 benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits;

(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;

(xii) the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954; and

(xiii) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred



arrangement plan under section 401(k) of the Internal Revenue Code of 1954; or deferred compensation plan under section 457 of the Internal Revenue Code of 1954.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) surplus food or other relief in kind supplied by a governmental agency;

(d) relief granted under this chapter;

(e) child support payments received under a temporary or final decree of dissolution or legal separation; or

(f) the first \$2,000 of household income if the claimant was disabled on or before June 1 or attained the age of 65 prior to June 1 of the year following the year for which the taxes were levied or in which the rent was paid.

#### Sec. 9. [INSTRUCTIONS TO REVISOR.]

*In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1954, as amended through December 31, 1985" for the words "Internal Revenue Code of 1954, as amended through December 31, 1984" or "Internal Revenue Code of 1954, as amended through May 25, 1985" wherever the phrase occurs in chapter 290, except sections 290.01, subdivision 20, and 290.068.*

#### Sec. 10. [EFFECTIVE DATE.]

*Section 1 is effective for taxable years beginning after December 31, 1985, except as otherwise provided in clause (v) of that section. Sections 2 to 7 are effective at the same time as the federal changes are effective in 1985, as provided in Public Law Number 99-121. Section 8 is effective for claims based on rent paid in 1985 and thereafter and property taxes payable in 1986 and thereafter. Section 9 is effective for taxable years beginning after December 31, 1985.*

## ARTICLE 2

### INCOME TAX ADMINISTRATIVE

Section 1. Minnesota Statutes 1985 Supplement, section 290.12, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENTS.] In computing the amount of gain or loss under subdivision 1 proper adjustment shall be made for any expenditure, receipt, loss, or other item properly chargeable to capital account by the tax-

payer during his ownership thereof the basis of the property is its adjusted basis for federal income tax purposes, except as otherwise provided in this chapter. The basis shall be diminished by the amount of the deductions for exhaustion, wear and tear, obsolescence, amortization, depletion, and the allowance for amortization of bond premium if an election to amortize was made in accordance with section 290.09, subdivision 13, which could, during the period of his ownership thereof, have been deducted by the taxpayer under this chapter in respect of such property. In addition, if the property was acquired before January 1, 1933, the basis, if other than the fair market value as of such date, shall be diminished by the amount of exhaustion, wear and tear, obsolescence, amortization, or depletion actually sustained before such date. In respect of any period since December 31, 1932, during which property was held by a person or an organization not subject to income taxation under this chapter, proper adjustment shall be made for exhaustion, wear and tear, obsolescence, amortization, and depletion of such property to the extent sustained. For the purpose of determining the amount of these adjustments the taxpayer who sells or otherwise disposes of property acquired by gift shall be treated as the owner thereof from the time it was acquired by the last preceding owner who did not acquire it by gift, and the taxpayer who sells or otherwise disposes of property acquired by gift through an inter vivos transfer in trust shall be treated as the owner from the time it was acquired by the grantor.

No adjustment shall be made:

(1) for taxes or other carrying charges described in section 290.10, clause (11); or

(2) for expenditures described in section 290.09, subdivision 16 (relating to circulation expenditures), for which deductions have been taken by the taxpayer in determining taxable income for the taxable year or prior years the basis of the property is its adjusted basis for federal income tax purposes, except as otherwise provided in this chapter.

Sec. 2. Minnesota Statutes 1985 Supplement, section 290.21, subdivision 4, is amended to read:

Subd. 4. (a) 85 percent of dividends received by a corporation during the taxable year from another corporation, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom. The remaining 15 percent shall be allowed if the recipient owns 80 percent or more of all the voting stock of the other corporation and the dividends were paid from income arising out of business done in this state by the corporation paying the dividends. If the dividends were declared from income arising out of business done within and without this state, then a proportion of the remainder shall be allowed as a deduction. The proportion must be that which the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation. The amounts must be determined by the returns under this chapter of the corporation paying the dividends for the taxable year preceding their distribution. The burden is on

*the taxpayer to show that the amount of remainder claimed as a deduction has been received from income arising out of business done in this state.*

(b) *If the trade or business of the taxpayer consists principally of the holding of the stocks and the collection of the income and gains therefrom, dividends received by a corporation during the taxable year from another corporation, if the recipient owns 80 percent or more of all the voting stock of the other corporation, from income arising out of business done in this state by the corporation paying the dividends. If the dividends were declared from income arising out of business done within and without this state, then a proportion of the dividends shall be allowed as a deduction. The proportion must be that which the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation. The amounts must be determined by the returns under this chapter of the corporation paying the dividends for the taxable year preceding their distribution. The burden is on the taxpayer to show that the amount of dividends claimed as a deduction has been received from income arising out of business done in this state.*

(c) *The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.*

*The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

*The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

*The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code of 1954, as amended through December 31, 1984.*

(d) *If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law Number 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.*

(e) *Dividends received by a corporation from another corporation which is organized under the laws of a foreign country or a political subdivision of a foreign country, if the dividends are paid from income arising from sources without the United States, the commonwealth of Puerto Rico, and the possessions of the United States. The deduction provided by this clause does not apply if the corporate stock with respect to which dividends are paid constitutes the stock in trade of the taxpayer, or would be included in the inventory*

of the taxpayer, or constitutes property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or if the trade or business of the taxpayer consists principally of the holding of stocks and the collection of the income or gains therefrom. No dividend may be deducted under this clause if it is deducted under clause (a):

Sec. 3. Minnesota Statutes 1984, section 290.36, is amended to read:

290.36 [INVESTMENT COMPANIES; REPORT OF NET INCOME; COMPUTATION OF AMOUNT OF INCOME ALLOCABLE TO STATE.]

The taxable net income of investment companies shall be computed ~~and be~~ exclusively as follows:

Each investment company transacting business as such in this state shall report to the commissioner the net income returned by the company for the taxable year to the United States under the provisions of the Internal Revenue Code of 1954, as amended through December 31, 1983, less the credits provided therein *and subject to the adjustments required by this chapter*. The commissioner shall compute therefrom the taxable net income of the investment company by assigning to this state that proportion of such net income, less such credits which the aggregate of the gross payments collected by the company during the taxable year from old and new business upon investment contracts issued by the company and held by residents of this state, bears to the total amount of the gross payments collected during such year by the company from such business upon investment contracts issued by the company and held by persons residing within the state and elsewhere.

As used in this section, the term "investment company" means any person, co-partnership, association, or corporation, whether local or foreign, coming within the purview of section 54.26, and who or which is registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 and following), and who or which solicits or receives payments to be made to himself or itself and which issues therefor, or has issued therefor and has or shall have outstanding so-called bonds, shares, coupons, certificates of membership, or other evidences of obligation or agreement or pretended agreement to return to the holders or owners thereof money or anything of value at some future date; and as to whom the gross payments received during the taxable year in question upon outstanding investment contracts, plus interest and dividends earned on investment contracts determined by prorating the total dividends and interest for the taxable year in question in the same proportion that certificate reserves as defined by the Investment Company Act of 1940 is to total assets, shall be at least 50 percent of the company's gross payments upon investment contracts plus gross income from all other sources except dividends from subsidiaries for the taxable year in question. The term "investment contract" shall mean any such so-called bonds, shares, coupons, certificates of membership, or other evidences of obligation or agreement or pretended agreement issued by an investment company.

Sec. 4. Minnesota Statutes 1984, section 290.56, subdivision 3, is amended to read:

Subd. 3. [FAILURE TO REPORT CHANGE OR CORRECTION OF FEDERAL RETURN.] If a taxpayer shall fail to report a change or correc-

tion or renegotiation by the Commissioner of Internal Revenue or other officer of the United States or other competent authority or shall fail to file a copy of an amended return within 90 days as required by subdivision 2, the commissioner may, within six years thereafter, recompute the tax, including a refundment thereof, based upon such information as may be available to him, notwithstanding any period of limitations to the contrary.

*If a taxpayer reports the change, correction, or renegotiation, or files the amended return after the 90-day period required by subdivision 2 has expired, the time limit for the commissioner to recompute and reassess the tax due under this chapter, including making a refund, is the time limit provided in subdivision 4 determined from the date the report or amended return was filed with the commissioner.*

#### Sec. 5. [EFFECTIVE DATE.]

*Section 1 is effective for taxable years beginning after December 31, 1980. Section 2 is effective for taxable years beginning after June 30, 1985. Section 3 is effective for taxable years beginning after December 31, 1985. Section 4 is effective for reports or returns filed after the day of final enactment.*

### ARTICLE 3

#### INCOME TAX TECHNICAL

Section 1. Minnesota Statutes 1985 Supplement, section 270.77, is amended to read:

#### 270.77 [SUBSTANTIAL UNDERSTATEMENT OF LIABILITY.]

(a) The commissioner of revenue shall impose a penalty for substantial understatement of liability of any tax payable to the commissioner. ~~Except as otherwise provided in this section, the penalty must be determined under section 6661 of the Internal Revenue Code of 1954, as amended through December 31, 1984.~~

(b) ~~The provisions of section 6661 (b)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1984 do not apply.~~

(c) ~~The penalty is not limited to taxes imposed by chapter 290.~~

(d) ~~A substantial understatement of liability for a tax not imposed by chapter 290 is an understatement that exceeds ten percent of the tax required to be shown on the return or \$5,000, whichever is greater. There must be added to the tax an amount equal to ten percent of the amount of any underpayment attributable to the understatement. There is a substantial understatement of tax for the period if the amount of the understatement for the period exceeds the greater of: (1) ten percent of the tax required to be shown on the return for the period; or (2)(a) \$10,000 in the case of a corporation other than an S corporation as defined in section 290.9725 when the tax is imposed by chapter 290, or (b) \$5,000 in the case of any other taxpayer, and in the case of a corporation any tax not imposed by chapter 290. The term "understatement" means the excess of the amount of the tax required to be shown on the return for the period, over the amount of the tax imposed which is shown on the return. The amount of the understatement shall be reduced by that portion of the understatement which is attributable to the tax treatment of any item by the taxpayer if there is or was substantial authority for the treatment, or any~~

*item with respect to which the relevant facts affecting the item's tax treatment are adequately disclosed in the return or in a statement attached to the return. The special rules in cases involving tax shelters provided in section 6661(b)(2)(C) of the Internal Revenue Code of 1954, as amended through December 31, 1985, shall apply and shall apply to a tax shelter the principal purpose of which is the avoidance or evasion of state taxes. The commissioner may abate all or any part of the addition to the tax provided by this section on a showing by the taxpayer that there was reasonable cause for the understatement, or part of it, and that the taxpayer acted in good faith.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 290.06, subdivision 3g, is amended to read:

Subd. 3g. [INFLATION ADJUSTMENT OF CREDITS.] For taxable years beginning after December 31, 1985, the credits provided for individuals in subdivision 3f shall be adjusted for inflation. The dollar amount of each credit for the prior year in subdivision 3f shall be increased ~~in the same manner as by the same percentage~~ provided in subdivision 2d for the expansion of the tax rate brackets. *The resulting amount must be rounded to the nearest whole dollar amount.*

Sec. 3. Minnesota Statutes 1984, section 290.067, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS.] The credit for expenses incurred for the care of each dependent shall not exceed \$720 in any taxable year, and the total credit for all dependents of a claimant shall not exceed \$1,440 in a taxable year. The total credit shall be reduced according to the amount of the combined federal adjusted gross income, plus the ordinary income portion of any lump sum distribution under section 402(e) of the Internal Revenue Code of 1954, as amended through December 31, 1983, of the claimant and his spouse, if any, as follows:

income up to \$10,000, \$720 maximum for one dependent, \$1,440 for all dependents;

income of \$10,001 to \$11,000, \$660 maximum for one dependent, \$1,320 for all dependents;

income over \$11,000, the maximum credit for one dependent shall be reduced by \$10 for every \$200 of additional income, \$20 for all dependents;

\$24,001 and over, no credit.

~~A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of a married claimant only one spouse may claim the credit.~~

The commissioner shall construct and make available to taxpayers tables showing the amount of the credit at various levels of income and expenses. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transitions between expenses and income brackets.

Sec. 4. Minnesota Statutes 1985 Supplement, section 290.068, subdivision 3, is amended to read:

Subd. 3. [LIMITATION; CARRYBACK AND CARRYOVER.] (a)(1)

The credit for the taxable year shall not exceed the liability for tax. "Liability for tax" for purposes of this section means the tax imposed under this chapter for the taxable year reduced by the sum of the nonrefundable credits allowed under this chapter.

(2) In the case of a corporation which is a partner in a partnership, the credit allowed for the taxable year shall not exceed the lesser of the amount determined under clause (1) for the taxable year or an amount (separately computed with respect to the corporation's interest in the trade or business or entity) equal to the amount of tax attributable to that portion of taxable income which is allocable or apportionable to the corporation's interest in the trade or business or entity.

(b) If the amount of the credit determined under this section for any taxable year exceeds the limitation under clause (a), the excess shall be a research credit carryback to each of the three preceding taxable years and a research credit carryover to each of the 15 succeeding taxable years. The entire amount of the excess unused credit for the taxable year shall be carried first to the earliest of the taxable years to which the credit may be carried and then to each successive year to which the credit may be carried. The amount of the unused credit which may be added under this clause shall not exceed the taxpayer's liability for tax less the research credit for the taxable year.

For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a research and experimental expenditure credit carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the 45th month following the end of the taxable year in which the research and experimental expenditure credit arises which results in the carryback, *plus any extension of time granted for filing the return, but only if the return was filed within the extended time*. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, the period of limitations shall be that period which ends with the expiration of the 15th day of the 45th month following the end of the subsequent taxable year, *plus any extension of time granted for filing the return, but only if the return was filed within the extended time*. In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a research and experimental expenditure credit, interest shall be computed only from the end of the taxable year in which the credit arises. With respect to any portion of a credit carryback from a taxable year attributable to a loss carryback from a subsequent taxable year, interest shall be computed from the end of the subsequent taxable year.

Sec. 5. Minnesota Statutes 1985 Supplement, section 290.089, subdivision 3, is amended to read:

Subd. 3. [STANDARD DEDUCTION.] In lieu of the deductions provided in subdivision 2, an individual may claim or be allowed a standard deduction as follows:

(a) Subject to modification pursuant to clause (b), the standard deduction shall be an amount equal to ten percent of the gross income of the taxpayer or the joint gross income of a married couple filing a joint return, up to a maximum deduction of \$2,400.

In the case of a married individual filing a separate return, the standard deduction is ten percent of the gross income of the taxpayer, up to a maximum of \$1,200, except that the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction.

(b) For taxable years beginning after December 31, 1985, the maximum amount of the standard deduction shall be adjusted for inflation in the same manner and percentage as provided in section 290.06, subdivision 2d, for the expansion of the rate brackets. The commissioner shall then round the maximum amount of the standard deduction to the nearest hundred dollar amount. When adjusting the maximum amount of standard deduction for inflation, the commissioner shall use the actual dollar amount of the maximum amount of the standard deduction prior to rounding the dollar amounts.

(c) The commissioner of revenue may establish a standard deduction tax table incorporating the rates set forth in section 290.06, subdivision 2c, and the standard deduction, and the personal credits. The tax of any individual taxpayer whose gross income is less than \$20,000 an amount determined by the commissioner shall, if an election is made not to itemize nonbusiness deductions, be computed in accordance with tables prepared and issued by the commissioner of revenue. The tables shall be prepared to reflect the allowance of the standard deduction and the personal and dependent credits.

Sec. 6. Minnesota Statutes 1985 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal adjusted gross income as defined in the Internal Revenue Code;

(2) the taxpayer's federal tax preference items; less the sum of

(i) interest income as defined in section 290.01, subdivision 20b, clause (1); and

(ii) the amount of interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed qualified net investment income, as defined in section 55(e)(5) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income or amounts that are not allowable under section 55(e)(8) of the Internal Revenue Code.

In the case of an estate or trust, adjusted gross income must be modified as provided in section 55(e)(6)(B) of the Internal Revenue Code and reduced by the deductions allowed under sections 642(c), 651(a), and 661(a) of the Internal Revenue Code.

(b) "Federal tax preference items" means items as defined in sections 57, 58, and 443(d) of the Internal Revenue Code, modified as follows:

(1) The capital gain preference item shall be reduced where the gain would be modified because some or all of the assets have a higher basis for Minne-



sota purposes than for federal purposes.

(2) In the case of a nonresident individual, or an estate or trust, with a net operating loss that is a larger amount for Minnesota than for federal, the capital gain preference item shall be reduced to the extent it was reduced in the allowance of the net operating loss.

(3) Federal preference items from the business of mining or producing iron ore and other ores which are subject to the occupation tax and exempt from taxation under section 290.05, subdivision 1, shall not be a preference item for Minnesota.

(4) Other federal preference items to the extent not allowed in the computation of Minnesota gross income, as determined by the commissioner, are not preference items for Minnesota.

(c) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1984.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

Sec. 7. Minnesota Statutes 1985 Supplement, section 290.095, subdivision 9, is amended to read:

Subd. 9. [SPECIAL PERIOD OF LIMITATION WITH RESPECT TO NET OPERATING LOSS CARRYBACKS.] For the purposes of sections 290.46 and 290.50 if the claim for refund relates to an overpayment attributable to a net operating loss carryback under this section or as the result in the case of an individual of an adjustment of "federal adjusted gross income" because of the carryback under section 172 of the Internal Revenue Code of 1954, as amended through December 31, 1983 1985, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period shall be that period which ends with the expiration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the net operating loss which results in such carryback or adjustment of "federal adjusted gross income-," *plus any extension of time granted for filing the return, but only if the return was filed within the extended time.* During this extended period, for taxable years beginning before January 1, 1985, married individuals who elected to file separate returns or a combined return may change their election and file a joint return.

Sec. 8. Minnesota Statutes 1985 Supplement, section 290.095, subdivision 11, is amended to read:

Subd. 11. [CARRYBACK OR CARRYOVER ADJUSTMENTS.] (a) For individuals the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal adjusted gross income. For estates and trusts the amount of a net operating loss that may be carried back or carried over shall be the same dollar amount allowable in the determination of federal taxable income.

(b) The following adjustments to the amount of the net operating loss that may be carried back or carried over must be made for:

(1) Nonassignable income or losses *for estates and trusts* as required by

section 290.17, subdivision 2.

(2) Adjustments to the determination of federal adjusted gross income that must be made because of changes in the Internal Revenue Code that have not yet been adopted by the legislature by updating the reference to the Internal Revenue Code contained in section 290.01, subdivision 20.

(3) Gains or losses which result from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes subject to the limitations contained in section 290.01, subdivision 20b, clauses (2) and (3).

(4) Interest, taxes, and other expenses not allowed under section 290.10, clause (9), *for estates and trusts*.

(5) The modification for accelerated cost recovery system depreciation as provided in section 290.01, subdivision 20f.

(c)(1) The net operating loss carryback or carryover applied as a deduction in the taxable year to which the net operating loss is carried back or carried over shall be equal to the net operating loss carryback or carryover applied in the taxable year in arriving at federal adjusted gross income (or federal taxable income for trusts and estates) subject to the modifications contained in clause (b) and to the following modifications:

(A) Increase the amount of carryback or carryover applied in the taxable year by the amount of losses and interest, taxes and other expenses not assignable or allowable to Minnesota incurred in the taxable year.

(B) Decrease the amount of carryback or carryover applied in the taxable year by the amount of income not assignable to Minnesota earned in the taxable year.

(C) A taxpayer who is not a resident of Minnesota during any part of the taxable year and who has no income assignable to Minnesota during the taxable year shall apply no net operating loss carryback or carryover in the taxable year.

(2) The provisions of section 172(b) of the Internal Revenue Code of 1954 as amended through December 31, 1983 (relating to carrybacks and carryovers) shall apply. The net operating loss carryback or carryover to the next consecutive taxable year shall be the net operating loss carryback or carryover as calculated in clause (c)(1) less the amount applied in the earlier taxable year(s). No additional net operating loss carryback or carryover shall be allowed if the entire amount has been used to offset Minnesota income in a year earlier than was possible on the federal return. A net operating loss carryback or carryover that was allowed to offset federal income in a year earlier than was possible on the Minnesota return shall still be allowed to offset Minnesota income but only if the loss was assignable to Minnesota in the year the loss occurred.

(d) A net operating loss shall be allowed to be carried back or carried forward only to the extent that loss was assignable to Minnesota in the year the loss occurred or in the year to which the loss was carried over, whichever would allow more of the loss to be allowed for Minnesota purposes.

Sec. 9. Minnesota Statutes 1985 Supplement, section 290.10, is amended

to read:

290.10 [NONDEDUCTIBLE ITEMS.]

In computing the net income no deduction shall in any case be allowed for:

- (1) personal, living or family expenses;
- (2) amounts paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as otherwise provided in this chapter;
- (3) amounts expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;
- (4) premiums paid on any life insurance policy covering the life of the taxpayer or of any other person;
- (5) the shrinkage in value, due to the lapse of time, of a life or terminable interest of any kind in property acquired by gift, devise, bequest or inheritance;
- (6) losses from sales or exchanges of property, directly or indirectly, between ~~related taxpayers~~ *persons* as defined and as provided in section 267 of the Internal Revenue Code;
- (7) in computing net income, no deduction shall be allowed under section 290.09, subdivision 2, relating to expenses incurred or under section 290.09, subdivision 3, relating to interest accrued as provided in section 267 of the Internal Revenue Code;
- (8)(a) contributions by employees under the federal railroad retirement act and the federal social security act; (b) Payments to Minnesota or federal public employee retirement funds; (c) 60 percent of the amount of taxes imposed on self-employment income under section 1401 of the Internal Revenue Code. Effective for taxable years beginning after December 31, 1989, no deduction is allowed for self-employment taxes where the taxpayer claimed a deduction for those taxes under section 164(f) of the Internal Revenue Code;
- (9) expenses, interest and taxes connected with or allocable against the production or receipt of all income not included in the measure of the tax imposed by this chapter, except that for persons engaged in the business of mining or producing iron ore, the mining of which is subject to the occupation tax imposed by section 298.01, subdivision 1, this shall not prevent a subtraction to the extent allowed under section 290.01, subdivision 20b, clause (10)(b), or the deduction by a corporate taxpayer of expenses and other items to the extent that the expenses and other items are allowable under section 290.09 and are not deductible, capitalizable, retainable in basis, or taken into account by allowance or otherwise in computing the occupation tax and do not exceed the amounts taken for federal income tax purposes for that year. Occupation taxes imposed under chapter 298, royalty taxes imposed under chapter 299, or depletion expenses may not be deducted under this clause;
- (10) in situations where this chapter provides for a subtraction from gross income of a specific dollar amount of an item of income assignable to this state, and within the measure of the tax imposed by this chapter, that portion of the federal income tax liability assessed upon such income subtracted, and

any expenses attributable to earning such income, shall not be deductible in computing net income;

(11) amounts paid or accrued for such taxes and carrying charges as, under rules prescribed by the commissioner, are chargeable to capital account with respect to property, if the taxpayer elects, in accordance with such rules, to treat such taxes or charges as so chargeable;

(12) no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if the trade or business (or the activities which comprise the trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the federal Controlled Substances Act) which is prohibited by federal law or the law of Minnesota.

For purposes of this section, reference to the Internal Revenue Code means the Internal Revenue Code of 1954, as amended through December 31, 1984.

Sec. 10. Minnesota Statutes 1985 Supplement, section 290.13, subdivision 1, is amended to read:

Subdivision 1. [TRANSACTIONS IN WHICH NO GAIN OR LOSS IS RECOGNIZED.] Gain or loss from transactions described in section 1031, 1032, 1035, 1036, or 1042 of the Internal Revenue Code of 1954, as amended through December 31, 1984 1985, shall be recognized at the time and in the manner, including the basis computation, provided in those sections.

Sec. 11. Minnesota Statutes 1985 Supplement, section 290.14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.]

Except as otherwise provided in this chapter, the basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property *its adjusted basis for federal income tax purposes*, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by the last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause, the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by the person, be the fair market value of the property at the date of decedent's death or, in the case of an election

under section 2032 (relating to alternate valuation) of the Internal Revenue Code of 1954, as amended through December 31, 1983, its valuation at the applicable valuation date prescribed by that section, or in the case of an election under section 2032A (relating to valuation of farm real property) of the Internal Revenue Code of 1954, as amended through December 31, 1983, its value determined by that section.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) in the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or nonexercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance or estate tax purposes. In this case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on the property before the death of the decedent. The basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities and property described in paragraphs (a), (b), (c) and (d) of this clause.

This clause shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077.

(5) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.089 or 290.09, subdivision 5, the basis in the case of property so acquired shall be the same as that provided in section 1091 of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(6) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of the property, be increased or diminished on account of income derived by the lessor in respect of the property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to

buildings erected or other improvements made by a lessee in respect of the property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of the property shall be properly adjusted for the amount included in gross income.

*(1) Corporations, partnerships or individuals subject to the occupation tax under Minnesota Statutes, chapter 298; shall use the occupation tax basis;*

~~(7) (2) The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1983 1985 (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. 12. Minnesota Statutes 1985 Supplement, section 290.21, subdivision 4, is amended to read:

Subd. 4. (a) 85 percent of dividends received by a corporation during the taxable year from another corporation, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of his trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom. The remaining 15 percent shall be allowed if the recipient owns 80 percent or more of all the voting stock of the other corporation.

(b) If the trade or business of the taxpayer consists principally of the holding of the stocks and the collection of the income and gains therefrom, dividends received by a corporation during the taxable year from another corporation, if the recipient owns 80 percent or more of all the voting stock of the other corporation.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code of 1954, as amended through December 31, 1984.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1954, as amended through December 31, 1984.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code of 1954, as amended through December 31, 1984.

(d) If dividends received by a corporation that does not have nexus with

Minnesota under the provisions of Public Law Number 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) Dividends received by a corporation from another corporation which is organized under the laws of a foreign country or a political subdivision of a foreign country, if the dividends are paid from income arising from sources without the United States, the commonwealth of Puerto Rico, and the possessions of the United States. The deduction provided by this clause does not apply if the corporate stock with respect to which dividends are paid constitutes the stock in trade of the taxpayer, or would be included in the inventory of the taxpayer, or constitutes property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or if the trade or business of the taxpayer consists principally of the holding of stocks and the collection of the income or gains therefrom, *or if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code of 1954, as amended through December 31, 1985.* No dividend may be deducted under this clause if it is deducted under clause (a).

Sec. 13. Minnesota Statutes 1985 Supplement, section 290.21, subdivision 8, is amended to read:

Subd. 8. [FOREIGN SOURCE ROYALTIES.] (a) Rentals, fees, and royalties accrued or received from a foreign corporation for the use of or for the privilege of using outside of the United States patents, copyrights, secret processes and formulas, good will, know-how, trademarks, trade brands, franchises, and other like property. Rentals, fees, or royalties deducted under this subdivision shall not be included in the taxpayer's apportionment factors under section 290.19, subdivision 1, clause (1)(a) or (2)(a)(1). The preceding sentence shall not be construed to imply that nondeductible rentals, fees, and royalties from such properties are or were included in or excluded from the apportionment factors under any other provision of law.

(b) A corporation is allowed the deduction provided by this subdivision only if during the taxable year it received or accrued at least 80 percent of its gross income from sources as defined in clause (a) and from dividends received from foreign corporations. A corporation's gross income for purposes of paragraphs (b) and (c) shall be computed without regard to the requirement of section 290.34, subdivision 2, that a combined report be filed reflecting the entire income of the unitary business.

(c) For purposes of this subdivision, a foreign corporation is (i) a corporation organized under the laws of a foreign country or the political subdivision of a foreign country or (ii) a corporation which for the taxable year derives at least 80 percent of its gross income from sources without the United States, the commonwealth of Puerto Rico, and the possessions of the United States. A foreign corporation does not include a DISC as defined in section 992(a) of the Internal Revenue Code of 1954, as amended through December 31, 1983, *or a FSC as defined in section 922 of the Internal Revenue Code of 1954, as amended through December 31, 1985.*

(d) The deduction provided in this subdivision is allowed only with respect to rentals, fees, and royalties that are included in a corporation's Minnesota taxable net income for the taxable year.

Sec. 14. Minnesota Statutes 1984, section 290.281, subdivision 5, is amended to read:

Subd. 5. [RETURN REQUIRED OF BANK.] Every bank maintaining a common trust fund shall make a return for each taxable year, stating specifically, with respect to such fund, the items of gross income and deductions allowed by this section, and shall include in the return the names and addresses of the participants who would be entitled to share in the net income if distributed and the amount of the proportionate share of each participant. ~~The return shall be sworn to as in the case of a return required to be filed by the bank under section 290.361.~~

Sec. 15. Minnesota Statutes 1984, section 290.34, subdivision 2, is amended to read:

Subd. 2. [AFFILIATED OR RELATED CORPORATIONS, COMBINED REPORT.] When a corporation which is required to file an income tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has its income regulated through contract or other arrangement, the commissioner of revenue may permit or require such combined report as, in his opinion, is necessary in order to determine the taxable net income of any one of the affiliated or related corporations. For purposes of computing either the arithmetic average or weighted apportionment formulas under section 290.19, subdivision 1 for each corporation involved, the numerator of the fraction shall be that corporation's sales, property, and payroll in Minnesota and the denominator shall be the total sales, payroll, and property of all the corporations shown on the combined report. The combined report shall reflect the income of the entire unitary business as provided in section 290.17, subdivision 2, clause (4). The combined report shall reflect income only from corporations created or organized in the United States or under the laws of the United States or of any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States, or any political subdivision of any of the foregoing *and from FSCs qualifying under subchapter N, part III, subpart C of the Internal Revenue Code of 1954, as amended through December 31, 1985.* All intercompany transactions between companies which are contained on the combined report shall be eliminated. This subdivision shall not apply to insurance companies whose income is determined under section 290.35 or to investment companies whose income is determined under section 290.36.

Sec. 16. Minnesota Statutes 1985 Supplement, section 290.41, subdivision 1, is amended to read:

Subdivision 1. [PARTNERSHIPS, FIDUCIARIES, AND S CORPORATIONS.] (a) Partnerships shall make a return for each taxable year which shall conform to the requirements of section 290.31, and shall, in addition, include the names and addresses of all partners entitled to a distributive share in their taxable net income and the amount of such distributive share to which each is entitled. ~~The return shall contain or be verified by a written declaration that it is made under the penalties of criminal liability for willfully making~~



a false return correct and complete. Each partnership required to file a return for any partnership taxable year shall, on or before the day on which the return for the taxable year was filed, furnish to each person who is a partner at any time during the taxable year a copy of the information shown on the return as may be required.

(b) The fiduciary of any estate or trust making the return required to be filed under this chapter for any taxable year shall, on or before the date on which the return was filed, furnish to each beneficiary who receives a distribution from the estate or trust with respect to the taxable year or to whom any item with respect to the taxable year is allocated, a statement containing the information shown on the return as the commissioner may require.

(c) Each S corporation required to file a return under section 290.974 for any taxable year shall, on or before the day on which the return for the taxable year was filed, furnish to each person who is a shareholder at any time during the taxable year a copy of the information shown on the return.

(d) The statements required to be given to the partners, beneficiaries, or shareholders by this subdivision must be furnished at the time required by this subdivision, notwithstanding section 290.42, clause (7).

Sec. 17. Minnesota Statutes 1984, section 290.50, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] This section shall not be construed so as to disallow:

(a) a net operating loss carryback to any taxable year authorized by section 290.095 or section 172 of the Internal Revenue Code of 1954, as amended through December 31, 1983, but the refund or credit shall be limited to the amount of overpayment arising from the carryback;

(b) a capital loss carryback by a corporation under section 290.16, provided that the claim for refund or credit is made prior to the expiration of the 15th day of the 45th month following the end of the taxable year of the net capital loss which results in the carryback, *plus any extension of time granted for filing the return, but only if the return was filed within the extended time*, and the refund or credit is limited to the amount of overpayment arising from the carryback.

Sec. 18. Minnesota Statutes 1985 Supplement, section 290.92, subdivision 2a, is amended to read:

Subd. 2a. [COLLECTION AT SOURCE.] (1) [DEDUCTIONS.] Every employer making payment of wages shall deduct and withhold upon such wages a tax as provided in this section.

(2) [WITHHOLDING ON PAYROLL PERIOD.] The employer shall withhold the tax on the basis of each payroll period or as otherwise provided in this section.

(3) [WITHHOLDING TABLES.] Unless the amount of tax to be withheld is determined as provided in subdivision 3, the amount of tax to be withheld for each individual shall be based upon tables to be prepared and distributed by the commissioner. The tables shall be computed for the several permissible withholding periods and shall take account of exemptions allowed under

this section; and the amounts computed for withholding shall be such that the amount withheld for any individual during his taxable year shall approximate in the aggregate as closely as possible the tax which is levied and imposed under this chapter for that taxable year, upon his salary, wages, or compensation for personal services of any kind for the employer, and shall take into consideration ~~the optional deduction for federal income tax~~ and the deduction allowable under section 290.089, subdivision 3, and the personal credits allowed against the tax.

(4) [MISCELLANEOUS PAYROLL PERIOD.] If wages are paid with respect to a period which is not a payroll period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days, including Sundays and holidays, equal to the number of days in the period with respect to which such wages are paid.

(5) [MISCELLANEOUS PAYROLL PERIOD.] (a) In any case in which wages are paid by an employer without regard to any payroll period or other period, the amount to be deducted and withheld shall be that applicable in the case of a miscellaneous payroll period containing a number of days equal to the number of days, including Sundays and holidays, which have elapsed since the date of the last payment of such wages by such employer during the calendar year, or the date of commencement of employment with such employer during such year, or January 1 of such year, whichever is the later.

(b) In any case in which the period, or the time described in clause (a), in respect of any wages is less than one week, the commissioner, under regulations prescribed by him, may authorize an employer to determine the amount to be deducted and withheld under the tables applicable in the case of a weekly payroll period, in which case the aggregate of the wages paid to the employee during the calendar week shall be considered the weekly wages.

(6) [WAGES COMPUTED TO NEAREST DOLLAR.] If the wages exceed the highest bracket, in determining the amount to be deducted and withheld under this subdivision, the wages may, at the election of the employer, be computed to the nearest dollar.

(7) [REGULATIONS ON WITHHOLDING.] The commissioner may, by rule, authorize employers:

(a) to estimate the wages which will be paid to any employee in any quarter of the calendar year;

(b) to determine the amount to be deducted and withheld upon each payment of wages to such employee during such quarter as if the appropriate average of the wages so estimated constituted the actual wages paid; and

(c) to deduct and withhold upon any payment of wages to such employee during such quarter such amount as may be necessary to adjust the amount actually deducted and withheld upon wages of such employee during such quarter to the amount required to be deducted and withheld during such quarter without regard to this paragraph (7).

(8) [ADDITIONAL WITHHOLDING.] The commissioner is authorized to provide by rule for increases or decreases in the amount of withholding otherwise required under this section in cases where the employee requests

the changes. Such additional withholding shall for all purposes be considered tax required to be deducted and withheld under this section.

(9) [TIPS.] In the case of tips which constitute wages, this subdivision shall be applicable only to such tips as are included in a written statement furnished to the employer pursuant to section 6053 of the Internal Revenue Code of 1954, as amended through December 31, 1983 1985, and only to the extent that the tax can be deducted and withheld by the employer, at or after the time such statement is so furnished and before the close of the calendar year in which such statement is furnished, from such wages of the employee (excluding tips, but including funds turned over by the employee to the employer for the purpose of such deduction and withholding) as are under the control of the employer; and an employer who is furnished by an employee a written statement of tips (received in a calendar month) pursuant to section 6053 of the Internal Revenue Code of 1954 as amended through December 31, 1983 1985, to which subdivision 1 is applicable may deduct and withhold the tax with respect to such tips from any wages of the employee (excluding tips) under his control, even though at the time such statement is furnished the total amount of the tips included in statements furnished to the employer as having been received by the employee in such calendar month in the course of his employment by such employer is less than \$20. Such tax shall not at any time be deducted and withheld in an amount which exceeds the aggregate of such wages and funds as are under the control of the employer minus any tax required by other provisions of state or federal law to be collected from such wages and funds.

(10) [VEHICLE FRINGE BENEFITS.] An employer may elect shall not deduct and withhold any tax under this section with respect to any vehicle fringe benefit provided to an employee if the employer has so elected for federal purposes and the requirement of and the definition contained in section 3402(s) of the Internal Revenue Code of 1954, as amended through May 25 December 31, 1985, are complied with.

Sec. 19. Minnesota Statutes 1985 Supplement, section 290.93, subdivision 10, is amended to read:

Subd. 10. [UNDERPAYMENT OF ESTIMATED TAX.] (1) In the case of any underpayment of estimated tax by an individual, except as provided in paragraph (4), (5), or (6), there must be added to and become a part of the taxes imposed by this chapter, for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of the underpayment for the period of the underpayment.

(2) For purposes of the preceding paragraph, the amount of underpayment shall be the excess of

(a) the amount of the installment which would be required to be paid if the estimated tax were equal to 80 percent (66-2/3 percent in the case of farmers referred to in subdivision 5(2)) of the taxes shown on the return for the taxable year or 80 percent (66-2/3 percent in the case of farmers referred to above) the taxes for such year if no return was filed, over

(b) the amount, if any, of the installment paid on or before the last day prescribed for such payment.

(3) The period of the underpayment shall run from the date the installment

was required to be paid to whichever of the following dates is the earlier

(a) The 15th day of the fourth month following the close of the taxable year.

(b) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this subparagraph, a payment of estimated tax on any installment date shall be considered a payment of any unpaid required installments in the order in which the installments are required to be paid.

(4) The addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the lesser

*The amount of any installment required to be paid shall be 25 percent of the required annual payment except as provided in paragraph (c). The term "required annual payment" means the lesser of*

(a) 80 percent (66-2/3 percent in the case of farmers referred to in subdivision 5, paragraph (2)), of the tax shown on the return for the taxable year or 80 percent (66-2/3 percent in the case of farmers referred to above) of the tax for the year if no return is filed, or

(b) The total tax liability shown on the return of the individual for the preceding taxable year (if a return showing a liability for such taxes was filed by the individual for the preceding taxable year of 12 months), or

(c) An amount equal to the applicable percentage of the tax for the taxable year (after deducting personal credits) computed by placing on an annualized basis the taxable income and alternative minimum taxable income for the months in the taxable year ending before the month in which the installment is required to be paid. The applicable percentage of the tax is 20 percent in the case of the first installment, 40 percent for the second installment, 60 percent for the third installment, and 80 percent for the fourth installment. For purposes of this subparagraph, the taxable income and alternative minimum taxable income shall be placed on an annualized basis by

(i) Multiplying by 12 (or in the case of a taxable year of less than 12 months, the number of months in the taxable year) the taxable income and alternative minimum taxable income computed for the months in the taxable year ending before the month in which the installment is required to be paid.

(ii) Dividing the resulting amount by the number of months in the taxable year ending before the month in which such installment date falls.

(5) No addition to the tax shall be imposed under this subdivision for any taxable year if:

(a) the individual did not have any liability for tax for the preceding taxable year,

(b) the preceding taxable year was a taxable year of 12 months, and

(c) the individual was a resident of Minnesota throughout the preceding

taxable year.

(6) No addition to the tax shall be imposed under this subdivision with respect to any underpayment to the extent the commissioner determines that the provisions of section 6654(e)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1984, apply.

(7) For the purposes of applying this subdivision, the estimated tax shall be computed without any reduction for the amount which the individual estimates as his credit under section 290.92, subdivision 12 (relating to tax withheld at source on wages), and any other refundable credits which are allowed against income tax liability, and the amount of such credits for the taxable year shall be deemed a payment of estimated tax, and an equal part of such amounts shall be deemed paid on each installment date (determined under subdivisions 6 and 7) for such taxable year, unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts so withheld shall be deemed payments of estimated tax on the dates on which such amounts were actually withheld.

Sec. 20. Minnesota Statutes 1984, section 290A.03, subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] (a) "Claimant" means a person, other than a dependent, who filed a claim authorized by this chapter and who was domiciled in this state during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim:

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program pursuant to sections 256D.35 to 256D.41, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3 reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3 plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter. *For purposes of this paragraph and paragraph (d), household income or income as defined in subdivision 3 must not be reduced by the \$2,000 reduction provided in subdivision 3, paragraph (2), clause (f), for claimants who are disabled or age 65 or more.*

(d) Notwithstanding paragraph (c), if the claimant was a resident of the

nursing home, intermediate care facility or long term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is his income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. If a homestead property owner was a part year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be his household income for purposes of computing the amount of credit to be allowed.

#### Sec. 21. [REPEALER.]

*(a) Minnesota Statutes 1984, sections 290.06, subdivision 15, and 290.39, subdivision 1a, are repealed.*

*(b) Laws 1985, First Special Session chapter 14, article 21, sections 16 and 17, are repealed.*

*(c) Minnesota Statutes 1984, section 290A.04, subdivision 2f, is repealed.*

#### Sec. 22. [EFFECTIVE DATE.]

*Section 1 is effective for returns filed after June 30, 1985. Sections 2, 3, 5, paragraph (b), 6, 8, 9, 14, 16, 19, and 21, paragraph (b), are effective for taxable years beginning after December 31, 1984. Sections 4, 7, 17, and 18 are effective the day after final enactment. Section 5, paragraph (c), is effective for taxable years beginning after December 31, 1981. Sections 10, 11, and 21, paragraph (a), are effective for taxable years beginning after December 31, 1985. Sections 12, 13, and 15 are effective for transactions after December 31, 1984, in tax years ending after such date. Section 20 is effective for claims based on rent paid in 1985 and thereafter. Section 21, paragraph (c), is effective for claims based on property taxes payable in 1985 and thereafter.*

### ARTICLE 4 PROPERTY TAX

Section 1. Minnesota Statutes 1984, section 69.021, subdivision 4, is amended to read:

Subd. 4. [DETERMINATION OF QUALIFIED STATE AID RECIPIENTS; CERTIFICATION TO COMMISSIONER OF FINANCE.] The

commissioner shall determine which municipalities and independent nonprofit firefighting corporations are qualified to receive fire state aid and which municipalities and counties are qualified to receive police state aid. Any municipality, independent nonprofit firefighting corporation or county which received state aid for the year immediately previous shall be presumed to be qualified to receive state aid for the year in question. If subsequent examination reveals that the state aid recipient was not in fact qualified to receive state aid for any year, the commissioner shall retroactively disqualify the recipient and shall take any necessary steps to recover the state aid payments which had been made for the years of disqualification, plus interest at a rate equal to the maximum lawful interest rate for a state bank pursuant to section 48.195, as of the date of disqualification, compounded annually from the date on which the state aid payment was made until the date on which the payment is recovered. The determination of qualification by the commissioner shall be based on information contained in the fire department, personnel and equipment certification required pursuant to section 69.011, the annual financial report required pursuant to section 69.051, any actuarial valuation or experience study report required pursuant to sections 69.77 or 69.773, any audits conducted by the state auditor or an independent auditor, and any other relevant information which comes to the attention of the commissioner. Upon completion of the determination, on or before June 1, the commissioner shall calculate pursuant to subdivision 6 the amount of fire state aid and police state aid which each county, *municipality, or independent nonprofit firefighting corporation* is to receive for subsequent apportionment pursuant to subdivision 7 and shall certify to the commissioner of finance the name of each county in which are located one or more qualified state aid recipients, *municipality, or independent nonprofit firefighting corporation* and the amount of state aid which each county is to receive for subsequent apportionment. The commissioner shall also certify to each county auditor the name of each qualified state aid recipient located in the county and any other information deemed necessary for the county auditor to make the subsequent apportionment of state aid.

Sec. 2. Minnesota Statutes 1984, section 69.021, subdivision 5, is amended to read:

Subd. 5. [CALCULATION OF STATE AID.] The amount of state aid available for apportionment shall be two percent of the fire, lightning, sprinkler leakage and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report and two percent of the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The amount for apportionment in respect to firefighter's state aid shall not be greater or lesser than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report. The total amount for apportionment in respect to police state aid shall not be greater or lesser than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. The total amount for apportionment in respect to police state aid shall be distributed to the counties for apportionment to municipalities maintaining police departments and to the county on the basis of the number of active peace officers, as certified pursuant to section 69.011, subdivision 2, clause (b). The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.

Sec. 3. Minnesota Statutes 1984, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF AID TO MUNICIPALITIES AND FIREFIGHTER'S RELIEF ASSOCIATIONS BY COUNTY AUDITOR.]

(1) The ~~county auditor~~ *commissioner* shall apportion the state aid received by him relative to the premiums reported on the Minnesota Firetown Premium Reports filed pursuant to this chapter to each municipality and/or firefighter's relief association certified to him ~~by the commissioner~~ in the same manner that state aid is apportioned to the counties, one-half in proportion to the population and one-half in proportion to the assessed property valuation of the fire towns in the county for which aid is proportioned. Necessary adjustments shall be made to subsequent apportionments.

In the case of municipalities or independent fire departments qualifying for the aid the ~~county auditor~~ *commissioner* shall calculate the state aid for the municipality or relief association on the basis of the population and the property valuation of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with him. If one or more fire departments are furnishing contracted fire service to a city, town or township only the population and valuation of the area served by each fire department shall be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the assessed property valuation of each service area. Agreement shall be in writing and filed with the commissioner in duplicate. The commissioner shall forward one copy of the agreement to the county auditor of the county wherein the fire department is located and retain one copy.

In the case of cities of the first and second class the state aid calculated shall be paid directly to the treasurer of the relief association. In the case of all other municipalities and independent fire department relief associations or retirement plans the aid shall be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall within 30 days transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

The ~~county auditor and~~ *commissioner* ~~are~~ *is* hereby empowered to make rules and regulations to permit the administration of the provisions of this section.

(2) The ~~county auditor~~ *commissioner* shall apportion the state police aid received by him to each municipality and to the county in the following manner:

(a) For all municipalities maintaining police departments and the county, the state aid shall be distributed ~~by the county auditor~~ in proportion to the total number of peace officers, as determined pursuant to section 69.011, subdivision 1, clause (g), and subdivision 2, clause (b), employed by each municipality and by the county for 12 calendar months and the proportional or fractional number who were employed less than 12 months;

(b) For each municipality which contracts with the county for police service, a proportionate amount of the state aid distributed to the county based on



the full time equivalent number of peace officers providing contract service shall be credited against the municipality's contract obligation;

(c) For each municipality which contracts with another municipality for police service, a proportionate amount of the state aid distributed to the municipality providing contract service based on the full time equivalent number of peace officers providing contract service on a full time equivalent basis shall be credited against the contract obligation of the municipality receiving contract service;

(d) No municipality entitled to receive police state aid shall be apportioned less police state aid for any year under Laws 1976, Chapter 315, than the amount which was apportioned to it for calendar year 1975 based on premiums reported to the commissioner for calendar year 1974; provided, the amount of police state aid to other municipalities within the county and to the county shall be adjusted in proportion to the total number of peace officers in the municipalities and the county; so that the amount of police state aid apportioned shall not exceed the amount of police state aid available for apportionment.

~~The county auditor and commissioner are hereby empowered to make rules and regulations to permit the administration of the provisions of this section.~~

Sec. 4. Minnesota Statutes 1984, section 69.021, subdivision 9, is amended to read:

Subd. 9. [APPEAL.] In the event that any fire or police department feels itself to be aggrieved, it may request the ~~county board of the county wherein the fire or police department is located~~ commissioner to review and adjust the apportionment of funds within the county and the decision of the ~~county board~~ commissioner shall be subject to appeal; review, and adjustment by the district court in the county *in which the fire or police department is located.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 69.031, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER OF FINANCE'S WARRANT.] The commissioner of finance shall issue to the ~~auditor of each county, municipality, or independent nonprofit firefighting corporation~~ certified to him by the commissioner his warrant for an amount equal to the amount certified to by the commissioner pursuant to section 69.021. The amount due ~~to a county~~ and not paid by September 1 accrues interest at the rate of one percent for each month or part of a month the amount remains unpaid, beginning the preceding June 1.

Sec. 6. Minnesota Statutes 1984, section 69.031, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATIONS.] There is hereby appropriated annually from the state general fund to the ~~counties who are entitled to payments under sections 69.021 and 69.031~~ commissioner of revenue an amount sufficient to make the payments specified in ~~these~~ sections 69.021 and 69.031 not exceeding the tax collected.

Sec. 7. Minnesota Statutes 1985 Supplement, section 116C.63, subdivision 4, is amended to read:

Subd. 4. When private real property defined as class 1a, 1b, 1c, 2a, 2c, 4a,

5a, or 6a pursuant to section 273.13 is proposed to be acquired for the construction of a site or route by eminent domain proceedings, the fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner, shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which he wholly owns or has contracted to own in undivided fee and elects in writing to transfer to the utility within 60 days after his receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the presence of the utility route or site. The owner or, when applicable, the contract vendee shall have only one such option and may not expand or otherwise modify his election without the consent of the utility. The required acquisition of land pursuant to this subdivision shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a high voltage transmission line right-of-way shall automatically be converted into a fee taking.

Sec. 8. Minnesota Statutes 1984, section 124.195, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER'S ASSUMPTIONS.] For purposes of determining the amount of state general fund cash to be paid to school districts pursuant to subdivision 3, the commissioner of education shall:

(a) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 276.10 are made in the following manner:

- (1) 50 percent within seven business days of each due date; and
- (2) 100 percent within 14 business days of each due date;

(b) assume that the payments to school districts by the county treasurer of revenues accruing to the fiscal year of receipt pursuant to section 21 are made in the following manner:

- (1) 50 percent within seven business days from October 15;
- (2) 100 percent within 14 business days from October 15; and
- (3) 100 percent within ten business days from November 15.

(c) assume that the payments to school districts by county auditors pursuant to section 124.10, subdivision 2 are made at the end of the months indicated in that subdivision.

Sec. 9. Minnesota Statutes 1985 Supplement, section 124.2131, subdivision 3, is amended to read:

Subd. 3. [DECREASE IN IRON ORE ASSESSED VALUE.] If in any year the assessed value of class 9a and 9b property, as defined in sections

section 273.13, subdivision 30, and 273.165, subdivision 2, in any district is less than the assessed value of such property in the immediately preceding year, the equalization aid review committee shall redetermine for all purposes the adjusted assessed value of the immediately preceding year taking into account only the decrease in assessed value of class 9a and 9b property. If subdivision 2, clause (a) is applicable to such a district, the decrease in class 9a and 9b property shall be applied to the adjusted assessed value as limited therein. In all other respects, the provisions of clause (1) shall be applicable.

Sec. 10. Minnesota Statutes 1984, section 270.12, subdivision 2, is amended to read:

Subd. 2. The board shall meet annually on August 15 at the office of the commissioner of revenue and examine and compare the returns of the assessment of the property in the several counties, and equalize the same so that all the taxable property in the state shall be assessed at its market value, subject to the following rules:

(1) The board shall add to the aggregate valuation of the real property of every county, which the board believes to be valued below its market value in money, such percent as will bring the same to its market value in money;

(2) The board shall deduct from the aggregate valuation of the real property of every county, which the board believes to be valued above its market value in money, such percent as will reduce the same to its market value in money;

(3) If the board believes the valuation of the real property of any town or district in any county, or the valuation of the real property of any county not in towns or cities, should be raised or reduced, without raising or reducing the other real property of such county, or without raising or reducing it in the same ratio, the board may add to, or take from, the valuation of any one or more of such towns or cities, or of the property not in towns or cities, such percent as the board believes will raise or reduce the same to its market value in money;

(4) The board shall add to the aggregate valuation of any class of personal property of any county, town, or city, which the board believes to be valued below the market value thereof, such percent as will raise the same to its market value in money;

(5) The board shall take from the aggregate valuation of any class of personal property in any county, town or city, which the board believes to be valued above the market value thereof, such percent as will reduce the same to its market value in money;

(6) The board shall not reduce the aggregate valuation of all the property of the state, as returned by the several county auditors, more than one percent on the whole valuation thereof; and

(7) When it would be of assistance in equalizing values the board may require any county auditor to furnish statements showing assessments of real and personal property of any individuals, firms, or corporations within the county. The board shall consider and equalize such assessments and may increase the assessment of individuals, firms, or corporations above the amount returned by the county board of equalization when it shall appear to

be undervalued, first giving notice to such persons of the intention of the board so to do, which notice shall fix a time and place of hearing. The board shall not decrease any such assessment below the valuation placed by the county board of equalization; and

*(8) In equalizing values pursuant to this section, the board shall utilize a 12-month assessment/sales ratio study conducted by the department of revenue containing only sales that occurred between October 1 of the year immediately preceding the previous year to September 30 of the previous year. The sales prices used in the study must be discounted for terms of financing. The board shall use the median ratio as the statistical measure of the level of assessment for any particular category of property.*

Sec. 11. Minnesota Statutes 1985 Supplement, section 273.11, subdivision 8, is amended to read:

Subd. 8. [LIMITED EQUITY COOPERATIVE APARTMENTS.] For the purposes of this subdivision, the terms defined in this subdivision have the meanings given them.

A "limited equity cooperative" is a corporation organized under chapter 308, which has as its primary purpose the provision of housing and related services to its members, ~~who must be persons or families of low and moderate income as defined in section 462A.03, subdivision 10, whose income must not exceed 110 percent of the St. Paul-Minneapolis metropolitan area income as determined by the United States Department of Housing and Urban Development~~ at the time they purchase their membership, and which meets the following requirements:

(a) The articles of incorporation set the sale price of occupancy entitling cooperative shares or memberships at no more than a transfer value determined as provided in the articles. That value may not exceed the sum of the following:

(1) the consideration paid for the membership or shares by the first occupant of the unit, as shown in the records of the corporation;

(2) the fair market value, as shown in the records of the corporation, of any improvements to the real property that were installed at the sole expense of the member with the prior approval of the board of directors;

(3) accumulated interest, or an inflation allowance not to exceed the greater of a ten percent annual noncompounded increase on the consideration paid for the membership or share by the first occupant of the unit, or the amount that would have been paid on that consideration if interest had been paid on it at the rate of the percentage increase in the revised consumer price index for all urban consumers for the Minneapolis-St. Paul metropolitan area prepared by the United States Department of Labor, provided that the amount determined pursuant to this clause may not exceed \$500 for each year or fraction of a year the membership or share was owned; plus

(4) real property capital contributions shown in the records of the corporation to have been paid by the transferor member and previous holders of the same membership, or of separate memberships that had entitled occupancy to the unit of the member involved. These contributions include contributions to a

corporate reserve account the use of which is restricted to real property improvements or acquisitions, contributions to the corporation which are used for real property improvements or acquisitions, and the amount of principal amortized by the corporation on its indebtedness due to the financing of real property acquisition or improvement or the averaging of principal paid by the corporation over the term of its real property-related indebtedness.

(b) The articles of incorporation require that the board of directors limit the purchase price of stock or membership interests for new member-occupants or resident shareholders to an amount which does not exceed the transfer value for the membership or stock as defined in clause (a).

(c) The articles of incorporation require that the total distribution out of capital to a member shall not exceed that transfer value.

(d) The articles of incorporation require that upon liquidation of the corporation any assets remaining after retirement of corporate debts and distribution to members will be conveyed to a charitable organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1984; or a public agency.

A "limited equity cooperative apartment" is a dwelling unit owned or leased by a limited equity cooperative. If the dwelling unit is leased by the cooperative the lease agreement must meet the conditions for a cooperative lease stated in section 273.124, subdivision 6.

"Occupancy entitling cooperative share or membership" is the ownership interest in a cooperative organization which entitles the holder to an exclusive right to occupy a dwelling unit owned or leased by the cooperative.

For purposes of taxation, the assessor shall value a unit owned by a limited equity cooperative at the lesser of its market value or the value determined by capitalizing the net operating income of a comparable apartment operated on a rental basis at the capitalization rate used in valuing comparable buildings that are not limited equity cooperatives. If a cooperative fails to operate in accordance with the provisions of clauses (a) to (d), the property shall be subject to additional property taxes in the amount of the difference between the taxes determined in accordance with this subdivision for the last ten years that the property had been assessed pursuant to this subdivision and the amount that would have been paid if the provisions of this subdivision had not applied to it. The additional taxes, plus interest at the rate specified in section 549.09, shall be extended against the property on the tax list for the current year.

Sec. 12. Minnesota Statutes 1985 Supplement, section 273.124, subdivision 6, is amended to read:

Subd. 6. [LEASEHOLD COOPERATIVES.] When one or more dwellings or one or more buildings which each contain several dwelling units is owned by a nonprofit corporation subject to the provisions of chapter 317 or a limited partnership which corporation or partnership operates the property in conjunction with a cooperative association, homestead treatment may be claimed for each dwelling unit occupied by a member of the cooperative. To qualify for the treatment provided by this subdivision, the following conditions must be met: (a) the cooperative association must be organized under

sections 308.05 to 308.18; (b) the cooperative association must have a lease for occupancy of the property for a term of at least 20 years; (c) *to the extent permitted under state or federal law*, the cooperative association must have a right under a written agreement with the owner to purchase the property if the owner proposes to sell it; if the cooperative association does not purchase the property when it is offered for sale, the owner may not subsequently sell the property to another purchaser at a price lower than the price at which it was offered for sale to the cooperative association unless the cooperative association approves the sale; and (d) if a limited partnership owns the property, it must include as the managing general partner either the cooperative association or a nonprofit organization operating under the provisions of chapter 317. Homestead treatment must be afforded to units occupied by members of the cooperative association and the units must be assessed as provided in subdivision 1, provided that any unit not so occupied shall be classified and assessed pursuant to the appropriate class. No more than three acres of land may, for assessment purposes, be included with each dwelling unit that qualifies for homestead treatment under this subdivision.

Sec. 13. Minnesota Statutes 1985 Supplement, section 273.13, subdivision 15a, is amended to read:

Subd. 15a. [GENERAL FUND, REPLACEMENT OF REVENUE.] (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 22 and 23.

(2) Each county auditor shall certify, not later than May 1 of each year to the commissioner of revenue the amount of reduction resulting from subdivisions 22 and 23 in his county. This certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

(3) Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall annually determine the taxing district distribution of the amounts certified under clause (2). The commissioner of revenue shall pay to each taxing district, other than school districts, its total payment for the year in equal installments on or before July 15, ~~August 15,~~ ~~September 15,~~ ~~October 15,~~ ~~November 15,~~ and December 15 of each year.

Sec. 14. Minnesota Statutes 1985 Supplement, section 273.13, subdivision 26, is amended to read:

Subd. 26. [CLASS 5.] (a) Residential real estate containing less than four units, other than seasonal residential, recreational, and homesteads, is class 5a. Class 5a shall also include post-secondary student housing not to exceed one acre of land which is owned by a nonprofit corporation organized under chapter 317 and is used exclusively by a sorority or fraternity organization for housing. Class 5a property is assessed at 28 percent of market value.

(b) Structures of five stories or more and constructed with materials meeting the requirements for type I or II construction as defined in the state

building code, if at least 90 percent of the structure is used or to be used as apartment housing, is class 5b. Class 5b property is assessed at 25 percent of market value. The 25 percent assessment ratio applies to these structures for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is earlier.

*(c) Manufactured homes not classified under any other provision constitute class 5c. Class 5c property is assessed at 28 percent of market value.*

Sec. 15. Minnesota Statutes 1985 Supplement, section 273.13, subdivision 28, is amended to read:

Subd. 28. [CLASS 7.] (a) Class 7a is a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or regulations promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. Class 7a property must, for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan, be assessed at 20 percent of the market value.

(b) Class 7b is a structure which is

(1) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended, and

(2) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Class 7b property must, 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.

(c) Class 7c is any structure

(1) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration;

(2) located in a municipality of less than 10,000 population; and

(3) financed by a direct loan or insured loan from the farmers home administration;

Class 7c property must be assessed at ten percent of its market value for 15 years from the date of the completion of the original construction or for the original term of the loan except that if (1) construction of the structure had been commenced after December 31, 1983; and (2) the project had been approved by the governing body of the municipality in which it is located after June 30, 1983; and (3) financing of the project had been approved by a federal or state agency after June 30, 1983, it must be assessed at 20 percent.

The 20 percent and ten percent assessment ratios apply to the properties described in paragraphs (a), (b), and (c) only in proportion to occupancy of

the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983.

For all properties described in paragraphs (a), (b), and (c), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

The provisions of paragraphs (a) and (c) apply only to nonprofit and limited dividend entities.

(d) Class 7d property is a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. Class 7d land and improvements, if any, shall be assessed at 20 percent of the market value. This paragraph shall not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this paragraph, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this paragraph, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (1) it is a nonprofit corporation organized under chapter 317; (2) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (3) it limits membership with voting rights to residents of the designated community; and (4) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust.

Sec. 16. Minnesota Statutes 1985 Supplement, section 273.136, is amended to read:

273.136 [TACONITE PROPERTY TAX RELIEF FUND; REPLACEMENT OF REVENUE.]

Subdivision 1. Payment from the county shall be made as provided herein for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in section 273.135.

Subd. 2. The commissioner of revenue shall determine, not later than ~~May~~ *April* 1 of each year, the amount of reduction resulting from section 273.135 in each county containing a tax relief area as defined by section 273.134, basing his determinations on a review of abstracts of tax lists submitted by the county auditors pursuant to section 275.29. He may make changes in the abstracts of tax lists as he deems necessary. The commissioner of revenue, after such review, shall submit to the St. Louis county auditor, on or before ~~June 1~~ *April 15*, the amount of the first half payment payable hereunder and



on or before ~~October~~ *September* 15 the amount of the second half payment.

Subd. 3. The St. Louis county auditor shall pay out of the taconite property tax relief account to each county treasurer one-half of the amount certified under subdivision 2 not later than ~~June~~ *May* 15 and the remaining half not later than ~~November~~ *October* 15 of each year.

Subd. 4. The county treasurer shall distribute *as part of the May and October settlements* the funds received by him as if they had been collected as a part of the property tax reduced by section 273.135.

Sec. 17. Minnesota Statutes 1984, section 273.1391, subdivision 3, is amended to read:

Subd. 3. Not later than December 1, each county auditor having jurisdiction over one or more tax relief areas defined in subdivision 2 shall certify to the commissioner of revenue his estimate of the total amount of the reduction, determined under subdivision 2, in taxes payable the next succeeding year with respect to all tax relief areas in his county. *The commissioner shall make payments to the county by May 15 and October 15 annually. The county treasurer shall distribute as part of the May and October settlements the funds received from the commissioner.*

Sec. 18. Minnesota Statutes 1985 Supplement, section 273.42, subdivision 2, is amended to read:

Subd. 2. Owners of land defined as class 1a, 1b, *1c*, 2a, 2c, 4a, 5a, or 6a, pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the city or township by ten percent of the transmission line tax revenue derived from the tax on that portion of the line within the city or township pursuant to section 273.36. In the case of property owners in unorganized townships, the property tax credit shall be determined by multiplying a fraction, the numerator of which is the length of the qualifying high voltage transmission line which runs over the parcel and the denominator of which is the total length of the qualifying high voltage transmission line running over all property within all the unorganized townships within the county, by the total utility property tax credit fund amount available within the county for that year pursuant to subdivision 1. Where a right-of-way width is shared by more than one property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit, provided that, if the property containing the right-of-way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is the sum of the number of acres in each quarter-quarter section or portion thereof which contains a right-of-way and the denominator of which is the total number of acres in the parcel set forth on the tax state-

ment, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits. The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than \$10.

If, after the county auditor has computed the credit to those qualifying property owners in unorganized townships, there is money remaining in the utility property tax credit fund, then that excess amount in the fund shall be returned to the general school fund of the county.

Sec. 19. Minnesota Statutes 1985 Supplement, section 274.19, subdivision 1, is amended to read:

Subdivision 1. *The provisions of subdivisions 1 to 7 apply to manufactured homes that are assessed under subdivision 8, clause (c).* Each manufactured home shall be valued each year by the assessor and be assessed with reference to its value on January 2 of that year. Notice of the value shall be mailed to the person to be assessed at least ten days before the meeting of the local board of review or equalization. The notice shall contain the amount of valuation in terms of market value, the assessor's office address, and the date, place, and time set for the meeting of the local board of review or equalization and the county board of equalization.

Sec. 20. Minnesota Statutes 1985 Supplement, section 274.19, subdivision 8, is amended to read:

Subd. 8. [MANUFACTURED HOMES; SECTIONAL STRUCTURES.]  
(a) For purposes of this section, a "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air-conditioning, and electrical systems therein, including any accessory structure which is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) A manufactured home which meets each of the following criteria must be valued and assessed as an improvement to real property, the appropriate real property classification shall apply and the valuation is subject to review and the taxes payable in the manner provided for real property:

(i) the owner of the unit holds title to the land upon which it is situated;

(ii) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured home building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home which meets each of the following criteria must

be assessed at the rate provided by the appropriate real property classification but must be ~~classified~~ *treated* as a ~~manufactured home~~ *personal property*, and the valuation is subject to review and the taxes payable thereon in the manner provided in this section:

(i) the owner of the unit is a lessee of the land pursuant to the terms of a lease;

(ii) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the manufactured homes building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land upon which it is located or is a qualifying lessee of the land under the provisions of this section 273.19. For purposes of this paragraph "sectional structure" means a building or structural unit which has been in whole or substantial part manufactured or constructed at an off site location to be wholly or partially assembled on site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may adopt rules pursuant to the administrative procedure act for the purpose of establishing additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

Sec. 21. Minnesota Statutes 1984, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; 477A.15; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15

in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under section 124A.03, subdivision 1, to the total levy allowed the district under this section and sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, and 124A.14, subdivision 5a in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to section 124A.03, subdivision 1, to an amount less than the amount raised by a levy of 12.5 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2 shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, and the community service levy authorized by subdivision 8, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to subdivision 11a and for community services pursuant to subdivision 8. The reduction of the capital expenditure levy and the community services levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124A.035, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the ~~commissioner of finance~~ *St. Louis county auditor* in the following amount by March 15 of each year *except 1986*, the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124A.035, subdivision 5, which is in excess of the foundation aid earned for that fiscal year. The ~~commissioner of finance~~ *county auditor* shall deposit any amounts received pursuant to this clause in the ~~taconite property tax relief fund in the state treasury, established pursuant to section 16A.70~~ *St. Louis county treasury* for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 22. Minnesota Statutes 1984, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

On the fifth day of March and the 20th day of May, ~~and October~~ of each year, the county treasurer shall make full settlement with the county auditor of all receipts collected by him for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after each settlement, send an abstract of same to the state auditor in the form prescribed by the state auditor. At each settlement the treasurer shall make complete returns of the receipts on the current tax list,

showing the amount collected on account of the several funds included in the list.

*Settlement of receipts from May 20 to December 31 of each year shall be made as provided in section 21.*

For purposes of this section, "receipts" shall include all tax payments received by the county treasurer on or before the settlement date.

Sec. 23. Minnesota Statutes 1984, section 276.10, is amended to read:

**276.10 [APPORTIONMENT AND DISTRIBUTION OF FUNDS.]**

On the settlement day in March, ~~and May, and October~~ of each year, the county auditor and county treasurer shall distribute all undistributed funds in the treasury, apportioning them, as provided by law, and placing them to the credit of the state, town, city, school district, special district and each county fund. Within 20 days after the distribution is completed, the county auditor shall make a report of it to the state auditor in the form prescribed by the state auditor. The county auditor shall issue his warrant for the payment of moneys in the county treasury to the credit of the state, town, city, school district, or special districts on application of the persons entitled to receive them. The county auditor may apply the mill rate from the year previous to the year of distribution when apportioning and distributing delinquent tax proceeds, provided that the composition of the previous year's mill rate between taxing districts is not significantly different than that which existed for the year of the delinquency.

Sec. 24. Minnesota Statutes 1984, section 276.11, is amended to read:

**276.11 [WHEN TREASURER SHALL PAY FUNDS FROM MARCH AND MAY SETTLEMENT.]**

As soon as practical after ~~each the March and the May settlement settlements~~ the county treasurer shall pay over to the state treasurer or the treasurer of any town, city, school district, or special district, on the warrant of the county auditor, all receipts arising from taxes levied by and belonging to the state, or to such municipal corporation, or other body, and deliver up all orders and other evidences of indebtedness of such municipal corporation or other body, taking triplicate receipts therefor. The treasurer shall file one of the receipts with the county auditor, and shall return one by mail on the day of its reception to the clerk of the town, city, school district, or special district to which payment was made. The clerk shall preserve the receipt in the clerk's office. Upon written request of the state, a municipal corporation or other public body, the county treasurer shall, to the extent practicable, make partial payments of amounts collected periodically in advance of the next settlement and distribution. Accompanying each payment shall be a statement prepared by the county treasurer designating the years for which taxes included in the payment were collected and, for each year, the amount of the taxes and any penalties thereon. The county treasurer shall pay, upon written request of the state, a municipal corporation or other public body except school districts, at least 70 percent of the estimated collection within 30 days after the ~~March and May settlement date dates~~. Within seven business days after the due date, the county treasurer shall pay to the treasurer of the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district and the remaining 50 percent of the estimated col-

lections shall be paid to the treasurer of the school district within the next seven business days. The treasurer shall pay the balance of the amounts collected to the state or to a municipal corporation or other body within 60 days after the *March and May settlement date dates*, provided, however, that after 45 days interest shall accrue at a rate of eight percent per annum to the credit of and shall be paid to the state, municipal corporation or other body. Interest shall be payable upon appropriation from the general revenue fund of the county and, if not paid, may be recovered by the state, municipal corporation, or other body, in a civil action.

Sec. 25. [276.111] [DISTRIBUTIONS AND FINAL YEAR END SETTLEMENT.]

*Within seven business days after October 15, the county treasurer shall pay to the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district from May 20 to October 20 and the remaining 50 percent of the estimated tax collections must be paid to the school district within the next seven business days. Within ten business days after November 15, the county treasurer shall pay to the school district 100 percent of the estimated collections arising from taxes levied by and belonging to the school districts from October 20 to November 20.*

*Not later than November 15, the county treasurer shall pay to each taxing district, except any school district, 70 percent of the estimated tax collections from May 20 to October 20. Not later than December 15, the county treasurer shall pay to each taxing district, except school districts, 90 percent of the estimated tax collections through November 30 which have not previously been distributed to the taxing district.*

*On December 26, the county treasurer shall make full settlement with the county auditor of all receipts collected from the 20th day of May to December 24. After subtracting any tax distributions which have been made to the taxing districts in October, November, and December, the treasurer shall pay to each of the taxing districts on or before December 31, the balance of the tax amounts collected on behalf of each taxing district. Interest shall accrue at a rate of eight percent per annum to the credit of and shall be paid to the taxing district if this final settlement amount is not paid by December 31. Interest shall be payable upon appropriation from the general revenue fund of the county and, if not paid may be recovered by the state, municipal corporation, or other body, in a civil action.*

Sec. 26. Minnesota Statutes 1984, section 278.03, is amended to read:

278.03 [PAYMENT OF TAX.]

If the proceedings instituted by the filing of the petition have not been completed before the 16th day of May next following the filing, the petitioner shall pay to the county treasurer 50 percent of the tax levied for such year against the property involved, unless permission to continue prosecution of the petition without such payment is obtained as herein provided. If the proceedings instituted by the filing of the petition have not been completed by the next October 16, or, in the case of class 3cc agricultural homestead, class 3b agricultural homestead, and class 3 agricultural nonhomestead property, November 16, the petitioner shall pay to the county treasurer 50 percent of the unpaid balance of the taxes levied for the year against the property

involved if the unpaid balance is \$2,000 or less and 80 percent of the unpaid balance if the unpaid balance is over \$2,000, unless permission to continue prosecution of the petition without payment is obtained as herein provided. The petitioner, upon ten days notice to the county attorney and to the county auditor, given at least ten days prior to the 16th day of May or the 16th day of October, or, in the case of class 3cc agricultural homestead, class 3b agricultural homestead, and class 3 agricultural nonhomestead property, the 16th day of November, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the property may be held exempt from the tax levied or that the tax may be determined to be less than 50 percent of the amount levied; and

(3) That it would work a hardship upon petitioner to pay the taxes due,

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment. The county treasurer shall, upon request of the petitioner, issue duplicate receipts for the tax payment, one of which shall be filed by the petitioner in the proceeding.

Sec. 27. Minnesota Statutes 1985 Supplement, section 278.05, subdivision 5, is amended to read:

Subd. 5. Any time after the filing of the petition and before the trial of the issues raised thereby, when the defense or claim presented is that the property has been partially, unfairly, or unequally assessed, or that the parcel has been assessed at a valuation greater than its real or actual value, or that a parcel which is classified as homestead under the provisions of section 273.13, subdivision 22 or 23, has been assessed at a valuation which exceeds by ten percent or more the valuation which the parcel would have if it were valued at the average assessment/sales ratio for real property in the same class in that portion of the county in which the parcel is located, for which the commissioner is able to establish and publish a sales ratio study, the attorney representing the state, county, city or town in the proceedings may serve on the petitioner, or his attorney, and file with the clerk of the district court, an offer to reduce the valuation of any tract or tracts to a valuation set forth in the offer. If, within ten days thereafter, the petitioner, or his attorney, gives notice in writing to the county attorney, or the attorney for the city or town, that the offer is accepted, he may file the offer with proof of notice, and the clerk shall enter judgment accordingly. Otherwise, the offer shall be deemed withdrawn and evidence thereof shall not be given; and, unless a lower valuation than specified in the offer is found by the court, no costs or disbursements shall be allowed to the petitioner, but the costs and disbursements of the state, county, city or town, including interest at six percent on the tax based on the amount of the offer from and after the 16th day of October, or, in the case of class 3cc agricultural homestead, class 3b agricultural home-

*stead, and class 3 agricultural nonhomestead property, the 16th day of November, of the year the taxes are payable, shall be taxed in its favor and included in the judgment and when collected shall be credited to the county revenue fund, unless the taxes were paid in full before the 16th day of October, or, in the case of class 3cc agricultural homestead, class 3b agricultural homestead, and class 3 agricultural nonhomestead property, the 16th day of November, of the year in which the taxes were payable, in which event interest shall not be taxable.*

Sec. 28. Minnesota Statutes 1984, section 279.01, as amended by Laws 1985, chapter 300, section 12, is amended to read:

#### 279.01 [DUE DATE; PENALTIES, INTEREST.]

Subdivision 1. *Except as provided in subdivision 3, on May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class 1c, 2e, or 6a, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to his payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the 16th day of each month, up to and including October 16 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following; provided, also, that the same may be paid in installments as follows: One-fourth prior to March 16; one-fourth prior to May 16; one-fourth prior to August 16; and the remaining one-fourth prior to October 16, subject to the aforesaid penalties. Where the taxes delinquent after October 16 against any tract or parcel exceed \$100, upon resolution of the county board, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to the next tax judgment sale, and after such payment, penalties, interest, and*



costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties.

Subd. 2. In the case of any tax on class 3cc, 3b, and 3c homestead property paid within 30 days after the due date specified in this section or after the 30-day extension as specified in subdivision 3, the county board may, with the concurrence of the county treasurer, delegate to the county treasurer the power to abate the penalty provided for late payment. Notwithstanding section 270.07, if any county board so elects, the county treasurer may abate the penalty if in his judgment the imposition of the penalty would be unjust and unreasonable.

Subd. 3. In the case of class 3cc agricultural homestead, class 3b agricultural homestead property, and class 3 agricultural nonhomestead property, no penalties shall attach to the second one-half property tax payment as provided in this section if paid by November 15. Thereafter for class 3cc agricultural homestead and class 3b homestead property, on November 16 following, a penalty of six percent shall accrue and be charged on all such unpaid taxes and on December 16 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class 3 agricultural nonhomestead property, on November 16 following, a penalty of eight percent shall accrue and be charged on all such unpaid taxes and on December 16 following, an additional four percent shall be charged on all such unpaid taxes.

If the owner of class 3cc agricultural homestead, class 3b, or class 3 agricultural property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 3cc agricultural homestead, class 3b, or class 3 agricultural property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due on November 15 provided that at least 50 percent of the property's market value is classified class 3cc agricultural, class 3b, or class 3 agricultural.

Sec. 29. Minnesota Statutes 1985 Supplement, section 279.06, is amended to read:

279.06 [COPY OF LIST AND NOTICE.]

Within five days after the filing of such list, the clerk shall return a copy thereof to the county auditor, with a notice prepared and signed by him, and attached thereto, which may be substantially in the following form:

State of Minnesota )  
 ) ss.  
County of \_\_\_\_\_ )

District Court  
\_\_\_\_\_ Judicial District.

The state of Minnesota, to all persons, companies, or corporations who have or claim any estate, right, title, or interest in, claim to, or lien upon, any of the several parcels of land described in the list hereto attached:

The list of taxes and penalties on real property for the county of

\_\_\_\_\_ remaining delinquent on the first Monday in January, 19\_\_\_\_\_, has been filed in the office of the clerk of the district court of said county, of which that hereto attached is a copy. Therefore, you, and each of you, are hereby required to file in the office of said clerk, on or before the 20th day after the publication of this notice and list, your answer, in writing, setting forth any objection or defense you may have to the taxes, or any part thereof, upon any parcel of land described in the list, in, to, or on which you have or claim any estate, right, title, interest, claim, or lien, and, in default thereof, judgment will be entered against such parcel of land for the taxes on such list appearing against it, and for all penalties, interest, and costs. Based upon said judgment, the land shall be sold to the state of Minnesota on the second Monday in May, 19\_\_\_\_\_. The period of redemption for all lands sold to the state at a tax judgment sale shall be three years from the date of sale to the state of Minnesota if the land is within an incorporated area unless it is: (a) *nonagricultural* homesteaded land as defined in section 273.13, subdivision 22; (b) homesteaded agricultural land as defined in section 273.13, subdivision 23, paragraph (a); or (c) seasonal recreational land as defined in section 273.13, subdivision 22, paragraph (c) or subdivision 27, paragraph (a), in which event the period of redemption is five years from the date of sale to the state of Minnesota.

The period of redemption for all other lands sold to the state at a tax judgment sale shall be five years from the date of sale.

Inquiries as to the proceedings set forth above can be made to the county auditor of \_\_\_\_\_ county whose address is \_\_\_\_\_.

(Signed) \_\_\_\_\_,  
 Clerk of the District Court of the  
 County of \_\_\_\_\_  
 (Here insert list.)

The list referred to in the notice shall be substantially in the following form:

List of real property for the county of \_\_\_\_\_, on which taxes remain delinquent on the first Monday in January, 19\_\_\_\_\_:

Town of (Fairfield),  
 Township (40), Range (20),

Names (and  
 Current Filed  
 Addresses) for  
 the Taxpayers  
 and Fee Owners  
 and in Addition  
 Those Parties  
 Who Have Filed  
 Their Addresses  
 Pursuant to  
 section 276.041

	Subdivision of Section	Section	Tax Parcel Number	Total Tax and Penalty \$ cts.
John Jones (825 Fremont Fairfield, MN 55000)	S.E. 1/4 of S.W. 1/4	10	23101	2.20

Bruce Smith  
 (2059 Hand  
 Fairfield,  
 MN 55000)  
 and  
 Fairfield  
 State Bank  
 (100 Main  
 Street  
 Fairfield,  
 MN 55000)

That part of N.E. 1/4  
 of S.W. 1/4 desc. as  
 follows: Beg. at the  
 S.E. corner of said  
 N.E. 1/4 of S.W. 1/4;  
 thence N. along the E.  
 line of said N.E. 1/4  
 of S.W. 1/4 a distance  
 of 600 ft.; thence W.  
 parallel with the S.  
 line of said N.E. 1/4  
 of S.W. 1/4 a distance  
 of 600 ft.; thence S.  
 parallel with said E.  
 line a distance of 600  
 ft. to S. line of said  
 N.E. 1/4 of S.W. 1/4;  
 thence E. along said S.  
 line a distance of 600  
 ft. to the point of  
 beg. \_\_\_\_\_

21 33211 3.15

As to platted property, the form of heading shall conform to circumstances and be substantially in the following form:

City of (Smithtown)  
 Brown's Addition, or Subdivision

Names (and  
 Current Filed  
 Addresses) for  
 the Taxpayers  
 and Fee Owners  
 and in Addition  
 Those Parties  
 Who have Filed  
 Their Addresses  
 Pursuant to  
 section 276.041

	Lot	Block	Tax Parcel Number	Total Tax and Penalty \$ cts
John Jones (825 Fremont Fairfield, MN 55000)	15	9	58243	2.20
Bruce Smith (2059 Hand Fairfield, MN 55000) and Fairfield State Bank (100 Main Street Fairfield, MN 55000)	16	9	58244	3.15

The names, descriptions, and figures employed in parentheses in the above

forms are merely for purposes of illustration.

The name of the town, township, range or city, and addition or subdivision, as the case may be, shall be repeated at the head of each column of the printed lists as brought forward from the preceding column.

Errors in the list shall not be deemed to be a material defect to affect the validity of the judgment and sale.

Sec. 30. Minnesota Statutes 1985 Supplement, section 287.12, is amended to read:

287.12 [TAXES, HOW APPORTIONED.]

All taxes paid to the county treasurer on or after July 1, 1985, under the provisions of sections 287.01 to 287.12 shall be credited to the county revenue fund.

On or before the tenth day of each month the county treasurer shall determine the receipts from the mortgage registration tax during the preceding month. The treasurer shall report to the county welfare agency on or before the tenth day of each month 95 percent of the receipts attributable to the statutory rate in section 287.05. That amount, in addition to 97 percent of the amount determined under section 287.29, must be shown as a deduction from the report filed with the department of human services as required by section 256.82. *The net receipts from the preceding month must be credited to the county welfare fund by the tenth day of each month.*

Sec. 31. Minnesota Statutes 1985 Supplement, section 287.29, subdivision 1, is amended to read:

Subdivision 1. On or before the tenth day of August 1985, and each month thereafter, the county treasurer shall determine and report to the county welfare agency the receipts attributable to the tax imposed during the preceding month. The report must accompany the report required in section 287.12. The receipts shall be deposited in the county treasury and credited to the county revenue fund. *The net receipts from the preceding month must be credited to the county welfare fund by the tenth day of each month.*

Sec. 32. Minnesota Statutes 1985 Supplement, section 290A.03, subdivision 6, is amended to read:

Subd. 6. [HOMESTEAD.] "Homestead" means the dwelling occupied by a claimant as his principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to 320 acres or, where the farm homestead is rented, one acre. The homestead may be owned or rented and may be a part of a multi-dwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section ~~468.014~~ 274.19, subdivision 8, assessed as personal property may be a dwelling for purposes of this subdivision.

Sec. 33. Minnesota Statutes 1985 Supplement, 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 22 and 23, but after deductions made pursuant to sections 124.2137, 273.115, 273.116, 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section ~~168.014~~ 274.19, subdivision 8, "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23 on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to October 1 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Sec. 34. Minnesota Statutes 1984, section 296.16, subdivision 1, is amended to read:

Subdivision 1. [INTENT.] All gasoline received in this state and all gasoline produced in or brought into this state except aviation gasoline and marine gasoline shall be determined to be intended for use in motor vehicles in this state. Approximately three-fourths of one percent of all gasoline received in this state and three-fourths of one percent of all gasoline produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of motor boats on the waters of this state and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than ~~in motor boats for aviation purposes~~, three-fourths of one percent of such revenues is the amount of tax on fuel used in motor boats operated on the waters of this state. Approximately three-fourths of one percent of all gasoline received in and produced or brought into this state, except gasoline used for aviation purposes, is being used as fuel for the operation of snowmobiles

in this state, and of the total revenue derived from the imposition of the gasoline fuel tax for uses other than ~~in snowmobiles~~ *for aviation purposes*, three-fourths of one percent of such revenues is the amount of tax on fuel used in snowmobiles operated in this state.

Sec. 35. Minnesota Statutes 1984, section 296.17, subdivision 6, is amended to read:

Subd. 6. [RECIPROCAL AGREEMENTS.] ~~The commissioner is hereby empowered to~~ *of public safety or the commissioner of revenue may enter into reciprocal agreements with the appropriate officials of any other state under which he either commissioner may waive all or any part of the requirements imposed by this section upon those who use in Minnesota gasoline or other motor vehicle fuel upon which the tax has been paid to such other state, provided that the officials of such other state grant equivalent privileges with respect to gasoline or other motor vehicle fuel used in such other state but upon which the tax has been paid to Minnesota.*

*The commissioner is also hereby empowered to of public safety or the commissioner of revenue may enter into reciprocal agreements with the appropriate officials of other states, exempting vehicles licensed in such other states from the license and use tax provisions contained in this section, which otherwise would apply to vehicles licensed by such other state, provided that such other state grant equivalent privileges with respect to vehicles licensed by Minnesota.*

Sec. 36. Minnesota Statutes 1984, section 296.17, is amended by adding a subdivision to read:

Subd. 9a. [MINNESOTA BASED INTERSTATE CARRIERS.] *Notwithstanding the exemption contained in subdivision 9, as the commissioner of public safety enters into interstate fuel tax compacts which require base state licensing and filing and which eliminate filing in the nonresident compact states, the Minnesota based motor vehicles registered pursuant to section 168.187 will be required to license under the fuel tax compact in Minnesota.*

*The commissioner of public safety will have all the powers granted to the commissioner of revenue under this section, including the authority to collect and issue licenses, to collect the tax due, and issue any refunds. All license fees paid to the commissioner of public safety pursuant to subdivision 10 will be deposited in the general fund.*

Sec. 37. Minnesota Statutes 1984, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) There is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$1.25 cents per gross ton of merchantable iron ore concentrate produced therefrom. The tax on concentrates produced in 1978 and subsequent years prior to 1985 shall be equal to \$1.25 multiplied by the steel mill products index during the production year, divided by the steel mill products index in 1977. The index stated in code number 1013, or any subsequent equivalent, as published by the United States Department of Labor, Bureau of Labor Statistics Wholesale Prices and Price Indexes for the month of Jan-

uary of the year in which the concentrate is produced shall be the index used in calculating the tax imposed herein. In no event shall the tax be less than \$1.25 per gross ton of merchantable iron ore concentrate. The tax on concentrates produced in 1985 and 1986 shall be at the rate determined for 1984 production. For concentrates produced in 1987 and subsequent years, the tax shall be equal to the preceding year's tax plus an amount equal to the preceding year's tax multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross national product prepared by the bureau of economic analysis of the United States department of commerce.

(b) On concentrates produced in 1984, an additional tax is imposed equal to eight-tenths of one percent of the total tax imposed by clause (a) per gross ton for each one percent that the iron content of such product exceeds 62 percent, when dried at 212 degrees Fahrenheit.

(c) The tax imposed by this subdivision on concentrates produced in 1984 shall be computed on the production for the current year. The tax on concentrates produced in 1985 shall be computed on the average of the production for the current year and the previous year. The tax on concentrates produced in 1986 and thereafter shall be the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$1.25 per gross ton of merchantable iron ore concentrate produced shall be imposed.

Sec. 38. Minnesota Statutes 1985 Supplement, section 298.28, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTION.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certification of the commissioner of revenue, be allocated as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) (a) 12.5 cents per taxable ton, less any amount distributed under clause

(7), paragraph (a), and paragraph (b) of this clause, to be distributed as provided in section 298.282.

(b) An amount annually certified by the county auditor of a county containing a taconite tax relief area within which there is an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore. The amount will be the portion of a township's certified levy equal to the proportion of (1) the difference between 50 percent of the township's January 2, 1982, assessed value and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1). The county auditor shall extend the township's levy against the sum of the township's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, this clause shall not apply.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, as follows:

(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its certified levy for the prior year, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. For purposes of distributions pursuant to this part, certified levies for the prior year computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2.

(c) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be



determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1-3/4 mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of 1-3/4 mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3)(c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to section 124A.02 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in clause (9).

(d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed, based upon certification by the commissioner of revenue, as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The apportionment formula prescribed in clause (1) is the basis for the distribution.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause

(1).

(5) (a) 17.75 cents per taxable ton, less any amount required to be distributed under part (b), to St. Louis county acting as the counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1 and shall be increased in 1988 and subsequent years according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(7) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of providing an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(b) 1.5 cents per taxable ton shall be paid to the northeast Minnesota economic protection trust fund.

(8) the amounts determined under clauses (4)(a), (4)(c), (5), and (7)(b) shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. Those amounts shall be increased in 1988 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(9) the proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in clauses (1) to (8), as certified by the commissioner of revenue, and parts (a) and (b) of this clause have been made, together with interest earned on all money distributed under this subdivision prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota eco-

conomic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(a) There shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake county and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake county and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(b) There shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22. *The amount distributed under this subclause (b) shall be expended within or for the benefit of the tax relief area defined in section 273.134.*

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. The commissioner of revenue shall annually on or before October 10 report an estimated distribution amount to each taxing district and the officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county or city in the year in which such estimate is made, and payable in the next ensuing calendar year, except that one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. In any calendar year in which a general property tax levy subject to sections 275.50 to ~~275.59~~ 275.58 has been made, if the taxes distributable to any such county or city are greater than the amount estimated by the commissioner to be paid to any such county or city in such year, the excess of such distribution shall be held in a special fund by the county or city and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.50 to ~~275.59~~ 275.58, of such county or city payable in such year. If the amounts distributable to any such county or city after final determination by the commissioner of revenue under this section are less than the amounts by which a taxing district's levies were reduced pursuant to this section, such county or city may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.50 to ~~275.59~~ 275.58 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

#### Sec. 39. [REPORT ON SALES RATIO STUDY.]

*The department of revenue shall study alternative means of calculating the*

*assessment/sales ratio for communities in which few sales occur and report its findings and recommendations to the legislature by January 15, 1987.*

Sec. 40. Laws 1985, chapter 289, section 5, subdivision 2, is amended to read:

Subd. 2. [REVERSE REFERENDUM.] If the Clearwater county board proposes to increase the levy of the county pursuant to subdivision 1, it shall pass a resolution stating that fact. Thereafter, the resolution shall be published for two successive weeks in the official newspaper of the county or if there is no official newspaper, in a newspaper of general circulation in the county, together with a notice fixing a date for a public hearing on the matter. The hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the county may determine to take no further action or, in the alternative, adopt a resolution confirming its intention to exercise the authority. That resolution shall also be published in the official newspaper of the county or if there is no official newspaper, in a newspaper of general circulation in the county. If within 30 days thereafter a petition signed by voters equal in number to five percent of the votes cast in the county in the last general election requesting a referendum on the proposed resolution is filed with the county auditor the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at the referendum. The referendum must be held at a special or general election prior to October 1, 1985 of the year when a tax is initially proposed to be levied pursuant to this section.

Sec. 41. Laws 1985, chapter 289, section 7, is amended to read:

Sec. 7. [LOCAL APPROVAL.]

Sections 1, 2, 3, and 4 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Hubbard county board. Section 5 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Clearwater county board for taxes levied in 1985, 1986, 1987, and 1988 and subsequent years. Section 6 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Cass county board.

Sec. 42. [REPEALER.]

*Minnesota Statutes 1984, section 69.031, subdivision 4, is repealed.*

Sec. 43. Laws 1985, First Special Session chapter 14, article 11, section 13, is amended to read:

Sec. 13. [REPEALER.]

Minnesota Statutes 1984, sections 287.27, 287.29, subdivision 3, and 287.32 are repealed.

Sec. 44. [EFFECT OF PRIOR ACTION.]

*Notwithstanding Minnesota Statutes, section 645.36, the repeal of Minnesota Statutes, section 287.27 by Laws 1985, First Special Session chapter 14, article 11, section 13, is of no effect, and section 287.27, remains in*

*effect without interruption. The amendment to section 287.27 by Laws 1985, First Special Session chapter 14, article 11, section 8, takes effect July 1, 1985.*

Sec. 45. [INSTRUCTION TO THE REVISOR.]

*In the next edition of Minnesota Statutes, the revisor shall change class 3cc to class 1b, class 3b to class 2a, class 3 to class 2c, and class 3c to class 1a, wherever they appear in sections 278.03, 278.05, subdivision 5, and 279.01.*

Sec. 46. [EFFECTIVE DATES.]

*Sections 1 to 6 and 42 are effective for police and fire aids payable in 1986 and subsequent years. Sections 7, 8, 9, 11, 12, 14 to 20, 29, 32, and 33 are effective for property taxes levied in 1986 and subsequent years, payable in 1987 and subsequent years. Section 13 is effective July 15, 1986. Section 21 is effective March 15, 1986. Sections 22 to 28 are effective for taxes paid in 1986 and subsequent years. Sections 30, 31, 35, and 36 are effective July 1, 1986. Sections 34, 37, 38, 40, and 41 are effective the day following final enactment. Sections 43 and 44 are effective July 1, 1985.*

ARTICLE 5.

AID PAYMENTS

Section 1. Minnesota Statutes 1985 Supplement, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 275.125, subdivision 9a, and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2 which are for the fiscal year payable in that fiscal year plus 24 percent in 1986 and 34 percent in 1987 and thereafter of the amount of the levy certified in the prior calendar year according to section 275.125, subdivision 2d, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) 24 percent in 1986 and 34 percent in 1987 and thereafter of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the appropriated fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a,

and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to section 275.125, subdivision 6a, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1985 Supplement, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. [PROPERTY TAX SHIFT REDUCTION.] (a) If the most recent forecast of general fund revenues and expenditures prepared by the commissioner of finance as of December 1 indicates a projected unobligated general fund balance at the close of the biennium in excess of \$10,000,000, *Money made available under section 16A.1541 by December 31, 1986, must be used to reduce the levy recognition percent specified in subdivision 4a, clauses (b)(2) and (b)(3), shall be reduced for taxes payable in the succeeding calendar year, according to the provisions of this subdivision and section 16A.1541.*

(b) The levy recognition percent shall equal the result of the following computation: 24 3/4 percent, times the ratio of

(1) the statewide total amount of levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), reduced by the amount of *the projected general fund balance money made available under section 16A.1541, to*

(2) the statewide total amount of the levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b).

The result shall be rounded up to the nearest whole percent. However, in no case shall the levy recognition percent be reduced below *zero 24 percent.*

(c) The commissioner of finance must certify to the commissioner of education the levy recognition percent computed under this subdivision by January 5 of each year. The commissioner of education must notify school districts of a change in the levy recognition percent by January 15.

(d) The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. Payments to a school district of additional state aids resulting from a reduc-

tion in the levy recognition percent must be included in the cash metering of payments made according to section 124.195 after January 15, and must be paid in a manner consistent with the percent specified in that section.

### Sec. 3. [PROPERTY TAX SHIFT REDUCTION.]

*Notwithstanding Minnesota Statutes, sections 16A.15, subdivision 6, and 16A.1541, until June 30, 1987, when the balance in the budget and cash flow reserve account has been restored to \$100,000,000, the excess must be used, one-half to fund a property tax shift reduction under Minnesota Statutes, section 121.904, subdivision 4c, and the remainder to restore the budget and cash flow reserve account and for other purposes as provided in Minnesota Statutes, section 16A.1541.*

Sec. 4. Minnesota Statutes 1984, section 124.195, subdivision 3, is amended to read:

Subd. 3. [PAYMENT DATES AND PERCENTAGES.] Beginning in fiscal year 1984 and thereafter, the commissioner of education shall pay to a school district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (a) the district's other district receipts through the current payment, and (b) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	First business day prior to July 15:	2.25
Payment 2	First business day prior to July 30:	4.50
Payment 3	First business day prior to August 15:	6.75
Payment 4	First business day prior to August 30:	9.0
Payment 5	First business day prior to September 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 12.75 percent	
Payment 6	First business day prior to September 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392, or (b) the amount needed to provide 16.5 percent	
Payment 7	First business day prior to October 15: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 20.75 percent	
Payment 8	First business day prior to October 30: the greater of (a) one-half of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits, or (b) the amount needed to provide 25.0 percent	

Payment 9	First business day prior to November 15:	31.0
Payment 10	First business day prior to November 30:	37.0
Payment 11	First business day prior to December 15:	40.0
Payment 12	First business day prior to December 30:	43.0
Payment 13	First business day prior to January 15:	47.25
Payment 14	First business day prior to January 30:	51.5
Payment 15	First business day prior to February 15:	56.0
Payment 16	First business day prior to February 28:	60.5
Payment 17	First business day prior to March 15:	65.25
Payment 18	First business day prior to March 30:	70.0
Payment 19	First business day prior to April 15:	74.0
		73.0
Payment 20	First business day prior to April 30:	85.0
		79.0
Payment 21	First business day prior to May 15:	92.0
		82.0
Payment 22	First business day prior to May 30:	100.0
		90.0
Payment 23	First business day prior to June 20:	100.0

Sec. 5. Minnesota Statutes 1984, section 124.195, is amended by adding a subdivision to read:

*Subd. 3a. [APPEAL.] The commissioner may revise the payment dates and percentages in subdivision 3 and section 6 of this article for a district if it is determined that there is an emergency or there are serious cash flow problems in the district that cannot be resolved by issuing warrants or other forms of indebtedness. The commissioner shall establish a process and criteria for school districts to appeal the payment dates and percentages established in subdivision 3 and section 6 of this article.*

Sec. 6. [TEMPORARY CHANGE IN PAYMENT OF AIDS AND CREDITS TO SCHOOL DISTRICTS.]

*If the commissioner of finance determines that modifications in the payment schedule are required to avoid state short-term borrowing, the commissioner of education shall modify payments to school districts according to this section. The modifications shall begin no sooner than September 1, 1986, and shall remain in effect until no later than May 30, 1987. In calculating the payment to a school district pursuant to Minnesota Statutes, section 124.195, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:*

(1) *the net cash balance in the district's four operating funds on June 30, 1986; minus*

(2) *the product of \$150 times the number of actual pupil units in the 1985-1986 school year; minus*

(3) *the amount of payments made by the county treasurer during fiscal year 1986, pursuant to Minnesota Statutes, section 276.10, which is considered revenue for the 1986-1987 school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the*



*district's four operating funds on June 30, 1986, is less than the product of \$350 times the number of actual pupil units in the 1985-1986 school year. The net cash balance shall include all cash and investments, less certificates of indebtedness outstanding and orders not paid for want of funds.*

*A district may appeal the payment schedule established by this section according to the procedures established in section 5.*

Sec. 7. [PAYMENT DELAYS.]

*In addition to the authority given in section 6 and notwithstanding any other law to the contrary, the commissioner of finance may delay payment of any type of state aids to local units of government, excluding school districts. The commissioner may exercise the authority granted in this section only to the extent necessary to avoid short-term borrowing by the state. The delay may not extend beyond the end of the fiscal year of the recipient.*

Sec. 8. [REPEALER.]

*Minnesota Statutes 1984, section 124A.031, subdivision 2, and Minnesota Statutes 1985 Supplement, section 16A.154, are repealed:*

ARTICLE 6

LOCAL GOVERNMENT AIDS

Section 1. Minnesota Statutes 1985 Supplement, section 477A.011, subdivision 10, is amended to read:

Subd. 10. [MAXIMUM AID AMOUNT.] For any calendar year aid distribution, a city's maximum aid amount shall be 106 percent of its previous year aid amount, provided that its previous year aid amount exceeded \$150 per capita. If its previous year aid amount was less than \$150 per capita, its maximum aid amount shall be the lesser of: (a) 112 percent of its previous year aid amount, or (b) \$159 multiplied by the population figure used in determining its previous year aid provided that its average equalized municipal mill rate exceeded 18 mills. If its average equalized municipal mill rate was less than or equal to 18 mills, its maximum aid amount shall be 105.5 percent of its previous year aid amount.

Sec. 2. Minnesota Statutes 1985 Supplement, section 477A.011, subdivision 14, is amended to read:

Subd. 14. [LOCAL EFFORT MILL RATE.] For any calendar year aid distribution, a city's local effort mill rate means its fiscal need factor per capita divided by \$16 \$18 per capita per mill for the first \$300 of its fiscal need factor per capita; plus its fiscal need factor per capita divided by \$14 per capita per mill on that part of its fiscal need factor per capita, if any, in excess of \$300. In no case shall a city's local effort mill rate be less than eight mills.

Sec. 3. Minnesota Statutes 1985 Supplement, section 477A.012, is amended to read:

477A.012 [COUNTY GOVERNMENT DISTRIBUTIONS.]

In calendar year 1986 1987, each county government shall receive a distribution equal to 60 104 percent of the aid amount certified for 1983 1986 pursuant to sections 477A.011 to 477A.03. Each county government that received no distribution in 1986 pursuant to sections 477A.011 to 477A.03

*shall receive a distribution in calendar year 1987 computed by multiplying the county's population by the average per capita increase in aid paid to all other counties under this section in 1987 over the average per capita aid paid to counties in 1986.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 477A.013, is amended to read:

477A.013 [MUNICIPAL GOVERNMENT DISTRIBUTIONS.]

Subdivision 1. [TOWNS.] In calendar year ~~1986~~ 1987, each town which had levied for taxes payable in the previous year at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to the greater of: (a) 60 percent of the amount received in 1983 pursuant to Minnesota Statutes 1982, sections 273.138, 273.139, and 477A.011 to 477A.03; or (b) ~~106 104~~ 104 percent of the amount received in ~~1985~~ 1986 pursuant to Minnesota Statutes ~~1984~~ 1985 Supplement, sections 477A.011 to 477A.03.

Subd. 2. [CITIES.] In calendar year ~~1986~~ 1987, each city shall receive a local government aid distribution as determined by the following steps.

(1) A preliminary aid amount shall be computed for each city equal to the amount obtained by subtracting its local effort mill rate multiplied by its equalized assessed value from its fiscal need factor, except that its preliminary aid amount may not be less than its previous year aid amount.

For any city which received more than \$70 per capita in attached machinery aids in 1983 pursuant to Minnesota Statutes 1982, section 273.138, an amount equal to the amount of attached machinery aids received in 1983 shall be added to the preliminary aid amount.

(2) For each city, an aid increase amount equal to the amount by which its preliminary aid amount exceeds its previous year aid amount shall be determined. Each city's aid increase amount shall be reduced by a uniform percentage as determined by the commissioner of revenue, to make the sum of the final aid distributions for all cities equal the aid limitation imposed by subdivision 3.

(3) Each city's final aid amount shall be equal to the sum of its aid increase amount, as adjusted, and its previous year aid amount; provided, however, that no city's aid shall exceed its maximum aid amount, and further provided that no city which is a city of the first class shall have a final aid amount which is less than 102 percent of its previous year aid.

Subd. 3. [AID LIMITATION.] The total amount available for distribution to cities pursuant to subdivision 2 shall be ~~\$286,000,000~~ \$300,320,000 for calendar year ~~1986~~ 1987.

Sec. 5. Minnesota Statutes 1984, section 477A.015, is amended to read:

477A.015 [PAYMENT DATES.]

The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in ~~six~~ two installments on July 15, August 15, September 15, October 15, November 15, and December 15 annually.

For calendar year 1981 only, the commissioner shall make the payments in seven installments computed as follows: one fourth of the calendar year 1981 aids shall be paid on March 15; the remaining amounts shall be divided into six equal payments to be made on July 15, August 15, September 15, October 15, November 15, and December 15. The commissioner may pay all or part of the payment due on December 15 at any time after August 15 upon the request of a city that requests such payment as being necessary for meeting its cash flow needs.

## ARTICLE 7

### COMPLIANCE

Section 1. Minnesota Statutes 1984, section 60A.15, subdivision 2, is amended to read:

Subd. 2. [DOMESTIC MUTUAL INSURANCE COMPANIES.] On or before April 15, June 15, ~~September 15~~ and December 15 of each year, every domestic mutual insurance company including township and farmers' insurance companies shall pay to the commissioner of revenue ~~quarterly~~ installments *equal to one-third* of the insurer's total estimated tax for the current year based on a sum equal to two percent of the gross direct fire, lightning, and sprinkler leakage premiums, less return premiums on all direct business, except auto and ocean marine fire business received by it, or by its agents for it, in cash or otherwise, on property located in this state, during such year. If unpaid by such dates, there shall be added to the tax for the taxable year an amount determined pursuant to subdivisions 1a to 1c. Failure of a company to make ~~quarterly~~ payments of at least ~~one-fourth~~ *one-third* of either (a) the total tax paid during the previous calendar year or (b) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this subdivision.

Sec. 2. Minnesota Statutes 1985 Supplement, section 60A.17, subdivision 1a, is amended to read:

Subd. 1a. [LICENSE APPLICATION.] (a) [PROCEDURE.] An application for a license to act as an insurance agent shall be made to the commissioner by the person who seeks to be licensed. The application for license shall be accompanied by a written appointment from an admitted insurer authorizing the applicant to act as its agent under one or both classes of license. The insurer must also submit its check payable to the state treasurer for the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9) at the time the agent becomes licensed. The application and appointment shall be on forms prescribed by the commissioner.

If the applicant is a natural person, no license shall be issued until that natural person has become qualified.

If the applicant is a partnership or corporation, no license shall be issued until at least one natural person who is a partner, director, officer, stockholder, or employee shall be licensed as an insurance agent.

(b) [RESIDENT AGENT.] The commissioner shall issue a resident insurance agent's license to a qualified resident of this state as follows:

(1) a person may qualify as a resident of this state if that person resides in this state or the principal place of business of that person is maintained in this state. Application for a license claiming residency in this state for licensing purposes, shall constitute an election of residency in this state. Any license issued upon an application claiming residency in this state shall be void if the licensee, while holding a resident license in this state, also holds, or makes application for, a resident license in, or thereafter claims to be a resident of, any other state or jurisdiction or if the licensee ceases to be a resident of this state; provided, however, if the applicant is a resident of a community or trade area, the border of which is contiguous with the state line of this state, the applicant may qualify for a resident license in this state and at the same time hold a resident license from the contiguous state;

(2) the commissioner shall subject each applicant who is a natural person to a written examination as to the applicant's competence to act as an insurance agent. The examination shall be held at a reasonable time and place designated by the commissioner;

(3) the examination shall be approved for use by the commissioner and shall test the applicant's knowledge of the lines of insurance, policies, and transactions to be handled under the class of license applied for, of the duties and responsibilities of the licensee, and pertinent insurance laws of this state;

(4) the examination shall be given only after the applicant has completed a program of classroom studies in a school, which shall include a school conducted by an admitted insurer. The course of study shall consist of 30 hours of classroom study devoted to the basic fundamentals of insurance for those seeking a Minnesota license for the first time, 15 hours devoted to specific life and health topics for those seeking a life and health license, and 15 hours devoted to specific property and casualty topics for those seeking a property and casualty license. The program of studies or study course shall have been approved by the commissioner in order to qualify under this clause. If the applicant has been previously licensed for the particular line of insurance in the state of Minnesota, the requirement of a program of studies or a study course shall be waived. A certification of compliance by the organization offering the course shall accompany the applicant's license application. This program of studies in a school or a study course shall not apply to farm property perils and farm liability applicants, or to agents writing such other lines of insurance as the commissioner may exempt from examination by order;

(5) the applicant must pass the examination with a grade determined by the commissioner to indicate satisfactory knowledge and understanding of the class or classes of insurance for which the applicant seeks qualification. The commissioner shall inform the applicant as to whether or not the applicant has passed;

(6) an applicant who has failed to pass an examination may take subsequent examinations. Examination fees for subsequent examinations shall not be waived; and

(7) any applicant for a license covering the same class or classes of insurance for which the applicant was licensed under a similar license in this state, other than a temporary license, within the three years preceding the date of the application shall be exempt from the requirement of a written examination, unless the previous license was revoked or suspended by the commissioner. *An applicant whose license is not renewed under subdivision 20 is exempt from the requirement of a written examination.*

(c) [NONRESIDENT AGENT.] The commissioner shall issue a nonresident insurance agent's license to a qualified person who is a resident of another state or country as follows:

(1) A person may qualify for a license under this section as a nonresident only if that person holds a license in another state, province of Canada, or other foreign country which, in the opinion of the commissioner, qualifies that person for the same activity as that for which a license is sought;

(2) The commissioner shall not issue a license to any nonresident applicant until that person files with the commissioner a designation of the commissioner and the commissioner's successors in office as the applicant's true and lawful attorney upon whom may be served all lawful process in any action, suit, or proceeding instituted by or on behalf of any interested person arising out of the applicant's insurance business in this state. This designation shall constitute an agreement that this service of process is of the same legal force and validity as personal service of process in this state upon that applicant.

Service of process upon any licensee in any action or proceeding commenced in any court of competent jurisdiction of this state may be made by serving the commissioner with appropriate copies of the process along with payment of the fee pursuant to section 60A.14, subdivision 1, paragraph (c), clause (4). The commissioner shall forward a copy of the process by registered or certified mail to the licensee at the last known address of record or principal place of business of the licensee; and

(3) A nonresident license shall terminate automatically when the resident license for that class of license in the state, province, or foreign country in which the licensee is a resident is terminated for any reason.

(d) [DENIAL.] (1) If the commissioner finds that an applicant for a resident or nonresident license has not fully met the requirements for licensing, the commissioner shall refuse to issue the license and shall promptly give written notice to both the applicant and the appointing insurer of the denial, stating the grounds for the denial. All fees which accompanied the application and appointment shall be deemed earned and shall not be refundable.

(2) The commissioner may also deny issuance of a license for any cause that would subject the license of a licensee to suspension or revocation. If a license is denied pursuant to this clause, the provisions of subdivision 6c, paragraph (c) apply.

(3) The applicant may make a written demand upon the commissioner for a hearing within 30 days of the denial of a license to determine whether the reasons stated for the denial were lawful. The hearing shall be held pursuant to chapter 14.

(e) [TERM.] All licenses issued pursuant to this section shall remain in force until voluntarily terminated by the licensee, not renewed as prescribed in subdivision 1d, or until suspended or revoked by the commissioner. A voluntary termination shall occur when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination shall also occur upon the happening of the event described in paragraph (c), clause (3).

Every licensed agent shall notify the commissioner within 30 days of any change of name, address, or information contained in the application.

(f) [SUBSEQUENT APPOINTMENTS.] A person who holds a valid agent's license from this state, may solicit applications for insurance on behalf of an admitted insurer with which the licensee does not have a valid appointment on file with the commissioner; provided, that the licensee has permission from the insurer to solicit insurance on its behalf and, provided further, that the insurer upon receipt of the application for insurance submits a written notice of appointment to the commissioner accompanied by its check payable to the state treasurer in the amount of the appointment fee prescribed by section 60A.14, subdivision 1, paragraph (c), clause (9). The notice of appointment shall be on a form prescribed by the commissioner.

(g) [AMENDMENT OF LICENSE.] An application to the commissioner to amend a license to reflect a change of name, or to include an additional class of license, or for any other reason, shall be on forms provided by the commissioner and shall be accompanied by the applicant's surrendered license and a check payable to the state treasurer for the amount of fee specified in section 60A.14, subdivision 1, paragraph (c).

An applicant who surrenders an insurance license pursuant to this clause retains licensed status until an amended license is received.

(h) [EXCEPTIONS.] The following are exempt from the general licensing requirements prescribed by this section:

(1) agents of township mutuals who are exempted pursuant to subdivision 1b;

(2) fraternal beneficiary association representatives exempted pursuant to subdivision 1c;

(3) any regular salaried officer or employee of a licensed insurer, without license or other qualification, may act on behalf of that licensed insurer in the negotiation of insurance for that insurer; provided that a licensed agent must participate in the sale of any such insurance;

(4) employers and their officers or employees, and the trustees or employees of any trust plan, to the extent that the employers, officers, employees, or trustees are engaged in the administration or operation of any program of employee benefits for the employees of the employers or employees of their subsidiaries or affiliates involving the use of insurance issued by a licensed insurance company; provided, that the activities of the officers, employees and trustees are incidental to clerical or administrative duties and their compensation does not vary with the volume of insurance or applications therefor;

(5) employees of a creditor who enroll debtors for life or accident and health insurance; provided the employees receive no commission or fee therefor; and

(6) clerical or administrative employees of an insurance agent who take insurance applications or receive premiums in the office of their employer, if the activities are incidental to clerical or administrative duties and the employee's compensation does not vary with the volume of the applications or premiums.

Sec. 3. Minnesota Statutes 1984, section 60A.17, is amended by adding a subdivision to read:

*Subd. 20. [TAX CLEARANCE CERTIFICATE.] (a) The commissioner may not issue or renew a license under this section if the commissioner of revenue notifies the commissioner and the licensee or applicant for a license that the licensee or applicant owes the state delinquent taxes in the amount of \$500 or more. The commissioner may issue or renew the license only if (1) the commissioner of revenue issues a tax clearance certificate and (2) the commissioner of revenue or the licensee or applicant forwards a copy of the clearance to the commissioner. The commissioner of revenue may issue a clearance certificate only if the licensee or applicant does not owe the state any uncontested delinquent taxes.*

*(b) For purposes of this subdivision, the following terms have the meanings given.*

*(1) "Taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes.*

*(2) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.*

*(c) In lieu of the notice and hearing requirements of subdivisions 6c and 6d, when a licensee or applicant is required to obtain a clearance certificate under this subdivision, a contested case hearing must be held if the licensee or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in paragraph (a). The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of administrative hearings. Notwithstanding any law to the contrary, the licensee or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the licensee or applicant. The notice may be served personally or by mail.*

*(d) The commissioner shall require all licensees or applicants to provide their social security number and Minnesota business identification number on all license applications. Upon request of the commissioner of revenue, the commissioner must provide to the commissioner of revenue a list of all licensees and applicants, including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the licensees and applicants no more than once each calendar year. Notwithstanding sections 290.61 and 297A.43, the commis-*

tioner of revenue may release information necessary to accomplish the purpose of this subdivision.

Sec. 4. Minnesota Statutes 1984, section 69.54, is amended to read:

**69.54 [SURCHARGE ON PREMIUMS TO RESTORE DEFICIENCY IN SPECIAL FUND.]**

The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any foreign or domestic fire insurance company on property in this city of the first class, or by its agents for it, in cash or otherwise. This surcharge shall be due and payable from these companies to the state treasurer, in ~~semiannual~~ equal installments, on ~~June 30th and December 31st~~ April 15, June 15, and December 15 of each calendar year, and if not paid within 30 days after these dates, a penalty of ten percent shall accrue thereon and thereafter this sum and penalty shall draw interest at the rate of one percent per month until paid.

Sec. 5. Minnesota Statutes 1984, section 82.22, subdivision 3, is amended to read:

Subd. 3. [RE-EXAMINATIONS.] An examination may be required before the renewal of any license which has been suspended, or before the issuance of a license to any person whose license has been ineffective for a period of one year, except no re-examination shall be required of any individual who has failed to cause renewal of an existing license because of absence from the state while on active duty with the armed services of the United States of America, and no re-examination shall be required of an individual whose license has not been renewed under section 82.27, subdivision 7.

Sec. 6. Minnesota Statutes 1984, section 82.27, is amended by adding a subdivision to read:

Subd. 7. [TAX CLEARANCE CERTIFICATE.] (a) In addition to the provisions of subdivision 1, the commissioner may not issue or renew a license if the commissioner of revenue notifies the commissioner and the licensee or applicant for a license that the licensee or applicant owes the state delinquent taxes in the amount of \$500 or more. The commissioner may issue or renew the license only if (1) the commissioner of revenue issues a tax clearance certificate and (2) the commissioner of revenue or the licensee or applicant forwards a copy of the clearance to the commissioner. The commissioner of revenue may issue a clearance certificate only if the licensee or applicant does not owe the state any uncontested delinquent taxes.

(b) For purposes of this subdivision, the following terms have the meanings given.

(1) "Taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes.

(2) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.

(c) In lieu of the notice and hearing requirements of subdivisions 3, 4, 5,



and 6, when a licensee or applicant is required to obtain a clearance certificate under this subdivision, a contested case hearing must be held if the licensee or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in paragraph (a). The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of administrative hearings. Notwithstanding any law to the contrary, the licensee or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the licensee or applicant. The notice may be served personally or by mail.

(d) The commissioner shall require all licensees or applicants to provide their social security number and Minnesota business identification number on all license applications. Upon request of the commissioner of revenue, the commissioner must provide to the commissioner of revenue a list of all licensees and applicants, including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the licensees and applicants no more than once each calendar year. Notwithstanding sections 290.61 and 297A.43, the commissioner of revenue may release information necessary to accomplish the purpose of this subdivision.

Sec. 7. Minnesota Statutes 1985 Supplement, section 147.021, is amended by adding a subdivision to read:

*Subd. 7. [TAX CLEARANCE CERTIFICATE.] (a) In addition to the provisions of subdivision 1, the board may not issue or renew a license if the commissioner of revenue notifies the board and the licensee or applicant for a license that the licensee or applicant owes the state delinquent taxes in the amount of \$500 or more. The board may issue or renew the license only if (1) the commissioner of revenue issues a tax clearance certificate and (2) the commissioner of revenue or the licensee or applicant forwards a copy of the clearance to the board. The commissioner of revenue may issue a clearance certificate only if the licensee or applicant does not owe the state any untested delinquent taxes.*

*(b) For purposes of this subdivision, the following terms have the meanings given.*

*(1) "Taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes.*

*(2) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.*

*(c) In lieu of the notice and hearing requirements of subdivision 1, when a licensee or applicant is required to obtain a clearance certificate under this subdivision, a contested case hearing must be held if the licensee or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in paragraph (a). The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of administrative hearings. Notwithstanding any law to the contrary,*

*the licensee or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the licensee or applicant. The notice may be served personally or by mail.*

*(d) The board shall require all licensees or applicants to provide their social security number and Minnesota business identification number on all license applications. Upon request of the commissioner of revenue, the board must provide to the commissioner of revenue a list of all licensees and applicants, including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the licensees and applicants no more than once each calendar year. Notwithstanding sections 290.61 and 297A.43, the commissioner of revenue may release information necessary to accomplish the purpose of this subdivision.*

Sec. 8. Minnesota Statutes 1984, section 148.10, is amended by adding a subdivision to read:

*Subd. 5. [TAX CLEARANCE CERTIFICATE.] (a) In addition to the grounds provided in subdivision 1, the board may not issue or renew a license to practice chiropractic if the commissioner of revenue notifies the board and the licensee or applicant for a license that the licensee or applicant owes the state delinquent taxes in the amount of \$500 or more. The board may issue or renew the license only if (1) the commissioner of revenue issues a tax clearance certificate and (2) the commissioner of revenue or the licensee or applicant forwards a copy of the clearance to the board. The commissioner of revenue may issue a clearance certificate only if the licensee or applicant does not owe the state any uncontested delinquent taxes.*

*(b) For purposes of this subdivision, the following terms have the meanings given.*

*(1) "Taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes.*

*(2) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.*

*(c) In lieu of the notice and hearing requirements of subdivisions 3 and 4, when a licensee or applicant is required to obtain a clearance certificate under this subdivision, a contested case hearing must be held if the licensee or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in paragraph (a). The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of administrative hearings. Notwithstanding any law to the contrary, the licensee or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the licensee or applicant. The notice may be served personally or by mail.*

*(d) The board shall require all licensees or applicants of a license to practice chiropractic to provide their social security number and Minnesota business identification number on all license applications. Upon request of the commissioner of revenue, the board must provide to the commissioner of*

revenue a list of all licensees and applicants for a license to practice chiropractic, including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the licensees and applicants no more than once each calendar year. Notwithstanding sections 290.61 and 297A.43, the commissioner of revenue may release information necessary to accomplish the purpose of this subdivision.

Sec. 9. Minnesota Statutes 1984, section 150A.08, is amended by adding a subdivision to read:

*Subd. 9. [TAX CLEARANCE CERTIFICATE.] (a) In addition to the grounds provided in subdivision 1 and notwithstanding subdivision 3, the board may not issue or renew a license to practice dentistry if the commissioner of revenue notifies the board and the licensee or applicant for a license that the licensee or applicant owes the state delinquent taxes in the amount of \$500 or more. The board may issue or renew the license only if (1) the commissioner of revenue issues a tax clearance certificate and (2) the commissioner of revenue or the licensee or applicant forwards a copy of the clearance to the board. The commissioner of revenue may issue a clearance certificate only if the licensee or applicant does not owe the state any untested delinquent taxes.*

*(b) For purposes of this subdivision, the following terms have the meanings given.*

*(1) "Taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes.*

*(2) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.*

*(c) In lieu of the notice and hearing requirements of subdivision 8, when a licensee or applicant is required to obtain a clearance certificate under this subdivision, a contested case hearing must be held if the licensee or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in paragraph (a). The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of administrative hearings. Notwithstanding any law to the contrary, the licensee or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the licensee or applicant. The notice may be served personally or by mail.*

*(d) The board shall require all licensees or applicants for a license to practice dentistry to provide their social security number and Minnesota business identification number on all license applications. Upon request of the commissioner of revenue, the board must provide to the commissioner of revenue a list of all licensees and applicants for a license to practice dentistry including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the licensees and applicants no more than once each calendar year. Notwithstanding sections 290.61 and 297A.43, the commissioner of revenue may release*

information necessary to accomplish the purpose of this subdivision.

Sec. 10. Minnesota Statutes 1985 Supplement, section 270.063, is amended to read:

270.063 [COLLECTION OF DELINQUENT TAXES.]

For the purpose of collecting delinquent state tax liabilities ~~from taxpayers who do not reside or are not located in Minnesota~~, there is appropriated to the commissioner of revenue an amount representing the cost of collection, not to exceed one-third of the amount collected by contract with collection agencies, revenue departments of other states, or attorneys to enable the commissioner to reimburse these agencies, *departments, or attorneys* for this service. The commissioner shall report quarterly on the status of this program to the chairmen of the house tax and appropriation committees and senate tax and finance committees.

Notwithstanding section 16A.15, subdivision 3, the commissioner of revenue may authorize the prepayment of sheriff's fees, attorney fees, fees charged by revenue departments of other states, or court costs to be incurred in connection with the collection ~~out of state~~ of delinquent tax liabilities owed to the commissioner of revenue.

Sec. 11. Minnesota Statutes 1985 Supplement, section 270.69, subdivision 2, is amended to read:

Subd. 2. [FILING OF LIENS NECESSARY FOR ENFORCEABILITY AGAINST CERTAIN PERSONS.] The lien imposed by subdivision 1 is not enforceable against any purchaser, mortgagee, pledgee, holder of a uniform commercial code security interest, mechanic's lienor, or judgment lien creditor, until a notice of lien has been filed by the commissioner of revenue in the office of the county recorder of the county in which the property is situated, or in the case of personal property belonging to an individual who is not a resident of this state, or which is a corporation, partnership, or other organization, in the office of the secretary of state. ~~The indexing of liens filed pursuant to this subdivision and, notwithstanding section 386.77, the fees charged for such filing and indexing, shall be as prescribed in sections 272.483 and 272.484. Notwithstanding any other law to the contrary, the department of revenue is exempt from the payment of fees at the time the lien is offered for filing or recording. The fee for filing or recording the lien must be paid at the time the release of lien is offered for filing or recording.~~

Sec. 12. Minnesota Statutes 1985 Supplement, section 270.69, subdivision 4, is amended to read:

Subd. 4. [PERIOD OF LIMITATIONS.] The lien imposed by this section shall, notwithstanding any other provision of law to the contrary, be enforceable from the time the lien arises and for ten years from the date of filing the notice of lien, which must be filed by the commissioner within five years after the date of assessment of the tax. A notice of lien filed in one county may be transcribed to any other county within ten years after the date of its filing, but the transcription shall not extend the period during which the lien is enforceable. *A notice of lien may be renewed by the commissioner before the expiration of the ten-year period for an additional ten years. The taxpayer must receive written notice of the renewal.*

Sec. 13. Minnesota Statutes 1984, section 270.72, subdivision 1, is

amended to read:

Subdivision 1. [TAX CLEARANCE REQUIRED.] The state or a political subdivision of the state may not issue, *transfer*, or renew a license for the conduct of a profession, trade, or business, if the commissioner notifies the licensing authority that the applicant owes the state delinquent taxes, penalties, or interest. The commissioner may not notify the licensing authority unless the applicant taxpayer owes ~~\$1,000~~ \$500 or more in delinquent taxes. A licensing authority that has received a notice from the commissioner may issue, *transfer*, or renew the applicant's license only if (a) the commissioner issues a tax clearance certificate and (b) the commissioner or the applicant forwards a copy of the clearance to the authority. The commissioner may issue a clearance certificate only if the applicant does not owe the state any uncontested delinquent taxes, penalties, or interest.

Sec. 14. Minnesota Statutes 1984, section 270.72, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Taxes" are limited to withholding tax as provided in section 290.92, sales and use tax as provided in chapter 297A, and motor vehicle excise tax as provided in chapter 297B. Penalties and interest are limited to penalties and interest due on taxes included in this definition.

(b) "Delinquent taxes" do not include a tax liability if (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.

(c) "Applicant" means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership. "Applicant" also means an officer of a corporation or a member of a partnership who is liable for the delinquent taxes pursuant to section 270.10, subdivision 4, either for the entity for which the license is at issue or for another entity for which the liability was incurred, or personally as a licensee.

Sec. 15. Minnesota Statutes 1984, section 270.72, subdivision 3, is amended to read:

Subd. 3. [NOTICE AND HEARING.] If the commissioner notifies a licensing authority pursuant to subdivision 1, he must send a copy of the notice to the applicant. ~~In the case of the renewal of a license~~ If the applicant requests, in writing, within 30 days of the receipt date of the notice a hearing, a contested case hearing must be held. The hearing must be held within 45 days of the date the commissioner refers the case to the office of administrative hearings. ~~The hearing must be held under the procedures provided by section 270A.09 and the administrative rules promulgated under chapter 270A.~~ Notwithstanding any law to the contrary, the applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the applicant. The notice may be served personally or by mail.

Sec. 16. Minnesota Statutes 1985 Supplement, section 270.76, is amended

to read:

270.76 [INTEREST ON REFUNDS.]

When any tax payable to the commissioner of revenue or to the department of revenue is overpaid and an amount is due the taxpayer as a refund of the overpayment, the overpayment shall bear interest from the date of payment of the tax until the date the refund is paid or credit is made, unless another period for computing interest is provided by law. The interest rate per annum on overpayments shall be ~~80 percent~~ of the interest rate contained in section 270.75, subdivision 5; the rate shall be adjusted annually and become effective as provided in section 270.75, subdivision 5; ~~and the result of the adjustment in the rate shall be rounded to the nearest full percent.~~ The determination of the commissioner pursuant to this subdivision is not a "rule" and is not subject to the administrative procedure act contained in chapter 14.

Sec. 17. Minnesota Statutes 1985 Supplement, section 273.124, is amended by adding a subdivision to read:

*Subd. 13. [SOCIAL SECURITY NUMBER REQUIRED FOR HOMESTEAD APPLICATION.] Beginning with the January 2, 1987, assessment, every property owner applying for homestead classification must furnish to the county assessor that owner's social security or taxpayer identification number. If the social security or taxpayer identification number is not provided, the county assessor shall classify the property as nonhomestead. The social security numbers of the property owners are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue.*

*At the request of the commissioner, each county must give the commissioner a listing that includes the name and social security or taxpayer identification number of each property owner applying for homestead classification.*

*If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead credit that had been improperly allowed. The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead credit plus a penalty equal to 25 percent of the homestead credit. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.*

*If the amount of homestead credit and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount to the succeeding year's tax list to be collected as part of the property taxes.*

*Any amount of homestead credit recovered from the property owner must be transmitted to the commissioner by the end of each month. The amount of penalty collected must be deposited in the county general fund.*

*The commissioner will provide suggested homestead applications to each*

county. If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

*In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.*

Sec. 18. Minnesota Statutes 1984, section 290.53, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO MAKE AND FILE RETURN.] In case of any failure to make and file a return as required by this chapter within the time prescribed by law or prescribed by the commissioner in pursuance of law, there shall be added to the tax *or subtracted from the refund* in lieu of the penalty provided in subdivision 1: *ten percent of the amount of tax unpaid or of the amount of the refund claimed* if the failure is for not more than 30 days with an additional five percent for each additional 30 days or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate.

*In addition to the penalty imposed above, in the case of a failure to file a return of tax imposed by this chapter within 60 days of the date prescribed for filing of the return (determined with regard to any extensions of time for filing), where the return has been demanded by the commissioner under the provisions of section 290.47, the amount there shall be added to the tax under this subdivision shall not be less than or subtracted from the refund the lesser of \$50 \$100 or 100 percent of the amount required to be shown as the amount of tax which is due with the return or the amount of the refund.*

The amount so added to any tax shall be collected at the same time and in the same manner and as a part of the tax, and the amount of said tax together with the amount so added shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid unless the tax has been paid before the discovery of the neglect, in which case the amount so added shall be collected in the same manner as the tax.

For the purposes of this subdivision the amount of any taxes required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return.

Sec. 19. Minnesota Statutes 1984, section 290.61, is amended to read:

#### 290.61 [PUBLICITY OF RETURNS, INFORMATION.]

It shall be unlawful for the commissioner or any other public official or employee to divulge or otherwise make known in any manner any particulars set forth or disclosed in any report or return required by this chapter, or any information concerning the taxpayer's affairs acquired from his or its records, officers, or employees while examining or auditing any taxpayer's liability for taxes imposed hereunder, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making such return or to comply with the provisions of sections 256.978, 268.12, subdivision

12, 270A.11, 273.1314, subdivision 16, 290.612 and 302A.821. The commissioner may furnish a copy of any taxpayer's return, including audit documents and information, to any official of the United States or of any state having duties to perform in respect to the assessment or collection of any tax imposed upon or measured by income, if such taxpayer is required by the laws of the United States or of such 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 thereby 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 in respect to any information furnished by any department, commission, or official of the United States or of any other state in respect to the income of any person as is required by this section in respect to information concerning the affairs of taxpayers under this chapter. Nothing herein contained shall be construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and the items thereof. Upon request of a majority of the members of the senate tax committee or of the house tax committee or the tax study commission, the commissioner shall furnish abstracted financial information to those committees for research purposes from returns or reports filed pursuant to this chapter, provided that he shall not disclose the name, address, social security number, business identification number or any other item of information associated with any return or report which the commissioner believes is likely to identify the taxpayer. The commissioner shall not furnish the actual return, or a portion thereof, or a reproduction or copy of any return or portion thereof. "Abstracted financial information" means only the dollar amounts set forth on each line on the form including the filing status.

Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

In order to locate the named payee on state warrants issued pursuant to this chapter or chapter 290A and undeliverable by the United States postal service, the commissioner may publish in any newspaper of general circulation in this state or make available to radio or television stations a list of the name and last known address of the payee as shown on the reports or returns filed with the commissioner. The commissioner may exclude the names of payees whose refunds are in an amount which is less than a minimal amount to be determined by the commissioner. The list shall not contain any particulars set forth on any report or return. The publication or announcement shall include instructions on claiming the warrants.

An employee of the department of revenue may, in connection with his official duties relating to any audit, collection activity, or civil or criminal tax investigation or any other offense under this chapter, disclose return information to the extent that such disclosure is necessary in obtaining information, which is not otherwise reasonably available, with respect to the correct determination of tax, liability for tax, or the amount to be collected or with respect to the enforcement of any other provision of this chapter.

In order to facilitate processing of returns and payments of taxes required



by this chapter, or to facilitate the development, implementation, and use of computer programs and automated procedures for purposes of administering this chapter or chapter 290A, the commissioner may contract with outside vendors and may disclose private and nonpublic data to the vendor. The data disclosed will be administered by the vendor consistent with this section, and the vendor must agree to subject himself and his employees to the civil and criminal penalties provided by law for unlawful disclosure.

Information from a tax return required under this chapter on a holder of a license issued by the Minnesota racing commission or an owner of a horse may be provided by the commissioner to the Minnesota racing commission.

*The commissioner may if an attorney owes the state delinquent taxes that would prohibit license clearance under the provisions of section 60A.17, subdivision 20, provide to the Minnesota supreme court and the board of professional responsibility information regarding the amount of any uncontested delinquent taxes due under this chapter or a failure to file a return due under this chapter by an attorney admitted to practice law in this state under chapter 481.*

Sec. 20. Minnesota Statutes 1984, section 297.07, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY RETURN FILED WITH COMMISSIONER.] On or before the ~~eighteenth~~ *twenty-fifth* day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from without the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state during that month. Every licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it.

Sec. 21. Minnesota Statutes 1984, section 297.07, subdivision 4, is amended to read:

Subd. 4. [MONTHLY TAX PAYMENTS; PENALTY FOR NONPAYMENT.] (a) *Except as provided in paragraph (b),* all taxes shall be due and payable not later than the ~~eighteenth~~ *twenty-fifth* day of the month following the calendar month in which they were incurred, and thereafter shall bear interest at the rate specified in section 270.75. The commissioner in issuing his final assessment pursuant to subdivision 3 shall add to the amount of tax found due and unpaid a penalty of ten percent thereof, except that, if he finds that the distributor has made a false and fraudulent return with intent to evade the tax imposed by sections 297.01 to 297.13, the penalty shall be 25 percent of the entire tax as shown by the corrected return. If any such tax is not paid within the time herein specified for the payment thereof or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid, but in no event shall the penalty for failure to pay such tax within the time provided for such payment be less than \$10.

The commissioner is authorized to extend the time for paying such tax without penalty for good cause shown.

*(b) Every distributor having a liability of \$1,400 or more in May 1987 or in May of each subsequent year, shall remit the June liability in the manner required by this section.*

*On or before June 25, 1987, or June 25 of each subsequent year, the distributor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.*

*On or before August 25, 1987, or August 25 of each subsequent year, the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability.*

Sec. 22. Minnesota Statutes 1984, section 297.23, subdivision 1, is amended to read:

Subdivision 1. On or before the ~~eighteenth~~ *twenty-fifth* day of each calendar month, every consumer who during the preceding calendar month has acquired title to or possession of cigarettes for use or storage in this state, upon which cigarettes the tax imposed by sections 297.01 to 297.13 has not been paid, shall file a return with the commissioner showing the quantity of cigarettes so acquired. The return shall be made upon a form furnished and prescribed by the commissioner, and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it.

Sec. 23. Minnesota Statutes 1985 Supplement, section 297.35, subdivision 1, is amended to read:

Subdivision 1. On or before the ~~eighteenth~~ *twenty-fifth* day of each calendar month every distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product (1) brought, or caused to be brought, into this state for sale; and (2) made, manufactured or fabricated in this state for sale in this state, during the preceding calendar month. Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns shall be made upon forms furnished and prescribed by the commissioner and shall contain such other information as the commissioner may require. Each return shall be accompanied by a remittance for the full tax liability shown therein, less two percent of such liability as compensation to reimburse the distributor for his expenses incurred in the administration of sections 297.31 to 297.39.

Sec. 24. Minnesota Statutes 1984, section 297.35, subdivision 5, is amended to read:

Subd. 5. *(a) Except as provided in paragraph (b), all taxes shall be due and*

payable not later than the ~~eighteenth~~ *twenty-fifth* day of the month following the calendar month in which they were incurred, and thereafter shall bear interest at the rate specified in section 270.75. If any tax required to be paid under the provisions of this section is not paid within the time herein specified, a penalty of five percent of the unpaid tax remaining each month up to a maximum of 25 percent is herein imposed but in no event shall the penalty for failing to pay such tax within the time so provided be less than \$10. The commissioner of revenue is authorized to extend the time for paying such tax without penalty for good cause shown.

Where, under the provisions of subdivisions 2 and 3, the amount of tax due for a given period is assessed without allocating it to any particular month or months, the interest shall commence to run from the date of such assessment.

The commissioner shall have power to reduce or abate the penalty or interest when in his opinion the facts warrant such reduction or abatement. The exercise of this power shall be subject to the provisions of chapter 270 if the reduction or abatement exceeds \$500.

*(b) Every distributor having a liability of \$1,400 or more in May 1987 or in May of each subsequent year, shall remit the June liability in the manner required by this section.*

*On or before June 25, 1987, or June 25 of each subsequent year, the distributor shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.*

*On or before August 25, 1987, or August 25 of each subsequent year, the distributor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability.*

Sec. 25. Minnesota Statutes 1984, section 297.35, subdivision 8, is amended to read:

Subd. 8. On or before the ~~eighteenth~~ *twenty-fifth* day of each calendar month, every consumer who, during the preceding calendar month, has acquired title to or possession of tobacco products for use or storage in this state, upon which tobacco products the tax imposed by section 297.32 has not been paid, shall file a return with the commissioner showing the quantity of tobacco products so acquired. The return shall be made upon a form furnished and prescribed by the commissioner, and shall contain such other information as the commissioner may require. The return shall be accompanied by a remittance for the full unpaid tax liability shown by it.

Sec. 26. [REVENUE FROM ACCELERATION.]

*Notwithstanding the provisions of Minnesota Statutes, sections 297.13, subdivision 1, and 297.32, subdivision 9, all revenue collected in June 1987 as a result of the acceleration under the provisions of sections 21 and 24 shall be deposited in the general fund.*

Sec. 27. Minnesota Statutes 1984, section 297A.43, is amended to read:

## 297A.43 [CONFIDENTIAL NATURE OF INFORMATION.]

It shall be unlawful for the commissioner or any other public official or employee to divulge or otherwise make known in any manner any particulars disclosed in any report or return required by sections 297A.01 to 297A.44, or any information concerning the affairs of the person making the return acquired from his records, officers, or employees while examining or auditing under the authority of sections 297A.01 to 297A.44, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making such report or return or to comply with the provisions of section 297A.431 or where a question arises as to the proper tax applicable, that is, sales or use tax. In the latter instance, the commissioner may furnish information to a buyer and a seller with respect to the specific transaction in question. Nothing herein contained shall be construed to prohibit the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and the contents thereof. Any person violating the provisions of this section shall be guilty of a gross misdemeanor.

The commissioner may enter into an agreement with the commissioner or other taxing officials of another state for the interpretation and administration of the acts of their several states providing for the collection of a sales and/or use tax for the purpose of promoting fair and equitable administration of such acts and to eliminate double taxation.

Notwithstanding the above provisions of this section, the commissioner, at his discretion, in order to implement the purposes of this chapter, may furnish information on a reciprocal basis to the taxing officials of another state, or to the taxing officials of any municipality of the state of Minnesota which has a local sales and/or use tax. *The commissioner may furnish to the Minnesota supreme court and the board of professional responsibility information regarding the amount of any uncontested delinquent taxes due under this chapter or a failure to file a return due under this chapter by an attorney admitted to practice law in this state under chapter 481.*

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

Sec. 28. Minnesota Statutes 1985 Supplement, section 297C.03, subdivision 1, is amended to read:

Subdivision 1. [MANNER AND TIME OF PAYMENT; PENALTIES; DEPOSIT OF TAX PROCEEDS.] The tax on wines and distilled spirits on which the excise tax has not been previously paid must be paid to the commissioner by persons having on file with the commissioner a sufficient bond as provided in subdivision 2 on or before the ~~tenth~~ *twenty-fifth* day of the month following the month in which the first sale is made in this state by a licensed manufacturer or wholesaler. Every person liable for the tax on wines or distilled spirits imposed by section 297C.02 must file with the commissioner on or before the ~~tenth~~ *twenty-fifth* day of the month following first sale in this state by a licensed manufacturer or wholesaler a return in the form prescribed by rule of the commissioner, and must keep records and render reports required by rule of the commissioner. A person liable for any tax on wines or distilled spirits not having on file a sufficient bond must pay the tax

within 24 hours after first sale in this state. The commissioner may certify to the commissioner of public safety any failure to pay taxes when due as a violation of a statute relating to the sale of intoxicating liquor for possible revocation or suspension of license.

If a person fails to pay the tax within the time specified or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there is added a penalty equal to ten percent of the remaining unpaid amount. The penalty must be collected as part of the tax. The amount of tax not timely paid, together with the penalty, must bear interest at the rate specified in section 270.75 from the time the tax should have been paid until it is paid.

Sec. 29. Minnesota Statutes 1985 Supplement, section 297C.04, is amended to read:

297C.04 [PAYMENT OF TAX; MALT LIQUOR.]

The commissioner shall by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the ~~fifteenth~~ *twenty-fifth* day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. *The rules must also require payments in June of 1987 and subsequent years according to the provisions of section 297C.05, subdivision 2, paragraph (b).* If the excise tax is not paid when due, the amount due is increased by a penalty of ten percent thereof, and interest on the tax and penalty at an annual rate of 20 percent, adjusted as provided in section 270.75, from the date the tax became due until paid.

Sec. 30. Minnesota Statutes 1985 Supplement, section 297C.05, subdivision 2, is amended to read:

Subd. 2. [MONTHLY TAX PAYMENTS; PENALTY FOR NONPAYMENT.] *(a) Subject to paragraph (b), all taxes shall be due and payable as directed in this chapter, and taxes not paid shall bear interest at the rate specified in section 270.75. The commissioner in issuing a final assessment shall add to the amount of tax found due and unpaid a penalty of ten percent thereof, except that, if the commissioner finds that the taxpayer has made a false and fraudulent return with intent to evade the tax imposed by this chapter, the penalty shall be 25 percent of the entire tax as shown by the corrected return. If the tax is not paid within the time herein specified for the payment thereof or within 30 days after final determination of an appeal to the Minnesota tax court relating thereto, there shall be added thereto a specific penalty equal to ten percent of the amount so remaining unpaid, but in no event shall the penalty for failure to pay the tax within the time provided for payment be less than \$10. The commissioner may extend the time for paying the tax without penalty for good cause shown.*

*(b) Every person liable for tax under this chapter having a liability of \$1,400 or more in May 1987 or in May of each subsequent year, shall remit the June liability in the manner required by this section.*

*On or before June 25, 1987, or June 25 of each subsequent year, the taxpayer shall remit the actual May liability and one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the*

commissioner.

*On or before August 25, 1987, or August 25 of each subsequent year, the taxpayer shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the amount of June liability required to be paid in June less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability.*

Sec. 31. Minnesota Statutes 1984, section 299F.21, is amended to read:

**299F.21 [FIRE INSURANCE COMPANIES TO PAY COST OF MAINTENANCE.]**

*On or before April 15, June 15, and December 15 of each year, every insurance company, including reciprocals, interinsurance exchanges or Lloyds, doing business in the state, excepting farmers' mutual fire insurance companies and township mutual fire insurance companies, shall hereafter pay to the commissioner of revenue ~~on or before March 1~~ annually installments equal to one-third of, a tax upon its fire premiums or assessments or both, as follows:*

*A sum equal to one-half of one percent of the estimated gross premiums and assessments, less return premiums, on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, including premiums on policies covering fire risks only on automobiles, whether written under floater form or otherwise. In the case of a mutual company or reciprocal exchange the dividends or savings paid or credited to members in this state shall be construed to be return premiums. The money so received into the state treasury shall be credited to the general fund.*

*If the tax prescribed by this section is not paid by ~~March 1~~, annually those dates, penalties and interest as provided in section 290.53, subdivision 1, shall be imposed.*

Sec. 32. Minnesota Statutes 1984, section 326.20, is amended by adding a subdivision to read:

*Subd. 4. [TAX CLEARANCE CERTIFICATE.] (a) Notwithstanding subdivisions 1 and 2, the board may not issue or renew a license under sections 326.165 to 326.231 if the commissioner of revenue notifies the board and the licensee or applicant for a license that the licensee or applicant owes the state delinquent taxes in the amount of \$500 or more. The board may issue or renew the license only if (1) the commissioner of revenue issues a tax clearance certificate and (2) the commissioner of revenue or the licensee or applicant forwards a copy of the clearance to the board. The commissioner of revenue may issue a clearance certificate only if the licensee or applicant does not owe the state any uncontested delinquent taxes.*

*(b) For purposes of this subdivision, the following terms have the meanings given.*

*(1) "Taxes" are all taxes payable to the commissioner of revenue, including penalties and interest due on those taxes.*

*(2) "Delinquent taxes" do not include a tax liability if (i) an administrative*

or court action that contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the licensee or applicant has entered into a payment agreement to pay the liability and is current with the payments.

(c) When a licensee or applicant is required to obtain a clearance certificate under this subdivision, a contested case hearing must be held if the licensee or applicant requests a hearing in writing to the commissioner of revenue within 30 days of the date of the notice provided in paragraph (a). The hearing must be held within 45 days of the date the commissioner of revenue refers the case to the office of administrative hearings. Notwithstanding any law to the contrary, the licensee or applicant must be served with 20 days' notice in writing specifying the time and place of the hearing and the allegations against the licensee or applicant. The notice may be served personally or by mail.

(d) The board shall require all licensees or applicants to provide their social security number and Minnesota business identification number on all license applications. Upon request of the commissioner of revenue, the board must provide to the commissioner of revenue a list of all licensees and applicants, including the name and address, social security number, and business identification number. The commissioner of revenue may request a list of the licensees and applicants no more than once each calendar year. Notwithstanding sections 290.61 and 297A.43, the commissioner of revenue may release information necessary to accomplish the purpose of this subdivision.

#### Sec. 33. [REPEALER.]

Minnesota Statutes 1984, section 270.72, subdivision 5, is repealed.

#### Sec. 34. [APPROPRIATION.]

In order to fund the revenue compliance initiatives, the following amounts are appropriated from the general fund and are available for the years indicated:

	FY 1986	FY 1987
Department of Revenue		\$216,600    \$1,895,400

The commissioner of revenue may use this appropriation to fund any of the compliance initiatives in any program area except that this appropriation is not available for compliance initiatives in the corporate income tax area.

In addition to the amounts of corporate income tax receipts required to be credited to the special revenue fund pursuant to Laws 1985, First Special Session chapter 13, section 21, subdivision 3, an additional \$83,400 of corporate income tax receipts in the first year and an additional \$1,079,100 of corporate income tax receipts in the second year must be credited to the special revenue fund to be used to fund compliance initiatives.

#### Sec. 35. [EFFECTIVE DATES.]

*Sections 1, 4, and 31 are effective for taxes on premiums paid after December 31, 1986. Sections 2, 3, 5 to 9, 19, 27, 32, and 33 are effective the day following final enactment. Sections 10 to 15 are effective July 1, 1986. Section 16 is effective for interest earned on overpayments after December 31, 1987. Section 18 is effective for taxable years beginning after December 31, 1985. Sections 20 to 26 and 28 to 30 are effective June 1, 1986.*

## ARTICLE 8 MISCELLANEOUS

Section 1. Minnesota Statutes 1984, section 162.06, subdivision 1, is amended to read:

Subdivision 1. [ESTIMATE.] On or before the second Tuesday of January of each year the commissioner shall estimate the probable sum of money that will accrue to the county state-aid highway fund during the first six months of each year ending June 30. To such estimated amounts he shall add the sum of money already accrued in the county state-aid highway fund for the last preceding six month period ending December 31 of each year, *adjusted to reflect the amount by which actual receipts for the preceding January 1 to June 30 were different from estimated receipts.* The total of such sums except for deductions to be first made as provided herein shall be apportioned to the several counties as hereinafter provided.

Sec. 2. Minnesota Statutes 1984, section 162.12, subdivision 1, is amended to read:

Subdivision 1. [ESTIMATE OF ACCRUALS.] On or before the second Tuesday of January of each year the commissioner shall estimate the probable sum of money that will accrue to the municipal state-aid street fund during the first six months of each year ending June 30. To the estimated amount he shall add the sum of money already accrued in the municipal state-aid street fund for the last preceding six-month period ending December 31, *adjusted to reflect the amount by which actual receipts for the preceding January 1 to June 30 were different from estimated receipts.* The total of such sums, except for deductions to be first made as provided herein, shall be apportioned by the commissioner to the cities having a population of 5,000 or more as hereinafter provided.

Sec. 3. Minnesota Statutes 1984, section 270A.03, subdivision 5, is amended to read:

Subd. 5. "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment. A debt does not include (1) any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant, or (2) any legal obligation to pay a claimant agency for medical care, including hospitalization if the debtor *would have* qualified for a low income credit equal to tax liability pursuant to *Minnesota Statutes 1984, section 290.06, subdivision 3d, clause (1), at the time when the medical care was rendered, provided that, for purposes of this subdivision, the income amounts in that section shall be adjusted for inflation for debts incurred in calendar years 1987 and thereafter. The dollar amount of each income level*



*that applied to debts incurred in the prior year shall be increased in the same manner as provided in section 290.06, subdivision 2d, for the expansion of the tax rate brackets.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 273.1314, subdivision 6, is amended to read:

Subd. 6. [LOCAL CONTRIBUTION.] No area may be designated as an enterprise zone unless the municipality agrees to make a qualifying local contribution in the form of a property tax reduction for employment property as provided by section 273.1313 for any business qualifying for a state tax reduction pursuant to this section. A qualifying local contribution may in the alternative be a local contribution or investment out of other municipal funds, but excluding any special federal grants or loans, equivalent to the property tax reduction. In concluding the agreement with the municipality the commissioner may require that the local contribution will be made in a specified ratio to the amount of the state credits authorized. If the local contribution is to be used to fund additional reductions in state taxes, the commissioner and the governing body of the municipality shall enter an agreement for timely payment to the state to reimburse the state for the amount of tax revenue foregone as a result. The qualifying local contribution for a special enterprise zone under section 273.1312, subdivision 4, paragraph (c), clause (4), shall be the complete abatement of property taxes on property in the zone. *The qualifying local contribution for development within the portion of an enterprise zone that is located in a town that has been added by boundary amendment to an enterprise zone that is located within five municipalities and was designated in 1984 shall be provided by the town.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 273.1314, subdivision 16a, is amended to read:

Subd. 16a. [ZONE BOUNDARY REALIGNMENT.] The commissioner may approve specific applications by a municipality to amend the boundaries of a zone or of an area or areas designated pursuant to subdivision 9, paragraph (e) at any time. Boundaries of a zone may not be amended to create noncontiguous subdivisions. If the commissioner approves the amended boundaries, the change is effective on the date of approval. Notwithstanding the area limitation under section 273.1312, subdivision 4, paragraph (b), the commissioner may approve a specific application to amend the boundaries of an enterprise zone which is located within five municipalities and was designated in 1984, to increase its area to not more than 800 acres, *and may approve an additional specific application to amend the boundaries of that zone to further increase its area to include all or part of the territory of a town that surrounds one of the five municipalities.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 297A.257, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION OF DISTRESSED COUNTIES.] (a) The commissioner of energy and economic development shall annually on ~~June 4~~ *April 15* designate those counties which are distressed. A county is distressed if it satisfies either of the following two criteria:

(1) The county has an average unemployment rate of ten percent or more for the one-year period ending on ~~April 30~~ *December 31* of the calendar year

*immediately preceding the year in which the designation is made; or*

(2) *the unemployment rate for the entire county was greater than 110 percent of the state average for the 12-month period ending the previous April 30, and 20 percent or more of the county's economy, as determined by the commissioner of economic security jobs and training, is dependent upon agriculture and the commissioner of agriculture declares that a statewide agricultural economic emergency exists at the time the designation of distressed counties is made. The commissioner of agriculture shall make a declaration of an agricultural economic emergency by considering the most recent statewide statistics on net farm income, number of farm foreclosures, value of farmland, average price of production relative to market price of crops, debt to asset ratios of Minnesota farmers, and any other criteria which is deemed appropriate.*

If, as a result of a plant closing, layoffs or another similar event affecting a significant number of employees in the county, the commissioner has reason to believe that the average unemployment in the county will exceed ten percent during the one-year period beginning ~~April 30~~ *January 1*, the commissioner may designate the county as distressed, notwithstanding clause (1).

(b) The commissioner shall designate a portion of a county containing a city of the first class located outside of the metropolitan area as a distressed county if:

(1) that portion of the county has an unemployment rate of ten percent or more for the one-year period ending on ~~April 30~~ *December 31* of the calendar year immediately preceding the year in which the designation is made; and

(2) that portion of the county has a population of at least 50,000 as determined by the 1980 federal census.

(c) A county or the portion of a county designated pursuant to this subdivision shall be considered a distressed county for purposes of this section and chapter 116M.

(d) Except as otherwise specifically provided, the determination of whether a county is distressed must be made using the most current data available from the state demographer. The designation of a distressed county is effective for the 12-month period beginning ~~July 1~~ *April 15*. A county may be designated as distressed as often as it qualifies.

(e) The authority to designate counties as distressed expires on June 30, 1989.

Sec. 7. Minnesota Statutes 1985 Supplement, section 296.02, subdivision 7, is amended to read:

Subd. 7. [TAX REDUCTION FOR AGRICULTURAL ALCOHOL GASOLINE.] A distributor shall be allowed a credit on each gallon of fuel grade alcohol commercially blended with gasoline or blended in a tank truck with gasoline on which the tax imposed by subdivision 1 is due and payable. *Until July 1, 1986, the amount of the credit is 40 cents for every gallon of fuel-grade alcohol blended with gasoline to produce agricultural alcohol gasoline. From July 1, 1986, to December 31, 1986, the amount of the credit is 30 cents per gallon. From January 1, 1987, to June 30, 1987, the amount of the credit is 25 cents per gallon. From July 1, 1987, to June 30, 1992, the*

amount of the credit is 20 cents per gallon. The credit allowed a distributor must not exceed the total tax liability under subdivision 1. The tax credit received by a distributor on alcohol blended with motor fuels shall be passed on to the retailer.

Sec. 8. [41A.09] [ETHANOL DEVELOPMENT FUND.]

*Subdivision 1. [CREATION.] An ethanol development fund to be administered by the agricultural resource loan guaranty board is created. A sum sufficient to make the payments required in this section, together with interest, and any other money appropriated to or received by the board for deposit in the fund, are annually appropriated to the board for the purposes of this section, and are available until expended.*

*Subd. 2. [PURPOSE.] The purpose of the ethanol development fund is to enhance the market for Minnesota agricultural products by providing direct incentive payments to producers of ethanol.*

*Subd. 3. [DEFINITION.] For purposes of this section, "ethanol" means agriculturally derived fermentation ethyl alcohol of a purity of at least 99 percent, determined without regard to any added denaturants, denatured in conformity with one of the approved methods set forth by the United States Department of Treasury, Bureau of Alcohol, Tobacco and Firearms, and derived from the following agricultural products: potatoes, cereal grains, cheese whey, sugar beets, or forest products.*

*Subd. 4. [PAYMENT; CONDITIONS.] The board shall make cash payments from the ethanol development fund to ethanol producers located in the state subject to the following conditions:*

*(a) The amount of the payment shall be determined for each producer's annual production as follows:*

*(1) 40 cents for each of the first 1,000,000 gallons;*

*(2) 30 cents for each gallon in excess of 1,000,000 and less than 5,000,001;*

*(3) 20 cents for each gallon in excess of 5,000,000 and less than 10,000,001;*

*(4) 10 cents for each gallon in excess of 10,000,000.*

*The maximum annual payment to a producer under this section is \$5,000,000.*

*(b) By the last day of October, January, April, and July, each producer shall file a claim for payment for production during the preceding three calendar months. The volume of production must be verified by a certified financial audit performed by an independent certified public accountant using generally accepted accounting procedures.*

*(c) Payments shall be made November 15, February 15, May 15, and August 15.*

*Subd. 5. [RULEMAKING AUTHORITY.] The board shall adopt emergency and permanent rules to implement this section.*

*Subd. 6. [EXPIRATION.] This section expires July 1, 1992.*

Sec. 9. Minnesota Statutes 1985 Supplement, section 297A.257, subdivi-

sion 2, is amended to read:

Subd. 2. [SALES TAX EXEMPTION.] Purchase and use of capital equipment is exempt from the sales and use tax imposed by this chapter if the capital equipment is placed in service in connection with the construction of a new or an expansion of an existing manufacturing facility in a distressed county *subject for designation under Minnesota Statutes 1985 Supplement, section 297A.257, subdivision 1*. Purchase or use of equipment for use in an existing plant qualifies under this section and section 297A.01, subdivision 16, as an expansion if either the production capacity of the plant is increased by at least 20 percent as a result or if the total capital investments made within a 12-month period exceed \$25,000,000. Purchases of capital equipment are exempt under this section only to the extent that the purchases of capital equipment for the project during the calendar year exceed \$100,000. The county is a distressed county for purposes of this subdivision if it was designated as a distressed county for the time period during which the contract to purchase the equipment was executed.

Sec. 10. Minnesota Statutes 1984, section 297B.09, subdivision 2, is amended to read:

Subd. 2. [HIGHWAY USER TAX DISTRIBUTION FUND AND TRANSIT ASSISTANCE FUND SHARE.] The proceeds collected under this chapter must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment in the following manner:

(a) None of the proceeds collected before July 1, 1984, *or between July 1, 1985, and June 30, 1987*, may be credited to either fund.

(b) 18.75 percent of the proceeds collected after June 30, 1984, and before July 1, ~~1987~~ 1985, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 6.25 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(c) *Except as provided in paragraph (f)*, 37.5 percent of the proceeds collected after June 30, 1987, and before July 1, 1989, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 12.5 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(d) *Except as provided in paragraph (f)*, 56.25 percent of the proceeds collected after June 30, 1989, and before July 1, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 18.75 percent of the proceeds must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

(e) *Except as provided in paragraph (f)*, 75 percent of the proceeds collected after June 30, 1991, must be credited to the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund. The remaining 25 percent of the proceeds must be

credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state.

*(f) The distributions under paragraphs (c), (d), and (e) shall be reduced by the amount necessary to fund the appropriation under section 8, subdivision 1. The proceeds remaining after that reduction shall be apportioned as provided in paragraphs (c), (d), and (e).*

Sec. 11. Minnesota Statutes 1985 Supplement, section 297C.02, is amended by adding a subdivision to read:

*Subd. 4. [BOTTLE TAX.] A tax of one cent is imposed on each bottle or container of distilled spirits and wine. The wholesaler is responsible for the payment of this tax when the bottles of distilled spirits and wine are removed from inventory for sale, delivery, or shipment.*

*The following are exempt from the tax:*

- (1) miniatures of distilled spirits;*
- (2) containers of fermented malt beverage;*
- (3) containers of intoxicating liquor or wine holding less than 200 milliliters;*
- (4) containers of wine intended exclusively for sacramental purposes;*
- (5) containers of alcoholic beverages sold to qualified, approved military clubs;*
- (6) containers of alcoholic beverages sold to common carriers engaged in interstate commerce;*
- (7) containers of alcoholic beverages sold to authorized food processors or pharmaceutical firms for use exclusively in the manufacturing of food products or medicines;*
- (8) containers of alcoholic beverages sold and shipped to dealers, wineries, or distillers in other states; and*
- (9) containers of alcoholic beverages sold to other Minnesota wholesalers.*

Sec. 12. [MOTOR VEHICLE EXCISE TAX TRANSFER.]

*Notwithstanding any law to the contrary, tax proceeds under chapter 297B and the investment earnings on those proceeds credited to the highway user tax distribution fund and the transit assistance fund for the period after June 30, 1985, and before July 1, 1986, must be returned to the general fund on June 30, 1986.*

Sec. 13. [REPEALER.]

*Minnesota Statutes 1985 Supplement, section 290.06, subdivision 2f, is repealed.*

Sec. 14. [EFFECTIVE DATE.]

*Section 3 is effective for medical care rendered after June 28, 1985. Section 7 is effective July 1, 1986. Section 8 is effective July 1, 1987. Section 11 is effective August 1, 1985. Section 12 is effective June 30, 1986. Section 13 is effective January 1, 1986.*

## ARTICLE 9

## FARM FORECLOSURE INCOME EXCLUSION

Section 1. Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [MODIFICATIONS REDUCING FEDERAL ADJUSTED GROSS INCOME.] There shall be subtracted from federal adjusted gross income:

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

(2) the portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 40 per centum of the portion of the gain;

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

(4) if included in federal adjusted gross income, the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

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

(6) pension income as provided by section 290.08, subdivision 26;

(7) the first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in clause (6);

(8) unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(9) for an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(10)(a) income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax;

(b) to the extent included in computing federal adjusted gross income, expenses and other items allocable to the business of mining or producing iron ore, the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, shall be allowed as a subtraction to the extent that the expenses or other items are included in computing the modifications provided in section 290.01, subdivision 20a, clause (7) or paragraph (a) of this clause and to the extent that the expenses or other items are not deductible, capitalizable, retainable in basis, or taken into account by allowance or otherwise in computing the occupation tax. Occupation taxes imposed under chapter 298, royalty taxes imposed under chapter 299, and depletion expenses may not be subtracted under this paragraph;

(11) to the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause (6) apply and an amount subtracted under this clause may not be subtracted under clause (6); and

(12) to the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted;

(13) to the extent included in federal adjusted gross income, income related to disposition of property used in a family farm business as provided by section 290.08, subdivision 27.

Sec. 2. Minnesota Statutes 1984, section 290.08, is amended by adding a subdivision to read:

*Subd. 27. [FARM PROPERTY DISPOSITION INCOME.] For a person, a family farm corporation, or an authorized farm corporation, gross income does not include any gain realized upon foreclosure of a mortgage on real or personal property used in a farm business that was owned and operated by the taxpayer as the taxpayer's principal business. For the purposes of this subdivision, real property includes any dwellings located on the property. This modification does not apply to any net cash proceeds distributed to the taxpayer after discharge of the debt. For purposes of this subdivision "family farm corporation" and "authorized farm corporation" are as defined in section 500.24, subdivision 2, except that the term "farming" as used in those definitions includes the production of livestock, dairy animals or dairy products, poultry or poultry products, fur-bearing animals, horticultural and nursery stock that is covered by sections 18.44 to 18.61, fruit, vegetables, forage, grain, and bees and apiary products.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 290.091, subdivision 2, is amended to read:

*Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:*

(a) "Alternative minimum taxable income" means the sum of the follow-

ing for the taxable year:

(1) the taxpayer's federal adjusted gross income as defined in the Internal Revenue Code;

(2) the taxpayer's federal tax preference items; less the sum of

(i) interest income as defined in section 290.01, subdivision 20b, clause (1); and

(ii) the amount of interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed qualified net investment income, as defined in section 55(e)(5) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income or amounts that are not allowable under section 55(e)(8) of the Internal Revenue Code; and

(iii) to the extent included in the taxpayer's federal adjusted gross income, gain excluded from gross income under section 290.01, subdivision 20b, clause (13).

In the case of an estate or trust, adjusted gross income must be modified as provided in section 55(e)(6)(B) of the Internal Revenue Code.

(b) "Federal tax preference items" means items as defined in sections 57, 58, and 443(d) of the Internal Revenue Code, modified as follows:

(1) The capital gain preference item shall be reduced

(i) where the gain would be modified because some or all of the assets have a higher basis for Minnesota purposes than for federal purposes; and

(ii) to the extent it includes gain excluded from gross income under section 290.01, subdivision 20b, clause (13).

(2) In the case of a nonresident individual, or an estate or trust, with a net operating loss that is a larger amount for Minnesota than for federal, the capital gain preference item shall be reduced to the extent it was reduced in the allowance of the net operating loss.

(3) Federal preference items from the business of mining or producing iron ore and other ores which are subject to the occupation tax and exempt from taxation under section 290.05, subdivision 1, shall not be a preference item for Minnesota.

(4) Other federal preference items to the extent not allowed in the computation of Minnesota gross income, as determined by the commissioner, are not preference items for Minnesota.

(c) "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1984.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section), reduced by the sum of the nonrefundable credits allowed under this chapter.

Sec. 4. Minnesota Statutes 1985 Supplement, section 290.491, is amended to read:

290.491 [TAX ON GAIN; DISCHARGE IN BANKRUPTCY.]



(a) Any tax due under this chapter on a gain realized on a forced sale pursuant to foreclosure of a mortgage or other security interest in agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be a dischargeable debt in a bankruptcy proceeding under United States Code, title 11, section 727.

~~A gain~~ (b) *Income realized on a sale or exchange of agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be exempt from taxation under this chapter, if the taxpayer was insolvent at the time of the sale and the proceeds of the sale were used solely to discharge indebtedness secured by a mortgage, lien or other security interest on the property sold. For purposes of this section, "insolvent" means insolvent as defined in section 108(d)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1984. This paragraph applies only to the extent that the gain is includable in federal adjusted gross income or in the computation of the alternative minimum taxable income under section 290.091 for purposes of the alternative minimum tax. The amount of the exemption is limited to the excess of the taxpayer's (1) liabilities over (2) the total assets and any exclusion claimed under section 108 of the Internal Revenue Code of 1954, as amended through December 31, 1985, determined immediately before application of this paragraph.*

(c) *For purposes of this section, any tax due under this chapter specifically includes, but is not limited to, tax imposed under sections 290.02 and 290.03 on income derived from a sale or exchange, whether constituting gain, discharge of indebtedness or recapture of depreciation deductions, or the alternative minimum tax imposed under section 290.091.*

#### Sec. 5. [AMENDED RETURNS.]

*Subdivision 1. [SPECIAL RULES.] An amended return filed on the basis of this article for a taxable year beginning after December 31, 1982, and before January 1, 1985, shall be filed no later than June 30, 1987. Such a return may include a reduction in gross income to effect subtraction of any amount added to gross income for that year pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (3); if the increase in the federal tax liability was a result of recapture of the investment tax credit attributable to disposition of property described in section 2. Any reduction in income arising from a farm pursuant to this article shall not be considered in the computation of the farm loss modification under Minnesota Statutes 1984, section 290.09, subdivision 29, in an amended return.*

*Subd. 2. [PAYMENT OF REFUNDS.] The commissioner of revenue shall pay refunds to claimants who file amended returns based on this article notwithstanding expiration of the period of limitations in Minnesota Statutes, section 290.50, or any other law. No interest will be paid on refunds paid on claims filed for periods for which the statute of limitations had expired.*

#### Sec. 6. [EFFECTIVE DATE.]

*Sections 1 to 4 are effective for taxable years beginning after December 31, 1982."*

Amend the title as follows:

Delete lines 2 to 5 and insert:

“relating to the financing and operation of state and local government; updating the income tax law to conform with federal tax law changes; making administrative and technical changes in the income tax law; providing for direct payments of fire and police state aids; requiring a one-year sales ratio study; changing dates for payments of certain state aids; delaying date for payment of second half taxes on agricultural property; authorizing reciprocal agreements with other states regarding interstate vehicles; requiring a report on the sales ratio study; eliminating a durational restriction on a special levy in Clearwater county; providing for delay of certain aid payments and altering computations; adjusting the computation and payment of local government aids; expanding tax clearance authority; expanding tax collection authority of the department of revenue; increasing the rate of interest to be paid on tax refunds; changing times for payment of certain taxes on liquor, cigarettes, tobacco products, and insurance premiums; altering enterprise zone and distressed county provisions; delaying transfer of motor vehicle excise taxes; reinstating the bottle tax; reducing the ethanol credit and providing payments to ethanol producers; repealing the provision for suspension of income tax indexing; excluding income from farm foreclosures from taxation; making technical changes in property tax and other miscellaneous tax laws; imposing penalties; appropriating money; amending Minnesota Statutes 1984, sections 60A.15, subdivision 2; 60A.17, by adding a subdivision; 69.021, subdivisions 4, 5, 7, and 9; 69.031, subdivision 3; 69.54; 82.22, subdivision 3; 82.27, by adding a subdivision; 124.195, subdivisions 3 and 5, and by adding a subdivision; 148.10, by adding a subdivision; 150A.08, by adding a subdivision; 162.06, subdivision 1; 162.12, subdivision 1; 270.12, subdivision 2; 270.72, subdivisions 1, 2, and 3; 270A.03, subdivision 5; 273.1391, subdivision 3; 275.125, subdivision 9; 276.09; 276.10; 276.11; 278.03; 279.01, as amended; 290.067, subdivision 2; 290.08, by adding a subdivision; 290.281, subdivision 5; 290.34, subdivision 2; 290.36; 290.50, subdivision 3; 290.53, subdivision 2; 290.56, subdivision 3; 290.61; 290A.03, subdivision 8; 296.16, subdivision 1; 296.17, subdivision 6, and by adding a subdivision; 297.07, subdivisions 1 and 4; 297.23, subdivision 1; 297.35, subdivisions 5 and 8; 297A.43; 297B.09, subdivision 2; 298.24, subdivision 1; 299F.21; 326.20, by adding a subdivision; 477A.015; Minnesota Statutes 1985 Supplement, sections 60A.17, subdivision 1a; 69.031, subdivision 1; 116C.63, subdivision 4; 121.904, subdivisions 4a and 4c; 124.2131, subdivision 3; 147.021, by adding a subdivision; 270.063; 270.69, subdivisions 2 and 4; 270.76; 270.77; 273.11, subdivision 8; 273.124, subdivision 6, and by adding a subdivision; 273.13, subdivisions 15a, 26, and 28; 273.1314, subdivisions 6 and 16a; 273.136; 273.42, subdivision 2; 274.19, subdivisions 1 and 8; 278.05, subdivision 5; 279.06; 287.12; 287.29, subdivision 1; 290.01, subdivisions 20 and 20b; 290.06, subdivision 3g; 290.068, subdivision 3; 290.079, subdivision 1; 290.089, subdivision 3; 290.09, subdivision 7; 290.091, subdivision 2; 290.095, subdivisions 9 and 11; 290.10; 290.12, subdivision 2; 290.13, subdivision 1; 290.132, subdivision 1; 290.14; 290.16, subdivisions 7 and 15; 290.21, subdivisions 4 and 8; 290.41, subdivision 1; 290.491; 290.92, subdivision 2a; 290.93, subdivision 10; 290A.03; subdivisions 3, 6, and 13; 296.02, subdivision 7; 297.35, subdivision 1; 297A.257, subdivisions 1 and 2; 297C.02, by adding a subdivision; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 298.28, subdivision 1; 477A.011, subdivisions 10 and 14; 477A.012; 477A.013; and Laws 1985, chapter 289, sections 5, subdivision 2; and 7; Laws 1985 First Special Session Chapter 14, Article 11, Sec. 13; proposing coding for new law in Minnesota Statutes, Chapters 41A and 276; repealing Minnesota Statutes 1984, sections 69.031, subdivision 4;

124A.031, subdivision 2; 270.72, subdivision 5; 290.06, subdivision 15; 290.39, subdivision 1a; 290A.04, subdivision 2f; Minnesota Statutes 1985 Supplement, sections 16A.154; 290.06, subdivision 2f; and Laws 1985, First Special Session chapter 14, article 21, sections 16 and 17.”

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

### SECOND READING OF SENATE BILLS

S.F. Nos. 2160, 2159, 1905, 1473, 2144, 912, 2173 and 1745 were read the second time.

### SECOND READING OF HOUSE BILLS

H.F. Nos. 1886, 1850 and 1815 were read the second time.

### MOTIONS AND RESOLUTIONS

Mr. Laidig moved that the name of Mr. Sieloff be added as a co-author to S.F. No. 2035. The motion prevailed.

Mr. Jude moved that the name of Mr. Merriam be added as a co-author to S.F. No. 2098. The motion prevailed.

Mr. Novak moved that the names of Messrs. Wegscheid, Samuelson, Benson and Dicklich be added as co-authors to S.F. No. 2151. The motion prevailed.

Mr. Laidig moved that the name of Mr. Novak be added as a co-author to S.F. No. 2173. The motion prevailed.

### MEMBERS EXCUSED

Mr. Pogemiller was excused from the Session of today. Ms. Reichgott was excused from the Session of today from 12:00 noon to 12:30 p.m. and from 3:00 to 3:20 p.m. Mr. Lessard was excused from the Session of today from 12:00 noon to 1:45 p.m. and from 7:30 to 8:05 p.m. Mr. Laidig was excused from the Session of today from 12:00 noon to 12:30 p.m. and from 2:00 to 4:30 p.m. Ms. Berglin was excused from the Session of today from 12:00 noon to 1:00 p.m. Mr. Johnson, D.J. was excused from the Session of today from 7:30 to 8:30 p.m. Mr. Knutson was excused from the Session of today at 9:30 p.m. Mr. Frank was excused from the Session of today from 3:45 to 4:30 p.m. Mr. Novak was excused from the Session of today at 10:00 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Thursday, March 6, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**SEVENTY-NINTH DAY**

St. Paul, Minnesota, Wednesday, March 5, 1986

The House of Representatives met on Wednesday, March 5, 1986, which was the Seventy-Ninth Legislative Day of the Seventy-Fourth Session of the Minnesota State Legislature. The Senate did not meet on this date.

**EIGHTIETH DAY**

St. Paul, Minnesota, Thursday, March 6, 1986

The Senate met at 2:00 p.m. and was called to order by the President.

**RECESS**

Mr. Moe R.D. moved that the Senate do now recess until 3:00 p.m. The motion prevailed.

The hour of 3:00 p.m. having arrived, the President called the Senate to order.

**CALL OF THE SENATE**

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Kenneth L. O'Hotto.

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

Adkins	Diessner	Knutson	Novak	Schmitz
Anderson	Dieterich	Kroening	Olson	Sietoff
Belanger	Frank	Kronebusch	Pehler	Solon
Benson	Frederick	Laidig	Peterson, C.C.	Spear
Berg	Frederickson	Langseth	Peterson, D.C.	Storm
Berglin	Freeman	Lantry	Peterson, D.L.	Stumpf
Bernhagen	Gustafson	Lessard	Peterson, R.W.	Taylor
Bertram	Hughes	Luther	Petty	Vega
Brataas	Isackson	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid
Dahl	Johnson, D.J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D.M.	Reichgott	
DeCramer	Kamrath	Moe, R.D.	Renneke	
Dicklich	Knaak	Nelson	Samuelson	

The President declared a quorum present.

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

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

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

February 10, 1986

The Honorable Jerome M. Hughes

President of the Senate

Dear Sir:

The following appointment to the State Board of Vocational Technical Education is hereby respectfully submitted to the Senate for confirmation as required by law:

Julia E. Templin, Rt. 2, Box 131, Pierz, Morrison County, has been appointed by me, effective February 14, 1986, for a term expiring the first Monday in January, 1988.

(Referred to the Committee on Education.)

Sincerely,  
Rudy Perpich, Governor

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1599, 1821, 1966, 2001, 2139, 2170, 2218, 2348, 1978, 1984, 2044 and 2081.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 5, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1599: A bill for an act relating to state monuments; authorizing development of a plan for a memorial to Native Americans; amending Minnesota Statutes 1984, section 138.585, by adding a subdivision.

Mr. Moe, R.D. moved that H.F. No. 1599 be laid on the table. The motion prevailed.

H.F. No. 1821: A bill for an act relating to real property; requiring condominium plats after July 31, 1986; requiring certification by a registered land surveyor only, that condominium plat accurately depicts certain required information in 515A.2-110; amending Minnesota Statutes 1984, sections 515A.1-102; 515A.1-103; 515A.2-105; 515A.2-110; 515A.2-114; 515A.2-115; 515A.2-116; 515A.4-102; 515A.4-107; 515A.4-116; and 515A.4-117; and Minnesota Statutes 1985 Supplement, sections 389.09; 508.82; and 508A.82.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1682, now on General Orders.

H.F. No. 1966: A bill for an act relating to the attorney general; authorizing an increase in the number of assistant attorneys general; amending Minnesota Statutes 1984, section 8.02.

Referred to the Committee on Finance.

H.F. No. 2001: A bill for an act relating to occupations and professions;

architects, engineers, land surveyors, and landscape architects; making certain technical changes related to certain licensing exceptions; amending Minnesota Statutes 1984, sections 326.03, subdivision 2; and 326.06.

Referred to the Committee on Rules and Administration.

H.F. No. 2139: A bill for an act relating to natural resources; extending provisions relating to loggers permits; amending Laws 1985, First Special Session chapter 13, section 219, subdivisions 2 and 5.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 2170: A bill for an act relating to wild animals; authorizing the captive propagation and sale of raptors; amending Minnesota Statutes 1984, section 99.27, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1925.

H.F. No. 2218: A bill for an act relating to retirement; authorizing inclusion of certain state employees in the correctional officers plan and the purchase of prior service credit; amending Minnesota Statutes 1984, section 352.91, by adding a subdivision.

Referred to the Committee on Governmental Operations.

H.F. No. 2348: A bill for an act relating to retirement; making public employees retirement association membership optional for employees of county historical societies; amending Minnesota Statutes 1984, section 353.01, subdivision 2b; Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a.

Referred to the Committee on Governmental Operations.

H.F. No. 1978: A bill for an act relating to crimes; limiting when felony charges brought for depriving another of custodial or parental rights may be dismissed; amending Minnesota Statutes 1984, section 609.26, subdivision 5; and Minnesota Statutes 1985 Supplement, section 609.26, subdivision 1.

Referred to the Committee on Judiciary.

H.F. No. 1984: A bill for an act relating to commerce; regulating securities; regulating the assignment of certain real property loans and the administration of certain escrow accounts; providing certain exemptions; regulating real estate brokers and salespersons; modifying re-examination requirements; providing trust account requirements for licensees acting as principals; granting certain enforcement powers to the commissioner; providing certain remedies; requiring storage of abstracts of title within Minnesota; amending Minnesota Statutes 1984, sections 47.20, subdivision 9; 80A.14, subdivision 18; 80A.15, subdivision 1; 82.17, subdivision 4; 82.22, subdivisions 3, 6, and 13; 82.24, subdivision 2; 82.26; 82.27, subdivision 1; 82.33, subdivision 2; 386.375; Minnesota Statutes 1985 Supplement, section 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1854.

H.F. No. 2044: A bill for an act relating to courts; altering the responsibility for establishing the salary of the state court administrator and district court administrator; amending Minnesota Statutes 1984, sections 15A.083, subdivision 4; 480.13; and 484.68, subdivision 6.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1946, now on General Orders.

H.F. No. 2081: A bill for an act relating to human services; directing the commissioner of human services to create a mental health service system; setting forth requirements for a mental health service system; requiring a study; amending Minnesota Statutes 1984, section 245.69, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1969, now on General Orders.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 1798: A bill for an act relating to education; making technical changes to the definition of a school; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2.

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

Page 1, after line 25, insert:

“Sec. 2. Minnesota Statutes 1984, section 120.10, is amended by adding a subdivision to read:

*Subd. 2a. [INFORMATION ABOUT HOME INSTRUCTION.] Notwithstanding section 120.12, subdivision 2, or any other law to the contrary, if a parent of a child required to attend school according to subdivision 1 is providing such child instruction primarily in the home of that parent and child, the parent shall not be required to report any information to a superintendent from the effective date of this act until July 1, 1987.”*

Page 2, line 23, delete “and” and insert a comma and after “2” insert “, and 3”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert “suspending reporting by a parent providing instruction in the home;”

Page 1, line 6, before the period, insert “, and by adding a subdivision”

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was re-referred



S.F. No. 1913: A bill for an act relating to metropolitan government; providing for appointments, administration, reports, and duties of metropolitan agencies; amending Minnesota Statutes 1984, sections 473.121, subdivision 6, and by adding subdivisions; 473.123, subdivisions 2a, 3, and 3a; 473.141, subdivisions 2, 3, and 4a; 473.146, subdivisions 1, 2, and 3; 473.161; 473.163, subdivisions 1 and 2; 473.303, subdivisions 2 and 4a; 473.852, subdivision 8; Minnesota Statutes 1985 Supplement, section 473.38, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1984, sections 473.121, subdivision 7; 473.163, subdivisions 3 and 4; 473.373, subdivision 3; 473.377; and 473.38, subdivision 1.

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

Page 1, after line 17, insert:

“Section 1. Minnesota Statutes 1984, section 368.01, subdivision 12, is amended to read:

Subd. 12. [TAXICABS; BAGGAGE WAGONS.] The town board of supervisors shall have power by ordinance to license and regulate baggage wagons, draymen, taxicabs, and automobile rental agencies and liveryes, *except as otherwise provided in sections 43 to 47 of this act for taxicabs in the metropolitan area as defined in section 473.121, subdivision 2.*

Sec. 2. Minnesota Statutes 1984, section 412.221, subdivision 20, is amended to read:

Subd. 20. [TAXICABS; BAGGAGE WAGONS.] The council shall have power by ordinance to license and regulate baggage wagons, draymen, taxicabs, and automobile rental agencies and liveryes, *except as otherwise provided in sections 43 to 47 of this act for taxicabs in the metropolitan area as defined in section 473.121, subdivision 2.*”

Page 1, line 20, delete “*governmental unit*” and insert “*agency*” and delete “*any unit*” and insert “*the metropolitan*”

Page 1, delete line 21

Page 1, line 22, after the first comma, insert “*regional*” and after the second comma, insert “*metropolitan*”

Page 1, line 23, after each comma, insert “*metropolitan*”

Page 1, line 24, after “*and*” insert “*metropolitan*”

Page 1, delete section 2

Page 2, line 4, delete “*governmental unit*” and insert “*agency*”

Page 2, after line 5, insert:

“Sec. 5. Minnesota Statutes 1984, section 473.121, subdivision 11, is amended to read:

Subd. 11. “Independent commission, board or agency” means governmental entities with jurisdictions lying in whole or in part within the metropolitan area but not including ~~the metropolitan commissions referred to herein~~ *agencies that are subject to the requirements of section 473.161.*”

Page 3, line 14, after "of" insert "seven"

Page 3, line 15, after the period, insert "Three of the committee members must be local elected officials."

Page 4, after line 12, insert:

"Sec. 9. [473.13] [BUDGET, FINANCIAL AID.]

*Subdivision 1. [BUDGET.] On or before October 1 of each year the council, after a public hearing, shall adopt a budget covering its anticipated receipts and disbursements for the ensuing year and shall decide upon the total amount necessary to be raised from ad valorem tax levies to meet its budget. After adoption of the budget and no later than October 1, the council shall certify to the auditor of each metropolitan county the county share of the tax, which must be an amount bearing the same proportion to the total levy agreed on by the council as the assessed valuation of the county bears to the assessed valuation of the metropolitan area. The maximum amount of any levy made for the purpose of this chapter may not exceed the limits set by sections 473.167 and 473.249.*

*Subd. 2. [COUNTY LEVIES.] The auditor of each metropolitan county shall add the amount of any levy made by the council within the limits imposed by subdivision 1 to other tax levies of the county for collection by the county treasurer with other taxes. When collected the county treasurer shall make settlement of the taxes with the council in the same manner as other taxes are distributed to political subdivisions. The levy authorized by this section is in addition to any other county taxes authorized by law.*

*Subd. 3. [FINANCIAL AID.] The council may accept financial aid from governmental units within the metropolitan area, from the state or federal government, and from private donors, if the conditions under which it is offered are not incompatible with the provisions of this chapter.*

*Subd. 4. [ACCOUNTS; AUDITS.] The council shall keep an accurate account of its receipts and disbursements. Disbursements of council money must be made by check, signed by the chairman or vice chairman of the council and countersigned by its director or assistant director after whatever auditing and approval of the expenditure may be provided by rules of the council. The state auditor shall audit the books and accounts of the council once each year, or as often as funds and personnel of the state auditor permit. The council shall pay to the state the total cost and expenses of the examination, including the salaries paid to the auditors while actually engaged in making the examination. The revolving fund of the state auditor must be credited with all collections made for any examination.*

*Subd. 5. [CONTRACTS.] Every contract of the council for the purchase of merchandise, materials, or supplies that requires an expenditure of \$1,000 or more must be let to the lowest responsible bidder after notice has been published once in a legal newspaper of general circulation in the metropolitan area at least ten days in advance of the last day for the submission of bids.*

Sec. 10. Minnesota Statutes 1984, section 473.141, subdivision 1, is amended to read:

Subdivision 1. [~~GENERAL APPLICATION.~~] ~~Metropolitan commissions~~

shall be organized, structured and administered as prescribed in this section. This section applies to metropolitan agencies as provided in the enabling law of each agency."

Page 7, line 13, before the period, insert "required to prepare an implementation plan under section 473.161"

Page 12, after line 18, insert:

"Sec. 17. Minnesota Statutes 1984, section 473.149, subdivision 3, is amended to read:

Subd. 3. [PREPARATION AND ADOPTION.] The solid waste policy plan shall be prepared, adopted, and amended in accordance with section 473.146, subdivision 2, provided that the procedural duties and responsibilities established therein for the affected metropolitan ~~commission~~ agency shall extend to the metropolitan counties and the pollution control agency. In addition to the requirements of section 473.146, subdivision 2, the council shall send notice of any hearing to the pollution control agency and the governing body of each metropolitan county and each local governmental unit, as defined in section 473.801, wherein a solid waste facility is or may be located in accordance with the plan. Any comprehensive plan adopted by the council shall remain in force and effect while new or amended plans are being prepared and adopted by the council. By October 1, 1976, the council shall adopt either interim policies or amendments to the existing comprehensive plan establishing standards and criteria for the review under section 473.823 of permit applications for solid waste facilities used primarily for resource recovery. For permit applications received by the council prior to October 1, 1976, the council may extend the time period provided for review under section 473.823 until 60 days after the adoption of the interim policies or amendments. No metropolitan county, local government unit, commission, or person shall acquire, construct, improve or operate any solid waste facility in the metropolitan area except in accordance with the council's plan and section 473.823, provided that no solid waste facility in use when a plan is adopted shall be discontinued solely because it is not located in an area designated in the plan as acceptable for the location of such facilities."

Page 12, line 21, strike "DEVELOPMENT PROGRAMS" and insert "IMPLEMENTATION PLANS"

Page 13, line 30, after "agency" insert "that is subject to this section by its enabling law"

Page 17, line 18, delete "GOVERNMENTAL UNITS" and insert "COUNCIL; METROPOLITAN AGENCIES"

Page 17, lines 22 and 23, delete "governmental units" and insert "agencies"

Page 17, line 27, after the second "of" insert "the council and"

Page 17, line 28, delete "governmental units" and insert "agencies" and delete "council."

Page 17, line 34, after "the" insert "council and the" and delete "units" and insert "agencies"

Page 18, line 2, after "for" insert "the council and" and delete "govern-

*mental units who*" and insert "*agencies that*"

Page 18, line 3, delete "*adivisory*" and insert "*advisory*"

Page 18, line 20, after "*in*" insert "*council or*"

Page 18, line 24, after "*by*" insert "*the council or*"

Page 18, line 30, delete "*governmental*"

Page 18, line 31, delete "*units*" and insert "*council and agencies*"

Page 18, line 32, after "*in*" insert "*council and*"

Page 19, line 6, after "*of*" insert "*the council and*" and delete "*governmental units who*" and insert "*agencies that*"

Page 19, line 15, after "*by*" insert "*the council and*" and delete "*governmental*"

Page 19, line 16, delete "*units who are*" and insert "*agencies*"

Page 19, line 24, delete "*governmental*"

Page 19, line 25, delete "*units*" and insert "*agencies*"

Page 19, line 29, after "*agency*" insert "*that is subject to this section by its enabling law*"

Page 21, after line 24, insert:

"Sec. 22. Minnesota Statutes 1985 Supplement, section 473.167, subdivision 3, is amended to read:

Subd. 3. [TAX.] The council may levy a tax on all taxable property in the metropolitan area, as defined in section 473.121, to provide funds for loans made pursuant to subdivisions 2 and 2a. The tax shall be certified by the council, levied, and collected in the manner provided by section 473.08 9 of this act. The tax shall be in addition to that authorized by section 473.249 and any other law and shall not affect the amount or rate of taxes which may be levied by the council or any metropolitan agency or local governmental unit. The amount of the levy shall be as determined and certified by the council, except as otherwise provided in this subdivision. The tax shall not be levied at a rate higher than five one-hundredths of one mill. The tax shall not be levied at a rate higher than that determined by the council to be sufficient, considering the other anticipated revenues of and disbursements from the loan fund, to produce a balance in the loan fund at the end of the next calendar year equal to twice the amount that a tax levy of five one-hundredths of a mill would raise in that year.

Sec. 23. Minnesota Statutes 1984, section 473.171, subdivision 1, is amended to read:

Subdivision 1. The council shall review all applications of a metropolitan ~~commission~~ agency, independent commission, board or agency, and local governmental units for funds, grants, loans or loan guarantees from the United States of America or agencies thereof submitted in connection with proposed matters of metropolitan significance, all other applications by ~~commissions~~ metropolitan agencies, independent commissions, boards and agencies, and local governmental units for grants, loans, or loan guarantees

from the United States of America or any agency thereof if review by a regional agency is required by federal law or the federal agency, and all applications of ~~the commissions~~ for grants, loans, or allocations from funds made available by the United States of America to the metropolitan area for regional facilities pursuant to a federal revenue sharing or similar program requiring that the funds be received and granted or allocated or that the grants and allocations be approved by a regional agency.

Sec. 24. Minnesota Statutes 1984, section 473.171, subdivision 2, is amended to read:

Subd. 2. The council shall review all applications or requests of a metropolitan ~~commission~~ agency, independent commission, board or agency, and local governmental units for state funds allocated or granted for proposed matters of metropolitan significance, and all other applications by metropolitan ~~commissions~~ agencies, independent commissions, boards, agencies, and local governmental units for state funds if review by a regional agency is required by state law or the granting state agency.

Sec. 25. Minnesota Statutes 1984, section 473.173, subdivision 3, is amended to read:

Subd. 3. In developing the regulations the council and the advisory metropolitan land use committee, as defined in section 473.852, shall give consideration to all factors deemed relevant including but not limited to the following:

(1) The impact a proposed matter will have on the orderly, economic development, public and private, of the metropolitan area and its consistency with the metropolitan development guide;

(2) The relationship a proposed matter will have to the policy statement goals, standards, programs and other applicable provisions of the development guide;

(3) The impact a proposed matter will have on policy plans adopted by the council and on the ~~development programs~~ *implementation plans* and functions performed and to be performed by a metropolitan ~~commission~~ agency that is subject to section 473.161;

(4) Functions of municipal governments in respect to control of land use as provided for under the municipal planning act.

Sec. 26. Minnesota Statutes 1984, section 473.173, subdivision 4, is amended to read:

Subd. 4. The regulations shall include, without limitation, provisions to effectuate and comply with the following powers and requirements:

(1) No applicant shall be required to submit a proposed matter for review more than once unless it is materially altered.

(1a) A public hearing shall be held prior to the final determination with regard to a proposed matter.

(2) The council shall be empowered to suspend action on a proposed matter during the period of review and for a period not to exceed 12 months following the issuance of its final determination. In its final determination,

the council may prescribe appropriate conditions with regard to a proposed matter which, if incorporated or complied with, would cause the council to remove the suspension.

(3) The council's recommendation or determination concerning a proposed matter, including the determination as to its metropolitan significance, shall be issued within 90 days following its receipt of a proposal accompanied by adequate supporting information. To avoid duplication, the review may be suspended for not more than 90 days to await completion of review of a matter by another public agency.

(4) The council shall be required to review a proposed matter upon request of an affected local governmental unit or metropolitan ~~commission~~ agency that is subject to section 473.161. The regulations shall include a procedure for review of a proposed matter upon petition by a specified number of residents of the metropolitan area 18 years of age or older.

(5) The council shall be empowered to review all proposed matters of metropolitan significance regardless of whether the council has received a request from an affected body to conduct that review.

(6) The council shall review all proposed matters determined to be of metropolitan significance as to their consistency with and effect upon metropolitan system plans as defined in section 473.852 and their adverse effects on other local governmental units.

(7) Previously approved policy plans and ~~development programs implementation plans~~ and areas of operational authority of the metropolitan ~~commissions~~ agencies that are subject to section 473.161 shall not be subject to review under this section, except as specifically provided in section 473.171.

Sec. 27. Minnesota Statutes 1984, section 473.194, is amended to read:

473.194 [DEFINITIONS.]

For the purposes of sections ~~473.193~~ 473.194 to 473.201, the terms defined in the municipal housing and redevelopment act shall have the meanings given them in that act.

Sec. 28. Minnesota Statutes 1984, section 473.195, subdivision 4, is amended to read:

Subd. 4. The council shall, as part of any project proposal to a municipality, propose a means for citizens substantially affected by the proposed project to participate in the formulation and carrying out of projects undertaken by the council pursuant to the terms of sections ~~473.193~~ 473.194 to 473.201.

Sec. 29. Minnesota Statutes 1984, section 473.199, is amended to read:

473.199 [EFFECT UPON MUNICIPAL AND COUNTY HOUSING AND REDEVELOPMENT AUTHORITIES.]

Nothing in sections ~~473.193~~ 473.194 to 473.201 shall be construed to impair the powers and obligations of municipal, county or multi-county housing and redevelopment authorities within the metropolitan area.

Sec. 30. Minnesota Statutes 1984, section 473.201, subdivision 2, is amended to read:

Subd. 2. The council may expend for the purposes of sections ~~473.193~~

473.194 to 473.201 any revenues derived pursuant to section 473.249.

Sec. 31. Minnesota Statutes 1984, section 473.245, is amended to read:

473.245 [REPORTS.]

On or before January 15, of each year the metropolitan council shall report to the legislature. The report shall include:

(1) A statement of the metropolitan council's receipts and expenditures by category since the preceding report;

(2) A detailed budget for the year in which the report is filed and the following year including an outline of its program for such period;

(3) An explanation of any policy plan and other comprehensive plan adopted in whole or in part for the metropolitan area and the review comments of the affected ~~commission~~ *metropolitan agency*;

(4) Summaries of any studies and the recommendations resulting therefrom made by the metropolitan council, and a listing of all applications for federal moneys made by governmental units within the metropolitan area submitted to the metropolitan council;

(5) A listing of plans of local governmental units and proposed matters of metropolitan significance submitted to the metropolitan council;

(6) A detailed report on the progress of any project undertaken by the council pursuant to sections 473.193 to 473.201; and

(7) Recommendations of the metropolitan council for metropolitan area legislation, including the organization and functions of the metropolitan council and the ~~commissions~~ *metropolitan agencies*.

Sec. 32. Minnesota Statutes 1984, section 473.249, subdivision 1, is amended to read:

Subdivision 1. The metropolitan council may levy a tax on all taxable property in the metropolitan area defined in section 473.121 to provide funds for the purposes of sections 473.121 to 473.249 and for the purpose of carrying out other responsibilities of the council as provided by law. The tax shall not exceed eight-thirtieths of one mill on the total assessed valuation of all such taxable property located in the metropolitan area, and shall be levied and collected in the manner provided by section ~~473.08~~ *9 of this act.*"

Page 23, after line 3, insert:

"Sec. 35. Minnesota Statutes 1984, section 473.303, subdivision 6, is amended to read:

Subd. 6. [COMPENSATION.] Members and the chairman shall be compensated as provided for ~~members of metropolitan commissions~~ *in section 473.141, subdivision 7.*

Sec. 36. Minnesota Statutes 1984, section 473.373, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] To carry out the policy and achieve the goals of section 473.371 there is established a regional transit board as a public corporation and a political subdivision of the state. Except as provided

in this section, the board is organized, structured, and administered as provided for metropolitan commissions in section 473.141.

Sec. 37. Minnesota Statutes 1985 Supplement, section 473.373, subdivision 4, is amended to read:

Subd. 4. [TERMS.] The initial terms of members and the chair appointed under Laws 1984, chapter 654, article 3, section 116, commence on the first day after July 1, 1984, that the chair and at least seven other members have been appointed and qualified and expire on the first day that the chair and eight members appointed under section 473.141 and this section are appointed and qualified. By August 1, 1985, the appointing authorities shall appoint a chair and eight members from the districts defined in section 473.141. The initial terms of members and the chair appointed in 1985 are as follows: members representing commission districts A, B, C, and D and the chair of the board, for terms ending the first Monday in January of the year ending in the numeral "7"; members representing commission districts E, F, G, and H for terms ending the first Monday in January of the year ending in the numeral "9." *At least one of the members appointed by the council must be 65 years of age or older at the time of the appointment.* Thereafter the term of each member and the chair is four years, subject to the provisions on apportionment, successor qualification, removal, and vacancy of section 473.141, subdivisions 4a, 5, and 6.

Sec. 38. Minnesota Statutes 1984, section 473.377, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] The transit board shall *prepare, submit to the council, and adopt a transit service an implementation plan describing the planning, functions, and activities to be performed by or under the direction or auspices of the board in implementing the policy plan adopted by the council pursuant to section 473.146. The plan must cover at least the five-year period commencing with the first calendar year beginning after the plan's approval, or a longer period prescribed by the council.*

~~Except as otherwise provided in this section, the implementation plan must be prepared, submitted for review by the council, adopted, and implemented in the same manner, with the same requirements and restrictions, and to the same effect as provided for development programs in section 473.161. The board shall prepare an implementation plan meeting the requirements of this section and submit the plan to the council by August 1, 1986, and thereafter in even-numbered years at a time prescribed by the council."~~

Page 23, line 12, delete "14" and insert "19"

Page 23, after line 19, insert:

"Sec. 40. Minnesota Statutes 1985 Supplement, section 473.39, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY.] The council, if requested by vote of at least two-thirds of all of the members of the transit board, may issue general obligation bonds to provide funds to the board for expenditure to implement the board's approved ~~capital development program implementation plan~~ and for the refunding of outstanding bonds, certificates of indebtedness, and judgments. The council may not unreasonably withhold the



issuance of obligations for a ~~capital development program~~ *an implementation plan* that has been approved by the council. The council may not issue obligations pursuant to this subdivision in excess of the amount specifically authorized by law. Except as otherwise provided in sections 473.371 to 473.449, the council shall provide for the issuance, sale, and security of the bonds in the manner provided in chapter 475, and has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the net debt limitations in chapter 475 do not apply to the bonds. The obligations are not a debt of the state or any municipality or political subdivision within the meaning of any debt limitation or requirement pertaining to those entities. Neither the state, nor any municipality or political subdivision except the council and board, nor any member or officer or employee of the board or council, is liable on the obligations. The obligations may be secured by taxes levied without limitation of rate or amount upon all taxable property in the transit taxing district and transit area as provided in section 473.446. The council shall certify to the transit board before October 1 of each year the amounts necessary to provide full and timely payment of the obligations. As part of its levy made under section 473.446, the board shall levy the amounts certified by the council and transfer the proceeds to the council for payment of the obligations. The taxes must be levied, certified, and collected in accordance with the terms and conditions of the indebtedness.

Sec. 41. Minnesota Statutes 1985 Supplement, section 473.39, subdivision 1a, is amended to read:

Subd. 1a. [AMOUNT; I-394 FACILITIES.] The council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$8,500,000 for expenditure as prescribed in the ~~capital development program implementation plan~~ *implementation plan* of the board ~~required by section 473.377, subdivision 2, clause (a)~~. Of this amount, no more than \$1,500,000 may be spent for land acquisition and capital improvements for park and ride lots and transit transfer stations planned for the interstate highway described in section 161.123, clause (2), commonly known as I-394. These facilities may be constructed and maintained by the metropolitan transit commission. The board shall require, as a condition of financial assistance to the commission, that the commission make facilities it constructs, acquires, or improves for I-394 with funds provided under this provision available to all transit providers on a nondiscriminatory basis, as the board defines these terms.

Sec. 42. [473:395] [DEFINITIONS.]

*Subdivision 1. [SCOPE.] The definitions in this section apply to sections 43 to 47 of this act.*

*Subd. 2. [BOARD.] "Board" means the regional transit board.*

*Subd. 3. [COMMISSION.] "Commission" means the metropolitan taxicab commission.*

*Subd. 4. [FLAT RATE.] "Flat rate" means a fare charged for a trip in a taxicab, lower than the meter rate for a trip of the same distance and duration and determined under guidelines set by the commission.*

*Subd. 5. [HOSPITALITY INDUSTRY.] "Hospitality industry" means*

*restaurants; licensed on-sale liquor establishments; and establishments providing lodging for consideration for a period of less than 30 days, including, but not limited to, hotels and motels.*

*Subd. 6. [LIMOUSINE.] "Limousine" means an unmarked motor vehicle that carries passengers for hire, is subject to call only from its garage or central place of business, and charges its customers a flat rate by the trip or by the hour, day, or longer period of time, which is greater than the taxicab rate for a comparable trip. Limousine includes a vehicle driven by a uniformed chauffeur.*

*Subd. 7. [METER.] "Meter" means an instrument or device of a kind approved by the commission, attached to a taxicab and designed to measure, mechanically or electronically, the distance traveled by the taxicab, to record the time the taxicab travels or is in waiting, and to indicate upon that record the fare to be charged.*

*Subd. 8. [METER RATE.] "Meter rate" means a fare charged for a trip in a taxicab based upon the distance and time recorded by the meter attached to the taxicab.*

*Subd. 9. [TAXICAB.] "Taxicab" means a passenger automobile that transports passengers and their luggage for hire, having a seating capacity to accommodate fewer than ten persons, and not operated on a fixed route or schedule. Taxicab does not mean a limousine, a private carrier as defined in section 221.011, subdivision 26, or a commuter van as defined in section 221.011, subdivision 27.*

*Subd. 10. [ZONE FARE.] "Zone fare" means a flat rate charged for a trip entirely within an area defined by the commission.*

**Sec. 43. [473.3951] [METROPOLITAN TAXICAB COMMISSION.]**

*Subdivision 1. [MEMBERSHIP.] The metropolitan taxicab commission consists of a chair appointed by and serving at the pleasure of the chair of the board and eight members appointed by the board to three-year terms. The board shall appoint three members to represent segments of the taxicab industry, including, but not limited to, large fleet operations and dispatching services, individual owner-operators, and drivers; two members to represent statutory and home rule charter cities in the metropolitan area; two members who are neither public officials nor persons having a financial interest in the taxicab industry, to represent the interests of the public; and one member to represent the hospitality industry. A member shall serve until a qualified successor is appointed. The board may appoint one of its members as a nonvoting liaison to the commission.*

*Subd. 2. [MEETINGS; OFFICERS.] The commission shall meet at the call of the chair. The chair shall preside at all meetings of the commission except as otherwise provided in this subdivision and perform other duties assigned by the commission or by law. In January of each year the commission shall elect from its members a vice chair to preside at its meetings and to perform other duties of the chair in the absence or incapacity of the chair, and may elect whatever officers it deems necessary.*

*Subd. 3. [REMOVAL; VACANCIES.] Members other than the chair may be removed by the board only for cause in the manner provided in chapter*

351 for removal by the governor, except that section 351.04 does not apply. If the office of a member becomes vacant under a condition specified in chapter 351, the vacancy must be filled in the same manner in which appointment to that office was made.

*Subd. 4. [COMPENSATION.] Members of the commission may not be paid salaries or per diem allowances, but may be reimbursed for out-of-pocket expenses or loss of income resulting from carrying out their official responsibilities. The board shall adopt and abide by procedures and standards for reimbursement of expenses and lost income.*

Sec. 44. [473.3952] [GENERAL AUTHORITY.]

*Subdivision 1. [POWERS.] The commission has all powers necessary to implement sections 43 to 47 of this act, including the power to:*

- (1) sue and be sued;*
- (2) enter into contracts necessary to carry out its responsibilities;*
- (3) enter into agreements with local governmental units or the board for ministerial or administrative support services; and*
- (4) conduct studies and issue reports on taxicab service.*

*Subd. 2. [DUTIES.] The commission shall:*

*(1) establish uniform meter rates and zone fares for taxicabs operating in the metropolitan area;*

*(2) require taxicab associations or companies comprising taxicabs operating under a common trade name or color scheme, and individual taxicab owner-operators not affiliated with an association or company, to file with the commission, for its approval, plans for setting fares for special events, group bookings or loadings, and discounts;*

*(3) issue taxicab licenses, taxicab drivers' licenses, and provisional taxicab drivers' permits, issue licenses for dispatching services, and set and collect fees for the issuance and reissuance of those licenses and fees;*

*(4) establish equipment standards for taxicabs, including standards for meters;*

*(5) establish safety and service standards for taxicabs, including standards and procedures for taxicab inspections, and set and collect inspection fees;*

*(6) establish a taxicab driver training program and set and collect fees for participation in the program;*

*(7) establish procedures for the assignment or transfer of taxicab licenses;*

*(8) establish procedures for recordkeeping by taxicab owners, drivers, and dispatching services;*

*(9) establish service areas and the levels of service to be provided within service areas;*

*(10) establish service standards for dispatching services;*

*(11) establish minimum amounts of insurance for taxicab owners and*

operators and require certification of insurance to be filed with the commission; and

(12) adopt rules of procedure for the conduct of commission business.

Sec. 45. [473.3953] [RULES; HEARINGS.]

*The commission may adopt rules to carry out the duties and powers conferred on it by section 44 of this act. Before adopting rules, the commission shall give notice and hold a public hearing at which it shall give all interested persons an opportunity to be heard as provided in chapter 14, but the commission's rulemaking is not otherwise governed by chapter 14. A commission action to revoke or suspend a license, however, is a contested-case proceeding under chapter 14.*

Sec. 46. [473.3954] [RELATIONSHIP TO BOARD.]

*Subdivision 1. [REVIEW.] Rules, standards, and procedures proposed by the commission to carry out sections 43, 44, and 45 of this act must be submitted to the board and approved by the board as consistent with the policy and goals set forth in section 473.371 before their adoption by the commission.*

*Subd. 2. [BUDGET.] The commission shall propose an annual budget to the board by June 1 of each year for the following calendar year. The commission's budget is subject to approval by the board. The board's budget and financial plan required by section 473.38 must include the commission's budget.*

*Subd. 3. [ADMINISTRATIVE ASSISTANCE.] The board may provide staff, administrative support services, and financial assistance to the commission.*

Sec. 47. [LOCAL REGULATION.]

*All ordinances, orders, and agreements pertaining to licensing of taxicabs and taxicab drivers by local governmental units in effect at the time of final enactment of this act remain in effect until the board approves and the commission adopts rules for the licensing of taxicabs and taxicab drivers by the commission. Other regulation of taxicabs by local governmental units that is consistent with this act and with any rules the commission might adopt remains in effect until January 31, 1988. After that date, local governmental units and the metropolitan airports commission may regulate taxicab stands and other traffic-control facilities and procedures so long as the regulation is consistent with commission rules and standards.*

Sec. 48. Minnesota Statutes 1984, section 473.409, is amended to read:

473.409 [AGREEMENTS WITH COMMISSION; ENCOURAGEMENT OF TRANSIT USE.]

A state department or agency, including the legislative branch, any local governmental unit, the metropolitan council, or other metropolitan ~~commission~~ ~~agency~~ agency may enter into an agreement with the transit commission and other operators for the purpose of encouraging the use of transit by its employees residing in the metropolitan area. The agreement may provide for, among other things: (a) the advance purchase of tokens, tickets or other devices from the commission or other operator for use in lieu of fares on

vehicles operated by the commission or other operator; and (b) special transit service for employees to and from their place of employment, at fares to be agreed upon by the contracting parties. The tokens, tickets, or other devices or services may be made available to employees at reduced rates. Any such agreement and arrangement by a state department or agency shall be submitted to the commissioner of administration for approval before execution. Any operating deficits or subsidy resulting from such agreements shall be assumed by the contracting department, agency, governmental unit, council, or other commission, unless otherwise provided in an agreement approved by the transit board.

Sec. 49. Minnesota Statutes 1984, section 473.516, subdivision 2, is amended to read:

Subd. 2. [GENERAL REQUIREMENTS.] With respect to its activities under this section, the commission shall be subject to and comply with the applicable provisions of this chapter. Property acquired by the commission under this section shall be subject to the provisions of section 473.545. Any site or facility owned or operated for or by the commission shall conform to the policy plan adopted by the council under section 473.149 and shall be authorized in accordance with the commission's ~~development program and capital budget implementation plan~~ approved by the council. The commission shall contract with private persons for the construction, maintenance, and operation of waste facilities, subject to the bidding requirements of section 473.523, where the facilities are adequate and available for use and competitive with other means of providing the same service.

Sec. 50. Minnesota Statutes 1984, section 473.523, subdivision 1, is amended to read:

Subdivision 1. No contract for any construction work, or for the purchase of materials, supplies, or equipment, costing more than ~~\$5,000~~ \$15,000 shall be made by the commission without publishing once in a legal newspaper or trade paper published in a city of the first class not less than two weeks before the last day for submission of bids, notice that bids or proposals will be received. Such notice shall state the nature of the work or purchase and the terms and conditions upon which the contract is to be awarded, and a time and place where such bids will be received, opened, and read publicly. After such bids have been duly received, opened, read publicly, and recorded, the commission shall award such contract to the lowest responsible bidder or it may reject all bids and readvertise. Each contract shall be duly executed in writing and the party to whom the contract is awarded shall give sufficient bond or security to the board for the faithful performance of the contract as required by law. The commission shall have the right to set qualifications and specifications and to require bids to meet all such qualifications and specifications before being accepted. If the commission by an affirmative vote of two-thirds of its members declares that an emergency exists requiring the immediate purchase of materials or supplies at a cost in excess of ~~\$5,000~~ \$15,000 or in making emergency repairs, it shall not be necessary to advertise for bids.

Sec. 51. Minnesota Statutes 1984, section 473.523, subdivision 2, is amended to read:

Subd. 2. The administrator may, without prior approval of the commission

and without advertising for bids, enter into any contract of the type referred to in subdivision 1 which is not in excess of ~~\$5,000~~ \$15,000.

Sec. 52. Minnesota Statutes 1984, section 473.535, is amended to read:

473.535 [~~WASTE CONTROL COMMISSION IMPLEMENTATION PLAN; BUDGET.~~]

The waste control commission shall prepare, submit to the council and adopt *an implementation plan and a budget* at the time and in the manner provided in and otherwise comply with ~~section~~ *sections 473.161 and 473.163.*

Sec. 53. Minnesota Statutes 1984, section 473.553, subdivision 4, is amended to read:

Subd. 4. [QUALIFICATIONS.] Each member appointed prior to substantial completion of construction of a sports facility constructed pursuant to sections 473.551 to 473.595 shall be a resident of the precincts or area of the state for which he is appointed. A member appointed at any time shall not during his term of office hold the office of metropolitan council member or be a member of another metropolitan ~~commission~~ *agency that is subject to section 473.141* or hold any judicial office or office of state government. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, Article V, Section 6. The oath, duly certified by the official administering it, shall be filed with the chairman of the metropolitan council.

Sec. 54. [473.636] [NEW MAJOR AIRPORT; AIRPORT DEVELOPMENT AREA.]

*Subdivision 1. [METROPOLITAN COUNCIL; LAND USE CRITERIA AND GUIDELINES.] Within 120 days after the selection by the metropolitan airports commission of a site in the metropolitan area for a new major airport to serve as a terminal for regular, scheduled air passenger service and the approval of the selection by the metropolitan council, the council shall adopt criteria and guidelines for the regulation of use and development of the airport development area, consisting of all or a portion of the property in the metropolitan area extending out three miles from the proposed boundaries of the site, or out five miles from the boundaries in any direction the council determines is necessary to protect natural resources of the metropolitan area. The criteria and guidelines must establish the boundaries of the airport development area and must include a statement of goals and policies to be accomplished by regulation of the use and development of property in the area. The criteria and guidelines may relate to all kinds of land use and development control measures, including zoning ordinances, building codes, subdivision regulations, and official maps. The criteria and guidelines must encourage controls for the use and development of property and the planning of public facilities to protect inhabitants of the airport development area from aircraft noise and to preserve natural underground water reservoirs and other natural resources of the metropolitan area. Those purposes are public purposes upon which land use and development control measures adopted by any government unit under law may be based. The criteria and guidelines must be a part of the metropolitan development guide when it is adopted, and the council shall mail a copy of the criteria and*

guidelines and any amendment to them to the governing body of each government unit having authority to adopt land use and development control measures applicable to the airport development area under sections 360.061 to 360.073, chapter 394, or chapter 462, or any other law; to the metropolitan airports commission; and to the state commissioner of transportation. The council may amend the criteria and guidelines from time to time, and shall reestablish the airport development area whenever the airport site boundaries are altered.

**Subd. 2. [LOCAL ZONING AND LAND USE AND DEVELOPMENT CONTROLS.]** Upon the selection and approval of a site for a new major airport in the metropolitan area, all land within its airport development area not then zoned for other use is zoned for use exclusively for agricultural purposes, except that a prior nonconforming use established with reference to any lot or parcel of land may be continued and all land zoned by this subdivision for agricultural purposes may be rezoned by the appropriate government unit upon compliance with this subdivision. Thereafter the governing body of each government unit proposing to adopt or amend a land use and development control measure applicable to the airport development area shall submit it to the metropolitan council for review, and within 120 days after receipt of the council's criteria and guidelines shall make and submit to the council for review whatever changes in its existing land use and development control measures it deems necessary to make them consistent with the criteria and guidelines. The council or a committee designated by it shall hold a hearing on the control measures submitted by each government unit within 60 days after they are submitted, on written notice mailed to the governing body of the government unit not less than 15 days before the hearing. At the hearing the government unit must be allowed to present all data and information that support the control measures submitted to the council. The council shall approve each measure or amendment within 120 days after it is received, with whatever changes it deems necessary to make it consistent with the criteria and guidelines, and the government unit submitting it shall take all actions necessary to put it into effect within 60 days after it is approved. If the council amends its criteria and guidelines, it must follow the procedures in this subdivision to ensure that applicable land use and development control measures are consistent with the amendment.

**Subd. 3. [ENFORCEMENT OF LOCAL MEASURES.]** After the selection and approval of a site for a new major airport in the metropolitan area, no public or private use contrary to subdivision 2 or any land use and development control measure then in effect may be made of the property to which it applies within an airport development area, and no government unit may issue a permit for the use, construction, alteration, or planting of any property, building, structure, or tree not in accordance with its general provisions, except for minor footage variances, until the council has approved changes or variances in the control measure in accordance with subdivision 2. After the council has approved a land use and development control measure in accordance with subdivision 2, no public or private use contrary to its provisions may be made of the property to which it applies; and no government unit may issue a permit for the use, construction, alteration, or planting of any property, building, structure, or tree not in accordance with its general provisions; and no special use permit or variance may be granted that authorizes a use or development contrary to the council's criteria and guidelines.

**Subd. 4. [CONTROL MEASURE REVIEW BEFORE SITE SELEC-**

TION.] After the metropolitan airports commission has called a hearing for the selection of a site for a new major airport in the metropolitan area under section 473.641, and until the commission has determined not to use the site described in the notice of hearing for a new major airport, the governing body of each government unit in the metropolitan area shall submit to the council for review and comment in accordance with section 473.175 any land use and development control measure, amendment, or variance applicable to or proposed for the site described in the notice of hearing or to any property within five miles of the site. During the period described in this subdivision, no government unit may construct a public building or facility on the proposed airport site or within five miles of it until it has submitted its plan for the building or facility to the metropolitan council for review and comment as provided in this subdivision.

Sec. 55. [473.637] [AIRCRAFT NOISE ZONES.]

Within 120 days after the selection and approval of a site for a new major airport in the metropolitan area, the metropolitan council shall determine the probable levels of noise that will result in various parts of the metropolitan area from the operation of aircraft using the site, shall establish aircraft noise zones based on that determination and applicable to property affected by the noise, and shall establish acceptable levels of perceived noise decibels for each land use, using the composite noise rating method and tables or the noise exposure forecast method and tables. Each government unit having power to adopt land use and development control measures applicable to property included in any aircraft noise zone shall adopt or incorporate in existing land use and development control measures the applicable acceptable level of perceived noise decibels established by the council, and shall adopt whatever other control measures may be necessary to prevent the use, construction, or improvement of property and buildings subject to a level of perceived noise decibels in excess of the acceptable level established for that land use. The council shall mail a map showing the aircraft noise zones and a copy of the applicable acceptable levels of perceived noise decibels to the governing body of each government unit having authority to adopt land use and development control measures applicable to property in each aircraft noise zone, to the metropolitan airports commission, and to the state commissioner of transportation. The control measures adopted by a government unit to comply with this section must be submitted to and approved by the council and placed into effect by the government unit as provided in section 473.215, subdivision 2. The council may change the aircraft noise zones and the applicable acceptable levels of perceived noise decibels to conform with the actual levels of noise produced by aircraft using the airport site when it is in operation, and may require changes in control measures applicable to airport noise zones to conform with changes made by it. No property may be used, and no building or other structure may be constructed or improved, within any aircraft noise zone if persons using the property and buildings would be subjected to a level of perceived noise decibels in excess of the acceptable level established by the council for that land use.

Sec. 56. [473.638] [CONTROL MEASURE INVOLVING TAKING; CONDEMNATION BY METROPOLITAN AIRPORTS COMMISSION.]

Subdivision 1. [EMINENT DOMAIN.] If either the provisions or the application of section 473.215, subdivision 2, or any land use and develop-



*ment control measure applicable to public or private property in an airport development area is determined by a court of competent jurisdiction to constitute a taking, the metropolitan airports commission in the exercise of its power to acquire lands for the airport has the power to acquire the property or any similar property, or an interest in it, to the extent needed for the application of the measure, by eminent domain exercised in accordance with chapter 117. The right of eminent domain must be exercised if the commission has or will have funds to pay the condemnation award and the council determines that it is necessary to protect the airport from encroachment or hazards, to protect residents in the area, to encourage the most appropriate use of property in the airport development area, or to protect and conserve the natural resources of the metropolitan area.*

*Subd. 2. [RETENTION OR SALE OF PROPERTY.] The commission may retain any property now owned by it or acquired under subdivision 1 and use it for a lawful purpose, or it may provide for the sale or other disposition of the property in accordance with a redevelopment plan in the same manner and upon the same terms as the housing and redevelopment authority and governing body of a municipality under the provisions of section 462.525, all subject to the provisions of section 473.215, subdivision 2, or to existing land use and development control measures approved by the council.*

*Subd. 3. [SHARING OF COSTS.] The metropolitan airports commission and any other government unit in the metropolitan area may enter into an agreement under which the cost of acquiring a property and the proceeds from the sale or other disposition of it under subdivision 2 are to be shared by the commission and such government unit. The commission, the metropolitan council, or any government unit may also enter into any agreements with the United States or the state of Minnesota, or any agency or subdivision of either, and do all acts and things required by state or federal law or rules as a condition or consideration for the loan or grant of funds or property for the purpose of land acquisition or improvement under subdivisions 1 and 2.*

**Sec. 57. [473.639] [RELATION TO AIRPORT HAZARD ZONING.]**

*Sections 473.215 and 473.216 and any criteria, guidelines, or land use and development control measure approved by the council under those sections in no way supersede or limit the powers conferred on a municipality to do airport hazard zoning, or the commissioner of transportation by sections 360.061 to 360.073. Any criteria, guidelines, or land use and development control measure approved by the council under section 473.215 or 473.216 must be consistent with any exercise of powers by the commissioner under sections 360.061 to 360.093.*

**Sec. 58. [473.64] [GOVERNMENT UNITS IN AIRPORT DEVELOPMENT AREA; TAX SHARING.]**

*The governing bodies of government units located wholly or partly in an airport development area shall jointly study and decide upon a plan for the sharing of property tax revenues derived from property located in an airport development area. If 80 percent of the government units having territory within the airport development area agree upon a plan, the plan is effective, and all government units shall enter into whatever agreements may be necessary for this purpose. The plan, however, may not impair the existing*

*contract obligations of any government unit. This section does not apply to the metropolitan airports commission or the council.*

Sec. 59. Minnesota Statutes 1984, section 473.811, subdivision 7, is amended to read:

Subd. 7. [JOINT ACTION.] Any local governmental unit or metropolitan ~~commission~~ agency may act together with any county, city, or town within or without the metropolitan area, or with the pollution control agency or the waste management board under the provisions of section 471.59 or any other appropriate law providing for joint or cooperative action between government units, to accomplish any purpose specified in sections 473.149, 473.151, and 473.801 to 473.823 and sections 473.827, 473.831, 473.833, 473.834, 116.05 and 115A.06.

Any agreement regarding data processing services relating to the generation, management, identification, labeling, classification, storage, collection, treatment, transportation, processing or disposal of waste and entered into pursuant to section 471.59, or other law authorizing joint or cooperative action may provide that any party to the agreement may agree to defend, indemnify and hold harmless any other party to the agreement providing the services, including its employees, officers or volunteers, against any judgments, expenses, reasonable attorney's fees and amounts paid in settlement actually and reasonably incurred in connection with any third party claim or demand arising out of an alleged act or omission by a party to the agreement, its employees, officers or volunteers occurring in connection with any exchange, retention, storage or processing of data, information or records required by the agreement. Any liability incurred by a party to an agreement under this subdivision shall be subject to the limitations set forth in section 3.736 or 466.04.

Sec. 60. Minnesota Statutes 1984, section 473.823, subdivision 3, is amended to read:

Subd. 3. [SOLID WASTE FACILITIES; REVIEW PROCEDURES.] The agency shall request applicants for solid waste facility permits to submit all information deemed relevant by the council to its review, including without limitation information relating to the geographic areas and population served, the need, the effect on existing facilities and services, the anticipated public cost and benefit, the anticipated rates and charges, the manner of financing, the effect on metropolitan plans and development programs, the supply of waste, anticipated markets for any product, and alternative means of disposal or energy production. No permit may be issued for the operation of a solid waste facility in the metropolitan area which is not in accordance with the metropolitan council's solid waste policy plan. The metropolitan council shall determine whether a permit is in accordance with the policy plan. In making its determination, the council shall consider the area-wide need and benefit of the applicant facility and may consider, without limitation, the effect of the applicant facility on existing and planned solid waste facilities described in a waste control commission development program implementation plan or county report or master plan. If the council determines that a permit is in accordance with its policy plan, the council shall approve the permit. If the council determines that a permit is not in accordance with its policy plan, it shall disapprove the permit. The council's approval of permits

may be subject to conditions necessary to satisfy criteria and standards in its policy plan, including conditions respecting the type, character, and quantities of waste to be processed at a solid waste facility used primarily for resource recovery and the geographic territory from which a resource recovery facility or transfer station serving such a facility may draw its waste. For the purpose of this review and approval by the council, the agency shall send a copy of each permit application and any supporting information furnished by the applicant to the metropolitan council within 15 days after receipt of the application and all other information requested from the applicant. Within 60 days after the application and supporting information are received by the council, unless a time extension is authorized by the agency, the council shall issue to the agency in writing its determination whether the permit is disapproved, approved, or approved with conditions. If the council does not issue its determination to the agency within the 60 day period, unless a time extension is authorized by the agency, the permit shall be deemed to be in accordance with the council's policy plan. No permit shall be issued in the metropolitan area for a solid waste facility used primarily for resource recovery or a transfer station serving such a facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the council finds and determines that adequate markets exist for the products recovered and that establishment of the facility is consistent with the criteria and standards in the metropolitan and county plans respecting the protection of existing resource recovery facilities and transfer stations serving such facilities."

Page 23, after line 26, insert:

"Sec. 62. [INITIAL TERMS.]

*Notwithstanding section 43, subdivision 1, of this act, the regional transit board shall appoint initial members of the metropolitan taxicab commission as follows: one member representing the taxicab industry, one member representing cities in the metropolitan area, and one member representing the interests of the public to three-year terms; one member representing the taxicab industry and one member representing cities in the metropolitan area to two-year terms; and one member representing the taxicab industry, one member representing the interests of the public, and the member representing the hospitality industry to one-year terms. Initial terms of members begin August 1, 1986."*

Page 23, line 28, after "sections" insert "473.01; 473.02; 473.03; 473.04; 473.05; 473.06; 473.07; 473.08; 473.09; 473.10; 473.11;" and delete "subdivision" and insert "subdivisions" and after "7" insert "and 9" and after the semicolon, insert "473.128;"

Page 23, line 29, before "473.373" insert "473.193; 473.203; 473.215; 473.216; 473.217; 473.218; 473.219;" and after "473.377" insert "subdivisions 2 and 3"

Page 23, line 30, delete "and" and delete the second comma and insert "473.502; 473.523, subdivision 3; and 473.802"

Page 23, line 32, delete "20" and insert "63 of this act"

Page 23, line 33, delete "10" and insert "14"

Page 23, line 34, delete "13" and insert "18 of this act"

Page 24, delete section 23

Page 24, line 11, delete "14" and insert "19" and after the second comma, insert "of this act"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "defining metropolitan agency;"

Page 1, line 4, after the semicolon, insert "recodifying certain provisions; establishing the metropolitan taxicab commission; empowering it to set taxicab rates and to license taxicabs and taxicab drivers;"

Page 1, line 5, after "sections" insert "368.01, subdivision 12; 412.221, subdivision 20;"

Page 1, line 5, delete "subdivision" and insert "subdivisions" and after "6" insert "and 11"

Page 1, line 6, delete the first "subdivisions" and insert "a subdivision"

Page 1, line 7, after "subdivisions" insert "1,"

Page 1, line 8, after the first semicolon, insert "473.149, subdivision 3;"

Page 1, line 9, after the first semicolon, insert "473.171, subdivisions 1 and 2; 473.173, subdivisions 3 and 4; 473.194; 473.195, subdivision 4; 473.199; 473.201, subdivision 2; 473.245; 473.249, subdivision 1;" and delete the second "and" and insert a comma and after "4a" insert " and 6" and after the second semicolon, insert "473.373, subdivision 1; 473.377, subdivision 1; 473.409; 473.516, subdivision 2; 473.523, subdivisions 1 and 2; 473.535; 473.553, subdivision 4; 473.811, subdivision 7; 473.823, subdivision 3;"

Page 1, line 11, delete "section" and insert "sections 473.167, subdivision 3; 473.373, subdivision 4;" and before "proposing" insert "and 473.39, subdivisions 1 and 1a;"

Page 1, line 13, after "sections" insert "473.01 to 473.11;"

Page 1, line 14, delete "subdivision" and insert "subdivisions" and after "7" insert "and 9; 473.128" and after the second semicolon, insert "473.193; 473.203; 473.215 to 473.219;"

Page 1, line 15, after "473.377" insert " , subdivisions 2 and 3" and delete "and" and before the period, insert " ; 473.502; 473.523, subdivision 3; and 473.802"

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

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 2137: A bill for an act relating to state government; providing for

the use, administration, or disposal of certain fees and property within the jurisdiction of the commissioner of administration; amending Minnesota Statutes 1985 Supplement, sections 16B.29; 16B.42, subdivision 4; and 16B.48, subdivision 2.

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

Page 1, after line 9, insert:

“Section 1. Minnesota Statutes 1984, section 16B.07, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION OF NOTICE; EXPENDITURES OVER ~~\$5,000~~ \$15,000.] If the amount of an expenditure or sale is estimated to exceed ~~\$5,000~~ \$15,000, sealed bids must be solicited by public notice inserted at least once in a newspaper or trade journal not less than seven days before the final date of submitting bids. The commissioner shall designate the newspaper or trade journal for that publication, and may designate different newspapers or journals according to the nature of the purchase or contract. The commissioner shall also solicit sealed bids by sending notices by mail to all prospective bidders known to the commissioner, and by posting notice on a public bulletin board in the commissioner's office at least five days before the final date of submitting bids. All bids must be sealed when they are received and must be opened in public at the hour stated in the notice. All original bids and all documents pertaining to the award of a contract must be retained and made a part of a permanent file or record and remain open to public inspection.

Sec. 2. Minnesota Statutes 1984, section 16B.07, subdivision 4, is amended to read:

Subd. 4. [PURCHASES, SALES, OR RENTALS; ~~\$5,000~~ \$15,000 OR LESS.] All purchases or sales the amount of which is estimated to be ~~\$5,000~~ \$15,000 or less may be made either upon competitive bids or in the open market, in the discretion of the commissioner. So far as practicable, however, they must be based on at least three competitive bids which must be permanently recorded.

Sec. 3. Minnesota Statutes 1984, section 16B.08, subdivision 4, is amended to read:

Subd. 4. [NEGOTIATED CONTRACTS.] In lieu of any of the other requirements of this chapter, the commissioner may negotiate a contract for public work to be performed at a state owned institution or installation if the cost does not exceed ~~\$5,000~~ \$15,000 and if the head of the affected state agency requests the commissioner to do so. The commissioner shall have prepared whatever plans and specifications for the public work he deems necessary to protect the public interest. Contractor's bonds or security pursuant to chapter 574 are not required for contracts entered into pursuant to this subdivision.

Sec. 4. Minnesota Statutes 1984, section 16B.09, subdivision 1, is amended to read:

Subdivision 1. [LOWEST RESPONSIBLE BIDDER.] All state contracts and purchases made by or under the supervision of the commissioner or an

agency for which competitive bids are required must be awarded to the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids. *The commissioner may utilize principles of life cycle costing, where appropriate, in determining the lowest overall bid.* The commissioner may decide which is the lowest responsible bidder for all purchases. As to contracts other than for purchases, the head of the interested agency shall make the decision, subject to the approval of the commissioner. Any bid or all bids may be rejected. In a case where competitive bids are required and where all bids are rejected, new bids, if solicited, must be called for as in the first instance, unless otherwise provided by law."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after "the" insert "purchase,"

Page 1, line 3, after "fees" insert "; services."

Page 1, line 5, after "Statutes" insert "1984, sections 16B.07, subdivisions 3 and 4; 16B.08, subdivision 4; 16B.09, subdivision 1; and Minnesota Statutes"

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

H.F. No. 1897: A bill for an act relating to commerce; motor fuel franchises; extending the temporary prohibition on certain building alterations that eliminate service bays; amending Laws 1984, chapter 444, section 4.

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

Mr. Solon from the Committee on Economic Development and Commerce, to which was re-referred.

S.F. No. 193: A bill for an act relating to commerce; providing for the repeal of statutory law regulating entertainment agencies; repealing Minnesota Statutes 1984, sections 184A.01 to 184A.20.

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

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1559: A bill for an act relating to agriculture; providing security interests in goods that become part of crops and livestock; establishing priority of interests and liens in agricultural collateral; amending Minnesota Statutes 1984, sections 336.9-312; and 514.952, subdivision 6; Minnesota Statutes 1985 Supplement, section 514.952, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 514; repealing Minnesota Statutes 1985 Supplement, section 514.952, subdivision 5.

Reports the same back with the recommendation that the bill be amended

as follows:

Page 6, after line 25, insert:

“Sec. 3. [SCOPE OF APPLICATION.]

*If a person gives new value on or after January 1, 1986, and secures the new value given with a security interest that would qualify as a production money security interest after the effective date of this act, the security interest has the priority of a production money security interest under section 1.”*

Re-number the sections in sequence

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

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1711: A bill for an act relating to animals; prohibiting theft of dogs or cats for research purposes; regulating dog and cat dealers; prescribing a penalty; amending Minnesota Statutes 1984, sections 347.31; 347.32; 347.33; 347.34; 347.35; 347.37; 347.38; 347.39; and 347.40; proposing coding for new law in Minnesota Statutes, chapter 346.

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

Page 1, line 11, delete the first “for” and insert “with intent to” and delete “for sale” and insert “to sell”

Page 6, lines 10 to 13, strike the old language and delete the new language

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

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

S.F. No. 1706: A bill for an act relating to health; providing for a declaration by competent adults that life-sustaining treatment be withheld or withdrawn; adopting provisions of the uniform rights of the terminally ill act; providing for creation of a durable power of attorney for health care; imposing penalties; amending Minnesota Statutes 1984, sections 523.01; and 523.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 145; proposing coding for new law as Minnesota Statutes, chapter 523A.

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

Delete everything after the enacting clause and insert:

“Section 1. [523A.01] [DEFINITIONS.]

*Subdivision 1. [GENERAL.] For purposes of this chapter, the following terms have the meanings given them.*

*Subd. 2. [DURABLE POWER OF ATTORNEY FOR HEALTH CARE.] “Durable power of attorney for health care” means a durable power of attorney that authorizes an attorney-in-fact to make health care decisions for*

the principal.

*Subd. 3. [HEALTH CARE.] "Health care" means any care, treatment, service, or procedure to maintain, diagnose, or treat an individual's physical or mental condition.*

*Subd. 4. [HEALTH CARE DECISION.] "Health care decision" means consent, refusal of consent, or withdrawal of consent to health care.*

*Subd. 5. [HEALTH CARE PROVIDER.] "Health care provider" means a person who is licensed, certified, or otherwise authorized or permitted by the law of this state to administer health care in the ordinary course of business or practice of a profession.*

*Subd. 6. [PERSON.] "Person" includes an individual, corporation, partnership, association, the state or other public entity or governmental subdivision or agency, or any other legal entity.*

Sec. 2. [523A.02] [SCOPE.]

*Subdivision 1. [COMPLIANCE WITH THIS CHAPTER REQUIRED.] A durable power of attorney executed on or after the effective date of this act is effective to authorize the attorney-in-fact to make health care decisions for the principal only if it complies with the requirements of this chapter.*

*Subd. 2. [VALIDITY OF EXISTING POWER OF ATTORNEY.] Nothing in this chapter affects the validity of a power of attorney to make health care decisions executed prior to its effective date to the extent that the power of attorney substantially complies with this chapter.*

Sec. 3. [523A.03] [EXECUTION.]

*A durable power of attorney for health care must be executed by the principal and acknowledged by the principal and the affidavits of two witnesses, each made before an officer authorized to administer oaths under the laws of this state, or under the laws of the state where execution occurs, and evidenced by the officer's certificate, under official seal, attached or annexed to the durable power of attorney for health care in form and content substantially as follows:*

THE STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

*We, \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_, the principal and the witnesses, respectively, whose names are signed to the attached or foregoing instrument, being first duly sworn, do hereby declare to the undersigned authority that the principal signed and executed the instrument as the principal's durable power of attorney for health care, that the principal signed it willingly, executed it freely and voluntarily for the purposes expressed in it, and that each of the witnesses, in the presence and hearing of the principal, signed the durable power of attorney for health care as witnesses, and that to the best of their knowledge the principal was at the time 18 or more years of age, of sound mind and under no constraint or undue influence.*

\_\_\_\_\_  
Principal

\_\_\_\_\_  
Witness



\_\_\_\_\_  
Witness

*Subscribed, sworn to and acknowledged before me by \_\_\_\_\_, the principal, and subscribed and sworn to before me by \_\_\_\_\_ and \_\_\_\_\_, witnesses, this \_\_\_\_\_ day of \_\_\_\_\_.*

(SEAL)

(Signed) \_\_\_\_\_

\_\_\_\_\_  
(Official capacity of officer)

Sec. 4. [523A.04] [NOTICE.]

*Every durable power of attorney for health care must include the following language:*

*This is an important legal document. It creates a durable power of attorney for health care. Before executing this document, you should know these important facts:*

*This document gives the person you designate as your attorney-in-fact the power to make health care decisions for you, subject to any limitations or statement of your desires that you include in this document. The power to make health care decisions for you may include consent, refusal of consent, or withdrawal of consent to any care, treatment, service, or procedure to maintain, diagnose, or treat a physical or mental condition. You may state in this document any types of treatment or placements that you do not desire.*

*The person you designate in this document has a duty to act consistent with your desires as stated in this document or otherwise made known or, if your desires are unknown, to act in your best interests. This person is not bound to act consistent with your desires if the person determines that they are not in your best interests.*

*Except as you otherwise specify in this document, the power of the person you designate to make health care decisions for you may include the power to consent to your doctor not giving treatment or stopping treatment that would keep you alive.*

*Unless you specify a shorter period in this document, this power will exist for six years from the date you execute this document and, if you are unable to make health care decisions for yourself at the time when this six-year period ends, this power will continue to exist until the time when you become able to make health care decisions for yourself. The determination as to whether you are unable to make health care decisions will be made by your attorney-in-fact.*

*Notwithstanding this document, you have the right to make medical and other health care decisions for yourself so long as you can give informed consent with respect to the particular decision. In addition, no treatment may be given to you over your objection, and health care necessary to keep you alive may not be stopped if you object.*

*You have the right to revoke the appointment of the person designated in this document by notifying that person of the revocation orally or in writing.*

*You have the right to revoke the authority granted to the person designated*

in this document to make health care decisions for you by notifying the treating physician, hospital, or other health care provider orally or in writing.

The person designated in this document to make health care decisions for you has the right to examine your medical records and to consent to their disclosure unless you limit this right in this document.

If there is anything in this document that you do not understand, you should ask a lawyer to explain it to you.

Sec. 5. [523A.05] [ATTORNEY-IN-FACT; DECISIONS.]

Subdivision 1. [PRIORITY.] Unless the durable power of attorney provides otherwise, the attorney-in-fact designated in a durable power of attorney for health care who is known to the health care provider to be available and willing to make health care decisions has priority over any other person to act for the principal in all matters relating to health care decisions, except that the attorney-in-fact does not have authority to make a particular health care decision if the principal is able to give informed consent with respect to that decision.

Subd. 2. [SCOPE.] Subject to any limitations in the durable power of attorney, the attorney-in-fact designated in a durable power of attorney for health care may make health care decisions for the principal, before or after the death of the principal, to the same extent as the principal could make the principal's own health care decisions if the principal had the capacity to do so, including but not limited to:

(1) making a disposition under sections 525.921 to 525.93, the uniform anatomical gift act;

(2) authorizing an autopsy; or

(3) directing the disposition of remains.

In exercising the authority under the durable power of attorney for health care, the attorney-in-fact has a duty to act consistently with the desires of the principal as expressed in the durable power of attorney or otherwise made known to the attorney-in-fact at any time or, if the principal's desires are unknown, to act in the best interests of the principal. The attorney-in-fact is not bound to act consistent with the principal's desires if the attorney-in-fact determines that they are not in the principal's best interests.

Subd. 3. [OTHER RIGHTS NOT AFFECTED.] Nothing in this chapter affects any right the person designated as attorney-in-fact may have, apart from the durable power of attorney for health care, to make or participate in the making of health care decisions on behalf of the principal.

Sec. 6. [523A.06] [ATTORNEY-IN-FACT; LIMITATIONS ON AUTHORITY TO CONSENT.]

Subdivision 1. [LIMITATIONS.] A durable power of attorney for health care may not authorize the attorney-in-fact to consent to any of the following on behalf of the principal:

(1) commitment to or placement in a mental health treatment facility;

(2) convulsive treatment;

(3) psychosurgery;

(4) sterilization; or

(5) abortion.

*Subd. 2. [OTHER LAWS NOT AFFECTED.] This section does not prohibit commitment to or placement in a mental health treatment facility under the existing procedures of chapter 253B or the provision of other treatment listed in subdivision 1 to the extent it is permissible under other law.*

**Sec. 7. [523A.07] [ATTORNEY-IN-FACT; MEDICAL INFORMATION.]**

*Except to the extent the right is limited by the durable power of attorney for health care, an attorney-in-fact has the same right as the principal to receive information regarding the proposed health care, to receive and review medical records, and to consent to the disclosure of medical records.*

**Sec. 8. [523A.08] [EXPIRATION OF DURABLE POWER OF ATTORNEY.]**

*Unless a shorter period is provided in the durable power of attorney for health care, a durable power of attorney for health care expires six years after the date of its execution unless at the end of the six-year period the principal lacks the capacity to make health care decisions, in which case the durable power of attorney for health care continues in effect until the time when the principal regains the capacity to make health care decisions. The determination as to whether the principal lacks capacity to make health care decisions will be made by the attorney-in-fact.*

**Sec. 9. [523A.09] [REVOCATION.]**

*Subdivision 1. [PRINCIPAL'S POWER.] At any time while the principal has the capacity to execute a durable power of attorney for health care, the principal may do any of the following:*

*(1) revoke the appointment of the attorney-in-fact under the durable power of attorney for health care by notifying the attorney-in-fact orally or in writing; or*

*(2) revoke the authority granted to the attorney-in-fact to make health care decisions by notifying the health care provider orally or in writing.*

*There is a rebuttable presumption that the principal has the capacity to revoke a durable power of attorney for health care.*

*Subd. 2. [MEDICAL RECORDS; NOTIFICATION OF ATTORNEY-IN-FACT.] If the principal notifies the health care provider orally or in writing that the authority granted to the attorney-in-fact to make health care decisions is revoked, the health care provider shall make the notification a part of the principal's medical records and shall make a reasonable effort to notify the attorney-in-fact of the revocation.*

*Subd. 3. [REVOCATION OF PRIOR POWERS.] Unless it provides otherwise, a valid durable power of attorney for health care revokes any prior durable power of attorney for health care.*

*Subd. 4. [EFFECT OF MARRIAGE DISSOLUTION OR ANNUL-*

MENT.] *Unless the durable power of attorney expressly provides otherwise, if after executing a durable power of attorney for health care the principal's marriage is dissolved or annulled, the dissolution or annulment revokes any designation of the former spouse as an attorney-in-fact to make health care decisions for the principal. If any designation is revoked solely by this subdivision, it is revived by the principal's remarriage to the former spouse.*

*Subd. 5. [IMMUNITY IN CERTAIN CASES.] If authority granted by a durable power of attorney for health care is revoked under this section, a person is not subject to criminal or civil liability for relying in good faith upon the durable power of attorney unless the person has actual knowledge of the revocation.*

Sec. 10. [523A.10] [IMMUNITY OF HEALTH CARE PROVIDER.]

*Subdivision 1. [GENERAL SCOPE.] Subject to any limitations stated in the durable power of attorney and to sections 6 and 12 to 15, a health care provider is not subject to criminal or civil liability, or professional disciplinary action except to the same extent as would be the case if the principal, having had the capacity to give informed consent, had made the health care decision on the principal's own behalf under like circumstances, if the health care provider relies on a health care decision and the following requirements are satisfied:*

*(1) the decision is made by an attorney-in-fact who the health care provider believes in good faith is authorized under this chapter to make the decision;*

*(2) the health care provider believes in good faith that the decision is not inconsistent with the desires of the principal as expressed in the durable power of attorney or as instructed by the attorney-in-fact or otherwise made known to the health care provider, and if the decision is to withhold or withdraw health care necessary to keep the principal alive, the health care provider has made a good faith effort to determine the desires of the principal to the extent that the principal is able to convey those desires to the health care provider and the results of the effort are made a part of the principal's medical records; and*

*(3) the health care provider acts in accordance with prevailing medical standards.*

*Subd. 2. [FAILURE TO WITHDRAW CARE.] Notwithstanding the health care decision of the attorney-in-fact designated by a durable power of attorney for health care, the health care provider is not subject to criminal or civil liability, or professional disciplinary action for failing to withdraw health care necessary to keep the principal alive when the health care has been provided under the direction of the principal or in a situation where informed consent was not necessary.*

Sec. 11. [523A.11] [OTHER LAWS NOT AFFECTED.]

*Subdivision 1. [EXISTING RIGHT TO MAKE DECISION.] Subject to section 4, nothing in this chapter affects any right a person may have to make health care decisions on behalf of another.*

*Subd. 2. [EMERGENCY TREATMENT.] This chapter does not affect the law governing health care treatment in an emergency.*

## Sec. 12. [523A.12] [PRIORITY OF PRINCIPAL.]

*Nothing in this chapter authorizes an attorney-in-fact to consent to health care, or to consent to the withholding or withdrawal of health care necessary to keep the principal alive, if the principal objects to the health care or to the withholding or withdrawal of the health care. If the principal objects, the case is governed by the law that would apply if there were no durable power of attorney for health care.*

## Sec. 13. [523A.13] [EXECUTION OF DURABLE POWER OF ATTORNEY MAY NOT BE REQUIRED.]

*No health care provider or insurer may condition admission to a facility, or the providing of treatment, or insurance, on the requirement that a person execute a durable power of attorney for health care.*

## Sec. 14. [523A.14] [PENALTIES.]

*Subdivision 1. [CONCEALING DURABLE POWER OF ATTORNEY.] An individual who willfully conceals, cancels, defaces, or obliterates the durable power of attorney for health care of another without the person's consent or who falsifies or forges a revocation of a durable power of attorney for health care of another is guilty of a gross misdemeanor punishable pursuant to section 609.03.*

*Subd. 2. [FORGING DURABLE POWER OF ATTORNEY.] An individual who falsifies or forges the durable power of attorney for health care of another, or willfully conceals or withholds personal knowledge of a revocation, is guilty of a gross misdemeanor punishable pursuant to section 609.03.*

*Subd. 3. [REQUIRED OR PROHIBITED EXECUTION.] Any person who requires or prohibits the execution of a durable power of attorney for health care as a condition for being insured for, or receiving, health care services is guilty of a misdemeanor punishable pursuant to section 609.03.*

*Subd. 4. [FORCED EXECUTION.] Any person who coerces or fraudulently induces another to execute a durable power of attorney for health care is guilty of a misdemeanor punishable pursuant to section 609.03.*

*Subd. 5. [OTHER SANCTIONS PRESERVED.] The sanctions provided in this section do not displace any sanction applicable under other law.*

## Sec. 15. [523A.15] [MERCY KILLINGS; EUTHANASIA; SUICIDE.]

*Nothing in this chapter authorizes mercy killing, euthanasia, or suicide, or permits any affirmative or deliberate act or omission to end life other than the withholding or withdrawal of health care pursuant to a durable power of attorney for health care so as to permit the natural process of dying. In making health care decisions under a durable power of attorney for health care, an attempted suicide by the principal may not be construed to indicate a desire of the principal that health care treatment be restricted or inhibited."*

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete lines 3 and 4

Page 1, line 5, delete everything before "providing"

Page 1, line 7, delete everything after the second semicolon.

Page 1, delete lines 8 and 9.

Page 1, line 10, delete "chapter 145;"

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2294 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		2294	2130		

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2068 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2068	1922				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2068 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2068 and insert the language after the enacting clause of S.F. No. 1922, the first engrossment; further, delete the title of H.F. No. 2068 and insert the title of S.F. No. 1922, the first engrossment.

And when so amended H.F. No. 2068 will be identical to S.F. No. 1922, and further recommends that H.F. No. 2068 be given its second reading and substituted for S.F. No. 1922, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1970 for comparison with companion Senate File; reports the

following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1970	1935				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1970 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1970 and insert the language after the enacting clause of S.F. No. 1935, the first engrossment; further, delete the title of H.F. No. 1970 and insert the title of S.F. No. 1935; the first engrossment.

And when so amended H.F. No. 1970 will be identical to S.F. No. 1935, and further recommends that H.F. No. 1970 be given its second reading and substituted for S.F. No. 1935, 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. 1798, 1913, 2137, 193, 1559, 1711 and 1706 were read the second time.

### **SECOND READING OF HOUSE BILLS**

H.F. Nos. 1897, 2294, 2068 and 1970 were read the second time.

### **MOTIONS AND RESOLUTIONS**

Mrs. Lantry moved that her name be stricken as chief author, shown as a co-author, and the name of Mr. Novak be added as chief author to S.F. No. 1515. The motion prevailed.

Mr. Dahl moved that the name of Ms. Reichgott be added as a co-author to S.F. No. 1905. The motion prevailed.

Mr. Bertram moved that his name be stricken as a co-author to S.F. No. 2117. The motion prevailed.

Ms. Reichgott and Mr. Jude introduced—

Senate Resolution No. 118: A Senate resolution congratulating the members of the future problem-solving team of Plymouth Junior High School on their victory in the first Midwest Open Future Problem-Solving Bowl.

Referred to the Committee on Rules and Administration.

Ms. Reichgott and Mr. Jude introduced—

Senate Resolution No. 119: A Senate resolution congratulating the members of the future problem-solving team of Robbinsdale Armstrong High

School on their high achievement at the first Midwest Open Future Problem Solving Bowl.

Referred to the Committee on Rules and Administration.

Ms. Reichgott and Mr. Jude introduced—

Senate Resolution No. 120: A Senate resolution congratulating Robbinsdale Armstrong High School on the honors received for its original one-act play, "What Does This Have To Do With Dreams Anyway?"

Referred to the Committee on Rules and Administration.

Mr. Jude moved that H.F. No. 1185 be withdrawn from the Committee on Transportation and re-referred to the Committee on Rules and Administration for comparison with S.F. No. 1473, now on General Orders. The motion prevailed.

### SPECIAL ORDER

S.F. No. 1: A bill for an act proposing an amendment to the Minnesota Constitution; repealing article XIII, section 5 which prohibits lotteries.

Mr. Purfeerst moved to amend S.F. No. 1 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [PROPOSED AMENDMENT.]

*The following amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article XIII, section 5, will read as follows:*

Sec. 5. The legislature shall not authorize any lottery or the sale of lottery tickets, *except that the legislature may authorize a lottery operated by the state in which tickets are sold and prizes are awarded to persons selected by lot.*

Sec. 2. [SUBMISSION TO VOTERS.]

*The proposed amendment shall be submitted to the people at the 1986 general election. The question submitted shall be:*

*"Shall the Minnesota Constitution be amended to permit the legislature to authorize the state to operate a lottery?"*

Yes \_\_\_\_\_

No \_\_\_\_\_ " "

Delete the title and insert:

*"A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, section 5; permitting the legislature to authorize the state to operate a lottery."*

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend the Purfeerst amendment to S.F. No. 1, adopted by the Senate March 6, 1986, as follows:

Page 1, line 11, after the period, insert *"The proceeds from the sales of*



*lottery tickets shall be appropriated pursuant to article XI, section 1."*

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

Mr. Dieterich moved that S.F. No. 1, No. 116 on Special Orders, be stricken and re-referred to the Committee on Judiciary.

### CALL OF THE SENATE

Mr. Purfeerst imposed a call of the Senate for the balance of the proceedings on S.F. No. 1. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the motion of Mr. Dieterich.

Mr. Purfeerst moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Jude	Moe, D.M.	Sieloff
Belanger	Frederick	Kamrath	Olson	Spear
Benson	Frederickson	Knutson	Peterson, R.W.	Storm
Bernhagen	Gustafson	Laidig	Ramstad	Taylor
Brataas	Isackson	Mehrkens	Reichgott	Waldorf
Chmielewski	Johnson, D.E.	Merriam	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Peterson, C.C.	Solon
Berg	Frank	Lessard	Peterson, D.C.	Stumpf
Berglin	Freeman	Luther	Peterson, D.L.	Vega
Bertram	Hughes	McQuaid	Petty	Wegscheid
Dahl	Johnson, D.J.	Moe, R.D.	Pogemiller	Willet
Davis	Knaak	Nelson	Purfeerst	
DeCramer	Kroening	Novak	Samuelson	
Dicklich	Kronebusch	Pehler	Schmitz	

The motion did not prevail.

Mr. Benson moved to amend S.F. No. 1 as follows:

Page 1, after line 6, insert:

"Section 1. [CONSTITUTIONAL AMENDMENT.]

*An amendment to the Minnesota Constitution, adding a section to article VIII, is proposed to the people. If the amendment is adopted, the new section will read:*

*Sec. 6. [RECALL.] An elective officer may be recalled by the eligible voters of the state, in the case of statewide offices, or of the electoral district from which the person was elected. Recall shall be initiated by a petition signed by eligible voters equal in number to at least 25 percent of the vote cast in the last election for the office from which the person is to be recalled. No person shall be recalled before the person has completed one year of service in the office from which the person is to be recalled. A special election shall be held for the office of a person against whom a petition has been filed, and that person shall be a candidate in the special election unless the person chooses to resign.*

*After one petition for recall and special election, no further recall petition shall be filed against the same person during the term for which the person was elected.*

Sec. 2. [QUESTION.]

*The proposed amendment shall be submitted at the 1986 general election. The question submitted shall be:*

*“Shall the Minnesota Constitution be amended to allow for the recall of elective officers by petition and special election?”*

Yes \_\_\_\_\_

No \_\_\_\_\_ ” ”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete “an amendment” and insert “amendments”

Page 1, line 2, after the semicolon, insert “adding a section to article VIII; and”

Page 1, line 3, delete “, which prohibits” and insert “; providing for the recall of elected officials; providing for repeal of the prohibition against”

Mr. Purfeerst questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Dieterich moved to amend the Purfeerst amendment to S.F. No. 1, adopted by the Senate March 6, 1986, as follows:

*Page 1, line 11, after the period, insert “Net revenue from the sales of lottery tickets must be deposited into the rural economic development fund established by law until January 1, 2012. The legislature may only appropriate money in the rural economic development fund for economic development in rural Minnesota. Any appropriation made from the fund may not be used to offset an appropriation from the general fund for an existing program.”*

*Page 1, line 16, after “lottery” insert “with net proceeds used for economic development in rural Minnesota”*

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 13 and nays 47, as follows:

Those who voted in the affirmative were:

Benson  
Bernhagen  
Bertram

Chmielewski  
Dicklich  
Dieterich

Frederick  
Johnson, D.J.  
Kamrath

Kronebusch  
Laidig  
Renneke

Waldorf

Those who voted in the negative were:

Anderson	Gustafson	Lessard	Peterson, R. W.	Spear
Berg	Hughes	Luther	Petty	Storm
Berglin	Isackson	McQuaid	Pogemiller	Stumpf
Brataas	Johnson, D.E.	Mehrrens	Purfeerst	Taylor
Dahl	Jude	Moe, R.D.	Ramstad	Vega
Davis	Knaak	Nelson	Reichgott	Wegscheid
DeCramer	Knutson	Olson	Samuelson	Willet
Diessner	Kroening	Pehler	Schmitz	
Frank	Langseth	Peterson, C.C.	Sieloff	
Frederickson	Lantry	Peterson, D.C.	Solon	

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

Mr. Storm moved to amend the Purfeerst amendment to S.F. No. 1, adopted by the Senate March 6, 1986, as follows:

Page 1, after line 20, insert:

“Sec. 3. [PROPOSED AMENDMENT.]

*The following amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, article XI shall be amended by adding a subdivision to read as follows:*

*Sec. 14. A fiscal biennium begins July 1 in each odd-numbered year. State spending in a biennium may not exceed the total amount spent in the previous biennium adjusted for inflation. State spending includes dispositions of funds by the state by appropriation, instructions to state officers or officials, or otherwise. It does not include transfers of federal funds or any levy made by the state auditor under article XI, section 7.*

*The spending limit may be exceeded if:*

*(1) the governor requests the legislature to declare an emergency;*

*(2) the legislature enacts a law by at least a two-thirds majority that declares an emergency and appropriates money in accordance with the governor's request; and*

*(3) the appropriation is limited to a single fiscal year.*

Sec. 4. [SUBMISSION TO VOTERS.]

*The proposed amendment shall be submitted to the people at the 1986 general election. The question shall be: "Shall the Minnesota Constitution be amended to limit increases to nonemergency state spending to no more than the rate of inflation, excluding federal assistance and bonding?"*

Yes \_\_\_\_\_

No \_\_\_\_\_

Amend the title accordingly.

Mr. Frank questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Berg moved to amend the Purfeerst amendment to S.F. No. 1, adopted by the Senate March 6, 1986, as follows:

Page 1, line 9, after "lottery" insert "to be" and delete "by" and insert

“within”

Page 1, line 11, before “persons” insert “those” and after “persons” insert “who are”

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

S.F. No. 1 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 34 and nays 33, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Langseth	Pehler	Samuelson
Berg	Diessner	Lantry	Peterson, C.C.	Solon
Berglin	Frank	Lessard	Peterson, D.C.	Stumpf
Bertram	Hughes	McQuaid	Peterson, D.L.	Vega
Dahl	Johnson, D.J.	Moe, R.D.	Petty	Wegscheid
Davis	Knaak	Nelson	Pogemiller	Willet
DeCramer	Kroening	Novak	Purfeerst	

Those who voted in the negative were:

Anderson	Frederick	Kamrath	Moe, D.M.	Sieloff
Belanger	Frederickson	Knutson	Olson	Spear
Benson	Freeman	Kronebusch	Peterson, R.W.	Storm
Bernhagen	Gustafson	Laidig	Ramstad	Taylor
Brataas	Isackson	Luther	Reichgott	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Renneke	
Dieterich	Jude	Merriam	Schmitz	

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

**SPECIAL ORDER**

H.F. No. 671: A bill for an act relating to financial institutions; authorizing interstate acquisition and formation of banks between this state and certain states on a reciprocal basis; proposing coding for new law in Minnesota Statutes, chapter 48.

Pursuant to Rule 22, Mr. Moe, R.D. moved that he be excused from voting on all questions pertaining to H.F. No. 671. The motion prevailed.

Mr. Petty moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1984, section 46.044, is amended to read:

46.044 [CHARTERS ISSUED, CONDITIONS.]

If (1) the applicants are of good moral character and financial integrity, (2) there is a reasonable public demand for this bank in this location, (3) the organization expenses being paid by the subscribing shareholders do not exceed the necessary legal expenses incurred in drawing incorporation papers and the publication and the recording thereof, as required by law, (4)

the probable volume of business in this location is sufficient to insure and maintain the solvency of the new bank and the solvency of the then existing bank or banks in the locality without endangering the safety of any bank in the locality as a place of deposit of public and private money, and (5) the commissioner of commerce is satisfied that the proposed bank will be properly and safely managed, and (6) the applicant, if it is an interstate bank holding company, as defined in section 6, has provided developmental loans as required by section 10, and has complied with the net new funds reporting requirements of section 13, the application must be granted; otherwise it must be denied. In case of the denial of the application, the commissioner of commerce shall specify the grounds for the denial. A person aggrieved, may obtain judicial review of the determination in accordance with chapter 14.

Sec. 2. [48.1585] [GOVERNMENT CHECKS.]

*No financial institution with deposits insured by the federal deposit insurance corporation owned by an interstate bank holding company doing business in this state may refuse to honor a check or draft drawn on the account of the United States treasury, the state of Minnesota, or any county within the state of Minnesota, that is presented by an individual offering sufficient identification.*

Sec. 3. Minnesota Statutes 1984, section 48.512, is amended by adding a subdivision to read:

*Subd. 6. [BASIC SERVICES TRANSACTION ACCOUNT.] A financial intermediary owned by an interstate bank holding company shall offer a basic services transaction account to eligible individuals. For purposes of this subdivision:*

*(a) "basic services transaction account" means a transaction account that has no initial or periodic service fees, allows at least six checks per month to be drawn on the account without charge, and allows at least six free financial transactions per month on an electronic financial terminal; and*

*(b) "eligible individual" means a person whose annual family income is less than the federal poverty income guidelines as published annually in the Federal Register; or a person receiving income maintenance and support services as defined in section 268.0111, subdivision 5."*

Page 1, line 16, after "act" insert " , other than sections 1 to 3, and 14."

Page 3, after line 26, insert:

*"Subd. 9. [INTERSTATE BANK HOLDING COMPANY.] "Interstate bank holding company" means (a) a bank holding company located in this state, engaging in interstate banking under reciprocal legislation, (b) a reciprocating state bank holding company engaged in banking in this state, and (c) other bank holding companies operating an institution located in this state having deposits insured by the federal deposit insurance corporation."*

*Subd. 10. [EQUITY CAPITAL.] "Equity capital" means the sum of common stock, preferred stock, and surplus and undivided profits."*

Page 3, line 34, delete everything before the first comma and insert "end of the public comment period provided by section 12"

Page 5, line 31, delete "It must include, but not be limited to," and insert

*"The description of net new funds must be filed with the application and annually thereafter stating the amount of capital funds, including the increase in equity capital that will result from the acquisition or establishment of a bank. The level of total equity capital must exceed \$3,000,000 for a new chartered bank and \$1,000,000 for an acquired bank. The description must state the net increase in loanable funds expressed as an increase in the total loan to asset ratio of Minnesota loans and assets. The statement must also include"*

Page 7, line 34, before "Any" insert "Subdivision 1. [REGULAR AND PERIODIC REPORTS.]"

Page 8, after line 5, insert:

*"Subd. 2. [INVESTMENT; REPORTING REQUIREMENTS.] Each financial institution located in this state owned by an interstate bank holding company shall fully and accurately disclose in an annual report to the commissioner of commerce the dollar value and volume of loans by zip code tract approved in the previous year in non-real estate commercial and farm lending categories established by the commissioner. Lending categories must be delineated in sufficient detail to evaluate the lender's loan performance. Loan categories may include: demand or accrual notes, installment loans, equipment loans, inventory or accounts receivable loans, small business administration loans and FmHA guaranteed loans. Housing loans must be disclosed statewide in the same manner and form as required by the Federal Home Mortgage Disclosure Act. The annual report must also disclose by zip code tract the dollar value and volume of deposits receiving during the previous year. The annual report must also disclose information by the categories required in section 14 demonstrating that developmental loans of a sufficient quantity are being made. The report must be accompanied by a copy of the most recent disclosures required under the Federal Community Reinvestment Act and the most recent Quarterly Statement of Income and Conditions.*

*Subd. 3. [RATING.] On the basis of the reports required in this section, the commissioner of commerce shall annually rate each financial institution owned by an interstate bank holding company on its lending performance. The commissioner shall adopt by rule a five point rating scale based on the financial institution's performance in meeting the credit needs of the community and its performance in reaching its targeted level of developmental loans. A rating may be contested under the contested case proceedings of chapter 14.*

*Subd. 4. [RATING REPORTS.] The commissioner of commerce shall make all ratings and reports available to the public upon request as provided by section 12. The ratings must be accompanied by an explanation of the rating assigned to each bank and the rationale behind the rating system.*

Sec. 12. [48.97] [PUBLIC PARTICIPATION.]

*Subdivision 1. [PUBLIC INFORMATION.] Consistent with federal law, the commissioner shall make available to the public at reasonable cost copies of all applications, including supporting documents and any other information required to be submitted to the commissioner.*

*Subd. 2. [NOTICE.] Upon the filing of an application:*

(1) an applicant shall publish in a newspaper of general circulation notice of the proposed acquisition as prescribed by the commissioner by rule;

(2) the commissioner shall prepare and update with each new application a bulletin listing all pending applications. The bulletin must be published and mailed without charge to any person upon request; and

(3) the commissioner shall accept public comment on an application for a period of not less than 30 days from the date of the final publication required by clause (1), or 30 days after the date of the availability of the first periodic bulletin required by clause (2), whichever is later."

Page 8, line 6, delete "9. [48.97]" and insert "13. [48.98]"

Page 9, after line 18, insert:

"Sec. 14. [48.99] [DEVELOPMENTAL LOANS.]

A financial institution located in this state owned by an interstate bank holding company shall provide a level of developmental loans as defined by the commissioner by rule. A "developmental loan" includes, but is not limited to, (1) loans for low and moderate income housing, loans to community development corporations, loans to woman and minority owned businesses, student education loans, and alternative energy or energy conservation loans, and (2) loans within distressed areas and on any Indian reservation for any commercial non-real estate purpose, home loans, home improvement loans, and operating loans to family farmers. The commissioner of commerce shall annually designate distressed areas. A distressed area may be made for a geographic region smaller than a county within the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington. The determination of a distressed area should be made on the area's unemployment rate, economic conditions and credit needs."

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Petty then moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 9, after line 18, insert:

"Sec. 10. [EXEMPTION.]

Subdivision 1. [RESOLUTION.] The board of directors of a bank or a bank holding company located in this state may adopt a resolution before July 1, 1987, to exempt the bank or bank holding company from section 4. If the board of directors adopts the resolution and files a certified copy of it as required by subdivision 2, the bank or bank holding company may not be acquired under section 4.

Subd. 2. [FILING.] If a resolution is adopted under this section, the board of directors shall file a certified copy of the resolution with the department in person or by certified mail. The board of directors may revoke the resolution

by notifying the department in writing of its decision to revoke the resolution."

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Petty then moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 2, delete lines 20 to 28 and insert:

"Subd. 2. [CONTROL.] "Control" means, with respect to a bank holding company, bank, or bank to be organized pursuant to chapters 46, 47, 48, and 300, (1) the ownership, directly or indirectly or acting through one or more other persons, control of or the power to vote 25 percent or more of any class of voting securities; (2) control in any manner over the election of a majority of the directors; or (3) the power to exercise, directly or indirectly, a controlling influence over management and policies."

Page 3, line 13, after "acquisition" insert ", directly or indirectly," and after "of" insert a comma

Page 3, line 15, delete "no more restrictive than" and insert "substantially similar to"

Page 3, line 16, after "(2)" insert "on and after the effective date of sections 1 to 10 until July 1, 1988,"

Page 3, line 17, after "South Dakota," insert "and"

Page 3, line 18, delete everything after "Wisconsin," and insert "and after July 1, 1988, any other state."

Page 3, delete line 19

Page 3, line 29, after "may" insert ", through a purchase of stock or assets of a bank, or through a purchase of stock or assets of or merger with a bank holding company," and after "an" insert "interest in an"

Page 3, line 30, after "and" insert ", if the interest will result in control of the bank or banks, it"

The motion prevailed. So the amendment was adopted.

Mr. Dahl moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 9, after line 18, insert:

"Sec. 10. [51A.58] [INTERSTATE BRANCHING.]

An association may, by acquisition, merger, or consolidation, establish or operate branch offices in any reciprocating state, and a savings and loan association chartered in the state may establish branch offices in this state.



*For the purposes of this section, "reciprocating state" is: (1) a state that authorized the establishment of branch offices in that state by an association located in this state under conditions no more restrictive than those imposed by the laws of Minnesota as determined by the commissioner of commerce; and (2) limited to the states specifically enumerated as reciprocating states in section 3, subdivision 7.*

*The commissioner of commerce shall adopt rules to provide that procedural requirements equivalent to those contained in sections 1 to 9 apply to reciprocal interstate branching by savings and loan associations."*

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

### RECONSIDERATION

Having voted on the prevailing side, Mr. Petty moved that the vote whereby the third Petty amendment to H.F. No. 671 was adopted on March 6, 1986, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Mr. Petty moved to amend the third Petty amendment to H.F. 671 as follows:

Page 1, delete lines 20 to 25 of the amendment

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

Mr. Petty then moved to adopt the third Petty amendment, as amended.

The motion prevailed. So the amendment, as amended, was adopted.

Mr. Laidig moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 3, line 16, delete "; and (2)"

Page 3, delete lines 17 and 18

Page 3, line 19, delete everything before the period

### CALL OF THE SENATE

Mr. Petty imposed a call of the Senate for the balance of the proceedings on H.F. No. 671. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the Laidig amendment. The motion did not prevail. So the amendment was not adopted.

Mr. Luther moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 1, line 15, before the comma, insert "*and prior to July 1, 1988*"

Page 3, line 16, after "(2)" insert "*on and after the effective date of this act until July 1, 1988,*"

Page 3, line 17, after "*South Dakota,*" insert "*and*"

Page 3, line 18, delete everything after "*Wisconsin,*" and insert "*and after July 1, 1988, any other state.*"

Page 3, delete line 19

Page 8, line 10, delete "*a reciprocating*" and insert "*an out-of-state*"

Page 8, line 15, after the period, insert "*Out-of-state bank holding company means a bank holding company as defined in the Bank Holding Company Act of 1956, as amended, with banking subsidiaries whose operations are principally conducted in a state other than Minnesota and is that state in which the operations of its banking subsidiaries are the largest in terms of total deposits.*"

Page 8, line 36, after the period, insert "*Only after these applications have been considered shall other out-of-state bank holding companies be considered.*"

Page 9, line 6, delete "*reciprocating*" and insert "*out-of-state*"

Page 9, line 11, delete "*A reciprocating*" and insert "*An out-of-state*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 38, as follows:

Those who voted in the affirmative were:

Bertram	Freeman	Kamrath	Petty	Taylor
Dieterich	Johnson, D.E.	Luther	Spear	Wegscheid
Frank	Johnson, D.J.	Merriam	Storm	
Frederick	Jude	Peterson, C.C.	Stumpf	

Those who voted in the negative were:

Adkins	Davis	Kroening	Novak	Reichgott
Anderson	DeCramer	Kronebusch	Olson	Renneke
Belanger	Dicklich	Laidig	Pehler	Schmitz
Benson	Frederickson	Langseth	Peterson, D.C.	Sieloff
Berglin	Gustafson	Lantry	Peterson, D.L.	Solon
Brataas	Isackson	Lessard	Peterson, R.W.	Waldorf
Chmielewski	Knaak	McQuaid	Pogemiller	
Dahl	Knutson	Mehrrens	Ramstad	

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

Mr. Laidig moved to amend H.F. No. 671, as amended pursuant to Rule

49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 3, line 18, after "Idaho," insert "Illinois,"

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

H.F. No. 671 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. Merriam moved that Mr. Berg and Mr. Bernhagen be excused from voting. The motion prevailed.

Mr. Merriam moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 33 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Kamrath	Merriam	Pogemiller	Spear
Brataas	Knutson	Moe, D.M.	Purfeerst	Storm
Diessner	Kronebusch	Nelson	Ramstad	Taylor
Dieterich	Lessard	Olson	Reichgott	Waldorf
Freeman	Luther	Pehler	Schmitz	Wegscheid
Gustafson	McQuaid	Peterson, D.L.	Sieloff	
Johnson, D.E.	Mehrkens	Petty	Solon	

Those who voted in the negative were:

Adkins	Davis	Isackson	Lantry	Stumpf
Belanger	DeCramer	Johnson, D.J.	Novak	Vega
Benson	Dicklich	Jude	Peterson, C.C.	Willet
Berglin	Frank	Knaak	Peterson, D.C.	
Bertram	Frederick	Kroening	Peterson, R.W.	
Chmielewski	Frederickson	Laidig	Renneke	
Dahl	Hughes	Langseth	Samuelson	

So the bill, as amended, failed to pass.

### SPECIAL ORDER

H.F. No. 1815: A bill for an act relating to taxation; real property; prescribing requirements of the sales ratio study used by the state board of equalization; amending Minnesota Statutes 1984, section 270.12, subdivision 2.

Mr. Johnson, D.J. moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 53, line 22, after "(3)" insert "for payments that are permitted after the due date with no penalty," and delete "from November 15" and insert "of the last date to pay without penalty"

Page 62, after line 30, insert:

"Sec. 16. Minnesota Statutes 1985 Supplement, section 273.13, subdivi-

sion 30, is amended to read:

Subd. 30. [CLASS 9.] (a) Unmined iron ore is class 9a and is assessed at 50 percent of market value.

(b) Class 9b consists of all low-grade iron-bearing formations as defined in section 273.14. Class 9b shall be assessed at the following percentages of its value: If the tonnage recovery is less than 50 percent and not less than 49 percent, the assessed value shall be 48-1/2 percent of the value; if the tonnage recovery is less than 49 percent and not less than 48 percent, the assessed value shall be 47 percent of the value; and for each subsequent reduction of one percent in tonnage recovery, the percentage of assessed value to value shall be reduced an additional 1-1/2 percent of the value, but the assessed value shall never be less than 30 percent of the value. The land, exclusive of the formations, shall be assessed as otherwise provided by law. The commissioner of revenue may estimate the reasonable market value of the iron ore on any parcel of land which at the assessment date is considered uneconomical to mine."

Page 96, lines 13 and 18, delete "34" and insert "35"

Page 97, line 24, delete "34" and insert "35"

Page 98, after line 23, insert:

"Sec. 4. Minnesota Statutes 1985 Supplement, section 124.155, subdivision 2, is amended to read:

Subd. 2. [SUBTRACTION FROM ADJUSTMENT TO AIDS.] The amount specified in Laws 1981, Third Special Session chapter 2, article 4, section 3, subdivision 2, as amended by Laws 1982, chapter 548, article 7, section 7, as further amended by Laws 1982, Third Special Session chapter 1, article III, section 4 shall be subtracted from the following state aids and credits in the order listed in fiscal year 1983. The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(a) foundation aid as authorized defined in section 124.212, subdivision 1 124A.01;

(b) secondary vocational aid authorized in section 124.573;

(c) special education aid authorized in section 124.32;

(d) secondary vocational aid for handicapped children authorized in section 124.574;

(e) gifted and talented aid authorized in section 124.247;

(f) aid for pupils of limited English proficiency authorized in section 124.273;

(g) aid for chemical use programs authorized in section 124.246;

(h) interdistrict cooperation aid authorized in section 124.272;

(i) summer program aid authorized in section 124A.033;

- (h) (j) transportation aid authorized in section 124.225;
- (i) (k) community education programs aid authorized in section 124.271;
- (j) (l) adult education aid authorized in section 124.26;
- (k) (m) early childhood family education aid authorized in section 124.2711;
- (l) (n) capital expenditure equalization aid authorized in section 124.245;
- (m) (o) homestead credit authorized in section 273.13, subdivisions 22 and 23;
- (n) (p) state school agricultural tax credit aid authorized in section 124.2137;
- (o) (q) wetlands credit authorized in section 273.115;
- (p) (r) native prairie credit authorized in section 273.116; and
- (q) (s) attached machinery aid authorized in section 273.138, subdivision 3; and
- (r) (t) teacher retirement and F.I.C.A. aid authorized in sections 124.2162 and 124.2163.

The commissioner of education shall schedule the timing of the reductions from state aids and credits specified in Laws 1981, Third Special Session chapter 2, article 4, section 3, subdivision 2, as amended by Laws 1982, chapter 548, article 7, section 7, as further amended by article III, section 4 of this act, and the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible and in such a manner that will minimize the impact of Laws 1981, Third Special Session chapter 2, article 4, as amended, on the cash flow needs of the school districts."

Page 112, line 12, delete the new language and insert "March 15, May 15, and November 15"

Page 134, line 24, before "On" insert: "Subdivision 1. [ESTIMATED INSTALLMENT PAYMENTS.]"

Page 135, after line 8, insert:

"Subd. 2. [ANNUAL RETURNS.] (a) Every insurer required to pay a premium tax under this section shall make and file a statement of estimated premium taxes for the period covered by the installment tax payment. The statement shall be in the form prescribed by the commissioner of revenue.

(b) On or before March 1, annually every insurer subject to taxation under this section shall make an annual return for the preceding calendar year setting forth information the commissioner of revenue may reasonably require on forms prescribed by the commissioner.

(c) On March 1, the insurer shall pay any additional amount due for the preceding calendar year; if there has been an overpayment, the overpayment may be credited without interest on the estimated tax due April 15.

*(d) If unpaid by this date, penalties and interest as provided in section 290.53, subdivision 1, shall be imposed.*

Page 144, line 33, after "(e)" insert "to the highway user tax distribution fund"

Page 144, line 35, delete "The proceeds"

Page 144, delete line 36

Page 145, delete line 1

Page 148, line 27, after "mortgage" insert "or deed in lieu of foreclosure if a foreclosure proceeding has been initiated or threatened in writing"

Page 149, line 26, after "(13)" insert ", or 290.491, clause (b)"

Page 150, line 2, after "(13)" insert ", or 290.491, clause (b)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 122, line 5, delete "shall" and insert "may"

### CALL OF THE SENATE

Mr. Johnson, D.J. imposed a call of the Senate for the balance of the proceedings on H.F. No. 1815. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the Sieloff amendment. The motion did not prevail. So the amendment was not adopted.

Mr. Mehrkens moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 145, after line 33, insert:

"Sec. 13. Laws 1985, First Special Session chapter 14, article 1, section 61, is amended to read:

Sec. 61. [EFFECTIVE DATE.]

Except as otherwise provided, sections 1 to 23, 31 to 44, 46 to 49, 51 to 56, 59, paragraph (a), and 60 are effective for taxable years beginning after December 31, 1984, except that the repeal of section 290.06, subdivision 14, contained in section 59, paragraph (a), is effective for expenditures made after June 30, 1985. Sections 24, 25, and 29 are effective for taxable years beginning after December 31, 1985. The provisions of Minnesota Statutes 1984, section 290.069, subdivisions 1 to 3, and 4a to 7 remain in effect as amended, provided that the credits are repealed as provided in section 29. Section 59, paragraph (b) is effective for qualified small businesses certified after June 30, 1985 and for stock purchased after June 30, 1985 and the

provisions of sections 26 to 30 conforming to the repeal of Minnesota Statutes, section 290.069, subdivision 4, are effective at the same time. The amendment to Minnesota Statutes 1984, section 290.10, clause (8) in section 41 changing the percentage of deductible self-employment tax is effective for taxable years beginning after December 31, 1985. Section 45 is effective for taxable years beginning after December 31, 1984 and before January 1, 1989. Sections 50, 57 and the amendment to Minnesota Statutes 1984, section 290.37, subdivision 1, paragraph (a), in section 47, authorizing the adoption of rules, are effective the day after final enactment. The provision in section 58, clause(1)(a), updating the reference to the Internal Revenue Code, is effective for claims based on rent paid in 1984 and thereafter and property taxes payable in 1985 and thereafter. The balance of section 58 is effective for claims based on rent paid in 1985 and thereafter and property taxes payable in 1986 and thereafter."

Page 146, line 6, after the period, insert "*Section 13 is effective the day after final enactment and, notwithstanding any other provision of law, section 290.06, subdivision 14, remains in effect for expenditures made before July 1, 1985.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 27, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knaak	Olson	Storm
Belanger	Gustafson	Knutson	Peterson, D.L.	Taylor
Benson	Isackson	Kronebusch	Ramstad	Vega
Brataas	Johnson, D.E.	Laidig	Renneke	
Frederick	Jude	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Dicklich	Langseth	Peterson, D.C.	Stumpf
Bertram	Dieterich	Lantry	Peterson, R.W.	Waldorf
Chmielewski	Frank	Luther	Petty	Willert
Dahl	Johnson, D.J.	Moe, R.D.	Reichgott	
Davis	Kamrath	Novak	Samuelson	
DeCramer	Kroening	Peterson, C.C.	Spear	

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

Mr. Sieloff moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 111, line 35, after the period, insert "*Except as provided in this subdivision, the information released shall be classified as not public data under chapter 13.*"

Page 114, line 5, after the period, insert "*Except as provided in this subdivision, the information released shall be classified as not public data under chapter 13.*"

Page 116, line 32, after the period, insert "*Except as provided in this subdivision, the information released shall be classified as not public data under chapter 13.*"

Page 118, line 11, after the period, insert "*Except as provided in this subdivision, the information released shall be classified as not public data*"

*under chapter 13.*"

Page 126, line 31, after the period, insert "*Except as provided in this paragraph, the information provided shall be classified as not public data under chapter 13.*"

Page 132, line 2, after "481" insert "*; except as provided in this sentence, the information shall be classified as not public data under chapter 13*"

Page 136, line 19, after the period, insert "*Except as provided in this subdivision, the information released shall be classified as not public data under chapter 13.*"

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 141, after line 18, insert:

"Sec. 7. Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [MODIFICATIONS REDUCING FEDERAL ADJUSTED GROSS INCOME.] There shall be subtracted from federal adjusted gross income:

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

(2) the portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 40 per centum of the portion of the gain;

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

(4) if included in federal adjusted gross income, the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

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

(6) pension income as provided by section 290.08, subdivision 26;

(7) the first \$3,000 of compensation for personal services in the armed



forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. This modification does not apply to compensation defined in clause (6);

(8) unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;

(9) for an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(10)(a) income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax; (b) to the extent included in computing federal adjusted gross income, expenses and other items allocable to the business of mining or producing iron ore, the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, shall be allowed as a subtraction to the extent that the expenses or other items are included in computing the modifications provided in section 290.01, subdivision 20a, clause (7) or paragraph (a) of this clause and to the extent that the expenses or other items are not deductible, capitalizable, retainable in basis, or taken into account by allowance or otherwise in computing the occupation tax. Occupation taxes imposed under chapter 298, royalty taxes imposed under chapter 299, and depletion expenses may not be subtracted under this paragraph;

(11) to the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the plan and which contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause (6) apply and an amount subtracted under this clause may not be subtracted under clause (6); and

(12) to the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted; and

(13) interest, including a payment adjustment, earned by the taxpayer on a seller-sponsored family farm security loan guaranteed by the commissioner of agriculture under sections 41.51 to 41.60 and executed before June 28, 1985."

Page 146, line 3, after the period, insert "Section 7 is effective for taxable years beginning after December 31, 1984."

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Kamrath	Mehrkens	Storm
Belanger	Frederick	Knaak	Olson	Taylor
Benson	Frederickson	Knutson	Peterson, D.L.	Wegscheid
Bertram	Gustafson	Kronebusch	Ramstad	
Brataas	Isackson	Laidig	Renneke	
Davis	Johnson, D.E.	McQuaid	Sieloff	

Those who voted in the negative were:

Adkins	Frank	Moe, R.D.	Petty	Spear
Berglin	Johnson, D.J.	Novak	Pogemiller	Stumpf
Dahl	Jude	Pehler	Purfeerst	Vega
Dicklich	Kroening	Peterson, C.C.	Reichgott	Willett
Diessner	Lantry	Peterson, D.C.	Samuelson	
Dieterich	Luther	Peterson, R.W.	Schmitz	

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

Mr. Sieloff moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 110, line 26, after "section" insert "*other than a license that permits the licensee to act as an insurance agent only as an employee;*"

Page 112, line 33, after "license" insert "*, other than a license that permits the licensee to act as a real estate broker or salesperson only as an employee,*"

Page 114, line 10, after "license" insert "*, other than a license that permits the licensee to practice only as an employee,*"

Page 115, line 22, after "chiropractic" insert "*, other than a license that permits the licensee to practice only as an employee,*"

Page 117, line 2, after "dentistry" insert "*, other than a license that permits the licensee to practice only as an employee,*"

Page 135, line 13, after "326.231" insert "*, other than a license that permits the licensee to practice only as an employee,*"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Olson	Storm
Belanger	Isackson	Kronebusch	Peterson, D.L.	Taylor
Benson	Johnson, D.E.	Laidig	Ramstad	
Brataas	Kamrath	McQuaid	Renneke	
Frederick	Knaak	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Dieterich	Merriam	Petty	Stumpf
Berglin	Frank	Moe, D.M.	Pogemiller	Vega
Bertram	Johnson, D.J.	Moe, R.D.	Purfeerst	Waldorf
Dahl	Jude	Novak	Reichgott	Wegscheid
Davis	Kroening	Pehler	Samuelson	Willett
DeCramer	Langseth	Peterson, C.C.	Schmitz	
Dicklich	Lantry	Peterson, D.C.	Solon	
Diessner	Luther	Peterson, R.W.	Spear	

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

Mr. Frederick moved to amend H.F. No. 1815, the unofficial engrossment as follows:

Page 140, after line 2, insert:

Sec. 6. Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26, is amended to read:

Subd. 26. [PENSION INCOME.] (a) [EXCLUSION.] Gross income shall not include the pension income of a ~~qualified recipient and spouse~~ if the ~~spouse is a qualified recipient individual~~. The maximum amount of this exclusion is ~~the following amount the greater of the following two amounts~~:

(1) \$11,000 reduced by the amount of the ~~qualified recipient's and spouse's combined~~ federal adjusted gross income in excess of \$17,000, ~~excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income; or~~

(2) \$11,000 reduced by the sum of

(A) social security benefits,

(B) railroad retirement benefits, and

(C) the excess over \$23,000 of federal adjusted gross income, but ~~excluding social security benefits and railroad retirement benefits to the extent included in federal adjusted gross income~~.

(3) Notwithstanding ~~clause clauses~~ (1) and (2), in the case of an involuntary lump sum distribution of pension or retirement benefits to volunteer firefighters, the maximum amount of the exclusion is \$11,000. This amount is not subject to reduction for other income ~~and applies without regard to the limitation in paragraph (b), clause (4)~~.

(3) (4) Notwithstanding ~~clause clauses~~ (1) and (2), to the extent included in federal adjusted gross income, all railroad retirement benefits of a ~~qualified~~ recipient are excludable without limitation as to level of benefits received, maximum amount, or income offset.

(4) In the case of pension income received from the correctional employees retirement program established pursuant to chapter 352; the state patrol fund retirement fund established pursuant to chapter 352B; the public employees police and fire fund established pursuant to chapter 353; the retirement funds enumerated in section 69.77, subdivision 1a; or similar retirement plans established by another state or a political subdivision of another state, an individual is a ~~qualified recipient without regard to age~~.

(b) [DEFINITIONS.] For purposes of this subdivision the following terms have the meanings given:

(1) "Internal Revenue Code" means the Internal Revenue Code of 1954 in effect for the purpose of defining gross income for the applicable taxable year as provided in section 290.01, subdivision 20.

(2) "Federal adjusted gross income" is the federal adjusted gross income referred to in section 290.01, subdivision 20, for the current taxable year, and includes the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code.

(3) "Pension income" means to the extent included in the taxpayer's fed-

eral adjusted gross income the amount received by the taxpayer

(A) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or

(B) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 408, or 409, of the Internal Revenue Code.

(4) ~~“Qualified recipient” means an individual who, at the end of the taxable year, is aged 65 or older or is disabled as defined in section 290A.03, subdivision 9.”~~

Page 146, line 3, after the period, insert *“Section 6 is effective for taxable years beginning after December 31, 1984.”*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knaak	Mehrkens	Sieloff
Belanger	Gustafson	Knutson	Olson	Storm
Benson	Isackson	Kronebusch	Peterson, D.L.	Taylor
Brataas	Johnson, D.E.	Laidig	Ramstad	
Frederick	Kamrath	McQuaid	Renneke	

Those who voted in the negative were:

Berglin	Diessner	Luther	Peterson, D.C.	Spear
Bertram	Dieterich	Moe, D.M.	Peterson, R.W.	Stumpf
Chmielewski	Frank	Moe, R.D.	Petty	Vega
Dahl	Johnson, D.J.	Novak	Pogemiller	Willett
Davis	Jude	Pehler	Samuelson	
DeCramer	Lantry	Peterson, C.C.	Solon	

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

Mr. Vega moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 141, line 29, delete “30” and insert “20”

Page 141, line 30, delete “25” and insert “15”

Page 141, line 32, delete “20” and insert “10”

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:

Belanger	Gustafson	Lantry	Ramstad	Vega
Benson	Knaak	McQuaid	Sieloff	Waldorf
Brataas	Kroening	Moe, D. M.	Spear	
Dieterich	Kronebusch	Peterson, R.W.	Storm	

Those who voted in the negative were:

Adkins	Diessner	Knutson	Pehler	Samuelson
Anderson	Frank	Laidig	Peterson, C. C.	Schmitz
Berglin	Frederick	Langseth	Peterson, D. C.	Solor
Bertram	Frederickson	Luther	Peterson, D. L.	Stumpf
Chmielewski	Isackson	Mehrkens	Petty	Taylor
Dahl	Johnson, D. E.	Merriam	Pogemiller	Wegscheid
Davis	Johnson, D. J.	Moe, R. D.	Purfeerst	Willet
DeCramer	Jude	Novak	Reichgott	
Dicklich	Kamrath	Olson	Renneke	

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

Mr. Benson moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 143, line 6, delete "*emergency and*"

The motion prevailed. So the amendment was adopted.

Mr. Benson then moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 148, line 27, after "*upon*" insert "*termination of contract for deed,*"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 110, line 28, after "*that*" insert "(1)"

Page 110, line 30, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request*"

Page 112, line 34, after "*that*" insert "(1)"

Page 112, line 36, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request*"

Page 114, line 11, after "*that*" insert "(1)"

Page 114, line 13, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request*"

Page 115, line 24, after "*that*" insert "(1)"

Page 115, line 25, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request*"

Page 117, line 3, after "*that*" insert "(1)"

Page 117, line 5, after "*more*" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the*"

*agreement within 30 days of the mailing of the request"*

Page 135, line 15, after "that" insert "(1)"

Page 135, line 16, after "more" insert "*and that (2) the commissioner of revenue has, by certified mail, requested the taxpayer to enter into a payment agreement and the taxpayer has either refused or failed to enter into the agreement within 30 days of the mailing of the request.*"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff then moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 140, after line 2, insert:

"Sec. 6. Minnesota Statutes 1984, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER AND CARRYBACK.] (a) Except as provided in clause (d), *clause (e)*, or subdivision 8, a net operating loss for any taxable year shall be:

(1) A net operating loss carryback to each of the three taxable years preceding the taxable year of such loss, and

(2) A net operating loss carryover to each of the five taxable years following the taxable year of such loss.

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which, by reason of subdivision 3, clause (a) or (d), such loss may be carried. The portion of such loss which shall be carried to each of the other taxable years shall be the excess, if any, of the amount of such loss over the sum of the taxable net income, adjusted by the modifications specified in subdivision 4, for each of the prior taxable years to which such loss may be carried.

(c) Where a corporation does business both within and without Minnesota, and apports its income under the provisions of section 290.19, the net operating loss deduction shall be allowed to the extent of the apportionment ratio of the loss year, or the year to which the loss is carried, whichever is smaller.

(d) Where a corporation files a combined report which reflects the entire unitary business as provided in section 290.34, subdivision 2, the corporation shall not be allowed a net operating loss carryback to a year in which it did not file a combined report. The number of taxable years for which a net operating loss carryover is allowed shall be increased by the number of taxable years for which a net operating loss carryback is not allowed under this clause.

*(e) Notwithstanding any other law to the contrary, in the case of a bank, if loans for agricultural purposes constituted over 15 percent of its loan portfolio on the last day of the taxable year in which the loss occurred, the bank may elect that the net operating loss for that taxable year shall be:*

*(1) a net operating loss carryback as provided in paragraph (a), clause (1), and*

*(2) a net operating loss carryover to each of the ten taxable years follow-*

ing the taxable year of the loss.

*In the case of a bank that is a member of a unitary group, the bank must file and pay tax on a separate return basis for all years in which it will be calculating or using its net operating losses under this clause. The extended period for the net operating losses will be allowed to a bank that is a member of a unitary group if there are no more than three members in the unitary group in the year of the loss or in the year to which the loss is carried. The unitary group must file amended returns to reflect the removal of the bank from its combined return for all applicable years."*

Page 146, line 3, after the first period, insert "*Section 6 is effective for losses incurred in taxable years beginning after December 31, 1981. Refunds allowed under section 6 shall not bear interest and shall not be paid prior to July 1, 1987.*"

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knaak	Mehrkens	Sieloff
Belanger	Gustafson	Knutson	Moe, D. M.	Storm
Benson	Isackson	Kronebusch	Olson	Taylor
Brataas	Johnson, D.E.	Laidig	Peterson, D.L.	
Frederick	Kamrath	McQuaid	Renneke	

Those who voted in the negative were:

Adkins	Dicklich	Lantry	Petty	Stumpf
Berglin	Diessner	Luther	Pogemiller	Vega
Bertram	Dieterich	Moe, R. D.	Purfeerst	Waldorf
Chmielewski	Frank	Novak	Reichgott	Wegscheid
Dahl	Johnson, D.J.	Pehler	Samuelson	Willet
Davis	Jude	Peterson, D.C.	Solon	
DeCramer	Kroening	Peterson, R.W.	Spear	

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

Mr. Sieloff then moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

*Page 126, line 31, after the period, insert "For the purposes of this section and section 297A.43, "delinquent taxes" includes only a tax, payment of which is overdue by at least 90 days, and with respect to which the department of revenue has in writing delivered or mailed to the taxpayer attempted to enter into a payment agreement and the taxpayer has failed or refused to do so."*

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

Mr. Laidig moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 104, delete section 1

Pages 111 and 112, delete section 4

Pages 126 to 130, delete sections 20 to 26 and insert:

“Sec. 18. Minnesota Statutes 1984, section 297A.27, subdivision 1, is amended to read:

Subdivision 1. ~~Except as provided in section 297A.275,~~ On or before the 25th day of each month in which taxes imposed by sections 297A.01 to 297A.44 are payable, a return for the preceding reporting period shall be filed with the commissioner in such form as the commissioner may prescribe; verified by a written declaration that it is made under the criminal penalties for wilfully making a false return, and in addition shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid. Any person making sales at retail at two or more places of business may file a consolidated return subject to such regulations as the commissioner may prescribe.”

Pages 132 to 135, delete sections 28 to 31

Page 136, line 21, before “Minnesota” insert “(a)”

Page 136, after line 22, insert:

“(b) Minnesota Statutes 1984, section 297A.275, is repealed.”

Page 137, line 9, after “33” insert “, paragraph (a).”

Page 137, line 13, after the period, insert “Sections 18 and 21, paragraph (b), are effective the day following final enactment.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Olson	Storm
Belanger	Isackson	Kronebusch	Peterson, D.L.	Taylor
Benson	Johnson, D.E.	Laidig	Ramstad	
Berg	Kamrath	McQuaid	Renneke	
Frederick	Knaak	Mehrkens	Sieloff	

Those who voted in the negative were:

Adkins	Dicklich	Langseth	Pehler	Samuelson
Berglin	Diessner	Lantry	Peterson, C.C.	Solon
Bertram	Dieterich	Luther	Peterson, D.C.	Spear
Chmielewski	Frank	Merriam	Peterson, R.W.	Stumpf
Dahl	Johnson, D.J.	Moe, D. M.	Petty	Vega
Davis	Jude	Moe, R. D.	Pogemiller	Waldorf
DeCramer	Kroening	Novak	Reichgott	Willet

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

Mr. Ramstad moved that H.F. No. 1815, No. 149 on Special Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 24 and nays 38, as follows:



Those who voted in the affirmative were:

Anderson	Frederick	Kamrath	McQuaid	Renneke
Belanger	Frederickson	Knaak	Mehrkens	Sieloff
Benson	Gustafson	Knutson	Olson	Storm
Berg	Isackson	Kronebusch	Peterson, D.L.	Taylor
Brataas	Johnson, D.E.	Laidig	Ramstad	

Those who voted in the negative were:

Adkins	Diessner	Luther	Peterson, D.C.	Solon
Berglin	Dieterich	Merriam	Peterson, R.W.	Spear
Bertram	Frank	Moe, D. M.	Petty	Stumpf
Chmielewski	Johnson, D.J.	Moe, R. D.	Pogemiller	Vega
Dahl	Jude	Nelson	Purfeerst	Waldorf
Davis	Kroening	Novak	Reichgott	Willet
DeCramer	Langseth	Pehler	Samuelson	
Dicklich	Lantry	Peterson, C.C.	Schmitz	

The motion did not prevail.

Mr. Moe, D.M. moved to amend H.F. No. 1815, the unofficial engrossment, as follows:

Page 145, delete section 13

Page 146, line 5, delete "Section 13 is"

Page 146, delete line 6

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

H.F. No. 1815 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 34 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Langseth	Peterson, D.C.	Solon
Berglin	Diessner	Lantry	Petty	Spear
Bertram	Dieterich	Luther	Pogemiller	Stumpf
Chmielewski	Frank	Moe, R. D.	Purfeerst	Vega
Dahl	Johnson, D.J.	Nelson	Reichgott	Wegscheid
Davis	Jude	Novak	Samuelson	Willet
DeCramer	Kroening	Peterson, C.C.	Schmitz	

Those who voted in the negative were:

Anderson	Frederickson	Knutson	Olson	Storm
Belanger	Gustafson	Kronebusch	Peterson, D.L.	Taylor
Benson	Isackson	Laidig	Peterson, R.W.	Waldorf
Berg	Johnson, D.E.	McQuaid	Ramstad	
Brataas	Kamrath	Mehrkens	Renneke	
Frederick	Knaak	Moe, D. M.	Sieloff	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, the Senate reverted to the Orders of Business of Mes-

sages From the House, First Reading of House Bills, 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 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. 1597: A bill for an act relating to agriculture; removing the liability of persons who buy farm products; repealing the notification and registration system for security interests in farm products; amending Minnesota Statutes 1985 Supplement, sections 17A.04, subdivisions 2 and 5; and 336.9-307; repealing Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; and 386.42.

Senate File No. 1597 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 5, 1986

### CONCURRENCE AND REPASSAGE

Mr. Berg moved that the Senate concur in the amendments by the House to S.F. No. 1597 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1597 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 38 and nays 9, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Laidig	Peterson, C. C.	Solon
Anderson	Frank	Langseth	Peterson, D. C.	Storm
Berg	Johnson, D. E.	Luther	Peterson, D. L.	Stumpf
Bertram	Johnson, D. J.	McQuaid	Petty	Vega
Dahl	Jude	Merriam	Purfeerst	Wegscheid
Davis	Kamrath	Moe, R. D.	Reichgott	Willet
DeCramer	Kroening	Nelson	Renneke	
Dicklich	Kronebusch	Pehler	Schmitz	

Those who voted in the negative were:

Dieterich	Gustafson	Knutson	Mehrkens	Waldorf
Frederickson	Isackson	Lantry	Peterson, R. W.	

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. 1635, 1835, 1940, 2009, 2012, 2035, 2265 and 2453.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 5, 1986

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2111, 2187, 2263, 2329, 1800, 1869, 2051 and 2364.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 6, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1635: A bill for an act relating to real property; providing a restriction on the duration of conditions affecting certain real property; providing an exemption for the city of North Oaks; amending Minnesota Statutes 1984, section 500.20, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1517.

H.F. No. 1835: A bill for an act relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; requiring crime victims to be notified of offender's release from custody; imposing a penalty; amending Minnesota Statutes 1984, section 611A.06; proposing coding for new law in Minnesota Statutes, chapter 609.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1592, now on General Orders.

H.F. No. 1940: A bill for an act relating to Stearns county; authorizing the Stearns county board to designate the county auditor as the local registrar of the county.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1860, now on General Orders.

H.F. No. 2009: A bill for an act relating to economic development; defining the duties and terms of office of the members of the world trade center board; classifying data held by the board; amending Minnesota Statutes 1984, sections 44A.01, subdivision 1; 44A.02; 44A.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 44A.

Mr. Moe, R.D. moved that H.F. No. 2009 be laid on the table. The motion prevailed.

H.F. No. 2012: A bill for an act relating to crimes; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to believe it was derived from prostitution; imposing

criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; providing for a penalty assessment; authorizing counties to develop a program of outreach services for juvenile prostitutes; providing additional protections for victims of crime; authorizing parents and guardians to seek an order for protection to obtain return of a minor child who is being used or induced to practice prostitution; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.322; 609.323; 609.324, by adding a subdivision; 611A.03, subdivision 1; 626.558, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 631.046; proposing coding for new law in Minnesota Statutes, chapters 609 and 611A.

Referred to the Committee on Judiciary.

H.F. No. 2035: A bill for an act relating to retirement; police and firefighters' relief associations; standardizing auditing requirements; clarifying various duties and responsibilities in the management of local associations; auditing, financial reporting, and state aid for the Winona police relief association; amending Minnesota Statutes 1984, sections 3.85, subdivision 6; 6.72, subdivision 2; 69.011, subdivision 2; 69.021, subdivisions 4 and 7; 69.051; 69.77; 69.773, subdivision 2; 69.775; 69.80; and 424A.001, subdivision 4, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 69.011, subdivision 1; 69.031, subdivision 1; and 356.216; proposing coding for new law in Minnesota Statutes, chapters 6 and 423A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2112, now on General Orders.

H.F. No. 2265: A bill for an act relating to juvenile justice; providing for membership terms, removal, and filling of vacancies on the juvenile justice advisory committee; amending Minnesota Statutes 1984, section 116J.404.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2085, now on the Consent Calendar.

H.F. No. 2453: A bill for an act relating to state lands; authorizing conveyance of certain state easement.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 2111: A bill for an act relating to the city of Medina; authorizing a payment by the city for utility construction.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1994, now on General Orders.

H.F. No. 2187: A bill for an act relating to Olmsted county; increasing the amount the county board may appropriate annually for use as a contingent fund; amending Laws 1965, chapter 433, section 1, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2209, now on General Orders.

H.F. No. 2263: A bill for an act relating to corporations; conforming to federal law; changing applicability of shareholder voting on control share acquisitions; providing for lesser relief than dissolution under certain circumstances; amending Minnesota Statutes 1984, section 302A.751, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 302A.449, subdivision 7; and 302A.671, subdivisions 1 and 3; repealing

Laws 1985, First Special Session chapter 5, section 21.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2122.

H.F. No. 2329: A bill for an act relating to Dakota county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1800: A bill for an act relating to local government; authorizing the counties of Becker, Grant, Hubbard, Otter Tail, Stevens, Todd, Traverse, Wadena, and Wilkin to enter into contracts and agreements for solid waste management.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1767, now on General Orders.

H.F. No. 1869: A bill for an act relating to local government units; authorizing the privatization of facilities for the treatment of wastewater and the furnishing of potable water; amending Minnesota Statutes 1984, section 474.02, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 297A; proposing coding for new law as Minnesota Statutes, chapter 471A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2166.

H.F. No. 2051: A bill for an act relating to the city of St. Paul; permitting the establishment of special service districts in the city and providing taxing and other authority.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 2364: A bill for an act relating to transportation; railroads; permitting transportation regulation board to approve certain rate changes and applications for track abandonment or discontinuance of service in certain cases without a public hearing; providing for imposition of misdemeanor penalty for certain violations relating to movement of hazardous materials; amending Minnesota Statutes 1984, sections 221.041, subdivision 1; and 221.291, subdivision 3; Minnesota Statutes 1985 Supplement, sections 219.741; and 219.85.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2144, now on General Orders.

## REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2215: A bill for an act relating to game and fish; dedicating revenues from the fishing license surcharge, small game surcharge, migra-

tory waterfowl stamp, pheasant stamp, and trout and salmon stamp; requiring preparation and presentation of work plans before fishing license surcharge appropriation is spent; clarifying allowed administrative expenses from dedicated receipts; amending Minnesota Statutes 1984, sections 97.4841, subdivision 4; 97.4842, subdivision 3; 97.4843, subdivision 4; 97.49, subdivision 1; and 97.86, 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 1984, section 97.4841, subdivision 4, is amended to read:

Subd. 4. [USE OF REVENUE.] ~~The commissioner shall approve projects~~ *Receipts must be deposited in the state treasury and credited to a separate migratory waterfowl stamp account. Money in the account may only be spent for the following purposes:*

(a) Development of state wetlands and designated waterfowl management lakes for maximum migratory waterfowl production;

(b) Protection and propagation of migratory waterfowl;

(c) Development, restoration, maintenance or preservation of migratory waterfowl habitat;

(d) Acquisition of structure sites and access thereto; and

(e) Necessary related administrative costs ~~in an amount~~, not to exceed ten percent of the annual ~~deposits into the game and fish fund attributable to the sale of stamps appropriation from the account.~~

Sec. 2. Minnesota Statutes 1984, section 97.4842, subdivision 3, is amended to read:

Subd. 3. [USE OF REVENUE.] ~~The commissioner shall approve projects~~ *Receipts must be deposited in the state treasury and credited to a separate trout and salmon stamp account. Money in the account may only be spent for the following purposes:*

(a) Development, restoration, maintenance or preservation of trout streams and lakes;

(b) Rearing and stocking of trout and salmon in trout streams and lakes and Lake Superior; and

(c) Necessary related administrative costs ~~in an amount~~, not to exceed ten percent of the annual ~~deposits into appropriations from the game and fish fund attributable to the sale of stamps account.~~

Sec. 3. Minnesota Statutes 1984, section 97.4843, subdivision 4, is amended to read:

Subd. 4. [USE OF REVENUE.] ~~The commissioner may approve projects~~ *only* *Receipts must be deposited in the state treasury and credited to a separate pheasant stamp account. Money in the account may only be spent for the following purposes:*

(a) Promotion and practice of development, restoration, maintenance and

preservation of suitable habitat for pheasants on public and private lands and the reimbursement of landowners for setting aside lands for pheasant habitat and the expenditure of funds on public and private lands to provide pheasant habitat;

(b) Necessary related administrative and personnel costs in an amount, not to exceed ten percent of the annual deposits into the game and fish fund attributable to the sale of stamps appropriation from the account.

Sec. 4. Minnesota Statutes 1984, section 97.49, subdivision 1, is amended to read:

Subdivision 1. All unexpended balances and moneys hereafter received from licenses of any kind including stamps issued by the commissioner on behalf of the division, together with all receipts from fines, sale of contraband or property of any kind, including wild animals, under the control of the division, reimbursements of expenditures or contributions to the division and all other moneys accruing to the state by virtue of chapters 97 to 102, shall be credited by the state treasurer to a special fund known as the game and fish fund, and all such moneys are hereby annually to be spent, as appropriated, for the maintenance and conduct of the activities of the division, subject, however, to any special provisions which may be contained from time to time in appropriation acts.

Sec. 5. Minnesota Statutes 1984, section 97.86, is amended to read:

#### 97.86 [IMPROVEMENT OF FISHING RESOURCES.]

Subdivision 1. [LICENSE SURCHARGE.] A surcharge of \$2.50 shall be added to the annual license fee for each license issued pursuant to section 98.46, subdivision 2, clauses (4) and (5), subdivision 2a, subdivision 5, clause (3), and subdivision 15. The proceeds of the surcharge shall be credited to the game and fish fund a separate fishing license surcharge account.

The commissioner may spend the proceeds of the surcharge may only be spent for the following purposes:

(a) Rehabilitation and improvement of marginal fish producing waters administered on a cost sharing basis under agreements between the commissioner and other parties interested in sport fishing.

(b) Expansion of fishing programs including, but not limited to, aeration, stocking of marginal fishing waters in urban areas, shore fishing areas, and fishing piers. In the expenditure of funds pursuant to this clause, preference shall be given to local units of government and other parties willing and able to share costs.

(c) Upgrading of fish propagation capabilities in order to improve the efficiency of fish production, expansion of walleyed pike production from waters subject to winter kill for stocking in more suitable waters, introduction of new species where deemed biologically appropriate by the commissioner, and purchase of fish from private hatcheries for stocking purposes.

(d) Financing the preservation and improvement of fish habitat. First priority shall be given to expansion of habitat improvement programs approved by the commissioner and implemented in cooperation with other interested parties.

(e) Increasing enforcement through use of covert operations, workteams, and added surveillance, communication, and navigational equipment.

(f) Purchase by the commissioner of the walleyed pike quota of commercial fishermen as prescribed in section 102.26, subdivision 3d.

(g) Not more than ten percent of the ~~money available under this subdivision~~ *annual appropriation from the account may be used spent* for administrative or ~~permanent~~ personnel costs.

Subd. 2. [INTERIM STUDY.] The house environment and natural resources committee and the senate agriculture and natural resources committee shall review issues and trends in the management and improvement of fishing resources, using information obtained by and presented to the committees by public and private agencies and organizations, and other parties interested in management and improvement of fishing resources. The committees may make recommendations to the commissioner on programs and projects for management and improvement of fishing resources.

The commissioner shall prepare an annual work plan *and a five-year plan identifying program areas for the expenditure of spending money appropriated* under subdivision 1 and provide copies of the plan and any subsequent amendments to the committees and to other parties interested in management and improvement of fishing resources *that have requested copies of the plan. The annual work plan must identify cost-sharing projects to be implemented with the appropriation with priorities based upon cost effectiveness. The plan must be prepared and presented to the house environmental natural resources committee and the senate agriculture and natural resources committee before the appropriation from the fishing license surcharge may be spent.*

Sec. 6. S. F. No. 1526, article 1, section 10, subdivision 1, if enacted at the 1986 regular session, is amended to read:

Subdivision 1. [ESTABLISHMENT; PURPOSES.] The game and fish fund is established as a fund in the state treasury. The money in the fund ~~is annually~~ *shall be* appropriated to the commissioner for the activities of the division.

Sec. 7. S. F. No. 1526, article 1, section 12, subdivision 3, if enacted at the 1986 regular session, is amended to read:

Subd. 3. [FISHING LICENSE SURCHARGE.] (a) *Receipts from the fishing license surcharge must be deposited in the state treasury and credited to a separate fishing license surcharge account. The commissioner may only use the revenue from the fishing license surcharge for:*

(1) rehabilitation and improvement of marginal fish producing waters, administered on a cost-sharing basis, under agreements between the commissioner and other parties interested in sport fishing;

(2) expansion of fishing programs including aeration, stocking of marginal fishing waters in urban areas, shore fishing areas, and fishing piers, with preference given to local units of government and other parties sharing costs;

(3) upgrading of fish propagation capabilities to improve the efficiency of



fish production, expansion of walleye production by removal from waters subject to winter kill for stocking in more suitable waters, introduction of new biologically appropriate species, and purchase of fish from private hatcheries for stocking;

(4) financing the preservation and improvement of fish habitat, with priority given to expansion of habitat improvement programs implemented with other interested parties;

(5) increasing enforcement with covert operations, workteams, and added surveillance, communication, and navigational equipment; and

(6) purchase of the walleye quota of commercial fishing operators under article 3, section 65, subdivision 9.

(b) Not more than ten percent of the ~~money available under this subdivision~~ *annual appropriation from the account* may be used for administrative and permanent personnel costs.

(c) The commissioner shall prepare an annual work plan *and a five-year plan that identifies program areas* for the use of the revenue and provide copies of the plan, and amendments, to the house environment and natural resources committee, senate agriculture and natural resources committee, and other interested parties *that have requested copies of the plan. The annual work plan must identify cost-sharing projects to be implemented with the appropriation with priorities based on cost effectiveness. The plan must be presented to the house environmental and natural resources committee and the senate agriculture and natural resources committee before an appropriation from the fishing license surcharge account may be spent.* The committees must review issues and trends in the management and improvement of fishing resources using information obtained by and presented to the committees by public and private agencies and organizations and other parties interested in management and improvement of fishing resources.

Sec. 8. S. F. No. 1526; article 1, section 14, subdivision 2, if enacted at the 1986 regular session, is amended to read:

Subd. 2. [MINNESOTA MIGRATORY WATERFOWL STAMP.] *Receipts from the sale of migratory waterfowl stamps must be deposited in the state treasury and credited to a separate migratory waterfowl stamp account. The commissioner may only use the revenue from the Minnesota migratory waterfowl stamps for:*

(1) development of wetlands in the state and designated waterfowl management lakes for maximum migratory waterfowl production including the construction of dikes, water control structures and impoundments, nest cover, rough fish barriers, acquisition of sites and facilities necessary for development and management of existing migratory waterfowl habitat and the creation of migratory waterfowl management lakes;

(2) protection and propagation of migratory waterfowl;

(3) development, restoration, maintenance, or preservation of migratory waterfowl habitat;

(4) acquisition of and access to structure sites; and

(5) necessary related administrative costs, not to exceed ten percent of the

annual ~~revenue~~ appropriation from the account.

Sec. 9. S. F. No. 1526, article 1, section 14, subdivision 3, if enacted at the 1986 regular session, is amended to read:

Subd. 3. [TROUT AND SALMON STAMP.] *Receipts from the sale of trout and salmon stamps must be deposited in the state treasury and credited to a separate trout and salmon stamp account. The commissioner may only use the revenue from trout and salmon stamps for:*

(1) the development, restoration, maintenance, and preservation of trout streams and lakes;

(2) rearing and stocking of trout and salmon in trout streams and lakes and Lake Superior; and

(3) necessary related administrative costs, not to exceed ten percent of the annual ~~revenue~~ appropriation from the account.

Sec. 10. S. F. No. 1526, article 1, section 14, subdivision 4, if enacted at the 1986 regular session, is amended to read:

Subd. 4. [PHEASANT STAMP.] *Receipts from the sale of pheasant stamps must be deposited in the state treasury and credited to a separate pheasant stamp account. The commissioner may only use the revenue from pheasant stamps for:*

(1) the development, restoration, maintenance, and preservation of suitable habitat for ringnecked pheasants on public and private land including the establishment of nesting cover, winter cover, and reliable food sources;

(2) reimbursement of landowners for setting aside lands for pheasant habitat;

(3) reimbursement of expenditures to provide pheasant habitat on public and private land;

(4) the promotion of pheasant habitat development, maintenance, and preservation; and

(5) necessary related administrative and personnel costs, not to exceed ten percent of the annual ~~revenue~~ appropriation from the account.

Sec. 11. [EFFECTIVE DATE.]

*This act is effective July 1, 1986, except that sections 1 to 5 do not take effect if S. F. No. 1526 is enacted at the 1986 regular session."*

Amend the title as follows:

Page 1, line 7, delete "clarifying allowed"

Page 1, delete line 8

Page 1, line 12, delete "subdivisions 1 and 2" and insert "and S.F. No. 1526, article 1, sections 10, subdivision 1; 12, subdivision 3; and 14, subdivisions 2, 3, and 4, if enacted"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1749: A bill for an act relating to agriculture; establishing an agricultural linked deposit program; imposing a penalty.

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

Delete everything after the enacting clause and insert:

“Section 1. [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 7.*

*Subd. 2. [AGRICULTURE; AGRICULTURAL PURPOSES.] “Agriculture” or “agricultural purposes” means the production of agricultural products, livestock or livestock products, poultry and poultry products, milk or milk products, or fruit or other horticultural products. It does not include the processing, refining, or packaging of the products.*

*Subd. 3. [AGRICULTURAL LINKED DEPOSIT.] “Agricultural linked deposit” means a certificate of deposit placed by the commissioner with an eligible lending institution under section 3, subdivision 2, or an investment in bonds, notes, debentures, or other obligations or securities issued by the federal farm credit bank with regard to an eligible lending institution.*

*Subd. 4. [COMMISSIONER.] “Commissioner” means the commissioner of commerce.*

*Subd. 5. [ELIGIBLE AGRICULTURAL BUSINESS.] “Eligible agricultural business” means any person, family farm, family farm corporation, or an authorized farm corporation as defined in section 500.24, subdivision 2, engaged in agriculture that:*

*(1) is a resident of or incorporated in the state;*

*(2) owns land or maintains facilities for agricultural purposes exclusively in the state; and*

*(3) derives 50 percent of its income from agriculture.*

*Subd. 6. [ELIGIBLE LENDING INSTITUTION.] “Eligible lending institution” means farm credit services, or a bank, savings and loan association, or credit union chartered by the state or federal government.*

Sec. 2. [APPLICATIONS; DETERMINATION OF ELIGIBILITY.]

*Subdivision 1. [INITIAL REVIEW.] An eligible lending institution must accept and review applications for loans from eligible agricultural businesses. The lending institution shall apply all usual lending standards to determine the creditworthiness of each eligible agricultural business. A loan may not exceed \$100,000.*

*Subd. 2. [CERTIFICATION OF AGRICULTURAL USE; PENALTY.] (a) An eligible agricultural business must certify on its loan application that the reduced rate loan will be used exclusively for agricultural purposes and will materially contribute to the preservation of the business.*

*(b) A person who knowingly makes a false certification pursuant to this subdivision is guilty of a misdemeanor.*

*Subd. 3. [PRIORITIES.] In considering which eligible agricultural loans*

to include in the agricultural linked deposit loan package for reduced rate loans, an eligible lending institution shall give priority to agricultural operating loans. The institution may also consider the economic needs of the area where the business is located and other factors it considers appropriate to determine the relative financial need of the business.

Sec. 3. [AGRICULTURAL LINKED DEPOSIT; PROCEDURE.]

*Subdivision 1. [AGREEMENT BETWEEN LENDER AND COMMISSIONER.] (a) An eligible lending institution may enter into an agricultural linked deposit agreement with the commissioner. The agreement must provide that:*

*(1) the eligible lending institution will make the same number of farm operating loans as the lending institution made in the immediately preceding fiscal or calendar year;*

*(2) the lending institution will make farm operating loans in the current fiscal or calendar year in amounts equal to or greater than the total of the farm operating loans made in the preceding year, plus the amount of deposit received from the state;*

*(3) the lending institution shall lend all linked deposits received by a lending institution at an interest rate one percent below the average yield to maturity of the most recently auctioned two-year treasury note as quoted by three recognized NASD member-broker dealers;*

*(4) provisions for the certificates of deposit to be placed or the investment in bonds, notes, debentures, obligations, or securities to be made for any maturity considered appropriate by the commissioner, which may not exceed two years, but may be renewed for up to an additional two years at the option of the commissioner.*

*(b) The agreement may specify when the lending institution is to lend funds upon the placement of a linked deposit.*

*(c) Interest must be paid at the times determined by the commissioner.*

*Subd. 2. [PLACEMENT OF CERTIFICATES.] (a) Upon acceptance of any portion of the agricultural linked deposit loan package, the commissioner may:*

*(1) place up to \$2,000,000 in certificates of deposit with an eligible lending institution at a prescribed interest rate payable to the state; or*

*(2) the commissioner may invest in bonds, notes, debentures, or other obligations or securities issued by farm credit services with respect to the eligible lending institution at a prescribed interest rate.*

*(b) The prescribed interest rate in this subdivision is three percent below the average yield to maturity of the most recently auctioned two-year treasury note as quoted by three recognized NASD member-broker dealers.*

Sec. 4. [IMPLEMENTATION; COMPLIANCE.]

*The commissioner shall implement the agricultural linked deposit program and monitor compliance of eligible lending institutions and eligible agricultural businesses, including making emergency and permanent rules.*

Sec. 5. [STATE'S LIABILITY.]

*The state and the commissioner are not liable to any eligible lending institution for payment of the principal or interest on the loan to an eligible agricultural business. Any delay in payments or default on the part of an eligible agricultural business does not in any manner affect the agricultural linked deposit agreement between the eligible lending institution and the commissioner.*

Sec. 6. [INVESTMENT AUTHORITY.]

*Notwithstanding any other law to the contrary, state funds may be invested in agricultural linked deposits provided:*

*(1) that not more than \$200,000,000 is invested in agricultural linked deposits; and*

*(2) the maximum amount received in agricultural linked deposits by an eligible bank, including its branch banks, shall not exceed \$2,000,000.*

Sec. 7. [REPORTING; AUDIT.]

*(a) A participating lending institution shall submit quarterly reports to the commissioner stating:*

*(1) the number and amount of farm operating loans made by the lending institution in the fiscal year preceding the year the lending institution commences its participation in the program;*

*(2) the number and amount of farm operating loans the lending institution has made each quarter of each fiscal year since the commencement of its participation in the program.*

*(b) The accuracy of the quarterly reports submitted by a participating lending institution shall be verified by examination of the lending institution's records at the time as the lending institution undergoes examination by state or federal bank examiners.*

*(c) Failure to comply with the requirements of sections 1 to 7 shall subject the lending institution to penalties applicable to violations of the laws affecting banks.*

Sec. 8. [EXEMPTION.]

*Linked deposits made under this chapter are exempted from the requirements set forth in section 9.031, subdivisions 2 to 5.*

Sec. 9. [REPEALER.]

*Sections 1 to 8 are repealed effective June 30, 1990.*

Sec. 10. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

S.F. No. 2049: A bill for an act relating to horse racing; modifying certain

set-asides for purses; modifying certain tax provisions; amending Minnesota Statutes 1984, section 240.15, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, section 240.13, subdivision 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 1985 Supplement, section 240.13, subdivision 5, is amended to read:

Subd. 5. [PURSES.] (a) From the amounts deducted from all pari-mutuel pools by a licensee *which is not located in the seven-county metropolitan area*, an amount equal to not less than five percent of all money in all pools must be set aside by the licensee and used for purses for races conducted by him.

(b) *From the amounts deducted for all pari-mutuel pools by a licensee which is located in the seven-county metropolitan area, an amount equal to seven percent of all money in all pools must be set aside by the licensee and used for purses for races conducted by it.*

(c) The commission may by rule provide for the administration and enforcement of this subdivision.

Sec. 2. Minnesota Statutes 1984, section 240.15, subdivision 1, is amended to read:

Subdivision 1. [TAXES IMPOSED.] (a) There is imposed on the total amount bet on all pari-mutuel pools on each racing day a tax at the following rates:

(1) For each racing day in a calendar year at a licensed racetrack located outside the seven-county metropolitan area on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year does not exceed \$48,000,000, 1-3/4 percent of the total amount bet in all pari-mutuel pools.

(2) For each racing day in a calendar year at a licensed racetrack located outside the seven-county metropolitan area on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year exceeds \$48,000,000 but does not exceed \$150,000,000, 2-1/2 percent of the total amount bet in all pari-mutuel pools.

(3) For each racing day in a calendar year at a licensed racetrack located outside the seven-county metropolitan area after the racing day on which the total amount bet in all pari-mutuel pools at the same licensed racetrack in the same calendar year exceeds ~~\$48,000,000~~ \$150,000,000, six percent of the total amount bet in all pari-mutuel pools.

(4) For a licensed racetrack located within the seven-county metropolitan area, until July 1, 1987, or until the date on which the total amount bet at that racetrack in all pari-mutuel pools since January 1, 1986, exceeds \$161,000,000, whichever occurs first:

(a) for each racing day in a calendar year on which the total amount bet,

together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year, does not exceed \$48,000,000, 1-3/4 percent of the total amount bet in all pari-mutuel pools.

(b) for each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year exceeds \$48,000,000, six percent of the total amount bet in all pari-mutuel pools.

(5) For a licensed racetrack located within the seven-county metropolitan area, for the period beginning July 1, 1987, and ending December 31, 1987:

(a) for each racing day on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days since July 1, 1987, does not exceed \$100,000,000, one percent of the total amount bet in all pari-mutuel pools.

(b) for each racing day on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days since July 1, 1987, exceeds \$100,000,000, four percent of the total amount bet in all pari-mutuel pools.

(6) For a licensed racetrack located within the seven-county metropolitan area after December 31, 1987:

(a) for each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year does not exceed \$150,000,000, 2-1/2 percent of the total amount bet in all pari-mutuel pools.

(b) for each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year, exceeds \$150,000,000, four percent of the total amount bet in all pari-mutuel pools.

In addition to the above tax, the licensee in the seven-county metropolitan area must designate and pay to the commission a tax for deposit in the Minnesota breeders fund, at the following rates:

(1) For racing days on which the state tax under clause (a)(1) is 1-3/4 percent, one-half percent of the total amount bet in all pari-mutuel pools.

(2) For racing days on which the state tax under clause (a)(2) is six percent, one percent of the total amount bet in all pari-mutuel pools of one percent of the total amount bet on each day, and a licensee which is not in the seven-county metropolitan area must designate and pay to the commission a tax for deposit in the Minnesota breeders fund of one-half percent on the total amount bet on each day.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission shall impose on each paid admission to each licensed racetrack on a racing day a tax of 40 cents. It may impose an additional admissions tax of not more than ten cents at any licensed racetrack if:

(1) the additional tax is requested by a local-unit of government within whose borders the track is located;

(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the additional tax is in need of its revenue to meet extraordinary expenses caused by the racetrack:

Sec. 3. Minnesota Statutes 1984, section 240.15, subdivision 2, is amended to read:

Subd. 2. [PAYMENT.] The licensee must remit the tax to the commission or its representative within seven days of the day on which it was collected. ~~In addition to the tax and at that time the licensee must pay to the commission or its representative a sum equal to one-half the total breakage for each racing day during the period for which the tax is paid.~~ The payments must be accompanied by a detailed statement of the remittance on a form the commission prescribes. The commission may by rule provide for the direct deposit of required payments in the commission's account in a financial institution within the state and for determining the time of applicability of different tax rates under subdivision 1.

*In addition to the above taxes, the licensee shall set aside one-half of the total breakage on races by a particular breed for each racing day to be used by the licensee as follows:*

*(1) of such set-aside, the licensee shall first pay its obligations pursuant to written contracts with organizations representing a majority of the owners and trainers of breeds at that meet for the providing and administering of insurance and welfare programs, spiritual and recreational programs for the benefit of backside personnel, and for the promoting of the Minnesota horse industry; and*

*(2) the balance of such set-aside shall be used by the licensee for purses for races conducted by it for that breed.*

Sec. 4. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective the day following final enactment. Section 3 is effective when the total amount bet in all pari-mutuel pools at the same licensed racetrack in the seven-county metropolitan area exceeds \$161,000,000, or on June 30, 1987, whichever event occurs first."*

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2178: A bill for an act relating to environment; regulating release of radionuclides into groundwater; proposing coding for new law in Minnesota Statutes, chapter 116C.

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 1984, section 115.01, is amended by adding a subdivision to read:



*Subd. 18. [HAZARDOUS WASTE.] "Hazardous waste" means waste as defined in section 116.06, subdivision 13.*

Sec. 2. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 19. [RADIOACTIVE WASTE.] "Radioactive waste" means high-level radioactive waste as defined in section 116C.71, subdivision 17, and low-level radioactive waste as defined in article II of the Midwest Interstate Low-Level Radioactive Waste Compact, as enacted by section 116C.831.*

Sec. 3. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 20. [POTABLE WATER.] "Potable water" means water which is or may be used as a source of supply for human consumption including drinking, culinary use, food processing, and other similar purposes, and which is suitable for such uses in its untreated state or when treated using generally recognized treatment methods.*

Sec. 4. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 21. [GROUND WATER.] "Ground water" means water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near-surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

Sec. 5. [115.063] [HAZARDOUS AND RADIOACTIVE WASTE; STATE POTABLE WATER PROTECTION POLICY.]

*The legislature finds that:*

*(1) the waters of the state, because of their abundant quantity and high natural quality, constitute a unique natural resource of immeasurable value which must be protected and conserved for the benefit of the health, safety, welfare, and economic well-being of present and future generations of the people of the state;*

*(2) the actual or potential use of the waters of the state for potable water supply is the highest priority use of that water and deserves maximum protection by the state; and*

*(3) the disposal of hazardous waste and radioactive waste in Minnesota may pose a serious risk of pollution of the waters of the state, particularly potable water.*

*It is therefore the policy of the state of Minnesota, consistent with the state's primary responsibility and rights to prevent, reduce, and eliminate water pollution and to plan for the preservation of water resources, that disposal systems for hazardous waste or radioactive waste should not be located in any place or be constructed or operated in any manner that can reasonably be expected to cause pollution of potable water.*

Sec. 6. [115.065] [PROHIBITION OF DISPOSAL.]

*The location, construction, or operation of any disposal system for haz-*

ardous waste or radioactive waste, whether generated within or outside of the state, in any place or in any manner that can reasonably be expected to cause the pollution of potable water is prohibited.

Sec. 7. [115.067] [BELOW GRADE DISPOSAL SYSTEMS; PROHIBITION; EXCEPTION.]

*The construction or operation of a disposal system for hazardous waste or radioactive waste in whole or in part below the natural grade of the land where it is located is prohibited unless the person proposing to construct or operate the system demonstrates that the disposal system cannot reasonably be expected to cause the pollution of potable water.*

Sec. 8. [115.069] [RADIONUCLIDE POLLUTION; HIGH LEVEL NUCLEAR WASTE DISPOSAL SYSTEM.]

*The determination of whether the location, construction, or operation of a disposal system for spent nuclear fuel or high-level radioactive waste can reasonably be expected to cause radionuclide pollution of potable ground water in violation of section 7 shall be made in accordance with the provisions of section 10.*

Sec. 9. [116C.75] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 9 and 10.*

*Subd. 2. [GROUND WATER.] "Ground water" means the water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

*Subd. 3. [UNDISTURBED PERFORMANCE.] "Undisturbed performance" means the predicted behavior of a disposal system, including consideration of the uncertainties in predicted behavior, if the disposal system is not disrupted by human intrusion or unlikely natural events.*

Sec. 10. [116C.76] [NUCLEAR WASTE DISPOSAL SYSTEM RELEASE INTO GROUND WATER.]

*Subdivision 1. [RADIONUCLIDE RELEASE LEVELS.] Disposal systems for spent nuclear fuel or high-level radioactive wastes must be designed to provide a reasonable expectation that the undisturbed performance of the disposal system will not cause the radionuclide concentrations, averaged over any year, in ground water to exceed:*

- (1) five picocuries per liter of radium-226 and radium-228;*
- (2) 15 picocuries per liter of alpha-emitting radionuclides including radium-226 and radium-228, but excluding radon; or*
- (3) the combined concentrations of radionuclides that emit either beta or gamma radiation that would produce an annual dose equivalent to the total body of any internal organ greater than four millirems per year if an individual consumed two liters per day of drinking water from the ground water;*

*Subd. 2. [DISPOSAL RESTRICTED.] Spent nuclear fuel or high-level radioactive waste may not be disposed at a location where the average*

*annual radionuclide concentrations in ground water exceed the limits in subdivision 1 before construction of the disposal system.*

*Subd. 3. [PROTECTION AGAINST RADIONUCLIDE RELEASE.] Disposal systems must be selected, located, and designed to keep any allowable radionuclide releases to the ground water as low as reasonably achievable.*

Sec. 11. [EFFECTIVE DATE.]

*This act is effective the day after final enactment."*

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "prohibiting certain disposal of hazardous waste;"

Page 1, line 3, after the semicolon, insert "amending Minnesota Statutes 1984, section 115.01, by adding subdivisions;"

Page 1, line 4, delete "chapter" and insert "chapters 115; and"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1925: A bill for an act relating to wild animals; authorizing the captive propagation and sale of raptors; amending Minnesota Statutes 1984, section 99.27, subdivision 1.

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 1984, section 97.48, is amended by adding a subdivision to read:

*Subd. 29. [RAPTORS.] The commissioner shall prescribe conditions and may issue permits for persons to breed, propagate, and sell raptors.*

Sec. 2. If S.F. No. 1526 is enacted in the regular 1986 session, article 1, section 53, is amended by adding a subdivision to read:

*Subd. 7. [RAPTORS.] The commissioner shall prescribe conditions and may issue permits for persons to breed, propagate, and sell raptors.*

Sec. 3. [EFFECTIVE DATE.]

*This act is effective the day after final enactment, except section 1 does not take effect if S.F. No. 1526 is enacted at the 1986 regular session."*

Amend the title as follows:

Page 1, line 4, delete "99.27, subdivision 1" and insert "97.48, by adding a subdivision; and S.F. No. 1526, article 1, section 53, if enacted"

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

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 2233: A bill for an act relating to education; adding post-secondary vocational technical education representation on the ESV computer and UFARS advisory councils; amending Minnesota Statutes 1984, sections 121.901, subdivision 1; and 121.934, subdivisions 1 and 2.

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

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1593: A bill for an act relating to insurance; requiring certain annual reports of property and casualty insurers; prohibiting certain tying arrangements; providing for remitting of certain premiums; providing deposit requirements for domestic companies; extending coverage under the insurance guaranty association act; extending certain filing, approval, and disapproval dates; creating a joint underwriting association; requiring participation by insurers; broadening fair plan coverage; regulating fraternal benefit societies; regulating rates, forms and cancellations; amending Minnesota Statutes 1984, sections 60A.06, by adding a subdivision; 60A.13, by adding a subdivision; 60A.25; 60C.09, subdivision 1; 62A.02, subdivisions 2 and 3; 62A.17, subdivision 2; 62B.07, subdivisions 2 and 3; 62C.14, subdivision 10; 62E.14, subdivision 3; 62F.06, subdivision 1; 62F.09; 62G.16, subdivision 9; 65A.32; 65A.33; 65A.34, subdivision 1; 65A.35, subdivisions 1 and 2; 65A.37; 70A.04, subdivision 2; 70A.06, subdivisions 1 and 2; 70A.08, by adding a subdivision; 70A.10; 70A.11; 72A.13, subdivision 1; 72A.20, by adding subdivisions; 466.01, subdivision 1; 466.03, subdivision 4, and by adding subdivisions; 466.05; 466.07, by adding a subdivision; 471.982, subdivision 3; Minnesota Statutes 1985 Supplement, sections 3.736, subdivision 3; 60A.10, subdivision 1; and 64B.03; proposing coding for new law as Minnesota Statutes, chapter 62I; repealing Minnesota Statutes 1984, section 70A.06, subdivision 4.

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

Page 3, after line 11, insert:

“Sec. 2. [16B.85] [RISK MANAGEMENT.]

*Subdivision 1. [ALTERNATIVES TO CONVENTIONAL INSURANCE.] In the event that the state is unable to obtain certain types of insurance, or the commissioner determines insurance to be unreasonably costly, the commissioner may implement alternatives to the purchase of conventional insurance. A mechanism for implementing possible alternatives to conventional insurance is the risk management fund created in subdivision 2.*

*Subd. 2. [RISK MANAGEMENT FUND.] A state risk management fund is created. All state agencies which have had or may have casualty claims against them with respect to the risks for which the commissioner has implemented conventional insurance alternatives shall contribute to the fund a portion of the money appropriated to them. The commissioner shall determine the proportionate share of each agency on the basis of the agency's*

casualty claim experience as compared to other affected agencies. The money in the fund to pay casualty claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner. Interest earned from the investment of money in the fund shall be credited to the fund and be available to the commissioner for the expenditures authorized in this subdivision. The fund is exempt from the provisions of section 16A.15, subdivision 1. In the event that proceeds in the fund are insufficient to pay outstanding claims and associated administrative costs, the commissioner, in consultation with the commissioner of finance, may assess state agencies participating in the fund amounts sufficient to pay the costs. The commissioner shall determine the proportionate share of the assessment of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies."

Page 4, line 20, before "showing" insert "separately"

Page 11, after line 16, insert:

"Sec. 15. Minnesota Statutes 1984, section 62F.01, is amended to read:

62F.01 [CITATION; EXPIRATION DATE.]

~~Subdivision 1.~~ Sections 62F.01 to 62F.14 may be cited as the "Temporary Joint Underwriting Association Act".

~~Subd. 2.~~ Sections 62F.01 to 62F.14 expire September 1, 1988.

Sec. 16. Minnesota Statutes 1984, section 62F.02, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] There is created a temporary joint underwriting association to provide medical malpractice insurance coverage to any licensed health care provider unable to obtain this insurance through ordinary methods. Every insurer authorized to write and writing personal injury liability insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Sec. 17. Minnesota Statutes 1984, section 62F.03, subdivision 2, is amended to read:

Subd. 2. "Association" means the temporary joint underwriting association.

Sec. 18. Minnesota Statutes 1984, section 62F.04, is amended by adding a subdivision to read:

Subd. 1a. [REAUTHORIZATION.] The authorization to issue insurance is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods under the terms of subdivision 1. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance, except that a hearing is not required for reauthorization."

Page 13, line 18, delete "17" and insert "22" and delete "36" and insert "41"

Page 13, line 32, delete "and day" and insert ", developmental"

Page 13, line 33, after "centers" insert ", group homes, and sheltered

*workshops”*

Page 13, line 34, before the period, insert “, and citizen participation groups established pursuant to the housing and community redevelopment act of 1974, Public Law Number 93-383”

Page 14, line 4, after “liability” insert “or product liability”

Page 14, line 5, delete “product liability.”

Page 14, line 6, delete “significantly” and after “conducted” insert “substantially” and before the period, insert “unless the insurance is required by statute, ordinance, or otherwise required by law”

Page 14, line 7, after “write” insert “property and casualty”

Page 14, line 9, delete “Insurers”

Page 14, delete lines 10 to 13

Page 14, line 27, delete “17” and insert “22” and delete “36” and insert “41”

Page 14, delete lines 33 to 36

Page 15, delete lines 1 to 3

Page 15, line 5, delete “line 31” and insert “lines 5, 8, 9, 17, 21, 22, 23, 24, 25, 26, and 27”

Renumber the subdivisions in sequence

Page 15, line 35, delete “18” and insert “23”

Page 18, line 11, delete “17” and insert “22” and delete “36” and insert “41”

Page 18, line 28, delete “23” and insert “28”

Page 18, line 33, delete “21” and insert “26”

Page 20, delete lines 5 to 17 and insert:

*“Each member of the association shall participate in its losses and expenses in the proportion that the direct written premiums of the member bears to the total aggregate direct written premiums written in this state by all members. The members’ participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported on the annual statements and other reports filed by the member with the commissioner.”*

Page 35, after line 3, insert:

“Sec. 49. Minnesota Statutes 1984, section 65B.47, subdivision 1, is amended to read:

Subdivision 1. In case of injury to the driver or other occupant of a motor vehicle other than a commuter van, or other than a ~~vehicle being used to transport children to school or to a school sponsored activity bus~~ while it is in operation within the state of Minnesota as to any Minnesota resident who is an insured as defined in section 65B.43, subdivision 5, if the accident causing the injury occurs while the vehicle is being used in the business of trans-

porting persons or property, the security for payment of basic economic loss benefits is the security covering the vehicle or, if none, the security under which the injured person is an insured."

Page 35, line 11, strike everything after "tests"

Page 35, strike line 12

Page 35, lines 13 to 19, strike the old language and delete the new language

Page 35, line 20, strike "riskiness"

Page 35, after line 20, insert:

*"In addition to any other manner of determining whether a reasonable degree of price competition exists with respect to any class of insurance, it is presumed that a reasonable degree of competition does not exist if less than five insurers write more than 75 percent of the direct written premiums."*

Page 35, after line 25, insert:

*"In determining whether an excessive rate is being charged by an individual insurer for a class of insurance where a reasonable degree of competition does not exist, the commissioner shall determine whether the rate charged produces a rate of return that is not in excess of a reasonable rate of return. To determine what is a reasonable rate of return, the riskiness of the class of insurance, the profitability of the insurer, and other relevant factors shall be considered."*

Page 39, after line 26, insert:

**"Sec. 59. [145.682] [CERTIFICATION OF EXPERT REVIEW; AFFIDAVIT.]**

*Subdivision 1. [DEFINITION.] For purposes of this section, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

*Subd. 2. [REQUIREMENT.] In an action alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider which includes a cause of action as to which expert testimony is necessary to establish a prima facie case, the plaintiff must: (1) unless otherwise provided in subdivision 3, paragraph (b), serve upon defendant with the summons and complaint an affidavit as provided in subdivision 3; and (2) serve upon defendant within 180 days after commencement of the suit an affidavit as provided by subdivision 4.*

*Subd. 3. [AFFIDAVIT OF EXPERT REVIEW.] The affidavit required by subdivision 2, clause (1), must be by the plaintiff's attorney and state that:*

*(a) the facts of the case have been reviewed by the plaintiff's attorney with an expert whose qualifications provide a reasonable expectation that the expert's opinions could be admissible at trial and that, in the opinion of this expert, one or more defendants deviated from the applicable standard of care and by that action caused injury to the plaintiff; or*

(b) the expert review required by paragraph (a) could not reasonably be obtained before the action was commenced because of the applicable statute of limitations. If an affidavit is executed pursuant to this paragraph, the affidavit in paragraph (a) must be served on defendant or the defendant's counsel within 90 days after service of the summons and complaint.

Subd. 4. [IDENTIFICATION OF EXPERTS TO BE CALLED.] The affidavit required by subdivision 2, clause (2), must be by the plaintiff's attorney and state the identity of each person whom plaintiff expects to call as an expert witness at trial to testify with respect to the issues of malpractice or causation, the substance of the facts and opinions to which the expert is expected to testify, and a summary of the grounds for each opinion. Answers to interrogatories that state the information required by this subdivision satisfy the requirements of this subdivision if they are signed by the plaintiff's attorney and served upon the defendant within 180 days after commencement of the suit against the defendant.

The parties or the court for good cause shown, may by agreement, provide for extensions of the time limits specified in subdivision 2, 3, or this subdivision. Nothing in this subdivision may be construed to prevent either party from calling additional expert witnesses or substituting other expert witnesses.

Subd. 5. [RESPONSIBILITIES OF PLAINTIFF AS ATTORNEY.] If the plaintiff is acting pro se, the plaintiff shall sign the affidavit or answers to interrogatories referred to in this section and is bound by those provisions as if represented by an attorney.

Subd. 6. [PENALTY FOR NONCOMPLIANCE.] Failure to comply with subdivision 2, clause (1), within 60 days after demand for the affidavit results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.

Failure to comply with subdivision 2, clause (2), and subdivision 4 results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.

Subd. 7. [CONSEQUENCES OF SIGNING AFFIDAVIT.] The signature of the plaintiff or the plaintiff's attorney constitutes a certification that the person has read the affidavit or answers to interrogatories, and that to the best of the person's knowledge, information, and belief formed after a reasonable inquiry, it is true, accurate, and made in good faith. A certification made in violation of this subdivision subjects the attorney or plaintiff responsible for such conduct to reasonable attorney's fees, costs, and disbursements.

Sec. 60. Minnesota Statutes 1984, section 245.814, is amended to read:

245.814 [LIABILITY INSURANCE FOR FOSTER PARENTS LICENSED PROVIDERS.]

Subdivision 1. [INSURANCE FOR FOSTER PARENTS.] The commissioner of human services shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:

- (1) injuries or property damage caused or sustained by foster children in



their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of human services, licensed by a federally recognized tribal government, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused intentionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

*Subd. 2. [LIABILITY INSURANCE; RISK POOL.] If the commissioner determines that appropriate commercial liability insurance coverage is not available for a licensed foster home, group home, developmental achievement center, or day care provider, and that coverage available through the joint underwriting authority of the commissioner of commerce or other public entity is not appropriate for the provider or a class of providers, the commissioner of human services and the commissioner of commerce may jointly establish a risk pool to provide coverage for licensed providers out of premiums or fees paid by providers. The commissioners may set limits on coverage, establish premiums or fees, determine the proportionate share of each provider to be collected in a premium or fee based on the provider's claim experience and other factors the commissioners consider appropriate, establish eligibility and application requirements for coverage, and take other action necessary to accomplish the purposes of this subdivision. A human services risk pool fund is created for the purposes of this subdivision. Fees and premiums collected from providers for risk pool coverage are appropriated to the risk pool fund. Interest earned from the investment of money in the fund must be credited to the fund and money in the fund is appropriated to the commissioner of human services to pay administrative costs and covered claims for participating providers. In the event that money in the fund is insufficient to pay outstanding claims and associated administrative costs, the commissioner of human services may assess providers participating in the risk pool amounts sufficient to pay the costs. The commissioner of human services may not assess a provider an amount exceeding one year's premiums collected from that provider."*

Page 43, after line 17, insert:

"Sec. 74. Minnesota Statutes 1984, section 541.15, is amended to read:

541.15 [PERIODS OF DISABILITY NOT COUNTED.]

(a) Except as provided in paragraph (b), any of the following grounds of disability, existing at the time when a cause of action accrued or arising anytime during the period of limitation, shall suspend the running of the period of limitation until the same is removed; provided that such period, except in the case of infancy, shall not be extended for more than five years, nor in any case for more than one year after the disability ceases:

- (1) That the plaintiff is within the age of 18 years;
- (2) His insanity;

(3) His imprisonment on a criminal charge, or under a sentence of a criminal court for a term less than his natural life;

(4) Is an alien and the subject or citizen of a country at war with the United States;

(5) When the beginning of the action is stayed by injunction or by statutory prohibition.

If two or more disabilities shall coexist, the suspension shall continue until all are removed.

*(b) In actions alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider, the ground of disability specified in paragraph (a), clause (1), suspends the period of limitation until the disability is removed. The suspension may not be extended for more than eight years.*

*For purposes of this paragraph, health care provider means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

Sec. 75. [548.36] [COLLATERAL SOURCE CALCULATIONS.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "collateral sources" means payments related to the injury or disability in question made to the plaintiff, or on the plaintiff's behalf up to the date of the verdict, by or pursuant to:*

*(1) a federal, state, or local income disability or workers' compensation act; or other public program providing medical expenses, disability payments, or similar benefits;*

*(2) health, sickness, or automobile accident insurance or liability insurance that provides health benefits or income disability coverage; or similar insurance benefits, except life insurance benefits available to the plaintiff, whether purchased by the plaintiff or provided by others, and payments made pursuant to the United States Social Security Act, a pension, or other income disability coverage;*

*(3) a contract or agreement of a group, organization, partnership, or corporation to provide, pay for, or reimburse the costs of hospital, medical, dental or other health care services; or*

*(4) a contractual or voluntary wage continuation plan provided by employers or any other system intended to provide wages during a period of disability.*

*Subd. 2. [MOTION.] In a civil action, whether based on contract or tort, when liability is admitted or is determined by the trier of fact, and when damages include an award to compensate the plaintiff for losses available to the date of the verdict by collateral sources, a party may file a motion within ten days of the date of entry of the verdict requesting determination of collateral sources. If the motion is filed, the parties shall submit written evidence of, and the court shall determine:*

*(1) amounts of collateral sources that have been paid for the benefit of the*

*plaintiff or are otherwise available to the plaintiff as a result of losses except those for which a subrogation right has been asserted; and*

*(2) amounts that have been paid, contributed, or forfeited by, or on behalf of, the plaintiff or members of the plaintiff's immediate family for the two-year period immediately before the accrual of the action to secure the right to a collateral source benefit that the plaintiff is receiving as a result of losses.*

*Subd. 3. [DUTIES OF THE COURT.] (a) The court shall reduce the award by the amounts determined under subdivision 2, clause (1), and offset any reduction in the award by the amounts determined under subdivision 2, clause (2).*

*(b) If the court cannot determine the amounts specified in paragraph (a) from the written evidence submitted, the court may within ten days request additional written evidence or schedule a conference with the parties to obtain further evidence.*

*Subd. 4. [CALCULATION OF ATTORNEYS' FEES.] If the fees for legal services provided to the plaintiff are based on a percentage of the amount of money awarded to the plaintiff, the percentage must be based on the amount of the award as adjusted under subdivision 3. Any subrogated provider of a collateral source not separately represented by counsel shall pay the same percentage of attorneys' fees as paid by the plaintiff and shall pay its proportionate share of the costs.*

*Subd. 5. [JURY NOT INFORMED OF COLLATERAL SOURCES.] The jury shall not be informed of the existence of collateral sources or any future benefits which may or may not be payable to the plaintiff.*

Sec. 76. Minnesota Statutes 1984, section 549.09, subdivision 1, is amended to read:

Subdivision 1. [WHEN OWED; RATE.] (a) When the judgment is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict or report until judgment is finally entered shall be computed by the clerk as provided in clause (c) and added to the judgment. (b) Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest on pecuniary damages shall be computed as provided in clause (c) from the time of the commencement of the action, *or the time of a written demand, whichever occurs first*, except as provided herein. If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counter-offer within 60 days. After that time interest on the judgment shall be calculated by the judge in the following manner. The prevailing party shall receive interest on any judgment from the time the action was commenced *or a written demand was made*, or as to special damages from the time when special damages were incurred, ~~if later than commencement of the action~~, until the time of verdict or report only if the amount of its offer is closer to the judgment than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment, whichever is less, and only from the time the action was commenced *or a written demand was made*, or as to special damages from when the special damages

were incurred, if later than commencement of the action, until the time the settlement offer was made. *Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (3), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact.* Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest shall not be awarded on the following:

(1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;

(2) judgments, decrees, or orders in dissolution, annulment, or legal separation actions;

(3) judgments for future damages;

(4) punitive damages, fines, or other damages that are noncompensatory in nature;

(4) (5) judgments not in excess of the amount specified in section 487.30; and

(5) (6) that portion of any verdict or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court. (c) The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the secondary market yield on one year United States treasury bills for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the federal reserve system. This yield, rounded to the nearest one percent, shall be the annual interest rate during the succeeding calendar year; provided, however, that in no event shall the rate of interest be less than eight percent per annum. *The state court administrator shall also determine the average rate of interest on judgments to be used during the succeeding calendar year for computation of the discount rate under section 82, subdivision 4, clause (1).* The state court administrator shall communicate the interest rate rates to the clerks of court for their use in computing the interest on verdicts and the discount rate under section 82.

#### Sec. 77. [549.191] [CLAIM FOR PUNITIVE DAMAGES.]

*Upon commencement of a civil action, the complaint must not seek punitive damages. After filing the suit a party may make a motion to amend the pleadings to claim punitive damages. The motion must allege the applicable legal basis under section 549.20 or other law for awarding punitive damages in the action and must be accompanied by one or more affidavits showing the factual basis for the claim. At the hearing on the motion, if the court finds prima facie evidence in support of the motion, the court shall grant the moving party permission to amend the pleadings to claim punitive damages. For purposes of tolling the statute of limitations, pleadings amended under this section relate back to the time the action was commenced.*

Sec. 78. Minnesota Statutes 1984, section 549.21, is amended to read:

**549.21 [REIMBURSEMENT FOR CERTAIN COSTS IN CIVIL ACTIONS.]**

Upon motion of a party, the court in its discretion may award to that party costs, disbursements, reasonable attorney fees and witness fees if the party or attorney against whom costs, disbursements, reasonable attorney and witness fees are charged acted in bad faith; asserted a claim or defense ~~knowing it to be that is~~ frivolous; asserted an unfounded position ~~solely to delay the ordinary course of the proceedings or to harass that is costly to the other party;~~ or committed a fraud upon the court. ~~To qualify for an award under this section, a party shall give timely notice of intent to claim an award.~~ An award under this section shall be without prejudice and as an alternative to any claim for sanctions that may be asserted under the rules of civil procedure. Nothing herein shall authorize the award of costs, disbursements or fees against a party or attorney advancing a claim or defense unwarranted under existing law, if it is supported by a good faith argument for an extension, modification, or reversal of the existing law.

Sec. 79. Minnesota Statutes 1984, section 595.02, is amended by adding a subdivision to read:

*Subd. 4. [WAIVER OF PRIVILEGE FOR HEALTH CARE PROVIDERS.] A party who commences an action for malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider on the person's own behalf or in a representative capacity, waives in that action any privilege existing under subdivision 1, paragraphs (d) and (g), as to any information or opinion in the possession of a health care provider who has examined or cared for the party or other person whose health or medical condition has been placed in controversy in the action. This waiver must permit all parties to the action; and their attorneys or authorized representatives, to informally discuss the information or opinion with the health care provider if the provider consents. Prior to an informal discussion with a health care provider, the defendant must mail written notice to the other party at least 15 days before the discussion. The plaintiff's attorney or authorized representative must have the opportunity to be present at any informal discussion. Appropriate medical authorizations permitting discussion must be provided by the party commencing the action upon request from any other party.*

*A health care provider may refuse to consent to the discussion but, in that event, the party seeking the information or opinion may take the deposition of the health care provider with respect to that information and opinion, without obtaining a prior court order.*

*For purposes of this subdivision, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

Sec. 80. Minnesota Statutes 1984, section 604.02, subdivision 1, is amended to read:

Subdivision 1. When two or more persons are jointly liable, contributions

to awards shall be in proportion to the percentage of fault attributable to each, except that each is jointly and severally liable for the whole award. *Provided, however, that a person whose fault is less than that of a claimant is liable to the claimant only for that portion of the judgment which represents the percentage of fault attributable to that person.*

Sec. 81. Minnesota Statutes 1984, section 604.02, is amended by adding a subdivision to read:

*Subd. 4. [DEFINITION.] For purposes of this section, "person" includes a municipality as defined in section 466.01.*

Sec. 82. [604.07] [DISCOUNT, FUTURE DAMAGE AWARDS.]

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

*(b) "Economic loss" means all pecuniary harm for which damages are recoverable, including, but not limited to, medical expenses, loss of earnings, and loss of earning capacity.*

*(c) "Future damages" means all damages which the trier of fact finds will accrue after the damage findings are made.*

*(d) "Noneconomic loss" means all nonpecuniary harm for which damages are recoverable, including, but not limited to, pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.*

*(e) "Past damages" means all damages that have accrued when the damage findings are made.*

*Subd. 2. [DISCOUNT REQUIRED.] In all actions seeking damages for personal injury, wrongful death, or loss of means of support, awards of all future damages, including economic and noneconomic loss, reasonably certain to occur must be discounted to present value as provided in this section.*

*Subd. 3. [FUTURE DAMAGES; EVIDENCE.] The amount of all future damages, including economic and noneconomic loss reasonably certain to occur, must be ascertained at the time of trial without reference to projected inflationary or noninflationary changes. Evidence of noninflationary changes in earnings or earning capacity that are reasonably certain to occur are admissible, but this evidence is limited to the present value of the future changes without regard to inflationary changes. Projected increases in earnings or earning capacity dependent upon general economic statistics are not admissible.*

*Subd. 4. [DISCOUNT RATE.] The award calculated under subdivision 3 must be reduced to present value at the time of trial by application of a discount rate equal to:*

*(1) the average rate of interest on judgments under section 549.09 for the five calendar years immediately preceding the commencement of trial, rounded to the nearest one-tenth, less*

*(2) the average increase in the Consumer Price Index for all Urban Consumers, all items, as published by the U. S. Department of Labor, Bureau of Labor Statistics, rounded to the nearest one-tenth, for the same five-year*

*period. If the Labor Department statistics are not published by the time of trial, the court shall employ the average increase over the most recent five-year period available in the published statistics.*

*In no instance may the discount rate fall below two percent or rise above six percent."*

Page 43, line 22, delete "2" and insert "1" and delete "53" and insert "61" and delete "65" and insert "73"

Page 43, after line 23, insert:

*"Sections 59, 74, and 77 apply to all actions commenced on or after the effective date of those sections. Sections 75, 76, and 78 to 82 apply to actions pending on or commenced on or after the effective date of those sections."*

Page 43, line 25, delete "2" and insert "3" and delete "52" and insert "60" and delete "66" and insert "83"

Page 43, line 26, after the period, insert "*Section 74 is effective January 1, 1987.*"

Amend the title as follows:

Page 1, line 12, after the semicolon, insert "regulating medical malpractice insurance to health care providers who are unable to obtain the coverage in the voluntary market; regulating malpractice actions against health care providers; providing certification of expert review and the waiver of privilege by health care providers; requiring disclosure of experts; revising the statute of limitations for minors; regulating claims for punitive damages; changing the collateral source rule; providing for discount of future damages;"

Page 1, line 17, after the second semicolon, insert "62F.01; 62F.02, subdivision 1; 62F.03, subdivision 2; 62F.04, by adding a subdivision;"

Page 1, line 20, after the second semicolon, insert "65B.47, subdivision 1;"

Page 1, line 23, after the first semicolon, insert "245.814;"

Page 1, line 26, after the semicolon, insert "541.15; 549.09, subdivision 1; 549.21; 595.02, by adding a subdivision; 604.02, subdivision 1, and by adding a subdivision;"

Page 1, line 27, after the third semicolon, insert "proposing coding for new law in Minnesota Statutes, chapters 16B; 145; 548; 549; and 604;"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1610: A bill for an act relating to agriculture; clarifying definitions; reducing the period that corporations and pension or investment funds may own agricultural land; restricting use of agricultural land after acquisition by enforcement of lien or security interest; authorizing the commissioners of agriculture and revenue to adopt rules; requiring registration of corporate agricultural landowners; prescribing penalties; requiring corporate

agricultural land to be owned in compliance with soil and conservation laws; providing for enforcement of penalties; amending Minnesota Statutes 1984, section 500.24, subdivisions 2, 4, and 5, and by adding subdivisions; Minnesota Statutes 1985 Supplement, section 500.24, subdivision 3, as amended.

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

Page 3, lines 1 and 2, delete "*that own agricultural land*"

Page 5, line 6, delete "36" and insert "60"

Page 5, line 8, delete "36-month" and insert "60-month" and reinstate the stricken "except" and delete "and may"

Page 5, lines 9 to 11, delete the new language

Page 5, line 14, delete "36-month" and insert "60-month"

Page 7, line 7, delete "owns" and insert "is allowed to own" and delete "and is subject to" and insert "under"

Page 7, line 8, after the comma, insert "clauses (c) to (p)."

Page 7, lines 9, 21, 25, and 27, delete "revenue" and insert "agriculture"

Page 7, line 12, after "*partnership*" insert a comma

Page 7, line 15, after the semicolon, insert "and"

Page 7, line 16, delete "; and" and insert a period

Page 7, delete line 17

Page 7, line 20, before the period, insert "annually"

Page 7, line 21, after "investigate" insert "alleged violations to"

Page 7, line 22, delete "any"

Page 7, line 23, after "3" insert "or 3a"

Page 7, line 29, delete everything after "The"

Page 7, line 35, after "fund" insert a comma

Page 7, line 36, strike the first "or" and strike "which" and insert "or limited partnership that"

Page 9, line 8, strike the second "or" and insert a comma and after "corporation" insert "or limited partnership"

Page 9, line 9, strike "clause" and insert "paragraph" and reinstate the stricken "April" and delete "November"

Page 9, line 10, reinstate the stricken language and delete the new language

Page 9, line 11, delete the new language

Page 9, line 12, strike "clause" and insert "paragraph"

Page 9, line 14, reinstate everything after the stricken "(c)" and before the



reinstated "Failure" insert "(d)"

Page 9, lines 15 and 16, reinstate the stricken language

Page 9, line 17, delete "(d)" and insert "(e)"

Page 9, lines 17 and 18, delete "*in consultation with the commissioner of revenue*"

Page 9, delete section 6

Page 9, line 34, delete "*subdivision 4a*" and insert "*section 500.24*"

Page 10, line 1, after "3" insert "*or 3a*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, delete "commissioners" and insert "commissioner" and delete "and"

Page 1, line 8, delete "revenue"

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2104: A bill for an act relating to natural resources; changing eligibility requirements for waterbank agreements; providing requirements for the director of the division of waters; requiring the director to maintain current wetland values; amending drainage law definitions; prescribing payment of attorney fees on certain drainage issues appealed by the commissioner; prescribing general provisions for petitions; amending petition requirements; allowing drainage proceedings to be delayed; prescribing conditions for assessments against property within a municipality; prescribing extent of benefits and damages; requiring a benefits and damages statement and a property owners' report; authorizing easement to access drainage system; providing drainage liens to be recorded against tracts of property; changing rates of interest to be paid during drainage proceedings; amending definition of repair; authorizing conditions for repair if design depth is different than original construction depth; declaring right to have drainage systems maintained; providing easement for drainage authority to inspect drainage system; requiring permanent grass strips; apportioning repair costs; renumbering sections; amending Minnesota Statutes 1984, sections 105.392; and 105.40; Minnesota Statutes 1985 Supplement, sections 40.072, subdivisions 3 and 6; 106A.005, subdivisions 2, 3, 4, 9, 10, 12, 13, 14, and 19, and by adding subdivisions; 106A.011, subdivisions 3 and 4; 106A.015; 106A.031; 106A.051; 106A.055; 106A.081, subdivisions 2 and 3; 106A.091, subdivisions 2 and 4; 106A.095, subdivisions 1, 3, and 4; 106A.101, subdivisions 2 and 4; 106A.215, subdivisions 4 and 5; 106A.221; 106A.225; 106A.231; 106A.235, subdivisions 1 and 2; 106A.241, subdivisions 1, 2, and 5; 106A.245; 106A.251; 106A.261, subdivisions 1, 3, 4, 5, 6, and 7; 106A.265, subdivision 1; 106A.271, subdivision 1; 106A.275; 106A.281; 106A.285, subdivisions 2, 4, 5, 6, 9, and 10; 106A.295;

106A.301; 106A.305, subdivision 1; 106A.311; 106A.315, subdivisions 1, 2, 5, and 6, and by adding a subdivision; 106A.321, subdivision 1, and by adding a subdivision; 106A.325, subdivisions 2 and 3; 106A.335, subdivisions 1 and 3; 106A.341; 106A.345; 106A.351; 106A.401, subdivisions 2 and 6, and by adding a subdivision; 106A.405; 106A.411, subdivisions 3 and 4; 106A.501, subdivisions 4, 6, and 7; 106A.505, subdivisions 1, 2, 3, 7, and 8; 106A.511, subdivisions 1, 2, 3, and 5; 106A.515; 106A.525, subdivisions 2, 3, and 4; 106A.541; 106A.555, subdivision 2; 106A.601; 106A.605; 106A.611, subdivisions 2, 3, 6, and 7; 106A.615, subdivisions 4 and 7; 106A.635, subdivisions 1 and 10; 106A.645, subdivision 7; 106A.651, subdivision 1; 106A.655, subdivision 1; 106A.701, subdivision 1, and by adding subdivisions; 106A.705, subdivision 1; 106A.715, subdivision 6; 106A.731, subdivision 1; 106A.741, subdivision 5; 106A.811, subdivisions 2, 4, and 5; 112.431, subdivision 2; 112.48, subdivision 1; 112.59; 112.60; and 112.65, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 106A; repealing Minnesota Statutes 1984, sections 111.01; 111.02; 111.03; 111.04; 111.05; 111.06; 111.07; 111.08; 111.10; 111.12; 111.14; 111.15; 111.16; 111.17; 111.18; 111.19; 111.20; 111.21; 111.22; 111.23; 111.24; 111.25; 111.26; 111.27; 111.28; 111.29; 111.32; 111.33; 111.34; 111.35; 111.37; 111.38; 111.39; 111.40; 111.41; 111.42; 111.421; Minnesota Statutes 1985 Supplement, sections 106A.005, subdivision 25; 106A.201; 106A.205; 106A.211; 111.09; 111.11; 111.13; 111.30; 111.31; and 111.36.

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

Page 6, line 29, delete "*for reasons other than economics*"

Page 6, line 31, delete "*, and that*" and insert a period

Page 6, line 32, delete "*economics of*"

Page 7, line 6, delete "*Except as provided under paragraph (b),*"

Page 7, line 10, after "*type*" insert "2," and after "4," insert "5, 6, 7," and strike "5" and insert "8"

Page 7, line 12, before the semicolon, insert "*regardless of size*"

Page 7, line 16, reinstate the stricken "*and that is the projected land use.*"

Page 7, line 17, delete the period

Page 7, lines 18 to 23, delete the new language and strike the old language

Page 7, line 24, delete "*(c)*" and insert "*(b)*" and after the second "*wetlands*" insert "*partially*"

Page 7, line 27, before the period, insert "*, including protected water basins that meet the criteria of paragraph (a), clause (1), and are co-owned with federal or state wildlife or waterfowl production areas*"

Page 7, line 30, delete "*(a)*"

Page 8, line 1, delete "*to large areas*"

Page 8, line 2, delete everything after "*habitat*"

Page 8, line 3, delete "*opportunities*"

Page 8, line 4, delete "*preserve*" and insert "*encourage agreements that*"

will allow long term preservation of" and delete "in" and insert a period

Page 8, delete lines 5 to 8

Page 10, line 11, delete the second "and"

Page 10, line 14, delete the period and insert "; and

(6) the value of the wetland as a filtering system for groundwater."

Page 10, line 17, delete "offer" and insert "encourage the property owner to participate in a waterbank agreement"

Page 10, delete line 18

Page 10, line 19, delete "agreement" and insert "by offering, in addition to the payment"

Page 11, line 8, after "adopt" insert "permanent and emergency"

Page 13, line 31, after "adopt" insert "permanent and emergency"

Page 13, line 35, after the period, insert "The director must require the permanent grass strips acquired under section 106A.021 to be shown on the maps and maintain an inventory of all permanent grass strips acquired by drainage authorities."

Page 14, line 16, after "must" insert "develop and"

Page 14, line 19, delete "state"

Page 14, line 20, delete "repair" and after the period, insert "The director shall report the wetland values to each county board annually."

Page 15, after line 13, insert:

"Sec. 11. Minnesota Statutes 1985 Supplement, section 106A.005, subdivision 11, is amended to read:

Subd. 11. [DRAINAGE SYSTEM.] "Drainage system" means a ditch and tile system to drain property, including laterals, improvements, and improvements of outlets, ~~that is proposed to,~~ established by, ~~or~~ and constructed by a drainage authority. "Drainage system" includes the improvement of a natural waterway used in the construction of a drainage system, and any part of a flood control plan proposed by the United States or its agencies in the drainage system."

Page 15, lines 28 to 30, reinstate the stricken language

Page 15, line 30, before "a" insert "or"

Page 16, line 4, after "tracts" insert "or government lots"

Page 17, lines 16, 18, 19, and 28, after "drainage" insert "project or"

Page 17, line 20, after "system" insert "and downstream for various frequency flood events"

Page 17, line 22, strike "develop" and insert "use" and after "waters" insert "including storage and retention of drainage waters"

Page 23, lines 14 and 18, after "tracts" insert "or government lots"

Page 23, line 20, delete "electric or telephone transmission and distribu-

tion lines" and insert "utilities":

Page 23, line 26, after "entity" insert "regardless of the number of parcels of property owned"

Page 23, after line 29, insert:

"Subd. 3. [WITHDRAWAL OF A PETITIONER.] After a petition has been filed, a petitioner may not withdraw from the petition except with the written consent of all other petitioners on the filed petition."

Page 23, line 30, delete "3" and insert "4"

Page 23, delete lines 35 to 36

Page 24, delete lines 1 and 2

Page 24, line 27, delete "SYSTEMS" and insert "SYSTEM PROJECTS"

Page 24, line 36, after "proposed" insert "new"

Page 25, line 3, after "tracts" insert "or government lots"

Page 25, line 4, after "proposed" insert "new"

Page 26, line 8, after "of" insert "owners of" and after "tracts" insert "or government lots"

Page 29, lines 31 to 33, reinstate the stricken language

Page 29, line 32, strike "60" and insert "50"

Page 30, line 1, delete "equally"

Page 30, line 2, delete "each petitioner" and insert "the petitioners"

Page 30, after line 34, insert:

"Sec. 43. [106A.238] [COUNTY ATTORNEY REVIEW OF PETITION AND BOND.]

*For a petition filed under this chapter, the auditor must have the county attorney review the petition and bond to determine if it meets the requirement of the proceedings for which it is intended. The county attorney must review the petition and bond by 15 days after it is filed. The county attorney must:*

*(1) refer the petition and bond back to the petitioners if it does not meet the requirements with the county attorney's opinion describing the deficiencies of the petition; or*

*(2) refer the petition to the drainage authority."*

Page 31, line 1, strike "filing"

Page 31, line 2, strike the first "the" and insert "receiving a" and after "bond" insert "from the county attorney"

Page 41, line 30, delete "shall" and insert "may"

Page 41, line 34, delete "(a)"

Page 42, line 4, after the period, insert "The benefits may be based on an increase in the current market value of property as a result of constructing

*the project, or an increase in the potential for agricultural production as a result of constructing the project.*"

Page 42, delete lines 5 to 10

Page 42, lines 31 to 32, delete "or set off from benefits" and insert "may"

Page 43, line 16, strike "meandered lakes" and insert "public waters"

Page 43, line 26, delete "property"

Page 44, line 13, delete "meandered lakes" and insert "public waters"

Page 48, line 27, delete "74" and insert "76"

Page 48, line 30, after "a" insert "final"

Pages 49 and 50, delete section 84

Page 64, line 10, strike "and" and insert a comma and after "banks" insert ", and installing erosion control measures,"

Page 64, line 12, delete "or design"

Page 64, lines 15 and 16, delete "depth" and insert "elevation"

Page 64, line 17, delete "depth" in both places and insert "elevation"

Page 64, lines 18, 19, 23, 24, 26, 27, 28, 29, 31, and 33, delete "depth" and insert "elevation"

Page 64, line 22, delete "DEPTH" and insert "ELEVATION"

Page 64, line 27, before the semicolon, insert ", subject to section 106A.011"

Page 65, line 18, after the comma, insert "INSTALLING EROSION CONTROL" and delete "has"

Page 65, delete line 19

Page 65, line 20, after the second comma, insert "installing erosion control measures,"

Page 65, line 23, after "determines" insert "that"

Page 65, line 24, strike "that" and delete "grass strip," and after "leveling," insert "installing erosion control measures"

Page 65, line 27, strike "and"

Page 65, line 28, strike "that"

Page 65, line 29, after "specified" insert "; and

*(3) the installation of erosion control measures will aid the long-term efficiency of the drainage system"*

Page 66, delete section 124

Page 66, line 21, delete "shall" and insert "may, after notice and hearing,"

Page 66, lines 25 and 33, delete "shall" and insert "may"

Page 66, line 29, after "ditch" insert "in miles"

Page 66, line 35, delete "violating" and insert "in violation of a"

Page 66, line 36, delete everything after "loss" and insert "ordinance adopted by a county where the property is located pursuant to chapter 40, the county shall enforce the ordinance."

Page 67, delete lines 1 to 4

Page 67, after line 22, insert:

"Sec. 128. [ANOKA COUNTY DRAINAGE.]

*Subdivision 1. [REPAIRS OVER \$100,000 IN ANOKA COUNTY.] A repair under this chapter or chapter 112 of a drainage system located in Anoka county that costs more than \$100,000 may not be started unless a petition is presented to the drainage authority or board of managers, signed by:*

- (1) 26 percent of the property owners affected by the repair; or
- (2) owners of 26 percent of the property affected by the repair.

*Subd. 2. [PETITION TO PROCEED AS IMPROVEMENT.] A repair under this chapter or chapter 112 of a drainage system located in Anoka county must proceed as an improvement under section 106A.215 if, before the contract for the repair is awarded, a petition requesting the repair to proceed as an improvement is presented to the drainage authority or board of managers and signed by:*

- (1) 20 percent of the property owners affected by the repair; or
- (2) the owners of 20 percent of the property affected by the repair.

*Subd. 3. [REPAIR OF ANOKA COUNTY DITCH NO. 57.] Notwithstanding any other law to the contrary, a repair proceeding on Anoka County Ditch No. 57 is stayed and may not be continued until August 1, 1986. The repair proceeding must be dismissed and proceed as an improvement under section 106A.215 if a petition requesting that the repair proceed as an improvement is presented to the Coon Creek watershed district managers by August 1, 1986, signed by:*

- (1) 10 percent of the property owners affected by the repair; or
- (2) the owners of 10 percent of the property affected by the repair."

Page 73, line 29, after the period, insert "Section 128 is effective after approval by the Anoka county board under section 645.023."

*The amended language under section 4, subdivision 11, applies to drainage proceedings started after the effective date of this act."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "changing" and insert "providing"

Page 1, delete line 15

Page 1, line 20, delete "depth" in both places and insert "elevation"

Page 1, line 28, after "10," insert "11,"

Page 1, lines 44 and 45, delete “, and by adding a subdivision”

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

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was referred

H.F. No. 2143: A bill for an act relating to utilities; permitting certain energy cost adjustments; amending Minnesota Statutes 1984, section 216B.16, subdivision 7.

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 2246: A bill for an act relating to energy; providing for compensation by utilities of solid waste resource recovery facilities in metropolitan counties for electricity generated; setting term; amending Minnesota Statutes 1984, section 216B.164, subdivision 4.

Reports the same back with the recommendation that the report from the Committee on Energy and Housing, shown in the Journal for March 4, 1986, be amended to read:

“the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Public Utilities and State Regulated Industries”. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred for proper reference under Rule 35:

S.F. No. 2249 reports the same back with the recommendation that the bill be re-referred as follows:

S.F. No. 2249 to the Committee on Rules and Administration.

Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred

S.F. No. 2249: A bill for an act relating to unemployment compensation; regulating benefits and contribution rates; appropriating money; amending Minnesota Statutes 1984, sections 268.04, subdivisions 2, 4, 24, 25, and by adding subdivisions; 268.06, subdivisions 2, 3a, 8, and by adding a subdivision; 268.07, subdivisions 2, 2a, and 3; 268.071, subdivision 1; 268.09, subdivisions 1 and 2; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.16, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 268.0111, by adding a subdivision; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivisions 8, 29, and 30.

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

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1952: A bill for an act relating to environment; providing for the selection of locations for and developers of hazardous waste stabilization and containment facilities; amending Minnesota Statutes 1984, sections 115A.03, subdivision 1, and by adding subdivisions; 115A.05, subdivision 2, and by adding a subdivision; 115A.13; 115A.14, subdivision 6; 115A.22, subdivision 4; 400.11; Minnesota Statutes 1985 Supplement, sections 115A.81, subdivision 2; 275.50, subdivision 5; 477A.012; proposing coding for new law in Minnesota Statutes, chapters 115A and 400; repealing Minnesota Statutes 1984, sections 115A.17; and 400.10; Minnesota Statutes 1985 Supplement, section 473.811, subdivision 11.

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

Page 1, after line 16, insert:

“Section 1. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 18. [HAZARDOUS WASTE.] “Hazardous waste” means waste as defined in section 116.06, subdivision 13.*

Sec. 2. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 19. [RADIOACTIVE WASTE.] “Radioactive waste” means high-level radioactive waste as defined in section 116C.71, subdivision 17, and low-level radioactive waste as defined in article II of the Midwest Interstate Low-Level Radioactive Waste Compact, as enacted by section 116C.831.*

Sec. 3. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 20. [POTABLE WATER.] “Potable water” means water which is or may be used as a source of supply for human consumption including drinking, culinary use, food processing, and other similar purposes, and which is suitable for such uses in its untreated state or when treated using generally recognized treatment methods.*

Sec. 4. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 21. [GROUNDWATER.] “Groundwater” means water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near-surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

Sec. 5. [115.063] [HAZARDOUS AND RADIOACTIVE WASTE; STATE POTABLE WATER PROTECTION POLICY.]



*The legislature finds that:*

*(1) the waters of the state, because of their abundant quantity and high natural quality, constitute a unique natural resource of immeasurable value which must be protected and conserved for the benefit of the health, safety, welfare, and economic well-being of present and future generations of the people of the state;*

*(2) the actual or potential use of the waters of the state for potable water supply is the highest priority use of that water and deserves maximum protection by the state; and*

*(3) the disposal of hazardous waste and radioactive waste in Minnesota may pose a serious risk of pollution of the waters of the state, particularly potable water.*

*It is therefore the policy of the state of Minnesota, consistent with the state's primary responsibility and rights to prevent, reduce, and eliminate water pollution and to plan for the preservation of water resources, that disposal systems for hazardous waste or radioactive waste should not be located in any place or be constructed or operated in any manner that can reasonably be expected to cause pollution of potable water.*

Sec. 6. [115.065] [PROHIBITION OF DISPOSAL.]

*The location, construction, or operation of any disposal system for hazardous waste or radioactive waste, whether generated within or outside of the state, in any place or in any manner that can reasonably be expected to cause the pollution of potable water is prohibited.*

Sec. 7. [115.067] [BELOW GRADE DISPOSAL SYSTEMS; PROHIBITION; EXCEPTION.]

*The construction or operation of a disposal system for hazardous waste or radioactive waste in whole or in part below the natural grade of the land where it is located is prohibited unless the person proposing to construct or operate the system demonstrates that the disposal system cannot reasonably be expected to cause the pollution of potable water.*

Sec. 8. [115.069] [RADIONUCLIDE POLLUTION; HIGH-LEVEL NUCLEAR WASTE DISPOSAL SYSTEM.]

*The determination of whether the location, construction, or operation of a disposal system for spent nuclear fuel or high-level radioactive waste can reasonably be expected to cause radionuclide pollution of potable groundwater in violation of section 7 shall be made in accordance with the provisions of section 10.*

Sec. 9. [116C.75] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 9 and 10.*

*Subd. 2. [GROUNDWATER.] "Groundwater" means the water contained below the surface of the earth in the saturated zone including, without limitation, all waters whether under confined, unconfined, or perched conditions, in near surface unconsolidated sediment or regolith, or in rock formations deeper underground.*

*Subd. 3. [UNDISTURBED PERFORMANCE.] "Undisturbed performance" means the predicted behavior of a disposal system, including consideration of the uncertainties in predicted behavior, if the disposal system is not disrupted by human intrusion or unlikely natural events.*

**Sec. 10. [116C.76] [NUCLEAR WASTE DISPOSAL SYSTEM RELEASE INTO GROUNDWATER.]**

*Subdivision 1. [RADIONUCLIDE RELEASE LEVELS.] Disposal systems for spent nuclear fuel or high-level radioactive wastes must be designed to provide a reasonable expectation that the undisturbed performance of the disposal system will not cause the radionuclide concentrations, averaged over any year, in groundwater to exceed:*

- (1) five picocuries per liter of radium-226 and radium-228;*
- (2) 15 picocuries per liter of alpha-emitting radionuclides including radium-226 and radium-228, but excluding radon; or*
- (3) the combined concentrations of radionuclides that emit either beta or gamma radiation that would produce an annual dose equivalent to the total body of any internal organ greater than four millirems per year if an individual consumed two liters per day of drinking water from the groundwater.*

*Subd. 2. [DISPOSAL RESTRICTED.] Spent nuclear fuel or high-level radioactive waste may not be disposed at a location where the average annual radionuclide concentrations in groundwater exceed the limits in subdivision 1 before construction of the disposal system.*

*Subd. 3. [PROTECTION AGAINST RADIONUCLIDE RELEASE.] Disposal systems must be selected, located, and designed to keep any allowable radionuclide releases to the groundwater as low as reasonably achievable."*

Page 2, line 7, after "chemical" insert "or thermal" and after "materials" insert "or energy"

Page 2, line 10, after "a" insert "stabilization and"

Page 2, line 24, after "state" insert "delisting"

Page 2, line 25, delete everything after "rules"

Page 2, line 26, delete "regulation"

Page 3, delete lines 25 to 28 and insert:

*"Subd. 15. [NONHAZARDOUS AND INDUSTRIAL WASTE; EVALUATION OF WASTE MANAGEMENT.] The board may evaluate and make recommendations for the management of waste rendered nonhazardous and industrial waste that should be managed separately from mixed municipal solid waste, and may provide technical and planning assistance to political subdivisions, waste generators, and others for the purpose of identifying, developing, and implementing alternative management methods for those wastes."*

Page 4, line 4, delete "SUSPENSION OF"

Page 4, line 5, delete "suspend" and insert "terminate"

Page 4, line 8, delete everything after "Subd. 2." and insert "[DIS-

MISSAL OF CANDIDATE SITES.] *The board shall dismiss from further consideration all candidate sites remaining under section 115A.21, subdivision 1.*"

Page 4, delete lines 9 and 10

Page 4, delete lines 17 to 36

Page 5, delete lines 1 to 25 and insert:

*"Subd. 4. [STABILIZATION AND CONTAINMENT FACILITY; RESTRICTIONS; CONTAINMENT STANDARDS TO PROTECT HUMAN HEALTH AND ENVIRONMENT.] No facility may be sited under sections 115A.18 to 115A.30 except a stabilization and containment facility. The facility must be above grade unless the board determines, after environmental review under section 25, subdivision 2, that an alternative design would provide greater protection for human health and the environment. No waste may be accepted for containment at the facility except the following:*

*(a) Waste rendered nonhazardous;*

*(b) Industrial waste; and*

*(c) Waste that is not eligible for acceptance under clause (a) or (b), if the agency determines that all of the following requirements are met:*

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

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

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

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

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

Page 5, line 28, delete "generator" and insert "person"

Page 6, line 8, after the period, insert "The county shall provide affected political subdivisions and other interested persons with an opportunity to suggest contract terms."

Page 6, line 28, delete "21" and insert "30"

Page 6, line 35, delete "12 to 15" and insert "22 to 25"

Page 7, line 11, delete "21" and insert "30"

Page 7, line 18, delete "15" and insert "25"

Page 8, line 6, delete "assure" and insert "promote"

Page 8, line 12, delete "may be made contingent on" and insert "requiring"

Page 8, line 13, before the period, insert ". are contingent on that enactment"

Page 8, line 15, delete "15" and insert "25"

Page 8, line 35, delete "(d)" and insert "(e)" and delete "14" and insert "24"

Page 9, lines 3, 6, and 8, delete "15" and insert "25"

Page 9, line 22, after "containment" insert ", including above grade containment"

Page 9, after line 22, insert:

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

Page 10, line 5, after "generators" insert "from within and outside the state,"

Page 10, line 10, delete "12" and insert "22"

Reletter the clauses in sequences

Page 10, line 16, delete everything after the period

Page 10, delete lines 17 to 19

Page 10, line 27, delete "14" and insert "24"

Page 11, line 7, delete "11" and insert "21"

Page 11, line 11, after "shall" insert ": (1)"

Page 11, line 12, delete the second "and" and insert ", including operating and design standards for the facility; and (2)"

Page 11, line 25, delete "and"

Page 11, delete line 26

Page 11, line 27, delete "1,"

Page 11, line 29, delete "and proceed" and insert a period

Page 11, delete lines 30 to 32

Page 12, delete section 16

Page 12, delete section 17 and insert:

"Sec. 26. Minnesota Statutes 1985 Supplement, section 116.07, subdivision 4h, is amended to read:

Subd. 4h. [FINANCIAL RESPONSIBILITY RULES.] The agency shall

adopt rules requiring the operator or owner of a solid waste disposal facility to submit to the agency proof of the operator's or owner's financial capability to provide reasonable and necessary response during the operating life of the facility and for 20 years after closure, and to provide for the closure of the facility and postclosure care required under agency rules. Proof of financial responsibility is required of the operator or owner of a facility receiving an original permit or a permit for expansion after adoption of the rules. Within 180 days of the effective date of the rules or by ~~January~~ July 1, 1987, whichever is later, proof of financial responsibility is required of an operator or owner of a facility with a remaining capacity of more than five years or 500,000 cubic yards that is in operation at the time the rules are adopted. Compliance with the rules is a condition of obtaining or retaining a permit to operate the facility."

Page 19, line 14, delete ", or part thereof,"

Page 19, lines 16 and 19, delete "12" and insert "22"

Page 20, line 9, delete "22" and insert "31"

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "prohibiting certain disposal of hazardous waste;"

Page 1, line 5, after "sections" insert "115.01, by adding subdivisions;"

Page 1, line 7, after "subdivision;" insert "115A.06, by adding a subdivision;"

Page 1, line 8, delete "115A.22, subdivision 4;"

Page 1, lines 9 and 10, delete "115A:81, subdivision 2" and insert "116.07, subdivision 4h"

Page 1, line 12, after "chapters" insert "115," and after "115A" insert "116C"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which were referred the following appointments as reported in the Journal for February 5, 1986:

#### MINNESOTA RACING COMMISSION

Lawrence M. Coss  
Catherine L. Anderson  
Muriel W. Poehler

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

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

S.F. No. 1672: A bill for an act relating to agriculture; establishing a legal

assistance program for family farmers; prescribing eligibility requirements for persons to receive legal assistance; providing requirements for the legal assistance provider; requiring reports; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 480.

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

Delete everything after the enacting clause and insert:

“ARTICLE 1

Section 1. Minnesota Statutes 1984, section 336.9-501, is amended to read:

336.9-501 [DEFAULT; PROCEDURE WHEN SECURITY AGREEMENT COVERS BOTH REAL AND PERSONAL PROPERTY.]

(1) When a debtor is in default under a security agreement, a secured party has the rights and remedies provided in this part and except as limited by subsection (3) those provided in the security agreement. He may reduce his claim to judgment, foreclose, or otherwise enforce the security interest by any available judicial procedure. If the collateral is documents the secured party may proceed either as to the documents or as to the goods covered thereby. A secured party in possession has the rights, remedies, and duties provided in section 336.9-207. The rights and remedies referred to in this subsection are cumulative.

(2) After default, the debtor has the rights and remedies provided in this part, those provided in the security agreement, and those provided in section 336.9-207.

(3) To the extent that they give rights to the debtor and impose duties on the secured party, the rules stated in the subsections referred to below may not be waived or varied except as provided with respect to compulsory disposition of collateral (subsection (3) of section 336.9-504 and section 336.9-505) and with respect to redemption of collateral (section 336.9-506) but the parties may by agreement determine the standards by which the fulfillment of these rights and duties is to be measured if such standards are not manifestly unreasonable:

(a) Subsection (2) of section 336.9-502 and subsection (2) of section 336.9-504 insofar as they require accounting for surplus proceeds of collateral;

(b) Subsection (3) of section 336.9-504 and subsection (1) of section 336.9-505 which deal with disposition of collateral;

(c) Subsection (2) of section 336.9-505 which deals with acceptance of collateral as discharge of obligation;

(d) Section 336.9-506 which deals with redemption of collateral; and

(e) Subsection (1) of section 336.9-507 which deals with the secured party's liability for failure to comply with this part.

(4) If the security agreement covers both real and personal property, the secured party may proceed under this part as to the personal property or he may proceed as to both the real and the personal property in accordance with

his rights and remedies in respect of the real property in which case the provisions of this part do not apply.

(5) When a secured party has reduced his claim to judgment the lien of any levy which may be made upon his collateral by virtue of any execution based upon the judgment shall relate back to the date of the perfection of the security interest in such collateral. A judicial sale, pursuant to such execution, is a foreclosure of the security interest by judicial procedure within the meaning of this section, and the secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(6) A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 5 to 24 that has secured a debt of more than \$5,000 unless: a mediation notice under subsection (7) is served on the debtor and a copy filed with the farm mediation commission; and the person receives a release order under sections 5 to 24.

(7) A mediation notice under subsection (6) must contain the following notice with the blanks properly filled in.

"TO: \_\_\_\_\_ (Name of Debtor)

YOU HAVE DEFAULTED ON THE \_\_\_\_\_ (Debt in Default)  
SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS \_\_\_\_\_  
(Reasonable Description of Agricultural Property Collateral)

AS A SECURED PARTY, \_\_\_\_\_ (Name of Secured Party)  
INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE  
AGRICULTURAL PROPERTY DESCRIBED ABOVE BY REPOSSESSING,  
FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST  
THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE FARM MEDIATION COMMISSION WILL PROVIDE A CREDIT ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE FARM MEDIATION COMMISSION BY \_\_\_\_\_ (Date of 14 Days after Service of the Mediation Notice)  
THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Secured Party)

Sec. 2. [550.365] [MEDIATION NOTICE AND CONDITIONS FOR AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not attach, execute on, levy on, or seize agricultural property subject to sections 5 to 24 that has secured a debt of more than \$5,000 unless: (1) a mediation notice is served on the judgment debtor and a copy filed with the farm mediation commission; and (2) the person receives a release order under sections 5 to 24.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.

‘TO: (Name of Judgment Debtor)

A JUDGMENT WAS ORDERED AGAINST YOU BY (Name of Court)  
ON (Date of Judgment)

AS A JUDGMENT CREDITOR, (Name of Judgment Creditor)  
INTENDS TO TAKE ACTION AGAINST THE AGRICULTURAL PROP-  
ERTY DESCRIBED AS (Description of Agricultural Property)  
TO SATISFY THE JUDGMENT.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDI-  
ATION. IF YOU PARTICIPATE IN MEDIATION, THE FARM MEDIATION  
COMMISSION WILL PROVIDE A CREDIT ANALYST TO HELP YOU  
PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT  
TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL  
RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE  
A MEDIATION REQUEST WITH THE FARM MEDIATION COMMISSION  
BY (Date of 14 Days after Service of the Mediation Notice)  
THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY  
RECORDER'S OFFICE.

FROM: (Name and Address of Judgment Creditor)

Sec. 3. [559.209] [MEDIATION NOTICE AND CONDITIONS FOR  
AGRICULTURAL PROPERTY.]

*Subdivision 1. [REQUIREMENT.] A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 5 to 24 that secured a debt of more than \$5,000 unless: (1) a mediation notice is served on the contract for deed purchaser and a copy filed with the farm mediation commission; and (2) the person receives a release order under sections 5 to 24.*

*Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in.*

‘TO: (Name of Contract for Deed Purchaser)

YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE  
AGRICULTURAL PROPERTY DESCRIBED AS (Size and  
Reasonable Location of Property, Not Legal Description)

AS THE CONTRACT FOR DEED VENDOR, (Contract for  
Deed Vendor)

INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE  
PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT  
REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION,  
THE FARM MEDIATION COMMISSION WILL PROVIDE A CREDIT  
ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDI-  
ATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HAN-  
DLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR  
MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE



FARM MEDIATION COMMISSION BY \_\_\_\_\_  
 (Date of 14 Days after Service of the Mediation Notice)

THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY  
 RECORDER'S OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Contract for Deed  
 Vendor)

Sec. 4. [581.015] [MEDIATION NOTICE AND CONDITIONS FOR  
 AGRICULTURAL PROPERTY.]

Subdivision 1. [REQUIREMENT.] A person may not begin a proceeding under this chapter to foreclose a mortgage on agricultural property subject to sections 5 to 24 that has a secured debt of more than \$5,000 unless: (1) a mediation notice is served on the mortgagor and a copy is filed with the farm mediation commission; and (2) the person receives a release order under sections 5 to 24.

Subd. 2. [CONTENTS.] A mediation notice must contain the following notice with the blanks properly filled in:

TO: \_\_\_\_\_ (Name of Record Owner)

YOU HAVE DEFAULTED ON THE MORTGAGE OF THE AGRICULTURAL  
 PROPERTY DESCRIBED AS \_\_\_\_\_  
 (Size and Reasonable Location, Not Legal Description)

AS HOLDER OF THE MORTGAGE, \_\_\_\_\_ (Name of Holder of Mortgage)  
 INTENDS TO FORECLOSE ON THE PROPERTY DESCRIBED ABOVE.

YOU HAVE THE RIGHT TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION. IF YOU PARTICIPATE IN MEDIATION, THE FARM MEDIATION COMMISSION WILL PROVIDE A CREDIT ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE FARM MEDIATION COMMISSION BY \_\_\_\_\_ (Date of 14 Days after  
 Service of the Mediation Notice)

THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY  
 RECORDER'S OFFICE.

FROM: \_\_\_\_\_ (Name and Address of Holder of Mortgage)

Sec. 5. [583.20] [CITATION.]

Sections 5 to 24 may be cited as the "farmer-lender mediation act."

Sec. 6. [583.21] [LEGISLATIVE FINDINGS.]

The legislature finds that the agricultural sector of the state's economy is under severe financial stress due to low farm commodity prices, continuing high interest rates, and reduced net farm income. The suffering agricultural economy adversely affects economic conditions for all other businesses in rural communities as well. Thousands of this state's farmers are unable to meet current payments of interest and principal payable on mortgages and other loan and land contracts and are threatened with the loss of their farm-

land, equipment, crops, and livestock through mortgage and lien foreclosures, cancellation of contracts for deed, and other collection actions. The agricultural economic emergency requires an orderly process with state assistance to adjust agricultural indebtedness to prevent civil unrest and to preserve the general welfare and fiscal integrity of the state.

Sec. 7. [583.22] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 7 to 24.*

*Subd. 2. [AGRICULTURAL PROPERTY.] "Agricultural property" means real property that is principally used for farming as defined in section 500.24, subdivision 2, paragraph (a), and raising poultry, and personal property that is used as security to finance a farm operation or used as part of a farm operation including equipment, crops, livestock, and proceeds of the security. "Agricultural property" shall also include agriculturally related businesses as defined by the commission.*

*Subd. 3. [COMMISSION.] "Commission" means the farm mediation commission.*

*Subd. 4. [CREDITOR.] "Creditor" means the holder of a mortgage on agricultural property, a vendor of a contract for deed of agricultural property, a person with a lien or security interest in agricultural property, or a judgment creditor with a judgment against a debtor with agricultural property.*

*Subd. 5. [FILE.] "File" means to deliver by the required date by certified mail or another method acknowledging receipt.*

*Subd. 6. [MEDIATOR.] "Mediator" means a farm mediation board member or an alternate.*

*Subd. 7. [POSTPONEMENT ORDER.] "Postponement order" means an order by the commission that prevents creditors of a debtor from initiating or continuing proceedings to foreclose a mortgage, terminate a contract for deed, repossess collateral, seize, execute on, levy on, or attach agricultural property, or collect debts secured by the agricultural property of the debtor.*

*Subd. 8. [RELEASE ORDER.] "Release order" means an order by the commission that releases a creditor from the requirements of the farmer-lender mediation act.*

*Subd. 9. [SERVE.] "Serve" means personal service as in a state district court civil action.*

Sec. 8. [583.23] [FARM MEDIATION COMMISSION.]

*The farm mediation commission is established consisting of the commissioners of agriculture, commerce, and finance with the commissioner of finance serving as the chair.*

Sec. 9. [583.24] [FARM MEDIATION REGIONS.]

*Eleven farm mediation regions are established. Ten regions shall correspond geographically to the ten development regions established under chapter 462, and one region shall correspond geographically to the metropolitan area as defined in section 473.121, subdivision 2.*

## Sec. 10. [583.25] [FARM MEDIATION BOARDS.]

*Subdivision 1. [ESTABLISHMENT.] The commission shall establish at least one farm mediation board in each farm mediation region. The commission shall appoint three members and necessary alternates to each farm mediation board and designate a chair. Members and alternates must be residents of the state with knowledge of financial and agricultural matters.*

*Subd. 2. [ADMINISTRATION.] The commission shall appoint a farm mediation administrator and a director of training. The administrator and director shall provide training for farm mediation boards and farm advocates and coordinate community legal education programs for farmers.*

## Sec. 11. [583.26] [APPLICABILITY.]

*Subdivision 1. [CREDITORS.] (a) The farmer-lender mediation act applies to creditors who are:*

- (1) the United States or an agency of the United States;*
- (2) corporations, partnerships, and other business entities; and*
- (3) individuals.*

*(b) The farmer-lender mediation act does not apply to creditors of a debtor described under subdivision 2, paragraph (b).*

*Subd. 2. [DEBTORS.] (a) Except as provided in paragraph (b) the farmer-lender mediation act applies to a debtor who is:*

- (1) a person operating a family farm as defined in section 500.24, subdivision 2;*
- (2) a family farm corporation as defined in section 500.24, subdivision 2;*
- (3) an authorized farm corporation as defined in section 500.24, subdivision 2; and*
- (4) an owner of an agriculturally related business.*

*(b) Except for an owner of an agriculturally related business as defined by the commission, the farmer-lender mediation act does not apply to a debtor who owns and leases less than 60 acres with less than \$20,000 in gross sales of agricultural products the preceding year.*

*Subd. 3. [FINANCIAL INSTITUTION UNDER CEASE AND DESIST ORDER.] Upon the request of an institution defined in section 46.23, subdivision 4, the commissioner of commerce may exempt the institution from the farmer-lender mediation act, without a hearing or contested case proceeding, if:*

- (1) the institution is subject to a cease and desist order issued under sections 46.23 to 46.33; and*
- (2) the commissioner determines that exemption is essential to the financial survival of the institution.*

## Sec. 12. [583.27] [VOLUNTARY MEDIATION PROCEEDINGS.]

*A debtor that owns agricultural property or a creditor of the debtor may request mediation of the indebtedness by a farm mediation board by applying*

to the commission. The commission shall make voluntary mediation application forms available at the county recorder's office in each county. The commission must evaluate each request and may direct a mediator to meet with the debtor and creditor to assist in mediation.

Sec. 13. [583.28] [MANDATORY MEDIATION PROCEEDINGS.]

*Subdivision 1. [MEDIATION NOTICE.] A creditor desiring to start a proceeding to enforce a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property, must serve an applicable mediation notice under sections 1, 2, 3, and 4 on the debtor and the commission. The creditor may not begin the proceeding subject to sections 5 to 24 until the creditor is issued a release order.*

*Subd. 2. [MEDIATION REQUEST.] (a) A debtor must file a certified mediation request form with the commission by 14 days after receiving a mediation notice. The mediation request form must state all known creditors. The commission shall make mediation request forms available in the county recorder's office of each county.*

*(b) A debtor who fails to file a mediation request waives the right to mediation under the farmer-lender mediation act. The commission shall file a release order with the creditor stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.*

*(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-501 to 336.9-508, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the commission. The mediation request form must indicate that the debtor has not received a mediation notice.*

*Subd. 3. [CREDIT ANALYST AND FARM ADVOCATE.] (a) After receiving a mediation notice, the commission shall provide a credit analyst knowledgeable in agricultural and financial matters to meet with the debtor and assure that information relative to the finances of the debtor is prepared for the initial mediation meeting.*

*(b) After receiving the mediation notice, the commission shall notify the debtor that a farm advocate may be available without charge to assist the debtor and the credit analyst.*

*Subd. 4. [INITIAL MEDIATION MEETING.] By ten days after receiving a mediation request, the commission shall send a mediation meeting notice to the debtor and a mediation meeting notice and claim form to all known creditors of the debtor setting a time and place for an initial mediation meeting between the debtor, all known creditors of the debtor, and a mediator directed by the commission to assist in mediation. An initial mediation meeting must be held within 15 days of the notice.*

*Subd. 5. [EFFECT OF MEDIATION MEETING NOTICE.] If a creditor*

receives a mediation meeting notice to a creditor under subdivision 4 the creditor and the creditor's successors in interest may not continue proceedings to enforce a debt against agricultural property of the debtor under chapter 580 or 581 or sections 336.9-501 to 336.9-508, to terminate a contract for deed to purchase agricultural property under section 559.21, or to garnish, levy on, execute on, seize, or attach agricultural property. Time periods under and affecting those procedures stop running until the commission issues a release order to the creditor or a mediation agreement is reached.

*Subd. 6. [DUTIES OF MEDIATOR.] At the initial mediation meeting and subsequent meetings, the mediator shall:*

- (1) listen to the debtor and the creditors desiring to be heard;*
- (2) attempt to mediate between the debtor and the creditors;*
- (3) advise the debtor and creditors of assistance programs available;*
- (4) attempt to fairly adjust, refinance, or pay the debts; and*
- (5) advise, counsel, and assist the debtor and creditors in attempting to arrive at an agreement for the future conduct of financial relations among them.*

*Subd. 7. [MEDIATOR LIABILITY AND IMMUNITY.] (a) A mediator is immune from civil liability for actions within the scope of the position as mediator. A mediator does not have a duty to advise a creditor or debtor about the law or to encourage or assist a debtor or creditor in reserving or establishing legal rights. This subdivision is an addition to and not a limitation of immunity otherwise accorded to a mediator under law.*

*(b) A mediator cannot be examined about a communication or document, including worknotes, made or used in the course of or because of mediation under this section and section 12. This paragraph does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because it is used in the cause of mediation. This paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.*

*Subd. 8. [MEDIATION PERIOD.] The mediator may call mediation meetings during the mediation period, which is up to 60 days after the initial mediation meeting.*

*Subd. 9. [MEDIATION AGREEMENT.] (a) If an agreement is reached among the debtor and creditors the mediator shall draft a written mediation agreement, have it signed by the creditors, and submit the agreement to the commission for approval. The commission shall review the mediation agreement and, if the debtors and creditors are not unjustly treated, shall approve the mediation agreement and issue release or postponement orders to implement the agreement.*

*(b) The debtor and creditors must be notified of the approval or disapproval within five days after the commission receives the mediation agreement. The notification of the approval or disapproval of a mediation agreement is a release order unless a postponement is issued with the approval or*

*disapproval.*

*(c) The debtor and creditors who are parties to the approved mediation agreement and creditors who have filed claim forms and have not objected to the mediation agreement:*

*(1) are bound by the terms of the agreement;*

*(2) may enforce the mediation agreement as a legal contract; and*

*(3) may use the mediation agreement as a defense against an action contrary to the mediation agreement.*

*Subd. 10. [UNSUCCESSFUL MEDIATION.] (a) If a mediation agreement is not reached the farm mediation board shall make a recommendation to the commission by ten days after the final mediation meeting as to whether a postponement order should be issued.*

*(b) The farm mediation board may recommend to the commission that a postponement order be issued if:*

*(1) there is a reasonable likelihood that the farming operation will become viable; or*

*(2) the creditors have not made good faith efforts to reach a mediation agreement with the debtor and the debtor has made good faith efforts to reach a mediation agreement.*

*(c) The farm mediation board may not recommend to the commission that a postponement order be issued if creditors will be irreparably harmed by the issuance of a postponement order.*

**Sec. 14. [583.30] [CREDITOR NOT ATTENDING MEDIATION MEETING.]**

*Subdivision 1. [FILING AND EFFECT OF CLAIM FORM.] A creditor that is notified of the initial mediation meeting is subject to and bound by a mediation agreement if the creditor does not attend mediation meetings unless the creditor files a claim form. In lieu of attending a mediation meeting, a creditor may file a notice of claim and proof of claim on a claim form with the farm mediation board before the scheduled meeting. By filing a claim form the creditor agrees to be bound by a mediation agreement reached at the mediation meeting unless an objection is filed within the time specified. The farm mediation board must notify the creditors who have filed claim forms of the terms of any agreement reached at the farm mediation board meeting.*

*Subd. 2. [OBJECTIONS TO AGREEMENTS.] A creditor who has filed a claim form may serve a written objection to the terms of the agreement on the farm mediation board and the debtor by ten days after receiving notice of the agreement. If a creditor files an objection to the terms of an agreement, the farm mediation board may meet again with debtors and creditors by ten days after receiving the objection to attempt to reach a new agreement. Notwithstanding the mediation period under section 13, subdivision 8, if an objection is filed, the mediation board may call mediation meetings during the ten-day period following receipt of the objection.*

**Sec. 15. [583.31] [ORDER AFTER UNSUCCESSFUL MEDIATION.]**

*The commission must issue a release order or a postponement order within ten days after receiving the farm mediation board's recommendation after unsuccessful mediation. The commission shall file the order with the debtor, all known creditors of the debtor, and the farm mediation board.*

Sec. 16. [583.32] [POSTPONEMENT ORDER.]

*Subdivision 1. [STANDARD TO ISSUE POSTPONEMENT ORDER.]*

*(a) The commission shall consider the farm mediation board recommendation and may issue a postponement order if:*

*(1) there is a reasonable likelihood that the farming operation will be viable; or*

*(2) the creditors have not made good faith efforts to reach a mediation agreement with the debtor and the debtor has made good faith efforts to reach a mediation agreement.*

*(b) The commission may not issue a postponement order if creditors will be irreparably harmed by issuance of a postponement order.*

*Subd. 2. [TERMINATION AND RELEASE.] A postponement order issued under the farmer-lender mediation act must contain a termination date. The expiration of the postponement order is a release order.*

*Subd. 3. [EFFECT.] A postponement order is binding on the debtor and creditors and may be used as a complete defense and bar to any actions contrary to the order.*

Sec. 17. [583.33] [FARM FINANCIAL PLAN.]

*Subdivision 1. [PLAN APPROVAL.] (a) By 30 days after receiving a postponement order, the farm mediation board shall develop a financial plan and submit it to the debtor, creditors, and the commission. The plan must be designed to maximize the long-term viability of the farm operation and may include temporary suspension or reduction of payments during the postponement period and voluntary adjustment of debt by creditors.*

*(b) The commission may amend the financial plan but must approve the financial plan within ten days after receiving it from the farm mediation board. The financial plan is effective when approved by the commission. The commission may issue a release order or a postponement order to implement the financial plan, except that a postponement order may not exceed one year. A copy of the approved plan with the release or postponement order, if any, must be filed with the debtor and affected creditors.*

*(c) Notwithstanding section 18, the commission may extend the terms of a postponement order against a creditor for an additional period of up to one year after the termination date if it determines that the creditor has not acted in good faith with the debtor, commission, or farm mediation board.*

*Subd. 2. [DISAPPROVAL AND NONCOMPLIANCE.] If the debtor fails to comply with the terms of the plan, upon request of the debtor or creditor the commission may issue a release order at any time.*

Sec. 18. [583.34] [EXTENSION OF DEADLINES.]

*Upon petition by a farm mediation board, a debtor, or a creditor, the commission may, for good cause, extend a deadline imposed by sections 13*

to 17 for up to 30 days, except that a postponement order may not exceed one year.

**Sec. 19. [583.35] [EFFECT OF MEDIATION ON CREDITOR.]**

*A creditor that has participated in mediation with a debtor and has been issued a release order is not required to file notices before proceeding under sections 1 to 4, against the debtor's property and is not subject to the farmer-lender mediation act as it applies to the debtor involved in the mediation.*

**Sec. 20. [583.36] [PRIVATE DATA.]**

*All data regarding the finances of individual debtors and creditors created, collected, and maintained by the commission or farm mediation boards of the commission or board are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9.*

**Sec. 21. [583.37] [CLOSED MEETINGS.]**

*Meetings of the commission and farm mediation boards are open to the public and are subject to provisions of the open meeting law, section 471.705, except any portion of commission meetings that discusses or refers to private or nonpublic data. The commission shall give notice of meetings.*

**Sec. 22. [583.38] [RULES AND FORMS.]**

*Subdivision 1. [AUTHORITY.] The commission shall adopt rules to set the compensation of mediators and credit analysts and may adopt rules to implement the farmer-lender mediation act. Notwithstanding chapter 14, the commission shall adopt rules as provided under section 97.53, subdivision 2. The rules so adopted expire 12 months after the effective date of this act. The commission shall adopt rules under chapter 14 to replace the rules adopted as provided under section 97.53, subdivision 2.*

*Subd. 2. [FORMS.] The commission shall adopt voluntary mediation application, mediation request, and claim forms.*

**Sec. 23. [583.39] [APPEALS.]**

*The decision of the commission to issue a postponement order or a release order may be appealed to the district court of the county where the debtor resides. The attorney general shall represent the commission.*

**Sec. 24. [583.40] [INCONSISTENT LAWS.]**

*The farmer-lender mediation act has precedence over any inconsistent or conflicting laws and statutes including chapters 336, 580, and 581, and section 559.21.*

**Sec. 25. [TRAINING, COMPENSATION, AND EXPENSES OF MEDIATORS AND CREDIT ANALYSTS.]**

*The bureau of mediation services shall provide training for mediators as directed by the commission.*

**Sec. 26. [REPEALER.]**

*Sections 2, 3, and 4 to 25, and Minnesota Statutes, section 336.9-501,*



*subsections (6) and (7), are repealed on July 1, 1988.*

Sec. 27. [EFFECTIVE DATE.]

*Sections 1 to 26 are effective the day following final enactment.*

## ARTICLE 2

Section 1. Minnesota Statutes 1984, section 48.195, is amended to read:

48.195 [INTEREST RATES; USURY LIMIT FOR DEPOSITORY INSTITUTIONS.]

Notwithstanding any law to the contrary, a bank, savings bank, savings association, savings and loan association, or credit union organized under the laws of this state, or a national bank or federally chartered savings bank, savings and loan association, or credit union, doing business in this state, may charge on any loan or discount made or upon any note, bill or other evidence of debt, except an extension of credit made pursuant to section 48.185 or subject to section 334.011, interest at a rate of not more than four and one-half percent in excess of the discount rate, including any surcharge thereon, on 90 day commercial paper in effect at the federal reserve bank located in the Ninth Federal Reserve District.

Sec. 2. Minnesota Statutes 1985 Supplement, section 53.04, subdivision 3a, is amended to read:

Subd. 3a. (a) The right to make loans, secured or unsecured, at the rates and on the terms and other conditions permitted licensees under chapter 56. Loans made under the authority of section 56.125 must be in amounts in compliance with section 53.05, clause (7). All other loans made under the authority of chapter 56 must be in amounts in compliance with section 53.05, clause (7), or 56.131, subdivision 1, paragraph (a), whichever is less. *Except for loans subject to the usury rates and procedures under section 334.011, the right to extend credit or lend money and to collect and receive charges therefor as provided by chapter 334, or in lieu thereof, to charge, collect, and receive interest at the rate of 21.75 percent per annum, including the right to contract for, charge, and collect all other charges including discount points, fees, late payment charges, and insurance premiums on the loans to the same extent permitted on loans made under the authority of chapter 56, regardless of the amount of the loan. The provisions of sections 47.20 and 47.21 do not apply to loans made under this subdivision, except as specifically provided in this subdivision. Nothing in this subdivision is deemed to supersede, repeal, or amend any provision of section 53.05. A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.*

(b) Loans made under this subdivision at a rate of interest not in excess of that provided for in paragraph (a) may be secured by real or personal property, or both. If the proceeds of a loan made after August 1, 1987 are used in whole or in part to satisfy the balance owed on a contract for deed, the rate of interest charged on the loan must not exceed the rate provided in section 47.20, subdivision 4a. If the proceeds of a loan secured by a first lien on the borrower's primary residence are used to finance the purchase of the borrower's primary residence, the loan must comply with the provisions of section 47.20.

(c) A loan made under this subdivision that is secured by real estate and that is in a principal amount of \$7,500 or more and a maturity of 60 months or more may contain a provision permitting discount points, if the loan does not provide a loan yield in excess of the maximum rate of interest permitted by this subdivision. Loan yield means the annual rate of return obtained by a licensee computed as the annual percentage rate is computed under Federal Regulation Z. If the loan is prepaid in full, the licensee must make a refund to the borrower to the extent that the loan yield will exceed the maximum rate of interest provided by this subdivision when the prepayment is taken into account.

(d) An agency or instrumentality of the United States government or a corporation otherwise created by an act of the United States Congress or a lender approved or certified by the secretary of housing and urban development, or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, that engages in the business of purchasing or taking assignments of mortgage loans and undertakes direct collection of payments from or enforcement of rights against borrowers arising from mortgage loans, is not required to obtain a certificate of authorization under this chapter in order to purchase or take assignments of mortgage loans from persons holding a certificate of authorization under this chapter.

Sec. 3. Minnesota Statutes 1985 Supplement, section 56.131, subdivision 1, is amended to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) *Except for a loan subject to the usury rates under section 334.011*, on any loan in a principal amount not exceeding \$35,000 or ten percent of a corporate licensee's contributed capital and appropriated reserves as defined in section 53.015, if greater, a licensee may contract for and receive interest, calculated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

(1) the total of: (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$350; and (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$350; or

(2) 21.75 percent per year on the unpaid balance of the principal amount.

(b) On any loan where interest has been calculated according to the method provided for in paragraph (a), clause (1), interest must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest one hundredth of one percent that would earn the same total interest at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (1), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is

12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of  $1/365$  of the agreed annual rate for each actual day elapsed.

(e) With respect to interest-bearing loans:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(f) With respect to precomputed loans:

(1) Loans must be repayable in substantially equal and consecutive monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the borrower with the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; if the prepayment is made other than on a scheduled payment date, the nearest scheduled installment payment date must be used in the computation; provided further, if the prepayment occurs prior to the first installment due date, the licensee may retain  $1/30$  of the applicable charge for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the borrower with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment

in full had been made on the date the judgment is entered.

(4) If an installment, other than the final installment, is not paid in full within ten days of its scheduled due date, a licensee may contract for and receive a default charge not exceeding five percent of the amount of the installment, but not less than \$4.

A default charge under this subdivision may not be collected on an installment paid in full within ten days of its scheduled due date, or deferred installment due date with respect to deferred installments, even though a default or deferral charge on an earlier installment has not been paid in full. A default charge may be collected at the time it accrues or at any time thereafter.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall make or credit to the borrower a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the single annual percentage rate permitted by this subdivision may be charged on the unpaid balance until fully paid.

(7) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under paragraph (f), clause (6), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid.

Sec. 4. Minnesota Statutes 1984, section 334.01, subdivision 2, is amended to read:

Subd. 2. [CONTRACTS OF \$100,000 OR MORE.] A contract for the loan or forbearance of money, goods, or things in action, in the amount of \$100,000 or more, and any extensions, including extensions of installments and related changes in the terms thereof, and open end credit sales under section 334.16, shall be exempt from the provisions of this chapter except as provided in section 334.011, and the interest for the indebtedness shall be at

the rate of \$6 upon \$100 for a year, unless a different rate is contracted for in writing.

Sec. 5. Minnesota Statutes 1984, section 334.011, is amended to read:

334.011 [RATES OF INTEREST; BUSINESS AND AGRICULTURAL LOANS.]

Subdivision 1. [USURIOUS RATE.] (a) Notwithstanding the provisions of chapter 48, 53, or 56, or any other law to the contrary, a person may, in the case of not charge interest at a rate of more than 4-1/2 percent greater than the discount rate on 90-day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district encompassing Minnesota under a contract for the loan or forbearance of money, goods, or other things in action in an amount of for less than \$100,000 \$200,000 for business or agricultural purposes, charge interest at a rate of not more than four and one-half percent in excess of the discount rate on 90 day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district encompassing Minnesota.

(b) A rate of interest that violates this subdivision is usurious.

For the purposes of this subdivision, the term "business" means a commercial or industrial enterprise which is carried on for the purpose of active or passive investment or profit.

Subd. 1a. [DEFINITIONS.] (a) "Agricultural" means the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products, including horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, and fish and shellfish, and any parts thereof; of agricultural products including processed and manufactured products, and any and all products raised or produced on farms and any products processed or manufactured from products thereof raised or produced on farms.

(b) "Business" means a commercial or industrial enterprise which is carried on for the purpose of active or passive investment or profit.

(c) "Loan" means a contract or agreement to lend or forbear money, goods, or other choses in action, but does not include an open end credit sale under section 334.16 or contracts and agreements covered by the motor vehicle retail installment sales act, sections 168.66 to 168.77.

(d) "Person" has the meaning given under section 336.1-201.

Subd. 1b. [LOAN FOR RESIDENCE EXCEPTION.] No A loan shall be made pursuant is not subject to this subdivision section if the proceeds of the loan are used primarily to finance the purchase or maintenance of real estate used principally for the borrower's residence.

Subd. 2. [REMEDY FOR BEING CHARGED USURIOUS INTEREST.] If a greater rate of interest than that permitted by subdivision 1 is usurious interest rate is charged then under subdivision 1, the entire interest due on that note, bill or other evidence of debt the loan is forfeited. If the greater a usurious rate of interest has been paid, the person who paid it may recover in a civil action an amount equal to twice the amount of interest paid. The action

*must be begun by two years after the last amount of usurious interest under the loan has been paid, except if the person who made the loan begins an action to collect the amount due on the loan at any time, twice the amount of the usurious interest paid shall be subtracted from the amount due and the remaining interest must be forfeited.*

Subd. 3. [RATE DETERMINED WHEN LOAN IS MADE.] If the rate of interest charged is ~~permitted by this section at the time~~ not usurious when the loan was made, that rate of interest does not later become usurious because of a fluctuation in the federal discount rate.

Subd. 4. [NOTICE OF USURY RATES.] ~~This section is effective the day following final enactment.~~ (a) A person in the business of making loans for business or agricultural purposes must post a maximum interest rate notice in a conspicuous place at the business location where borrowers will be likely to observe the notice and provide a copy of the notice with or in the loan agreement.

(b) The maximum interest rate notice must contain the following heading:

"MAXIMUM INTEREST RATE FOR  
AGRICULTURAL AND BUSINESS LOANS  
OF \$200,000 OR LESS IS \_\_\_\_\_%"

(c) The percentage rate must be filled in at the current maximum rate chargeable under subdivision 1.

(d) The maximum interest rate notice must contain the following words:  
"Minnesota law prohibits interest rates greater than the amount stated above on loans for agricultural and business purposes. If a greater rate is charged than allowed at the time the loan is made, the borrower may have remedies that include not paying the entire interest or an action to recover twice the amount of the interest paid."

(e) The maximum interest rate notice in or with a loan agreement under paragraphs (b), (c), and (d) must be in ten point type. The maximum interest rate notice to be posted must have the heading under paragraphs (b) and (c) in letters at least two inches high and the notice in paragraph (d) in letters at least one-half inch high.

Subd. 5. [REMEDY FOR FAILURE TO NOTIFY.] If a person in the business of making loans fails to comply with the notice provisions in subdivision 4 and charges a usurious rate of interest, the person is liable to the borrower for three times the amount of interest charged, whether paid or not, plus attorney fees. The person in the business of lending money has the burden of proof to show compliance with subdivision 4.

Sec. 6. Minnesota Statutes 1985 Supplement, section 334.021, is amended to read:

334.021 [CORPORATION PROHIBITED FROM INTERPOSING DEFENSE OF USURY.]

No A corporation ~~shall hereafter~~, except a family farm corporation defined under section 500.24, subdivision 2, may not interpose the defense of usury in any action. The term "corporation," as used in this section, includes any

cooperative corporation, cooperative association, or limited partnership, and further includes any association or joint stock company having any of the powers and privileges of corporations not possessed by an individual or a partnership.

Sec. 7. Laws 1985, chapter 4, section 2, is amended to read:

Sec. 2. [LEGISLATIVE FINDINGS, PUBLIC PURPOSE, SCOPE OF PROGRAM.]

The legislature finds that many farm families face extreme financial hardship or possible foreclosure in 1985 1986 because of their inability to obtain farm operating loans at affordable rates of interest. In many of these cases excessive interest rates reduce projected cash flow to a level where lending institutions refuse to renew a line of credit or demand the partial or total liquidation of remaining assets.

The legislature further finds that with relatively little public expense, and with the voluntary cooperation and assistance of Minnesota farm lenders, operating loans can be made to farm operators at an interest rate that will allow continuation of viable farm operations during 1985 1986.

The legislature further finds that the use of money in the general fund for the purpose of assisting qualified farm operators is a public purpose and is necessary to protect the health, safety, and general welfare of the people of this state.

Sec. 8. Laws 1985, chapter 4, section 6, subdivision 2, as amended by Laws 1985, chapter 114, section 2, is amended to read:

Subd. 2. [LOAN CRITERIA.] (a) To be eligible for the state interest payment, the farm operating loan must:

(1) be made to a farmer at an interest rate between seven and ten percent per year;

(2) be due and payable by March 1, 1986 1987, after it is made;

(3) be for operating expenses of the farm business; and

(4) be made to a farmer that shows the ability to repay the operating loan.

(b) The lender may use additional criteria in determining whether to make a farm operating loan to a farmer.

(c) The lender must encourage the farmer to participate in the vocational adult farm business management program. The lender must agree to offer to pay enrollment fees, less the amount of a locally available reduction in or subsidy to fees ordinarily paid by the enrollee, for loan recipients who wish to enroll and participate in a vocational adult farm business management program or equivalent. A lender is not required to pay farm management program enrollment fees for more than one farmer per loan.

Sec. 9. Laws 1985, chapter 4, section 6, subdivision 3, as amended by Laws 1985, chapter 114, section 2, as amended by Laws 1985, First Special Session chapter 13, section 371, is amended to read:

Subd. 3. [LOAN SUBMISSION.] The lender must submit to the commissioner all farm operating loans made by the lender for which the lender

requests the state to pay part of the interest, except that no loan or line of credit made by a lender to refinance credit on 1985 1986 operating loans made by a lender may be approved by the commissioner. The commissioner must review the loan within five days after receipt. The commissioner may not pay interest on loans submitted after December 31, 1985 1986.

Sec. 10. Laws 1985, chapter 4, section 6, subdivision 4, as amended by Laws 1985, chapter 114, section 2, is amended to read:

Subd. 4. [PAYMENT AMOUNT.] The amount of interest paid by the state must be two-thirds of the amount of interest foregone by the lender as a result of the lender making the loan at an interest rate less than the commissioner's interest index. The interest is payable on the unpaid principal of the first \$75,000 of the loan, except as provided in section 7. The maximum interest payment per farmer may not exceed \$3,750. At the request of the lender, the commissioner shall pay 50 percent of the total amount due to the lender within ten days after the request is submitted to the commissioner. The commissioner shall pay all interest due by ~~March 1, 1986~~ June 30, 1987.

Sec. 11. Laws 1985, chapter 4, section 8, is amended to read:

Sec. 8. [FORMS AND GUIDELINES.]

(a) Notwithstanding Minnesota Statutes, chapter 14, the commissioner shall adopt and provide guidelines to administer sections 4 to 6 and the forms to be submitted by a lender under sections 5 and 6. The forms under sections 5 and 6 constitute an application form for interest payment.

(b) The commissioner shall present a report to the senate agriculture and natural resources committee and the house of representatives agriculture committee containing the guidelines, when adopted.

(c) On April 15, 1985, and every third month afterwards until January 15, 1986 1987, the commissioner shall report to the chairpersons of the agriculture and appropriations committees of the house of representatives and the agriculture and natural resources and finance committees of the senate on the implementation and economic impact of this act. In the quarterly report the commissioner shall describe the current economic situation for agricultural lending in the state economy.

(d) By or on April 15, 1986 and 1987, the commissioner must report to the governor and the legislature on the overall effectiveness and efficiency of this act.

Sec. 12. Laws 1985, chapter 4, section 11, is amended to read:

Sec. 11. [REPEALER.]

Sections 1 to 9 are repealed effective July 1, 1986 1987.

Sec. 13. [EFFECTIVE DATE.]

*Sections 1 to 4, 6 to 13, and section 5, subdivisions 1 to 3, are effective the day following final enactment. Section 5, subdivisions 4 and 5, are effective July 1, 1986.*

### ARTICLE 3

#### FARM DEBT RESTRUCTURING

Section 1. [583.41] [FARM DEBT RESTRUCTURING LOANS.]



*Subdivision 1. [ELIGIBILITY; CONDITIONS.] A debtor to whom the farmer-lender mediation act applies is eligible to receive a loan from the state to restructure all or part of the debt that is involved in mediation. The mediator must first attempt to reach a mediation agreement between the debtor and creditors without a state loan. If a mediation agreement is not reached, the mediator may attempt to reach a mediation agreement using a state farm debt restructuring loan. The farm mediation commission may approve a state farm debt restructuring loan only if a mediation agreement can be reached as a result of making the loan and a viable farming operation will result and either:*

*(1) the creditors agree to reduce the total outstanding debt by at least 25 percent; or*

*(2) a lender provides a collateralized letter of credit guaranteeing 90 percent of the loan.*

*Subd. 2. [TERMS.] The loan must be repaid within 20 years and must provide for payments of principal and interest at least annually so that the loan will be amortized over its term with equal annual payments of principal and interest, except that a loan to be amortized over a term of ten years or less need not provide for equal annual payments of principal and interest.*

*Subd. 3. [SECURITY.] The loan must be secured by agricultural real estate by means of a purchase money mortgage evidenced by a negotiable note or notes as defined in section 336.3-104 or by a contract for deed.*

**Sec. 2. [583.42] [FARM DEBT RESTRUCTURING REVENUE BONDS.]**

*In order to provide money to be loaned to debtors to restructure farm debt, the commissioner of finance may sell and issue revenue bonds secured by the loan payments and also secured by any money on deposit in the farm debt restructuring loan account, which is established as a separate account in the state treasury. Neither the state nor any other agency or political subdivision of the state is liable on the revenue bonds, except to the extent of loan payments received and money on deposit in the farm debt loan restructuring account.*

**Sec. 3. [583.43] [GENERAL OBLIGATION BONDS.]**

*Subdivision 1. [PROCEDURE.] Upon request of the farm mediation commission, the commissioner of finance may issue general obligation bonds of the state in a principal amount not exceeding \$40,000,000. The bonds shall be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, shall be issued and secured as provided in Minnesota Statutes, section 16A.641. The proceeds of the bonds, except any premium and accrued interest, shall be deposited in the state treasury and credited to the special account established in section 2 and used solely for the purposes specified above and in section 16A.641, subdivision 8. The premium and accrued interest, if any, shall be deposited in the farm debt restructuring loan program bond account in the state bond fund.*

*Subd. 2. [TERMS OF BONDS.] The commissioner of finance may fix the terms of the bonds in any manner permitted for bonds of a municipality under*

chapter 475, and may enter into, on behalf of the state, all agreements deemed necessary for this purpose, including those authorized to be entered into by municipalities in chapter 475.

*Subd. 3. [SALE OF BONDS.] If determined by the commissioner of finance to be necessary in order to reduce costs of issuance, to secure a favorable prevailing interest rate, or to receive the bond proceeds by a specified date, or if the terms of the bonds are fixed as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), the bonds may be sold by negotiation and without solicitation of sealed bids.*

*Subd. 4. [BOND FUND ACCOUNT.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account that shall be designated as the state farm debt restructuring loan program bond account, to record receipts and disbursements of money transferred to the fund to pay bonds issued under this section and to record income from the investment of the money. The income shall be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.*

*Subd. 5. [TRANSFERS, APPROPRIATION.] In addition to any other money transferred to the state farm debt restructuring loan program bond account and in order to reduce the amount of taxes otherwise required by the Minnesota Constitution to be levied for the state bond fund, the commissioner of finance shall transfer from the general fund to the state farm debt restructuring loan program bond account, on December 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand in that account, to pay all bonds issued under this section and the interest on them due and to become due to and including July 1 in the second ensuing year. All money to be so credited and all income from its investment is annually appropriated for the payment of the bonds and interest on them, and shall be available in the state farm debt restructuring loan program bond account before the levy of the tax in any year required by the Minnesota Constitution, article XI, section 7. The legislature may also appropriate to the state farm debt restructuring loan program bond account any other money in the state treasury not otherwise appropriated, for the security of bonds issued under this section in the event that sufficient money should not be available in the account from the appropriation in this section, before the levy of the tax in any year. The commissioner of finance shall make the appropriate entries in the accounts of the respective funds.*

*Subd. 6. [CONSTITUTIONAL LEVY.] On or before December 1 in each year the state auditor shall levy on all taxable property within the state whatever tax may be necessary to produce an amount sufficient, with all money then in the state farm debt restructuring loan program bond account, to pay the entire amount of principal and interest due then or earlier and principal and interest to become due on or before July 1 in the second year thereafter on bonds issued under this section. This tax must be levied upon all real property used for a homestead, as well as other taxable property, notwithstanding section 273.13, subdivisions 6 and 7. The tax must not be limited in rate or amount until all the bonds and interest on them are fully paid. The proceeds of this tax are appropriated and must be credited to the state bond fund, and the principal and interest on the bonds are payable from*

*all the proceeds. As much of the proceeds as is necessary, is appropriated for the payments. If at any time there is insufficient money from the proceeds of the taxes to pay the principal and interest when due on the bonds, the principal and interest must be paid out of the general fund in the state treasury, and the amount necessary for the payment is appropriated.*

*Subd. 7. [COMPLIANCE WITH FEDERAL LAW.] The commissioner of finance may covenant and agree with the holders of the bonds issued under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.*

*Subd. 8. [TAXABILITY OF INTEREST.] The bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.*

**Sec. 4. [EFFECTIVE DATE.]**

*This article is effective the day following final enactment.*

#### ARTICLE 4

#### **Section 1. [480.250] [ADMINISTRATION OF FAMILY FARM LEGAL ASSISTANCE PROGRAM.]**

*Subdivision 1. [CONTRACT AND ADMINISTRATION.] The supreme court shall contract with one or more established nonprofit organizations to provide a family farmer legal assistance program for financially distressed state farmers by 60 days after funding is available. The supreme court may delegate responsibility for administering funds under the contract to the advisory committee established under section 480.242, subdivision 1.*

*Subd. 2. [LEGAL ASSISTANCE PROVIDER.] The supreme court may contract only with a legal assistance provider that:*

*(1) is incorporated as a nonprofit corporation under chapter 317 and tax exempt under section 501(c)(3) of the Internal Revenue Code of 1954 as amended through December 31, 1985;*

*(2) is organized principally to provide legal assistance;*

*(3) has a proven record of delivery of effective, high quality legal assistance;*

*(4) has experience, and has demonstrated expertise, in addressing legal issues affecting financially distressed family farmers;*

*(5) can begin providing delivery of legal assistance to financially distressed farmers within 30 days after the contract is awarded; and*

*(6) can provide legal assistance to farmers throughout the state.*

#### **Sec. 2. [480.252] [FAMILY FARM LEGAL ASSISTANCE PROGRAM.]**

*Subdivision 1. [REQUIREMENTS.] The family farmer legal assistance program shall provide:*

*(1) direct legal advocacy to farmers in the most effective and efficient*

manner, giving special emphasis to enforcement of legal rights affecting large numbers of farmers;

(2) legal advice and information to individual, financially distressed farmers and to attorneys throughout the state who represent financially distressed farmers;

(3) legal education and training to farmers, private attorneys, legal services staff, and the public;

(4) an information and referral network among farmers, attorneys, policymakers, and others concerned about the legal needs of family farmers affected by the economic crisis in agricultural areas; and

(5) an incoming, statewide, toll-free telephone line to provide the advice and referral requirements in this subdivision.

Subd. 2. [REPORT.] *The legal assistance provider shall submit a report to the supreme court each six months during the contract period detailing how the legal assistance provider has met the requirements in subdivision 1.*

Subd. 3. [TERMINATION.] *A contract under sections 1 to 4 may be terminated by the supreme court, or denied for renewal, upon reasonable written notice and good cause shown.*

Sec. 3. [480.254] [LEGAL ASSISTANCE ELIGIBILITY.]

*A person is eligible for legal assistance under section 2 if the person:*

(1) *is a state resident;*

(2) *is a farmer, or a family shareholder of a family farm corporation;*

(3) *represents a farm business that has a debt to asset ratio greater than 40 percent; and*

(4) *received less than \$20,000 in taxable income in the previous taxable year and is financially unable to acquire legal assistance.*

Sec. 4. [480.256] [ANNUAL REPORT.]

*A legal assistance provider shall submit a report to the supreme court, the senate committee on agriculture and natural resources, and the agriculture committee of the house of representatives by January 15 after each year of funding. The report must describe the activities and expenses under the contract during the previous calendar year and a summary of additional legal representation needed by distressed family farmers.*

Sec. 5. [EFFECTIVE DATE.]

*Sections 1 to 5 are effective the day after final enactment.*

## ARTICLE 5

### Section 1. [236A.01] [INTERSTATE COMPACT ON AGRICULTURAL GRAIN MARKETING.]

*The state of Minnesota ratifies and approves the following compact:*

*Interstate Compact on Agricultural*

*Grain Marketing*

*Article I. - Purpose*

*It is the purpose of this compact to protect, preserve, and enhance:*

*(a) the economic and general welfare of citizens of the joining states engaged in the production and sale of agricultural grains;*

*(b) the economies and very existence of local communities in such states, the economies of which are dependent upon the production and sale of agricultural grains; and*

*(c) the continued production of agricultural grains in such states in quantities necessary to feed the increasing population of the United States and the world.*

#### *Article II. - Definitions*

*As used in this compact:*

*(a) "State" means any state of the United States in which agricultural grains are produced for the markets of the nation and world.*

*(b) "Agricultural grains" means wheat, durum, spelt, triticale, oats, rye, corn, barley, buckwheat, flaxseed, safflower, sunflower seed, soybeans, sorghum grains, peas, and beans.*

#### *Article III. - Commission*

##### *(a) Organization and Management*

*(1) There is hereby created an agency of the member states to be known as the Interstate Agricultural Grain Marketing Commission, hereinafter called the commission. The commission shall consist of three residents of each member state who shall have an agricultural background and who shall be appointed as follows: (i) one member appointed by the governor, who shall serve at the pleasure of the governor; (ii) one senator appointed in the manner prescribed by the senate of such state, except that two senators may be appointed by the Governor of the State of Nebraska from the unicameral legislature of the state of Nebraska; and (iii) one member of the house of representatives appointed in the manner prescribed by the house of representatives of such state.*

*The member first appointed by the governor shall serve for a term of one year and the senator and representative first appointed shall each serve for a term of two years; thereafter all members appointed shall serve for two-year terms. The attorneys general of member states or assistants designated thereby shall be nonvoting members of the commission.*

*(2) Each member shall be entitled to one vote. A member must be present to vote and no voting by proxy shall be permitted. The commission shall not act unless a majority of the voting members are present, and no action shall be binding unless approved by a majority of the total number of voting members present.*

*(3) The commission shall be a body corporate of each member state and shall adopt an official seal to be used as it may provide.*

*(4) The commission shall hold an annual meeting and such other regular meetings as its bylaws may provide and such special meetings as its executive committee may determine. The commission bylaws shall specify the dates of the annual and any other regular meetings, and shall provide for the*

*giving of notice of annual, regular, and special meetings. Notices of special meetings shall include the reasons therefor and an agenda of the items to be considered.*

*(5) The commission shall elect annually, from among its voting members, a chairperson, a vice-chairperson, and a treasurer. The commission shall appoint an executive director who shall serve at its pleasure, and shall fix the duties and compensation of such director. The executive director shall be secretary of the commission. The commission shall make provision for the bonding of such of its officers and employees as it may deem appropriate.*

*(6) Irrespective of the civil service, personnel, or other merit system laws of any member state, the executive director shall appoint or discharge such personnel as may be necessary for the performance of the functions of the commission and shall fix, with the approval of the commission, their duties and compensation. The commission bylaws shall provide for personnel policies and programs. The commission may establish and maintain, independently of or in conjunction with any one or more of the member states, a suitable retirement system for its full-time employees. Employees of the commission shall be eligible for social security coverage in respect of old age and survivors insurance provided that the commission takes such steps as may be necessary pursuant to federal law to participate in such program of insurance as a governmental agency or unit. The commission may establish and maintain or participate in such additional programs of employee benefits as may be appropriate. The commission may borrow, accept, or contract for the services of personnel from any state, the United States, or any other governmental entity.*

*(7) The commission may accept for any of its purposes and functions any and all donations and grants of money, equipment, supplies, materials, and services, conditional or otherwise, from any governmental entity, and may utilize and dispose of the same.*

*(8) The commission may establish one or more offices for the transacting of its business.*

*(9) The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments thereto with the appropriate agency or officer in each of the member states.*

*(10) The commission annually shall make to the governor and legislature of each member state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount, and conditions, if any, of the donation, gift, grant, or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.*

#### *(b) Committees*

*(1) The commission may establish such committees from its membership as its bylaws may provide for the carrying out of its functions.*

#### *Article IV. - Powers and Duties of Commission*

*(a) The commission shall conduct comprehensive and continuing studies*

and investigations of agricultural grain marketing practices, procedures, and controls and their relationship to and effect upon the citizens and economies of the member states.

(b) The commission shall make recommendations for the correction of weaknesses and solutions to problems in the present system of agricultural grain marketing or the development of alternatives thereto, including the development, drafting, and recommendation of proposed state or federal legislation.

(c) The commission is hereby authorized to do all things necessary and incidental to the administration of its functions under this compact.

#### Article V. - Finance

(a) The commission shall submit to the governor of each member state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

(b) The money necessary to finance the general operations of the commission not otherwise provided for in carrying forth its duties, responsibilities, and powers as stated herein shall be appropriated to the commission by the member states, when authorized by the respective legislatures. Appropriations by member states for the financing of the operations of the commission in the initial biennium of the compact shall be in the amount of \$50,000 for each member state; thereafter the total amount of appropriations requested shall be apportioned among the member states in the manner determined by the commission. Failure of a member state to provide its share of financing shall be cause for the state to lose its membership in the compact.

(c) The commission shall not incur any obligations of any kind prior to the making of appropriations adequate to meet the same; nor shall the commission pledge the credit of any of the member states, except by and with the authority of the member state.

(d) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. However, all receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

(e) The accounts of the commission shall be open for inspection at any reasonable time.

#### Article VI. - Eligible Parties, Entry Into Force, Withdrawal and Termination

(a) Any agricultural grain marketing state may become a member of this compact.

(b) This compact shall become effective initially when enacted into law by any five states prior to July 1, 1988, and in additional states upon their enactment of the same into law.

(c) Any member state may withdraw from this compact by enacting a statute repealing the compact; but such withdrawal shall not become effective until one year after the enactment of such statute and the notification of the

*commission thereof by the governor of the withdrawing state. A withdrawing state shall be liable for any obligations which it incurred on account of its membership up to the effective date of withdrawal, and if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it shall remain liable to the extent of such obligation.*

*(d) This compact shall terminate one year after the notification of withdrawal by the governor of any member state which reduces the total membership in the compact to less than five states.*

**Sec. 2. [EFFECTIVE DATE.]**

*This act is effective the day after final enactment.*

**ARTICLE 6**

**Section 1. [40A.151] [MINNESOTA CONSERVATION FUND.]**

*Subdivision 1. [ESTABLISHMENT.] The Minnesota conservation fund is established as an account in the state treasury. Money from counties under section 2 must be deposited in the state treasury and credited to the Minnesota conservation fund account.*

*Subd. 2. [USE OF FUND.] Money in the fund is annually appropriated to the commissioner of revenue to reimburse taxing jurisdictions as provided in section 3 and section 473H.10.*

**Sec. 2. [40A.152] [COUNTY CONSERVATION FEE; ACCOUNT.]**

*Subdivision 1. [FEE.] A county shall impose an additional fee of \$3 per transaction on the recording or registration of a mortgage subject to the tax under section 287.05 and an additional \$3 on the recording or registration of a deed subject to the tax under section 287.21. One-half of the fee must be deposited in a special conservation account to be created in the county general revenue fund and one-half must be transferred to the commissioner of revenue for deposit in the state treasury and credited to the Minnesota conservation fund.*

*Subd. 2. [USE OF ACCOUNT.] Money from the county conservation account shall be spent by the county to reimburse the county and taxing jurisdictions within the county for revenue lost under the conservation tax credit under section 3 or the valuation of agricultural preserves under section 473H.10. Money remaining in the account after those payments may be spent for the following purposes:*

- (1) agricultural land preservation and conservation planning and implementation of official controls under this chapter or chapter 473H;*
- (2) soil conservation activities and enforcement of soil loss ordinances;*
- (3) incentives for landowners who create exclusive agricultural use zones;*
- (4) payments to municipalities within the county for the purposes of clauses (1) to (3).*

*Subd. 3. [TRANSFER TO STATE FUND.] Money in the county conservation account that is not encumbered by the county within one year of deposit in the account must be transferred to the commissioner of revenue for*



*deposit in the Minnesota conservation fund.*

Sec. 3. [273.118] [CONSERVATION TAX CREDIT.]

*Subdivision 1. [ELIGIBILITY; AMOUNT OF CREDIT.] Land located in an exclusive agricultural use zone created under chapter 40A is eligible for a property tax credit of \$1.50 per acre. To qualify for the tax credit in any year the owner shall file with the assessor by June 30 of that year a record of the restrictive covenant received by the owner under section 40A.10, subdivision 3. An owner who has given notice of termination of the exclusive agricultural use zone under section 40A.11, subdivision 2, is not eligible for the credit. The assessor shall indicate the amount of the property tax reduction on the property tax statement of each taxpayer receiving a credit under this section. The credit paid pursuant to this section shall be deducted from the tax due on the property before computation of the homestead credit paid pursuant to section 273.13 and the state agricultural credit paid pursuant to section 124.2137.*

*Subd. 2. [REIMBURSEMENT FOR LOST REVENUE.] The county may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the cost of the property tax credit. The county auditor shall certify to the commissioner of revenue on or before June 1 of each year the amount of tax lost to the county from the property tax credit under subdivision 1 and the extent that the tax lost exceeds funds available in the county conservation account. On or before July 15 of each year, the commissioner shall reimburse the county from the Minnesota conservation fund under section 1 for the taxes lost in excess of the county account. If money in the Minnesota conservation fund is insufficient to make the reimbursement, there is annually appropriated from the general fund to the commissioner of revenue an amount sufficient to make the remaining reimbursement.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 473H.10, subdivision 3, is amended to read:

Subd. 3. [COMPUTATION OF TAX; STATE REIMBURSEMENT.] (a) After the assessor has determined the market value of all land valued according to subdivision 2, he shall compute the assessed value of those properties by applying the appropriate classification percentages. When the county auditor computes the rate of tax pursuant to section 275.08, he shall include the assessed value of land as provided in this clause.

(b) The county auditor shall compute the tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the assessed value times the total rate of tax for all purposes as provided in clause (a).

(c) The county auditor shall then compute the maximum ad valorem property tax on lands valued according to subdivision 2 and nonresidential buildings by multiplying the assessed value times 105 percent of the previous year's statewide average mill rate levied on property located within townships for all purposes.

(d) The tax due and payable by the owner of preserve land valued according to subdivision 2 and nonresidential buildings will be the amount determined in clause (b) or (c), whichever is less. If the gross tax in clause (c) is less than the gross tax in clause (b), the state shall reimburse the taxing

jurisdictions for the amount of difference. Residential buildings shall continue to be valued and classified according to the provisions of sections 273.11 and 273.13, as they would be in the absence of this section, and the tax on those buildings shall not be subject to the limitation contained in this clause.

*The county may transfer money from the county conservation account created in section 2 to the county revenue fund to reimburse the fund for the tax lost as a result of this subdivision or to pay taxing jurisdictions within the county for the tax lost. The county auditor shall certify to the commissioner of revenue on or before June 1 the total amount of tax lost to the county and taxing jurisdictions located within his county as a result of this subdivision and the extent that the tax lost exceeds funds available in the county conservation account. Payments shall be made by the state as provided in section 273.13, subdivision 15a to each of the affected taxing jurisdictions if the county conservation account is insufficient to make the reimbursement. There is annually appropriated from the general fund in the state treasury Minnesota conservation fund under section 1 to the commissioner of revenue an amount sufficient to make the reimbursement provided in this subdivision. If money in the fund is insufficient to make the reimbursements the appropriation is from the general fund.*

Sec. 5. [EFFECTIVE DATE.]

*Section 3 is effective for taxes levied in 1987 and payable in 1988 and after. Section 4 is effective June 1, 1987.*

ARTICLE 7

Section 1. Minnesota Statutes 1985 Supplement, section 40.20, is amended to read:

40.20 [SOIL LOSS ORDINANCES.]

*Subdivision 1. [COUNTY REQUIREMENT.] Counties must adopt a soil loss ordinance that substantially complies with the model ordinance and is approved by the commissioner of agriculture as provided by section 3.*

*Subd. 2. [MUNICIPAL ORDINANCES.] Each statutory or home rule charter city, or town, or county that has planning and zoning authority under sections 366.10 to 366.19, ~~394.24 to 394.37~~, or 462.351 to 462.365 is encouraged to adopt a soil loss ordinance. The soil loss ordinance must use the soil loss tolerance for each soil series described in the United States Soil Conservation Service Field Office Technical Guide to determine the soil loss limits but the soil loss limits must be attainable by the best practicable soil conservation practice. A local government that adopts a soil loss ordinance may enter an agreement with its agent allowing the agent to administer the functions and perform the duties of the local government as provided by ~~Laws 1985, chapter 256, sections 12 to 22~~ under sections 40.19 to 40.26. Ordinances adopted by local governments within the metropolitan area defined in section 473.121 must be consistent with local water management plans adopted under section 473.879.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 40.21, subdivision 1, is amended to read:

Subdivision 1. [RULES AND MODEL ORDINANCE AS GUIDE.] The

commissioner of agriculture, in consultation with counties, soil and water conservation districts, and other appropriate agencies, shall adopt a model ordinance and rules that may serve as a guide for local governments or be the ordinance for counties to carry out the provisions of Laws 1985, chapter 256, sections 12 to 22 and sections 40.20 to 40.26, and provide administrative procedures for the state soil and water conservation board for Laws 1985, chapter 256, sections 12 to 24 and sections 40.20 to 40.26.

Sec. 3. [40.215] [APPROVAL OF COUNTY SOIL LOSS ORDINANCE.]

*Each county must adopt the model ordinance or may submit a proposed soil loss ordinance to the commissioner of agriculture. The commissioner must review the proposed soil loss ordinance within 60 days after receiving it and in consultation with the county make amendments, if necessary, for the ordinance to substantially conform with the model ordinance. The county must adopt the ordinance as amended by 60 days after it is received from the commissioner.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 40.26, is amended to read:

40.26 [APPLICATION FOR COST-SHARING FUNDS.]

*Subdivision 1. [COST-SHARE REQUIRED.] (a) Except for a development activity, a land occupier may not be required to establish soil conservation practices unless state cost-sharing funds have been specifically approved for that land and have been made available to the land occupier under sections 40.23 and 40.242, equal to at least 75 percent of the cost of the permanent conservation practices on a voluntary basis, or a 50 percent cost share if an application for cost share is not made within 90 days after the board approves a mediated written agreement or within 90 days after the court orders implementation of a plan and time schedule prepared by the landowner or the court. For mediated settlements, a court order that implements the landowner's alternatives or the court's alternatives must state the time schedule for application for 50 percent cost share. If the court orders implementation of the district's plan and time schedule, a landowner is only eligible for 50 percent cost share.*

*Subd. 2. [REVIEW OF REQUIREMENTS.] (b) The state soil and water conservation board shall review these requirements at least once each year, and may authorize a district to provide a higher percentage of cost sharing than is required by this section. To aid in this determination, the state board may consider the location of the affected area in relation to the priority areas as established in the soil and water conservation district annual and long-range plans.*

*Subd. 3. [RECORDING.] The permanent conservation practices must be recorded with the county recorder on the tracts where they occur if the cost-sharing funds are issued to the landowner.*

Sec. 5. [40.275] [REMOVAL OF PERMANENT CONSERVATION PRACTICES.]

*Subdivision 1. [PROHIBITION.] A person may not remove permanent conservation practices that are implemented with cost-sharing funds without*

*approval of the commissioner of agriculture.*

*Subd. 2. [APPROVAL.] The commissioner of agriculture shall approve removal of permanent conservation practices if:*

*(1) the removal will improve the use of the land; and*

*(2) other conservation practices are implemented that prevent excessive soil loss, with or without additional cost-sharing funds as determined by the commissioner.*

*Subd. 3. [REMEDIES.] If a permanent conservation practice is to be removed without the commissioner's approval, the commissioner shall enjoin the removal. If a permanent conservation practice has been removed in violation of this section, the commissioner shall bring an action to have the permanent conservation practice or its equivalent implemented and may seek a penalty as provided in section 40.28.*

*Subd. 4. [RULES.] The commissioner of agriculture may adopt rules to implement this section.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 40.28, is amended to read:

**40.28 [PENALTY.]**

*Subdivision 1. [CAUSING EXCESSIVE SOIL LOSS.] A person who ~~violates~~ causes excessive soil loss in violation of section 40.22, subdivision 1, is subject to a civil penalty up to \$500.*

*Subd. 2. [REMOVAL OF PERMANENT CONSERVATION PRACTICES.] A person who violates section 5 by removing a permanent conservation practice that has been implemented with the aid of cost-sharing funds is subject to a civil penalty up to \$10,000.*

Sec. 7. Minnesota Statutes 1985 Supplement, section 160.232, is amended to read:

**160.232 [MOWING DITCHES OUTSIDE CITIES.]**

Road authorities may not mow, *burn, or till* the right-of-way of a highway located outside of a home rule charter or statutory city except as allowed in this section and section 160.23.

(a) On any highway, the first eight feet away from the road surface, or shoulder if one exists, may be mowed at any time.

(b) An entire right-of-way may be mowed after July 31. From August 31 to the following July 31, the entire right-of-way may only be mowed if necessary for safety reasons, and may not be mowed to a height of less than 12 inches.

(c) A right-of-way may be mowed as necessary to maintain sight distance for safety and may be mowed at other times under rules of the commissioner, or by resolution of a local road authority.

*(d) A right-of-way may be mowed, burned, or tilled to prepare the right-of-way for the establishment of permanent vegetative cover or for prairie vegetation management.*

Sec. 8. Minnesota Statutes 1984, section 160.27, subdivision 5, is

amended to read:

Subd. 5. [MISDEMEANORS.] Except for the actions of the road authorities, their agents, employees, contractors, and utilities in carrying out their duties imposed by law or contract, and except as herein provided, it shall be unlawful to:

- (1) Obstruct any highway or deposit snow or ice thereon;
- (2) Plow, *burn*, or perform any other detrimental operation within the road right of way except in the preparation of the land for planting a ~~perennial hay crop, and the harvesting of said crop~~ *permanent vegetative cover*;
- (3) Erect a fence on the right of way of a trunk highway, county state-aid highway, county highway or town road, except to erect a lane fence to the ends of a livestock pass;
- (4) Dig any holes in any highway; except to locate markers placed to identify sectional corner positions and private boundary corners;
- (5) Remove any earth, gravel or rock from any highway;
- (6) Obstruct any ditch draining any highway or drain any noisome materials into any ditch;
- (7) Place or maintain any building or structure within the limits of any highway;
- (8) Place or maintain any advertisement within the limits of any highway;
- (9) Paint, print, place, or affix any advertisement or any object within the limits of any highway;
- (10) Deface, mar, damage, or tamper with any structure, work, material, equipment, tools, signs, markers, signals, paving, guardrails, drains, or any other highway appurtenance on or along any highway;
- (11) Remove, injure, displace, or destroy right of way markers, or reference or witness monuments, or markers placed to preserve section or quarter section corners;
- (12) Improperly place or fail to place warning signs and detour signs as provided by law;
- (13) Drive over, through, or around any barricade, fence, or obstruction erected for the purpose of preventing traffic from passing over a portion of a highway closed to public travel or to remove, deface, or damage any such barricade, fence, or obstruction.

Violations hereof shall be prosecuted by the county attorney of the county where the violations occur. Any person convicted of such violations shall be guilty of a misdemeanor.

#### Sec. 9. [REPORT.]

*Subdivision 1. [INVESTIGATION.] (a) The commissioner of natural resources shall request information from county highway engineers on:*

- (1) the policy of the county regarding mowing, burning, or tilling the right-of-ways of highways in the county, including town road authority policies;*

(2) *the road distance of right-of-ways that are mowed, burned, or tilled; and*

(3) *the amount spent for mowing, burning, and tilling right-of-ways.*

(b) *The commissioner of natural resources shall determine the length and area of drainage ditches that are required to be planted with permanent grass under section 106A.021 and prior law, and the enforcement actions taken by the commissioner or enforcement personnel to maintain the grass strips.*

*Subd. 2. [COOPERATION.] The commissioner of transportation, county highway engineers, the road authorities, drainage authorities, and county auditors shall cooperate with the commissioner of natural resources in conducting the investigations.*

*Subd. 3. [REPORT TO LEGISLATURE.] The commissioner of natural resources shall prepare a report on the information collected under subdivision 1 and submit it to the legislature by January 15, 1987.*

Sec. 10. [REPORT.]

*The soil and water conservation board shall prepare a report on which counties in the state should not adopt a soil loss ordinance under sections 1 and 3. The report must be submitted to the legislature by January 15, 1987.*

Sec. 11. [REPEALER.]

*Minnesota Statutes 1984, section 40.27, is repealed.*

Sec. 12. [EFFECTIVE DATE.]

*This act is effective July 1, 1986, except counties are not required to adopt a soil loss ordinance under sections 1 and 3 until July 1, 1988.*

ARTICLE 8

Section 1. Minnesota Statutes 1984, section 336.9-312, is amended to read:

336.9-312 [PRIORITIES AMONG CONFLICTING SECURITY INTERESTS IN THE SAME COLLATERAL.]

(1) The rules of priority stated in other sections of this part and in the following sections shall govern when applicable: section 336.4-208 with respect to the security interests of collecting banks in items being collected, accompanying documents and proceeds; section 336.9-103 on security interests related to other jurisdictions; section 336.9-114 on consignments.

(2) A perfected security interest in crops for new value given to enable the debtor to produce the crops during the production season and given not more than three months before the crops become growing crops by planting or otherwise takes priority over an earlier perfected security interest to the extent that such earlier interest secures obligations due more than six months before the crops become growing crops by planting or otherwise, even though the person giving new value had knowledge of the earlier security interest.

(2) (a) *A production money security interest in farm products and proceeds of the farm products takes priority over a conflicting security interest*

*in the farm products or proceeds of the farm products, if the production money security interest in the farm products and proceeds of the farm products is perfected by 20 days after the debtor receives the goods or services acquired with the value secured by the production money security interest. Priority among conflicting production money security interests in the same farm products or proceeds rank equally and are entitled to share ratably in the farm products or proceeds of the farm products.*

*(b) A production money security interest is a security interest in farm products for new value given to enable the debtor to acquire goods or services used in producing or raising the farm products if the value is in fact so used. The new value given may be by loan of money by a lender or other financier or by extension of credit by a seller or other supplier. A security interest in farm products taken or retained by the seller, lessor, or any other supplier or financier of equipment, to secure a debt owed with respect to the equipment is not a production money security interest.*

*(c) The creating or perfecting of a production money security interest shall not operate under any circumstances as a default on, an accelerating event under, or otherwise as a breach of: any note or other instrument or agreement of any kind or nature to pay debt; any loan or credit agreement; or any security arrangement of any kind or nature whether the collateral is real or personal property.*

(3) A perfected purchase money security interest in inventory has priority over a conflicting security interest in the same inventory and also has priority in identifiable cash proceeds received on or before the delivery of the inventory to a buyer if

(a) the purchase money security interest is perfected at the time the debtor receives possession of the inventory; and

(b) the purchase money secured party gives notification in writing to the holder of the conflicting security interest if the holder had filed a financing statement covering the same types of inventory (i) before the date of the filing made by the purchase money secured party, or (ii) before the beginning of the 21 day period where the purchase money security interest is temporarily perfected without filing or possession (subsection (5) of section 336.9-304); and

(c) the holder of the conflicting security interest receives the notification within five years before the debtor receives possession of the inventory; and

(d) the notification states that the person giving the notice has or expects to acquire a purchase money security interest in inventory of the debtor, describing such inventory by item or type.

(4) A purchase money security interest in collateral other than inventory has priority over a conflicting security interest in the same collateral or its proceeds if the purchase money security interest is perfected at the time the debtor receives possession of the collateral or within 20 days thereafter.

(5) In all cases not governed by other rules stated in this section (including cases of purchase money security interests which do not qualify for the special priorities set forth in subsections (3) and (4) of this section), priority between conflicting security interests in the same collateral shall be deter-

mined according to the following rules:

(a) Conflicting security interests rank according to priority in time of filing or perfection. Priority dates from the time a filing is first made covering the collateral or the time the security interest is first perfected, whichever is earlier, provided that there is no period thereafter when there is neither filing nor perfection.

(b) so long as conflicting security interests are unperfected, the first to attach has priority.

(6) For the purposes of subsection (5) a date of filing or perfection as to collateral is also a date of filing or perfection as to proceeds.

(7) If future advances are made while a security interest is perfected by filing, the taking of possession, or under section 336.8-321 on securities, the security interest has the same priority for the purposes of subsection (5) with respect to the future advances as it does with respect to the first advance. If a commitment is made before or while the security interest is so perfected, the security interest has the same priority with respect to advances made pursuant thereto. In other cases a perfected security interest has priority from the date the advance is made.

## Sec. 2. [COMMENT TO SECTION 336.9-312(2).]

*Subsection (2) is an instance of the preference which this code gives a new value secured party. The principle of this provision is that a person who extends credit that enables a debtor to produce new crops or raise livestock, and secures this credit with a security interest in the farm products, gets first claim to the collateral, outranking the interest of another secured party who claims the collateral as after-acquired property. So subsection (2) creates an exception to the first-to-file-or-perfect rule of subsection (5) as do subsections (3) and (4). The purposes behind all these exceptions are the same: to encourage infusion of new value into businesses and to prevent unjust enrichment. Subsection (2) has the effect of putting farming on a par with any other business with respect to secured financing.*

*When two or more production money security interests attach to the same collateral, priority is not determined on a first-to-file basis. Rather, the interests rank equally and the secured parties share ratably in the collateral or its proceeds (Cf. section 336.9-315). Subsection (5) governs in the case of a priority conflict between and among production money security interests and purchase money security interests in the same farm products collateral.*

*A supplier of new value will be encouraged to extend new value only if the supplier is certain that the supplier's interest in the farm products will be entitled to priority. The subsection should be broadly construed concerning the activities involved in producing or raising crops and livestock. "Producing crops" includes preparing the land for planting, cultivating or otherwise tending crops, harvesting, preparing crops for sale or storage prior to sale, storing crops prior to sale, transporting to sale, selling, or engaging in any other activity that proximately relates to the growing and marketing of crops or products of crops. "Raising livestock" includes feeding or grazing, fencing, providing health care, breeding, slaughtering, preparing for sale, transporting to sale, selling, or engaging in any other activity that proximately relates to the care and marketing of livestock or products*



of livestock.

*The financier of farm machinery or other farm equipment in a sense enables the production of crops or raising of livestock. Yet, this person has the security of a first claim to the equipment itself and as to farm products should rank below suppliers of goods, services, and money that is consumed in the production process.*

*The purposes behind this subsection could be frustrated by language in loan agreements, which typically is unbargained-for boilerplate, that could be construed to prohibit a debtor from creating production money security interests. So this sort of language is neutered. A creditor should not be allowed through contract to accomplish a result that contravenes the policy of positive law.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 514.952, subdivision 4, is amended to read:

Subd. 4. [EFFECT OF RESPONSE.] (a) If a lender responds *by ten calendar days after receiving the lien-notification statement* with a letter of commitment for part or all of the amount in the lien-notification statement, the supplier may not obtain a lien for the amount stated in the letter of commitment.

(b) If a lender responds with a refusal to provide a letter of commitment the rights of the lender and the supplier are not affected.

Sec. 4. Minnesota Statutes 1984, section 514.952, subdivision 6, is amended to read:

Subd. 6. [LIEN PRIORITY.] (a) *For conflicting liens or security interests in the same collateral an agricultural production input lien does not have priority over liens that arise under chapter 395 or 514, or over perfected liens or security interests for unpaid rent for the land where the crops were grown.*  
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(b) *Except as provided in paragraph (a), agricultural production input liens are a security interest and have priority according to chapter 336, the uniform commercial code, except as provided in subdivision 5 over conflicting liens or security interests in crops, livestock, and their products or proceeds if the lien or security interest does not secure new value given to enable the debtor to acquire goods or services in producing or raising the crops, livestock, or their products and the value was in fact used for that purpose.*

(c) *Priority among conflicting agricultural production input liens and production money security interests under section 336.9-312, subsection (2), in the same crops, livestock, or their products or proceeds shall be on a pro rata basis.*

(d) *The creating or perfecting of an agricultural production input lien shall not operate under any circumstances as a default on, an accelerating event under, or otherwise as a breach of: any note or other instrument or agreement of any kind or nature to pay debt; any loan or credit agreement; or any security arrangement of any kind or nature whether the collateral is real or personal property.*

Sec. 5. [514.960] [LANDLORD LIEN.]

*Subdivision 1. [LIEN; ATTACHMENT.] A person or entity that leases property for agricultural production has a lien for unpaid rent on the crops produced on the property in the crop year, and the crop products and their proceeds.*

*Subd. 2. [PERFECTION.] (a) To perfect a landlord lien, the lien must attach and the person or entity entitled to the lien must file a lien statement with the appropriate filing office under section 336.9-401 by 30 days after the crops become growing crops.*

*(b) A landlord lien that is not perfected has the priority of an unperfected security interest under section 336.9-312.*

*Subd. 3. [DUTIES OF FILING OFFICER.] The filing officer shall enter on the lien statement the time of day and date of filing. The filing officer shall file, amend, terminate, note the filing of a lien statement, and charge the fee for filing under this section in the manner provided by section 336.9-403 for a financing statement. A lien statement is void and may be removed from the filing system 18 months after the date of filing. The lien statement may be physically destroyed after 30 months from the date of filing.*

*Subd. 4. [PRIORITY.] A landlord lien has priority over all other liens or security interests in crops grown or produced on the property that was leased and the crop products and proceeds.*

*Subd. 5. [ENFORCEMENT OF LIEN.] The holder of a landlord lien may enforce the lien in the manner provided in sections 336.9-501 to 336.9-508 subject to section 550.17. For enforcement of the lien, the lienholder is the secured party and the person leasing the property is the debtor, and each has the respective rights and duties of a secured party and a debtor under sections 336.9-501 to 336.9-508. If a right or duty under sections 336.9-501 to 336.9-508 is contingent upon the existence of express language in a security agreement or may be waived by express language in a security agreement, the requisite language does not exist.*

*Subd. 6. [ENFORCEMENT ACTIONS; LIEN EXTINGUISHED.] An action to enforce a landlord lien may be brought in district court in a county where the property is located after the lien is perfected. A lien statement may be amended, except the amount demanded, by leave of the court in the furtherance of justice. A landlord lien is extinguished if an action to enforce the lien is not brought within 18 months after the date the lien statement is filed.*

#### Sec. 6. [SCOPE OF APPLICATION.]

*If a person gives new value on or after January 1, 1986, and secures the new value given with a security interest that would qualify as a production money security interest after the effective date of this act, the security interest has the priority of a production money security interest under section 1.*

#### Sec. 7. [REPEALER.]

*Minnesota Statutes 1985 Supplement, section 514.952, subdivision 5, is repealed.*

#### Sec. 8. [EFFECTIVE DATE.]

*This act is effective July 1, 1986.*

### ARTICLE 9

#### Section 1. [LEGISLATIVE FINDINGS.]

*The legislature finds that there is a rural economic emergency resulting from the agricultural economic depression. Foreclosure sales and subsequent deficiency judgments are debilitating the persons foreclosed and taking away their hope for readjustment after foreclosure, which is detrimental to the welfare of the state.*

Sec. 2. [580.225] [SATISFACTION OF JUDGMENT.]

*The amount received from foreclosure sale under this chapter is full satisfaction of the mortgage debt except as provided in section 5.*

Sec. 3. Minnesota Statutes 1984, section 580.23, subdivision 1, is amended to read:

580.23 [REDEMPTION BY MORTGAGOR.]

Subdivision 1. When lands have been sold in conformity with the preceding sections of this chapter the mortgagor, his personal representatives or assigns, within six months after such sale, except as otherwise provided in subdivision 2, may redeem such lands, as hereinafter provided, by paying the sum of money for which the same were sold, with interest from the time of sale at the rate provided to be paid on the mortgage debt and, if no rate be provided in the mortgage note, at the rate of six percent per annum, together with any further sums which may be payable pursuant to section 582.03. ~~Where the redemption period is as provided in this subdivision the mortgagee, or his successors, assigns, or personal representative, or any other purchaser so purchasing at the sheriff's sale shall by purchasing the property at the sheriff's sale thereby waive his right to a deficiency judgment against the mortgagor.~~

Sec. 4. Minnesota Statutes 1984, section 581.09, is amended to read:

581.09 [SATISFACTION OF JUDGMENT; EXECUTION FOR DEFICIENCY.]

Upon confirmation of the report of sale, the clerk shall enter satisfaction of the judgment to the extent of the sum bid for the premises, less expenses and costs, ~~and for any balance of such judgment, execution may issue as in other cases; but no such execution shall issue on the judgment until after a sale of the mortgaged premises, and the application of the amount realized as aforesaid.~~ *The amount entered is full satisfaction of the judgment except as provided in section 5.*

Sec. 5. [582.30] [DEFICIENCY JUDGMENTS.]

*Subdivision 1. [DEFICIENCY ALLOWED.] If the amount the holder of a mortgage receives from a foreclosure sale under chapter 580 is less than the entire amount remaining unpaid on the mortgage, or under chapter 581 is less than the amount of the judgment entered, the holder of the mortgage may obtain a personal judgment against the mortgagor for the deficient amount except as provided in this section. The judgment may not be for more than the difference between the amount received from the foreclosure sale and (1) the total amount that attaches to the sale proceeds under section 580.09; or (2) for a foreclosure by action, the amount of the judgment under section 581.03.*

Subd. 2. [GENERAL PROHIBITION FOR PROPERTY WITH SIX-

MONTH REDEMPTION PERIOD.] *A deficiency judgment is not allowed if the property has been sold by advertisement under chapter 580 and has a redemption period of six months under section 580.23, subdivision 1.*

*Subd. 3. [AGRICULTURAL PROPERTY.] (a) If property used in agricultural production is foreclosed and sold, a deficiency judgment may only be obtained by filing a separate action for a deficiency judgment within 90 days after the foreclosure sale. A court may allow a deficiency judgment only if it determines that the sale of the property was conducted in a commercially reasonable manner.*

*(b) The amount of the deficiency judgment is limited to the difference of the fair market value of the property, and the amount remaining unpaid on the mortgage if the foreclosure is under chapter 580 or the amount of the judgment if the foreclosure is under chapter 581. A separate jury proceeding must be brought to determine the fair market value of the property. The property may not be presumed to be sold for its fair market value. A party adversely affected by a deficiency judgment may submit evidence relevant to establishing the fair market value of the property. Notice of the time and place where the fair market value of the property is to be determined must be given to all parties adversely affected by the judgment.*

*Subd. 4. [JUDGMENT ON MORTGAGE NOTE.] A personal judgment may not be executed against a party personally liable on a mortgage note secured by real property used in agricultural production unless the fair market value of the property is determined by a jury in a separate proceeding as provided in subdivision 3, paragraph (b). The personal judgment on the mortgage note may not be for more than the difference of the amount due on the note and the fair market value of the property.*

*Subd. 5. [STATUTE OF LIMITATIONS ON EXECUTING JUDGMENT.] A deficiency judgment or personal judgment obtained under subdivision 3 or 4 may be enforced by execution but the personal judgment may not be executed after three years from the date judgment was entered.*

**Sec. 6. [EFFECTIVE DATE.]**

*This act is effective the day following final enactment.*

## ARTICLE 10

### CHAPTER 32C

**Section 1. [32C.005] [FINDINGS.]**

*The legislature finds that to protect the health and welfare of the state, assure availability of fresh, high quality dairy products, and to enable the dairy industry to maintain the highest quality of dairy products in the state, it is necessary to provide a fair pricing and marketing program in the state for dairy products and it is necessary to protect consumers of dairy products from unfair trade practices, unfair methods of competition, conditions of monopoly, and combinations in restraint of trade.*

**Sec. 2. [32C.01] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this chapter.*

**Subd. 2. [AGRICULTURAL MARKETING AGREEMENT ACT.]**

*"Agricultural Marketing Agreement Act"* means the Agricultural Marketing Agreement Act of 1937 as amended, United States Code, title 7, section 601, et seq.

Subd. 3. [BOARD.] *"Board"* means the milk stabilization board established in section 3.

Subd. 4. [BULK MILK.] *"Bulk milk"* means milk purchased by a processor from a person other than a dairy farmer in a container other than the one in which the milk will be resold to a retailer or to a consumer.

Subd. 5. [CLASSIFIED PRICING SYSTEM.] *"Classified pricing system"* means the classified pricing system described under United States Code, title 7, section 608c(5).

Subd. 6. [COMMISSIONER.] *"Commissioner"* means the commissioner of agriculture.

Subd. 7. [DAIRY FARMER.] *"Dairy farmer"* means a person who produces grade A raw milk for sale to a processor.

Subd. 8. [DAIRY FARMER-PROCESSOR.] *"Dairy farmer-processor"* means a person who is both a dairy farmer and a processor and does not purchase raw milk from other dairy farmers. A dairy farmer-processor is a dairy farmer when selling to a processor raw milk produced by the dairy farmer-processor, and is a processor when processing, manufacturing, or selling dairy products, or receiving bulk milk from another person.

Subd. 9. [DAIRY MARKETER.] *"Dairy marketer"* means a processor or distributor, including the subsidiaries, affiliate corporations, agents, and representatives.

Subd. 10. [DAIRY PRODUCTS.] *"Dairy products"* means milk products and frozen dairy products.

Subd. 11. [DIRECTOR.] *"Director"* means director of the milk stabilization board.

Subd. 12. [DISTRIBUTOR.] *"Distributor"* means a person, other than a processor, who sells to retailers or consumers at retail on home delivery routes or at fixed places of business.

Subd. 13. [DISTRIBUTOR PRICE.] *"Distributor price"* means the price at which a milk product or frozen dairy product is purchased by a retailer.

Subd. 14. [FROZEN DAIRY PRODUCT.] *"Frozen dairy product"* means:

(1) ice cream, frozen custard, ice milk, mellorine, olarine, sherine, fruit sherbets, fruit sherbines;

(2) the mix from which a product in clause (1) is made;

(3) frozen products that contain milk solids other than fat or butterfat, commonly referred to in the dairy industry as "novelties"; or

(4) frozen products, except baked goods, containing a milk derivative.

Subd. 15. [HANDLER POOLING ARRANGEMENT.] *"Handler pooling arrangement"* means the handler pooling arrangement described under

*United States Code, title 7, section 608c(5).*

*Subd. 16. [HANDLING.] "Handling" means the activities of a dairy marketer in bottling, processing, packaging, or manufacturing dairy products, or in purchasing processed or manufactured dairy products that are resold to another dairy marketer or retailer.*

*Subd. 17. [MARKETING AREA.] "Marketing area" means an area, established by the board, with uniform stabilized prices.*

*Subd. 18. [MARKETWIDE POOLING ARRANGEMENT.] "Marketwide pooling arrangement" means the marketwide pooling arrangement described in United States Code, title 7, section 608c(5).*

*Subd. 19. [MILK.] "Milk" means the lacteal secretion of a cow, including a secretion that is raw, cooled, pasteurized, standardized, homogenized, recombined, or concentrated, which meets the grade A requirements established in section 32.394.*

*Subd. 20. [MILK PRODUCT.] "Milk product" means:*

*(1) raw milk, regular or creamline milk, standardized milk, whole pasteurized milk, special milk, homogenized milk, fortified milk, plain or creamed buttermilk, cottage cheese, creamed cottage cheese, flavored milk, flavored skim milk, sour cream, half and half, whipping cream, whipped cream, skim milk, low fat milk, fluid cream, concentrated milk, yogurt, and eggnog; or*

*(2) a product that contains milk solids other than fat, butterfat, or a milk derivative, that is manufactured to resemble a milk product as defined in clause (1).*

*"Milk product" does not include butter, cheese other than cottage cheese or cream cottage cheese, nonfat dry milk, skim condensed milk, whole condensed milk, whole dry milk, dried cream, evaporated milk, sweetened condensed milk, or baked goods.*

*Subd. 21. [PERSON.] "Person" means an individual, business entity, cooperative corporation or association, or governmental agency.*

*Subd. 22. [PROCESSOR.] "Processor" means a person who:*

*(1) processes or manufactures dairy products;*

*(2) purchases raw milk from a grade A dairy farmer for resale to a person who processes or manufactures dairy products; or*

*(3) purchases bulk milk from anyone for resale to a person who processes or manufactures dairy products.*

*"Processor" does not include a person who purchases ice cream mix, ice milk mix, or other frozen dairy products mix and whose processing activities are limited to converting the mix into a frozen dairy product, if more than half of the sales of the frozen dairy product are made by the person to consumers at retail on the premises where the frozen dairy product is processed.*

*Subd. 23. [RETAILER.] "Retailer" means a person who sells dairy products to consumers at fixed places of business located in this state, except that "retailer" does not include a person whose primary business is the sale*

of food or dairy products subject to the sales tax under section 297A.01, subdivision 3, paragraph (c).

*Subd. 24. [RETAIL PRICE.] "Retail price" means the price at which a dairy product is purchased when purchased for a purpose other than resale.*

*Subd. 25. [STABILIZED PRICES.] "Stabilized prices" means the minimum or maximum price, or both, established by the board for dairy products.*

**Sec. 3. [32C.02] [MILK STABILIZATION BOARD.]**

*Subdivision 1. [MEMBERSHIP.] (a) The milk stabilization board is an agency in the executive branch consisting of seven members appointed by the governor as follows:*

*(1) three dairy farmers selling to processors, one of whom represents the counties of Big Stone, Swift, Pope, Stearns, Sherburne, Anoka, Chisago, and counties north of the northern boundary of those counties, one of whom represents the remaining counties, and one at large;*

*(2) one licensed processor;*

*(3) one licensed retailer; and*

*(4) two consumers who are not otherwise engaged in the milk business, one of whom is a resident of congressional district 1, 2, 3, or 4, and one of whom is a resident of congressional district 5, 6, 7, or 8.*

*(b) Dairy farmer members may be selected from names provided by dairy farmer organizations in the state. A dairy farmer organization that desires to provide names shall notify the commissioner. The commissioner of agriculture shall notify the state dairy farmer organizations if there is a dairy farmer vacancy on the board. Within 30 days after the notification, the commissioner shall hold a meeting in the district with the vacancy to receive the names of two persons.*

*(c) A member of the board may not hold an elected state office while a member.*

*(d) Terms, compensation, and removal of the board members are governed by section 15.0575.*

*Subd. 2. [QUORUM; CHAIR.] Four members of the board constitute a quorum to transact business. The board shall annually elect one of its members as the chair and may elect any other officers it deems necessary.*

*Subd. 3. [MEETINGS.] Meetings of the board must be held at least every 60 days at the call of the chair or a majority of the board.*

*Subd. 4. [DIRECTOR.] The board shall employ a director to serve in the unclassified service of the state. The board shall determine the director's qualifications and duties.*

*Subd. 5. [EMPLOYEES.] The director may employ persons for permanent and temporary employment. Employees are subject to chapters 43A and 179A.*

*Subd. 6. [ADMINISTRATIVE ASSISTANCE.] The commissioner shall budget, pay for, and provide offices, staff, and expenses necessary for the*

*board to carry out its duties under this chapter and shall cooperate with the board by providing information, inspections, and enforcement at the request of the board.*

Sec. 4. [32C.03] [POWERS; DUTIES.]

*Subdivision 1. [CONTRACTS.] The board may enter into contracts for auditing, economic research, and other technical services.*

*Subd. 2. [MARKETING AREAS.] The board shall establish the boundaries for marketing areas within the state and may change the boundaries when necessary.*

*Subd. 3. [STABILIZED PRICES.] The board shall establish and amend stabilized prices for each marketing area.*

*Subd. 4. [MEDIATION.] The board may, at the request of the parties, mediate any dispute among dairy farmers, processors, distributors, retailers, or consumers, if the dispute involves the production, transportation, processing, storage, distribution, or sale of dairy products.*

*Subd. 5. [COOPERATION WITH OTHER GOVERNMENTAL AGENCIES.] The board may cooperate with stabilization agencies in other states and with the secretary of agriculture of the United States in the manner provided in the Agricultural Marketing Agreement Act to carry out the purposes of this chapter.*

*Subd. 6. [RULES TO IMPLEMENT STABILIZATION PLANS.] The board may adopt permanent or emergency rules to implement stabilization plans. The rules may prescribe:*

- (1) how the federal milk marketing order and the stabilization plan apply to the same area;*
- (2) how the stabilization plan applies to different classes of dairy products;*
- (3) the methods to be used to designate marketing areas;*
- (4) methods to determine how quantity discounts apply to processor and distributor sales; and*
- (5) the implementation of licensing procedures.*

Sec. 5. [32C.04] [AUTHORITY OF OTHER AGENCIES NOT AFFECTED.]

*The provisions of this chapter do not limit the health and sanitation authority of the commissioner of agriculture, commissioner of health, county boards of health, or municipal health officials.*

Sec. 6. [32C.05] [STABILIZATION PLANS.]

*Subdivision 1. [MINIMUM PRICES.] The board shall establish a stabilization plan that designates marketing areas, and for each marketing area, at least establishes minimum prices for:*

- (1) raw milk;*
- (2) milk products sold by processors or distributors to retailers; and*
- (3) milk products sold to consumers.*



*Subd. 2. [POOLING ARRANGEMENTS.] A stabilization plan may provide for a classified pricing system based upon utilization, a handler pooling arrangement, or a marketwide pooling arrangement. A stabilization plan with a marketwide pooling arrangement may require raw milk produced by dairy farmer-processors to be included in the pooling arrangement.*

*Subd. 3. [APPLICABILITY TO PROCESSORS PURCHASING IN MULTIPLE MARKETING AREAS.] A stabilization plan must provide a method to determine how it applies to processors purchasing raw milk in two or more marketing areas. The applicability of a stabilization plan may not be dependent on where the seller's dairy farm is located or where the title passes.*

*Subd. 4. [AREAS UNDER FEDERAL MILK MARKETING ORDER.] A stabilization plan for a marketing area that includes an area of a federal milk marketing order may require licensed processors subject to the state stabilization plan and the federal milk marketing order to pay:*

*(1) minimum raw milk class prices that exceed the minimum raw milk class prices established by the federal order; and*

*(2) the difference between the federal and state minimum prices directly to dairy farmers on the basis of a handler pooling arrangement basis.*

*Subd. 5. [ADOPTION.] (a) Adoption of a stabilization plan is not subject to chapter 14, but a stabilization plan may be adopted or amended only after the board has mailed a proposed plan to the dairy marketing licensees in the marketing area, held a public meeting in the marketing area within 7 to 12 days after the mailing, and mailed a copy of the final stabilization plan to the dairy marketing licensees in the marketing area.*

*(b) A stabilization plan or an amendment to a stabilization plan is effective seven days after the new or amended stabilization plan is mailed to the dairy marketing licensees in the marketing area. An effective stabilization plan has the same force and effect as a rule adopted under chapter 14.*

*Subd. 6. [APPEAL; STAY OF STABILIZATION PLAN.] A stabilization plan may be appealed to the district court. An action may be brought in the county in which the person bringing the action resides or in the county in which the board has its main office. In reviewing the plan, the court shall consider whether it meets the criteria, and was adopted in accordance with the procedures, prescribed in this chapter.*

*If a stabilization plan or portion of a plan is appealed, a stay of the stabilization plan or portion of the plan may not be granted before final determination of the matter by the court.*

#### **Sec. 7. [32C.06] [STABILIZED PRICES.]**

*Subdivision 1. [MINIMUM PRICES FOR RAW MILK.] (a) Minimum prices for raw milk to be paid by processors to dairy farmers in each marketing area must be beneficial to the public interest, protect dairy farmers, and ensure an adequate supply of pure and wholesome milk to the inhabitants of the state.*

*(b) In establishing or changing minimum prices to be paid by processors to dairy farmers for raw milk in each marketing area, the board shall consider:*

- (1) the available supply of raw milk;
- (2) the adequacy of the reserve supply of raw milk available to processors;
- (3) whether there is a balance between raw milk production and consumption or use of the raw milk; and
- (4) the cost of feed, wages, and expenses to produce raw milk.

*Subd. 2. [RAW MILK FROM NONDAIRY FARMER SOURCES.] The board may establish stabilized prices to be paid by a processor for raw milk purchased from sources other than dairy farmers in the same manner as it establishes prices for raw milk purchased from dairy farmers.*

*Subd. 3. [MILK PRODUCTS.] (a) In establishing stabilized prices for a marketing area, other than the price paid to a dairy farmer by a processor for raw milk, the board shall consider the operative economic factors in a marketing area including:*

- (1) the prevailing raw milk prices in the marketing area;
- (2) the processing and distribution costs incurred by processors, distributors, and retailers, including a reasonable return upon investment;
- (3) the quantity of dairy products consumed in the area; and
- (4) other economic factors that significantly affect the supply of and demand for dairy products in the area.

*(b) Stabilized prices for milk products other than raw milk may reflect packaging costs and the cost differences between home-delivered products, products sold at a fixed location, and products sold directly to consumers by processors and distributors.*

*(c) Minimum prices may be adjusted based on:*

- (1) the butterfat content or other components of the raw milk;
- (2) the location where the raw milk is obtained;
- (3) the location of a plant where a portion of the raw milk purchased by a processor is transferred or diverted by the processor from the plant where the raw milk is normally utilized; and
- (4) other factors provided for price adjustments under the Agricultural Marketing Agreement Act of 1937 as amended, United States Code, title 7, section 601, et seq.

*(d) Stabilized prices may vary from one marketing area to another.*

*Subd. 4. [BOARD DISCRETION.] The board is not required to establish stabilized prices for all milk products in each marketing area.*

*Subd. 5. [QUANTITY DISCOUNTS.] (a) A stabilization plan may establish quantity discount rates for dairy products. Discount rates must:*

- (1) provide that a variety of dairy product brands are available to consumers purchasing from large retailers;
- (2) protect against financial injury to small independent processors and distributors;
- (3) be based on the retailer's total purchases of specific dairy products;

and

(4) be based upon a graduated scale of discounts proportionate to purchases made by retailers during a designated base period of one month, one quarter, six months, or one year.

(b) If a retailer operates two or more separate places of business, the board shall base the quantity discount rate for each place of business upon the quantity of dairy products purchased for resale at that place of business alone.

(c) All processors and distributors delivering dairy products to a quantity discount retailer may give quantity discounts in accordance with the rates regardless of the quantities of the products actually purchased by the retailer from each individual processor or distributor.

Subd. 6. [SIMULTANEOUS PRICE CHANGES.] The board shall provide that changes in minimum prices paid to dairy farmer are accompanied by simultaneous changes in the other stabilized prices established by the board.

#### Sec. 8. [32C.07] [MARKETING AREAS.]

Subdivision 1. [DESIGNATION.] The board shall designate marketing areas with stabilized prices for the entire state. The board may change the number and alter the boundaries of the marketing areas.

Subd. 2. [CONSIDERATIONS.] (a) In designating marketing areas the board shall consider:

(1) conditions affecting the production, distribution, and sale of dairy products in the marketing areas;

(2) the need for establishing area boundaries that will facilitate cooperation between the board and federal authorities engaged in regulating prices paid by processors for raw milk; and

(3) other relevant factors.

#### Sec. 9. [32C.08] [LOCAL ADVISORY BOARDS.]

If a public hearing is scheduled by the board in a marketing area to establish stabilized prices, the board may, at least ten days before the date set for the hearing, appoint a local advisory board. A local advisory board must include two producers; two processors, two retailers who are actively engaged in milk production, processing, and marketing in the area, and two consumers in the area. The local advisory board shall meet with the board at the call of the board before, during, or after the public hearing, except that not more than three meetings or conferences between the board and the local advisory board may be held. The members of the local advisory board may not receive a per diem, but must receive mileage and expenses as provided in section 15.014, subdivision 2. A local advisory board ceases to exist when the board has adopted a stabilization plan for the local advisory board's marketing area.

#### Sec. 10. [32C.09] [REFERENDUM ON CONTINUANCE OF STABILIZED PRICES.]

If a petition is presented to the commissioner containing names of grade A

dairy farmers equal to at least 25 percent of the total grade A dairy farmers in the state subject to sections 1 to 8, with the signature of at least one dairy farmer from every county where a dairy farmer resides, the commissioner shall conduct a statewide referendum among all grade A dairy farmers in the state on whether to maintain stabilized prices. The referendum must be by secret mail ballot in accordance with rules established by the commissioner, and shall report the results of the referendum to the legislature the next time it convenes.

Sec. 11. [32C.10] [DAIRY MARKETING LICENSES.]

*Subdivision 1. [GENERAL REQUIREMENT.] Each dairy farmer-processor, dairy marketer, or retailer buying or selling dairy products in the state shall obtain a dairy marketing license.*

*Subd. 2. [SEPARATE BUSINESS LOCATIONS.] A dairy marketing license under this section is required for each separate place of business.*

*Subd. 3. [AGRICULTURE DEPARTMENT LICENSE REQUIRED.] A processor or distributor may not obtain a dairy marketing license without first having obtained a required license under chapter 32 from the commissioner.*

Sec. 12. [32C.11] [LICENSE APPLICATIONS.]

*Subdivision 1. [FORMS.] The commissioner, with the approval of the board, shall prepare and distribute dairy marketing license application forms.*

*Subd. 2. [PROCESSORS AND DISTRIBUTORS.] A processor or distributor applicant must affirm that:*

*(1) the applicant will not sell dairy products to a person required to have a dairy license unless the person has a license;*

*(2) the applicant will offer the applicant's service to the entire marketing area; and*

*(3) the applicant will offer each of the applicant's customers in the marketing area the same frequency of delivery and the same in-store services that are customary in the customer's community.*

*Subd. 3. [DISTRIBUTORS AND RETAILERS.] A distributor or retailer applicant must affirm that the applicant will not purchase dairy products from persons not licensed by the commissioner.*

Sec. 13. [32C.12] [LICENSE ISSUANCE, VALIDITY, AND REVOCATION.]

*Subdivision 1. [LICENSE HEARING.] (a) Within ten days after the commissioner receives an application for a license, the commissioner shall notify the board. Within ten days after being notified, the board shall make a recommendation for issuance of the license or notify the applicant of the date when a hearing will be held to receive evidence relative to the applicant's eligibility.*

*(b) A hearing under paragraph (a) must be held within 20 days after the date the notice is given. Within five days after the close of the eligibility hearing, the board shall notify the applicant and the commissioner of its*

*recommendation to issue or deny a license.*

*(c) The commissioner must issue or deny a license within ten days after receiving the recommendation. The commissioner may not charge a fee for a dairy license.*

*Subd. 2. [VALIDITY.] A dairy marketing license is valid unless:*

*(1) the ownership or location of the licensed business is changed;*

*(2) the license is suspended or revoked; or*

*(3) the licensed business is discontinued or is inactive for a period of more than 30 days.*

*Subd. 3. [SUSPENSION OR REVOCATION.] The commissioner may not suspend or revoke a dairy marketing license without a hearing, which is a contested case procedure subject to chapter 14.*

**Sec. 14. [32C.13] [RECORDS AND REPORTS:]**

*Subdivision 1. [RECORD CONSOLIDATION.] The commissioner and the board shall accommodate dairy marketing licensees by allowing all records required under this section and chapter 32 to be consolidated.*

*Subd. 2. [REQUIRED RECORDS.] A dairy marketing licensee shall maintain, in a manner prescribed by the commissioner by rule, a record of:*

*(1) all raw milk received or purchased by the licensee, showing the names and addresses of the dairy farmers and others from whom the raw milk was purchased, the quantity, price paid, butterfat test, and any deductions made;*

*(2) all dairy products sold or used, classified as to grade, use, location, market outlet, size and type of container, the composition of the product in terms of butterfat and solids, the quantity sold, and the prices received; and*

*(3) the quantity of each dairy product manufactured by a licensee, together with the composition of the product, the quantity sold, and the prices received.*

*Subd. 3. [ADDITIONAL RECORDS.] In addition to the records required under subdivision 2, the commissioner may require dairy licensees to maintain records of:*

*(1) the shrinkage, wastage, or loss of raw milk and butterfat, and of skim milk and butterfat destroyed or used for special purposes such as livestock feed;*

*(2) the inventory of raw milk and other dairy products on hand at the end of a designated accounting period;*

*(3) all items of expense incurred by the licensee in procuring raw milk and other ingredients, and in processing, manufacturing, storing, distributing, and selling dairy products, including overhead and general and administrative costs; and all other items of cost incurred by each licensee in the conduct of its business; and*

*(4) any other record.*

*Subd. 4. [RECORDS OF PROFIT OR LOSS NOT REQUIRED.] A dairy licensee may not be required to reveal profit or loss.*

*Subd. 5. [FORM OF RECORDS.] The commissioner shall require records to be in a form that will allow the board to make statistical studies.*

*Subd. 6. [RECORD MAINTENANCE.] Records required under this section must be preserved for three years.*

**Sec. 15. [32C.14] [BUYING, SELLING, AND PRICING VIOLATIONS.]**

*Subdivision 1. [BUYING OR SELLING WITHOUT A LICENSE.] A dairy farmer-processor, distributor, processor, or retailer may not buy or sell dairy products without a dairy marketing license.*

*Subd. 2. [BUYING OR SELLING AT PRICES OTHER THAN STABILIZED PRICES.] A dairy marketing licensee may not buy or sell dairy products with a stabilized price for less than the minimum price or more than the maximum price established by the board.*

*Subd. 3. [CIRCUMVENTING STABILIZED PRICING.] A dairy marketing licensee may not use or attempt to use a method, device, or transaction:*

*(1) intended to accomplish, or having the effect of accomplishing, the sale or attempted sale or the purchase or attempted purchase of dairy products at less than the minimum prices established by the board;*

*(2) designed to circumvent the stabilized prices set by the board; or*

*(3) having the effect of substantially undermining the effectiveness of the stabilized prices.*

*Subd. 4. [SELLING PRODUCTS OF DIFFERENT BRANDS AT DIFFERENT PRICES.] A retailer may not sell or offer for sale dairy products of one brand at a price different from the price charged by the retailer for an equal quantity of a product of the same type, quality, or grade, but of a different brand, unless the price differential is equal to the difference in the prices paid by the retailer for the products.*

*Subd. 5. [DAIRY PRODUCTS PRICED WITH OTHER PRODUCTS.] A dairy marketer may not charge a combined price for a dairy product and another commodity or service that is less or is represented to be less than the aggregate of the price of the dairy product and the price or value of the other commodity or service when sold or offered for sale separately.*

*Subd. 6. [SELLING BELOW COST.] If a stabilized price has not been established for a dairy product, a dairy marketer may not sell, offer for sale, or advertise for sale the dairy product below cost, or give, offer to give, or advertise the intent to give away the dairy product, to damage a competitor or destroy competition. This section does not apply to a sale made in conformance with section 325D.06, clauses (1) to (4). An enforcement action may not be commenced under this section if the retail price is 15 percent or more above the list price of the processor.*

*Subd. 7. [PRIMA FACIE EVIDENCE OF SALE BELOW COST.] (a) In an action for an injunction from or to impose civil penalties for a violation of this section, evidence that a dairy product was sold, offered for sale, or advertised for sale at a price that damages or destroys competition is prima facie evidence that the product was sold, offered for sale, or advertised for*

sale below cost to damage a competitor or to destroy competition.

(b) For purposes of paragraph (a), price is presumed to damage or destroy competition if:

(1) a retail price is less than eight percent above the current net delivered price of the processor including a rebate, discount, refund, and price differential; or

(2) a price charged to a retailer by a distributor is less than five percent above the current net delivered price of the processor including any rebate, discount, refund, and price differential.

Sec. 16. [32C.15] [UNFAIR DAIRY MARKETING PRACTICES.]

Subdivision 1. [DAMAGING A COMPETITOR.] A dairy marketer may not:

(1) restrain, lessen, or destroy competition;

(2) damage a competitor;

(3) damage a person dealing in dairy products;

(4) impair or prevent fair competition in the sale of dairy products to retailers in this state; or

(5) engage in or threaten to engage in a prohibited practice or method of doing business.

Subd. 2. [METHOD TO DEFEAT DAIRY UNFAIR TRADE PRACTICES.] A dairy marketer may not apply or attempt to apply a method or device in the sale or distribution of dairy products intending to defeat the policy or to evade a provision of sections 15 to 21 or an order or rule adopted by the commissioner or the board.

Subd. 3. [INDUCING PROHIBITED ACTS.] In the course of doing business in this state, a person may not knowingly induce an act or knowingly receive a benefit from an act prohibited by sections 15 to 21 of this act.

Subd. 4. [FINANCIAL INTEREST IN RETAILER.] A dairy marketer may not own, control, or have more than a five percent financial interest in a retail business selling or offering for sale dairy products in this state, unless the business name, address, nature, and extent of the dairy marketer's ownership or control of the retail business is prominently displayed at the main public entrance to the premises where the business is being conducted. The information displayed must be in capitalized type not less than 24 point in size.

Sec. 17. [32C.16] [SALE AND LEASEBACK OF PROPERTY.]

Subdivision 1. [GENERAL PROHIBITION.] A dairy marketer may not purchase real or personal property from a retailer and leaseback or resell the property to the retailer under a deferred payment contract except as allowed in this section.

Subd. 2. [RENTAL AGREEMENT.] A dairy marketer and a retailer may enter a written lease signed by both parties that specifies:

(1) a rental rate that is consistent with the value of similar property in the

area where the retailer is located at the time the lease is executed; and

(2) other terms and conditions consistent with leases of similar property in that locality made at or about the same time by persons not having the relationship existing between the retailer, as the purchaser, and the lessor, as the seller, of dairy products.

*Subd. 3. [CONTRACTS TO SELL PROPERTY.]* (a) A dairy marketer and a retailer may enter a written contract for the sale of property signed by both parties specifying:

(1) a purchase price that is consistent with the fair market value of similar property in the area where the retailer is located at the time the contract is executed;

(2) the down payment on the purchase price;

(3) the periodic payments on the unpaid balance of the purchase price; and

(4) other terms and conditions consistent with sale contracts of similar property in that locality made at or about the same time by persons not having the relationship existing between the retailer, as the purchaser, and the dairy marketer, as the seller, of dairy products.

(b) A contract or agreement for the leaseback or resale to a retailer of property purchased from the retailer by the dairy marketer may not contain a requirement that the retailer must purchase dairy products from a specified dairy marketer.

#### Sec. 18. [32C.17] [FURNITURE, TRADE FIXTURES, AND EQUIPMENT.]

*Subdivision 1. [INDUCEMENT FOR PURCHASE.]* A dairy marketer may not furnish, give, lend, lease, or sell furniture, fixtures, fittings, or equipment to a retailer as an incentive or inducement for the retailer to purchase, handle, store, display, sell, or trade in a dairy product of a dairy marketer.

*Subd. 2. [RESTRICTION ON SALES TO RETAILERS.]* To maintain fair, open, and free competition for the trade and custom of the retailers purchasing dairy products for resale, a dairy marketer may not sell or offer to sell to a retailer furniture, trade fixtures, or equipment except as allowed in this section.

*Subd. 3. [TIME PAYMENT SALES.]* (a) A dairy marketer may not sell furniture, trade fixtures, or equipment at less than their cost to a retailer that purchases dairy products from the dairy marketer. A sale made by a dairy marketer at less than 15 percent above the actual current invoice or replacement cost, less depreciation in the case of used furniture, trade fixtures, or equipment computed at the annual rate of 15 percent of the seller's cost, is prima facie evidence that the sale was made below the dairy marketer's cost.

(b) If the full purchase price of the furniture, trade fixtures, or equipment sold to the retailer is not paid to the dairy marketer by the retailer by 40 days after delivery, the retailer must pay at least ten percent of the purchase price within the 40 days and provide the dairy marketer a conditional sales contract or a promissory note with a purchase money security interest in the



furniture, trade fixtures, or equipment:

(c) *The conditional sales contract or purchase money security agreement must specifically describe each item of the sale. The dairy marketer, by ten days after the contract or security agreement is entered into, must file the conditional sales contract, or purchase money security agreement and financing statement, as required to enforce the purchase money secured debt. The conditional sales contract or purchase money security agreement must specify:*

(1) *the cash payment made by the retailer to the dairy marketer or the value of the trade-in accepted to apply on the purchase price, but the trade-in credit may not exceed the depreciated value of the items representing the trade-in credit as carried on the business records of the purchaser, or if records are not available, at an annual depreciation rate of 15 percent of the purchaser's cost; and*

(2) *the amount of the unpaid purchase price must be paid by the retailer in 60 equal monthly installments with the last installment of principal and interest maturing not later than 60 months from the execution of the conditional sales contract or purchase money security agreement given to the dairy marketer by the retailer.*

(d) *The rate of interest on the purchases may not be less than the prevailing market rate, and the rates of interest charged for various sales agreements on any given day must be the same for all retailers.*

**Subd. 4. [SERVICING.]** *The mechanical, electrical, and other servicing of furniture, trade fixtures, or equipment sold to a retailer by a dairy marketer is the sole responsibility of the retailer unless at the time of the sale, the dairy marketer and the retailer agree in writing that the dairy marketer is responsible for the servicing. The contract must require the dairy marketer to charge the retailer for the servicing at the same price charged by third persons rendering the service in the area or community where the retailer is located. The charge for the servicing, including the full cost of all repair and replacement parts, must be paid by the retailer to the dairy marketer by 40 days after the performance of the work.*

#### **Sec. 19. [32C.18] [PROHIBITED GIFTS, LOANS, CREDIT, AND COMPENSATION.]**

**Subdivision 1. [GIFTS AND LOANS.]** *A dairy marketer may not give, lend, or advance money, credit, or another thing of value to a retailer, or to a person for the benefit or relief of a retailer.*

**Subd. 2. [FINANCIAL OBLIGATIONS.]** *A dairy marketer may not become obligated for the repayment of a loan of money or financial commitment of a retailer.*

**Subd. 3. [EXTEND CREDIT WHEN DELIVERY DEBTS ARE DUE.]** *A dairy marketer may not extend or give an additional credit to a retailer if there is indebtedness attributable to the delivery of dairy products from the retailer on the 15th day of the next calendar month after delivery.*

**Subd. 4. [CREDIT FOR UNSALEABLE PRODUCTS.]** *A dairy marketer may not credit an account of or pay a retailer for a dairy product that the retailer claims has become stale, spoiled, or otherwise unsaleable, unless*

*the particular product is in fact spoiled or otherwise unsaleable.*

*Subd. 5. [COMPENSATION IN CONNECTION WITH SALE.] A dairy marketer may not make or offer to make any gift of money, merchandise, trading stamps, coupons, service, supplies, or anything of value, or to grant or offer to grant any rebate, discount, or advertising allowance in connection with any sale to a distributor or retailer in this state of a dairy product except as expressly allowed under sections 15 to 21 of this act.*

*Subd. 6. [RETAILER LICENSES.] (a) A dairy marketer may not:*

*(1) have an interest in or pay for a license for a retailer; or*

*(2) advance, furnish, lend, or give money for the payment of a license fee and expense incident to obtaining a license for a retailer.*

*(b) A dairy marketer may purchase a required license in the dairy marketer's name to sell the dairy marketer's dairy products in this state.*

*Sec. 20. [32C.19] [PROHIBITED SIGNS AND ADVERTISING.]*

*Subdivision 1. [ADVERTISING.] (a) A dairy marketer may not:*

*(1) provide, pay for, guarantee, or in any other manner assume, satisfy, or discharge the cost or obligation of a retailer for painting, decorating, improving, repairing, or rebuilding an existing billboard, outdoor sign, display area, wall, fence, building, or structure, or other type of outdoor display advertising having a fixed location; or*

*(2) build, construct, erect, or purchase a new billboard, outdoor sign, or other outdoor advertising having a fixed location, or a structure or facility for use as an outdoor display for the direct benefit of a retailer.*

*(b) A dairy marketer may engage in all forms of outdoor advertising to promote dairy products manufactured, processed, or distributed by the dairy marketer if a reference is not made to a retailer.*

*Subd. 2. [INDOOR SIGNS.] (a) A dairy marketer may not furnish or maintain inside signs of a permanent nature unless the signs are used only for advertising or promoting:*

*(1) dairy products manufactured, distributed, or sold by the person furnishing the sign; or*

*(2) items of food made principally from the dairy product advertised or the brand name of the dairy product advertised.*

*(b) A dairy marketer may furnish point of sale advertising material made of paper or other similar materials to a retailer without charge only to promote the sale of a dairy product of the person furnishing the material.*

*Subd. 3. [MEDIA ADVERTISING.] (a) A dairy marketer may not furnish, give, lend, finance, pay for, contribute to, or by other means, scheme, or device, participate in cooperative advertising using newspapers, radio, television, or other advertising media if a retailer selling, handling, or offering for sale a dairy product of the dairy marketer is named or otherwise identified or referred to in the advertising.*

*(b) A dairy marketer may purchase and pay for the lines or space actually used in advertising one or more of its dairy products in a newspaper adver-*

tisement, handbill, or other form of printed advertising put out by a retailer or for the time actually so used in any radio or television program sponsored by a retailer.

Subd. 4. [ADVERTISING ON RETAILER'S PREMISES.] (a) A dairy marketer may not pay, loan, or give money, credit, compensation, or anything of value to a retailer for:

(1) the privilege of placing a sign, advertisement, or other sales promotion material in or upon the premises of the retailer; or

(2) storing, advertising, or displaying a dairy product in connection with its sale or promotion.

(b) A dairy marketer may furnish paint and maintain an insulated truck body used exclusively in the sale and delivery of its dairy products by the person making retail sales.

Sec. 21. [32C.20] [DAIRY MARKETERS AS HANDLERS OR HAULERS.]

A dairy marketer may not engage in the business of a processor or distributor selling or offering dairy products for sale at wholesale to retailers while at the same time engaging in the business of hauling, handling, or delivering dairy products to a retailer for a fee, or for itself, or another processor or distributor if the business results in a sale of a dairy product at wholesale to a retailer at a price lower than the retailer could obtain from the processor or distributor without the hauling, handling, or delivering.

#### ENFORCEMENT

Sec. 22. [32C.21] [ENFORCEMENT.]

The commissioner shall enforce this chapter as provided in sections 23 to 25. The commissioner may adopt permanent and emergency rules to carry out sections 23 to 25.

Sec. 23. [32C.22] [ENTRY, INSPECTION, AND INVESTIGATION.]

Subdivision 1. [ENTRY.] The commissioner may enter, at reasonable hours:

(1) places of business operated by dairy marketing licensees where raw milk, milk products, or frozen dairy products are produced, stored, processed, manufactured, or sold; and

(2) places where a dairy marketing licensee maintains books, papers, accounts, records, or other documents related to the licensed business.

Subd. 2. [SUBPOENA AND INSPECTION.] (a) The commissioner may subpoena, and inspect, audit, and make copies of books, papers, records, accounts, or documents to determine whether the provisions of sections 11 to 21, rules of the commissioner or the board, and stabilization plans are being complied with.

(b) The commissioner may subpoena, and may inspect, audit, and make copies of, relevant books, papers, records, accounts, or other documents of persons doing business with persons with dairy marketing licenses.

(c) The commissioner may subpoena and take the testimony, under oath,

*of persons believed to have information needed to administer and enforce the provisions of sections 11 to 21.*

*Subd. 3. [INVESTIGATIONS.] The commissioner may call together dairy marketers, retailers, and dairy farmers to investigate and hold hearings on trade practices and make findings relative to a trade practice involving the manufacture, sale, or distribution of dairy products.*

*Subd. 4. [CONFIDENTIALITY OF INFORMATION.] (a) Information acquired by the commissioner under this section is private data under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9, and may only be used by the commissioner and the board for the administration and enforcement of sections 1 to 21.*

*(b) A person who divulges information that is private data on individuals or nonpublic data under this subdivision to an unauthorized person is guilty of a misdemeanor.*

#### Sec. 24. [32C.23] [REMEDIES.]

*Subdivision 1. [REVOCAION OR SUSPENSION OF LICENSE.] (a) If the commissioner or director has reason to believe that a dairy marketing licensee has violated sections 11 to 21, a rule of the board or commissioner, or the stabilization plan, the commissioner or director may file a complaint with the board against the licensee and must serve a copy of the complaint on the licensee. The complaint must state the nature of the alleged violation.*

*(b) The board, after a hearing and finding that a dairy marketing licensee has violated a provision of sections 11 to 21, a stabilization plan, or a rule of the board or commissioner, may suspend or revoke the license. A procedure to suspend or revoke a license is a contested case subject to chapter 14.*

*Subd. 2. [ENFORCEMENT BY COMMISSIONER OF VIOLATIONS RECOGNIZED BY BOARD.] If the board is aware of a violation or potential violation of this chapter, the board shall notify the commissioner of the violation. The commissioner shall investigate the alleged violation and begin the appropriate enforcement action.*

*Subd. 3. [CIVIL PENALTY.] The commissioner may, upon recommendation of the board, assess a civil penalty not to exceed \$500 per day for each violation or continuing violation, and may collect the civil penalty by a civil proceeding in an appropriate court. Penalties collected by the commissioner must be deposited in the state treasury and credited to the dairy marketing account.*

*Subd. 4. [COMPLIANCE ENFORCEMENT.] The commissioner may bring an action at law or in equity to enforce compliance with a provision of this chapter or rule of the board or commissioner, or to obtain a declaratory judgment.*

*Subd. 5. [INJUNCTIVE RELIEF.] (a) The commissioner may bring an action for injunctive relief against any person violating or threatening to violate provisions of this chapter. The action does not require:*

*(1) alleging or proving actual damages or injury or that an adequate legal remedy does not exist, so that injunctive relief can be obtained promptly without awaiting injury or actual damage; or*

(2) showing the intent or the effect of restraining, lessening or destroying competition, injuring a competitor or injuring a person dealing in dairy products, or impairing or preventing fair competition in the sale of dairy products in the state.

(b) The court shall grant injunctive relief unless the person objecting proves that the granting of the injunctive relief will permanently or irreparably, and substantially injure or damage the person. The proof must be offered within ten days after the injunctive action is filed, as time is of the essence in granting the injunctive relief.

(c) The injunctive relief must be temporary and may not extend beyond a violation of this chapter. The injunctive relief may not abridge or be in lieu of any other civil remedy provided in this chapter, except that temporary injunctive relief may be made permanent upon a showing by the board that the violation:

- (1) has caused injury to competitors or competition;
- (2) has restrained or lessened competition;
- (3) has impaired fair competition in the sale of dairy products; or
- (4) is reasonably expected to cause the effects stated in clause (1), (2), or (3).

(d) This subdivision may not be construed as allowing the commissioner to bring an action for damages that will benefit the commissioner or members of the board.

#### Sec. 25. [32C.24] [CEASE AND DESIST ORDER.]

Subdivision 1. [HEARING.] (a) If the commissioner has reason to believe that a person is violating provisions of sections 15 to 21, or a rule of the board or commissioner, the commissioner may serve a complaint upon the person stating the alleged violation. The complaint must contain a notice of hearing with the time and place at least 20 days after the service of the complaint. The person receiving the complaint has the right to appear at the hearing to show cause why an order should not be entered by the commissioner requiring the person to cease and desist from the violation charged in the complaint. A person may apply and, upon good cause, be allowed by the commissioner to intervene and appear in the proceeding by counsel or in person. The testimony in the proceeding must be reduced to writing and filed in the office of the commissioner.

(b) If, after the hearing, the commissioner determines that there has been a violation of provisions of sections 15 to 21, or rule of the board or commissioner, the commissioner shall make a report in writing stating the findings. The commissioner shall issue and serve an order upon the person requiring the person to cease and desist from the violation. The commissioner at any time after notice and opportunity for hearing, may reopen and alter, modify, or set aside, in whole or in part, an order issued under this section.

Subd. 2. [REVIEW BY DISTRICT COURT.] (a) A person required by an order of the commissioner to cease and desist from an act or practice may obtain a review of the order in district court by filing with the court within 20

days after the date of service of the order a written petition requesting that the order of the commissioner be set aside. A copy of the petition must be served upon the commissioner. The commissioner shall certify and file in the court a transcript of the entire record and order of the commissioner. Upon the filing of the petition and transcript, the court has jurisdiction of the proceeding and of the question determined.

(b) The court may:

(1) make and enter upon the pleadings, evidence, and proceedings in the transcript a decree, affirming, modifying, or setting aside the order of the commissioner or enforcing it to the extent that the order is affirmed; and

(2) issue writs ancillary to its jurisdiction or necessary in its judgment to prevent injury to the public or to competitors pendente lite.

(c) The findings of the commissioner relating to the facts, if supported by the evidence in the proceeding before the commissioner, are conclusive. To the extent that the order of the commissioner is affirmed, the court shall issue its own order commanding obedience to the terms of the order of the commissioner. If either party applies to the court for leave to acquire and offer 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 acquire and offer the evidence in the proceeding before the commissioner, the court may order that the additional evidence be taken before the commissioner. The evidence shall be offered upon the hearing in the manner and upon the terms and conditions determined by the court. The commissioner may modify findings as to the facts, or make new findings, by reason of the additional evidence taken. The commissioner shall file the modified or new findings which, if supported by the evidence, are conclusive and the commissioner's recommendation, if any, for the modification or setting aside of the commissioner's original order with the return of the additional evidence. The judgment and decree of the court is final, except that it is subject to review by the court of appeals.

Subd. 3. [ENFORCEMENT.] Violations of a cease and desist order of the commissioner must be punished by the district court under the laws of contempt. Each day of failure to obey a cease and desist order of the commissioner is a separate violation and each violation of a particular act enjoined by the court is a separate violation.

Sec. 26. [32C.25] [CIVIL ACTIONS.]

Subdivision 1. [TREBLE DAMAGES.] A person who has business or property damaged resulting from a violation of sections 15 to 21 is entitled to an action in district court to recover three times the damages plus costs, including reasonable attorneys fees.

Subd. 2. [INJUNCTIVE RELIEF.] A person who is damaged or is threatened with damage or loss from a violation of sections 15 to 21 is entitled to injunctive relief against all persons involved in a violation or threatened violation of sections 15 to 21. The injunctive relief must be to prevent and restrain violations or threatened violations, and the person does not have to allege or prove actual damages or that an adequate remedy at law does not exist. The injunctive relief may not abridge or be in lieu of other civil remedies allowed.

*Subd. 3. [TORT ACTION WITH INJUNCTIVE RELIEF.] A person entitled to an action may sue both in tort and for injunctive relief and may recover for all loss, damage, or injury arising from the continued violation to the time of trial or hearing of the action.*

**Sec. 27. [32C.26] [DAIRY PROCESSOR ASSESSMENTS.]**

*Subdivision 1. [FEES.] (a) To administer and enforce this chapter, the commissioner may charge each processor the following maximum fees:*

*(1) 1.00 cent per hundredweight on all milk processed or used in the manufacture of a dairy product sold in this state or manufactured in this state for sale in this state;*

*(2) 0.75 cent per gallon of frozen foods sold in this state or manufactured in this state for sale in this state;*

*(3) 1.05 cents per gallon of ice milk mix; and*

*(4) 1.425 cents per gallon of ice cream mix.*

*(b) The commissioner may fix the fees at a lesser amount and may adjust the fees if the cost of administering and enforcing this chapter can be paid with less than the maximum fees.*

*Subd. 2. [COLLECTION.] (a) If fees are:*

*(1) less than \$60 annually, the fees must be paid within 30 days following the end of the calendar year;*

*(2) less than \$240 annually, payment must be made quarterly within 30 days following the end of the quarter; or*

*(3) equal to or more than \$240 annually, payment must be made monthly within 30 days following the end of the month when due.*

*(b) A penalty amounting to ten percent of the fees due must be imposed by the commissioner for each month the fees are delinquent.*

*Subd. 3. [DAIRY MARKETING ACCOUNT.] The dairy marketing account is established in the state treasury. The fees collected by the commissioner under this section must be deposited in the state treasury and credited to the dairy marketing account. The money in the dairy marketing account is continuously appropriated to the commissioner to be used as a revolving fund for providing for the board under section 3, subdivision 6, and for administering and enforcing this chapter.*

**Sec. 28. [ORGANIZATION REPORT.]**

*The milk stabilization board shall prepare a report on the operation of the board and its functions. The report must cover the location of the board, the board's relationship with the department of agriculture, and whether the board could operate more effectively separate from the administration of the commissioner of agriculture. The report must be submitted to the legislature by January 15, 1988.*

**Sec. 29. [INITIAL TERMS OF MILK STABILIZATION BOARD MEMBERS.]**

*Notwithstanding section 3, subdivision 1, paragraph (d), the initial terms*

of members on the milk stabilization board are for:

- (1) the dairy farmer from the northern district, four years;
- (2) the dairy farmer from the southern district, two years;
- (3) the dairy farmer at large, three years;
- (4) the processor, four years;
- (5) the retailer, three years;
- (6) the consumer from congressional district 1, 2, 3, or 4, one year;
- (7) the consumer from congressional district 5, 6, 7, or 8, two years.

Sec. 30. [ACCOUNT TRANSFER.]

*The commissioner of finance shall transfer the remaining balance in the dairy industry unfair trade practices account to the dairy marketing account.*

Sec. 31. [REPEALER.]

*Minnesota Statutes, chapter 32A, is repealed.*

Sec. 32. [EFFECTIVE DATE.]

*This act is effective the day following final enactment, but a stabilization plan may not be adopted before September 1, 1986.*

#### ARTICLE 11

Section 1. Minnesota Statutes 1985 Supplement, section 17A.04, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] Any person desiring to carry on the business of a livestock market agency or livestock dealer, or both, or a public stockyard shall make application to the commissioner on a form or forms provided by the commissioner. ~~The form must provide for registration as a livestock buyer under section 386.42.~~

Sec. 2. Minnesota Statutes 1985 Supplement, section 17A.04, subdivision 5, is amended to read:

Subd. 5. [LICENSE FEE.] The applicant shall submit to the commissioner ~~the fee for the county registration as a livestock buyer under subdivision 1a~~ and the following applicable fees and penalties for late renewal:

- (a) \$150 for each livestock market agency and public stockyard license, penalty \$38;
- (b) \$50 for each livestock dealer license, penalty \$13;
- (c) \$30 for each agent of a livestock dealer license, penalty \$10;
- (d) \$50 for each meat packing company license, penalty \$13;
- (e) \$30 for each agent of a meat packing company license, penalty \$10.

Sec. 3. Minnesota Statutes 1985 Supplement, section 336.9-307, is amended to read:

336.9-307 [PROTECTION OF BUYERS OF GOODS.]

- (1) A buyer in ordinary course of business (subsection (9) of section



336.1-201) takes free of a security interest created by his seller even though the security interest is perfected and even though the buyer knows of its existence, except that a buyer in the ordinary course of business who purchases farm products from a person engaged in farming operations is subject to section 223A.01.

(2) In the case of consumer goods, a buyer takes free of a security interest even though perfected if he buys without knowledge of the security interest, for value and for his own personal, family or household purposes unless prior to the purchase the secured party has filed a financing statement covering such goods.

(3) A buyer other than a buyer in ordinary course of business (subsection (1) of this section) takes free of a security interest to the extent that it secures future advances made after the secured party acquires knowledge of the purchase, or more than 45 days after the purchase, whichever first occurs, unless made pursuant to a commitment entered into without knowledge of the purchase and before the expiration of the 45-day period.

#### Sec. 4. [REPEALER.]

*Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; and 386.42 are repealed.*

#### Sec. 5. [EFFECTIVE DATE.]

*Sections 1 to 4 are effective September 1, 1986.*

### ARTICLE 12

#### Section 1. [557.10] [OWNERSHIP OF CROPS.]

*Planted and growing crops are personal property of the person or entity that has the property right to plant the crops.*

#### Sec. 2. [557.11] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 3.*

*Subd. 2. [PLANTING CROP OWNER.] "Planting crop owner" means the person or entity that has a property right to plant crops, including a leasehold interest, the interest of a buyer under a contract for deed, and the redemption interest of a foreclosed mortgagor.*

*Subd. 3. [CROP VALUE.] "Crop value" means the value of the crop and crop inputs, including the real property fair market rental value, up to the time the planting crop owner's property right to harvest the crop is terminated.*

#### Sec. 3. [557.12] [HARVESTING CROPS AFTER TERMINATION OF PROPERTY INTERESTS.]

*Subdivision 1. [TERMINATION OF PROPERTY INTEREST AFTER CROPS ARE PLANTED.] If the planting crop owner's property right to harvest crops is involuntarily terminated before the crops are harvested, the person or entity with the property right to harvest the crops is liable to the planting crop owner for the crop value.*

*Subd. 2. [PLANTING CROP OWNER'S LIEN.] A planting crop owner has a lien for the crop value that attaches to the crop, crop products, and if the lien is not satisfied under subdivision 3 a lien for the crop value that attaches to the real property where the crop was planted.*

*Subd. 3. [SATISFACTION OF CROP OWNER'S LIEN.] (a) A person with the right to harvest a crop that is subject to a planting crop owner's lien may satisfy the lien by:*

*(1) compensating the planting crop owner for the crop value; or*

*(2) allowing the planting crop owner to enter the property to grow and harvest the crops, and charging the planting crop owner the fair market rental value of the property where the crop was grown for the period when the planting crop owner's right to harvest the crops was terminated until the crops are harvested.*

*(b) If the person with the right to harvest the crop does not notify the planting crop owner within 30 days after termination of the planting crop owner's right to harvest the crops that the lien will be satisfied under paragraph (a), clause (2), the person with the right to harvest the crop must satisfy the lien under clause (1) unless otherwise agreed by the planting crop owner.*

*Subd. 4. [LIEN ON CROPS HARVESTED BY PLANTING CROP OWNER; PRIORITY.] If the person with the right to harvest the crop satisfies the planting crop owner's lien by allowing the planting crop owner to harvest the crops, the person with the right to harvest the crops has a lien for the fair market rental value of the property where the crop was grown that attaches to the crops and crop products. The perfected lien has priority over all other liens and security interests in the crop and crop products.*

*Subd. 5. [FILING AND ENFORCEMENT OF LIENS.] (a) A planting crop owner's lien under subdivision 2 and a lien for the fair market rental value where the crop was grown under subdivision 4 are perfected against the crop and crop products by attaching and filing a financing statement covering the crop and crop products as provided under sections 336.9-401 to 336.9-410 by 90 days after the planting crop owner's right to harvest the crop is terminated. The financing statement must include a statement indicating whether it is a planting crop owner's lien or a lien for a crop harvested by a planting crop owner. A perfected lien may be enforced in the same manner as a security interest under sections 336.9-501 to 336.9-508.*

*(b) A lien against the real property under subdivision 2 must be recorded and foreclosed in the same manner as a mechanics lien under sections 514.08 to 514.15. For purposes of this paragraph, the lien statement must be filed and served under section 514.08, subdivision 1, by 120 days after the crop was harvested, or if the crop was not harvested, by 12 months after the crop was planted.*

#### **Sec. 4. [REPEALER.]**

*Minnesota Statutes 1984, sections 561.11; 561.12; 561.13; 561.14; 561.15; and 561.16 are repealed.*

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

*This act is effective the day after final enactment.*

## ARTICLE 13

## Section 1. [17.095] [FARM FINANCIAL AND OWNERSHIP DATA.]

*Subdivision 1. [COLLECTION OF DATA.] The commissioner of agriculture shall collect data on the financial condition of the state's farmers and farm ownership.*

*Subd. 2. [COOPERATION OF STATE AGENCIES.] State agencies and educational institutions, county auditors, county recorders, and sheriffs shall cooperate with and assist the commissioner to collect and analyze farm financial and ownership data.*

*Subd. 3. [REPORT.] (a) The commissioner of agriculture shall report to the legislature by January 15 of each year on the financial condition of the state's farmers and farm ownership. In years that are evenly divisible by five the commissioner must include an analysis of trends that are occurring in the farmers' financial condition and farm ownership. The report must include summary statistics on:*

- (1) the number of farm foreclosures;*
- (2) the degree and extent of delinquent payments on real and personal agricultural production property;*
- (3) the amounts and types of outstanding debt;*
- (4) the interest rate on outstanding debt;*
- (5) amount and changes in farm asset values;*
- (6) amount and changes in farm production expenses including taxes;*
- (7) amount and changes in farm income;*
- (8) the types of farm owners including individuals, general partnerships, limited partnerships, family farm corporations, corporations, and lending institutions, and statistics on how much land each type of owner farms, the manner in which the farm land is acquired and disposed of, and the type of farm operation each type of farm owner conducts; and*
- (9) other information that is helpful to understand the farmers' financial condition and farm ownership.*

*(b) The data must be summarized in the report to the legislature in a manner that complies with the data privacy act.*

## Sec. 2. [17.107] [PREMIUM AGRICULTURAL COMMODITIES.]

*The commissioner of agriculture in cooperation with the export finance authority shall develop and implement a program to facilitate buyers in making contracts with producers and sellers of premium quality agricultural commodities grown, raised, or processed in this state. The commissioner shall determine standards for premium quality agricultural commodities.*

## Sec. 3. [EFFECTIVE DATE.]

*This act is effective the day after final enactment.*

## ARTICLE 14

## Section 1. [550.175] [EXECUTION ON REAL PROPERTY THAT

## INCLUDES HOMESTEAD.]

*Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If real property is to be sold on execution and the property contains the homestead of the debtor, the debtor must be notified by the executing creditor that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of execution served on the debtor under section 550.19.*

*Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] The following notice must be included in the execution notice of real property containing a homestead that is served on a debtor under section 550.19. The notice must be in 10 point capitalized letters.*

**“THE PROPERTY TO BE SOLD CONTAINS YOUR HOMESTEAD. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND A PORTION OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE CREDITOR CAUSING THIS PROPERTY TO BE SOLD AND THE SHERIFF WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY FIVE DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD.”**

*Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The debtor must designate the legal description of the homestead property to be sold separately. The homestead property designated may include up to 80 acres. The designation must conform to local zoning, include the dwelling occupied by the debtor, and be compact so that it does not unreasonably affect the value of the remaining property. The debtor must serve a copy of the designation on the executing creditor and the sheriff by five days before the sale is scheduled.*

*Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a homestead property designation under subdivision 3, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

*Subd. 5. [REDEMPTION.] The debtor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption for the designated homestead or the remaining property is the same as the period of redemption for the entire property including the designated homestead.*

**Sec. 2. [582.041] [FORECLOSURE OF MORTGAGE THAT INCLUDES HOMESTEAD.]**

*Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If a mortgage on real property is foreclosed and the property contains the homestead of the mortgagor, the mortgagor must be notified by the foreclosing mortgagee that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of foreclosure served on the mortgagor under section 580.04 or*

for a foreclosure by action under chapter 581, in the summons and complaint.

*Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] (a) The following notice must be included in the foreclosure notice of property containing a homestead that is served on the mortgagor under section 580.04. The notice must be in 10 point capitalized letters.*

**"THE PROPERTY TO BE SOLD CONTAINS YOUR HOMESTEAD. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND A PORTION OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE PERSON FORECLOSING ON THE PROPERTY AND THE SHERIFF WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY FIVE DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."**

*(b) The following notice must be served with the summons and complaint in an action to foreclose a mortgage of property containing a homestead under chapter 581. The notice must be in 10 point capitalized letters.*

**"THE PROPERTY TO BE SOLD CONTAINS YOUR HOMESTEAD. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.**

**YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND A PORTION OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.**

**YOU MUST PROVIDE THE COURT WITH A LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED."**

*Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] The mortgagor must designate a legal description of the homestead property to be sold separately. The homestead property designated may include up to 80 acres. The designation must conform to local zoning, include the dwelling occupied by the mortgagor, and be compact so that it does not unreasonably affect the value of the remaining property. The mortgagor must serve a copy of the designation on the foreclosing mortgagee and the sheriff by five days before the sale is scheduled, or for a foreclosure by action under chapter 581, a copy of the designation must be provided to the court.*

*Subd. 4. [SALE OF PROPERTY.] If the sheriff receives a homestead property designation under subdivision 3, or is ordered by the court, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

*Subd. 5. [REDEMPTION.] The mortgagor may redeem the designated homestead, the remaining property, or the entire property including the*

*homestead. The period of redemption is the period for the entire property including the designated homestead.*

Sec. 3. [REPEALER.]

*Minnesota Statutes 1984, section 582.04, is repealed.*

Sec. 4. [EFFECTIVE DATE.]

*This act is effective 14 calendar days after final enactment and applies to all foreclosures or executions on real property that have foreclosure notices or summons and complaint served on the mortgagor or execution notices served on the debtor on or after the effective date.*

ARTICLE 15

Section 1. Minnesota Statutes 1984, section 169.81, subdivision 2, is amended to read:

Subd. 2. [LENGTH OF VEHICLES.] (a) No single unit motor vehicle, except truck cranes which may not exceed 45 feet, unladen or with load may exceed a length of 40 feet extreme overall dimensions inclusive of front and rear bumpers, except that the governing body of a city is authorized by permit to provide for the maximum length of a motor vehicle, or combination of motor vehicles, or the number of vehicles that may be fastened together, and which may be operated upon the streets or highways of a city; provided, that the permit may not prescribe a length less than that permitted by state law. A motor vehicle operated in compliance with the permit on the streets or highways of the city is not in violation of this chapter.

(b) No single semitrailer may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer adjacent to the truck or truck-tractor, in excess of 48 feet, except as provided in paragraph (d) that a single semitrailer may have an overall length in excess of 48 feet if (1) the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet, and (2) if the semitrailer is operated only in a combination of vehicles which does not exceed an overall length of 65 feet. No single trailer may have an overall length inclusive of tow bar assembly and exclusive of rear protective bumpers which do not increase the overall length by more than six inches, in excess of 45 feet. For determining compliance with the provisions of this subdivision, the length of the semitrailer or trailer must be determined separately from the overall length of the combination of vehicles.

(c) No semitrailer or trailer used in a three-vehicle combination may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer or trailer adjacent to the truck or truck-tractor, and further exclusive of the tow bar assembly, in excess of 28-1/2 feet. The commissioner may not grant a permit authorizing the movement, in a three-vehicle combination, of a semitrailer or trailer that exceeds 28-1/2 feet, except that the commissioner may renew a permit that was granted before April 16, 1984 for the movement of a semitrailer or trailer that exceeds the length limitation in this paragraph.

(d) The commissioner may issue an annual permit for a semitrailer in

excess of 48 feet in length, if the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet and if a combination of vehicles, which includes a semitrailer in excess of 48 feet for which a permit has been issued under this paragraph, does not exceed an overall length of 65 feet. The annual fee for a permit issued under this paragraph is \$36.

Sec. 2. Minnesota Statutes 1984, section 169.825, subdivision 11, is amended to read:

Subd. 11. [GROSS WEIGHT SEASONAL INCREASES.] (a) The limitations provided in this section are increased:

(1) by ten percent from January 1 to March 7 each winter, statewide;

(2) by ten percent from December 1 through December 31 each winter in the zone bounded as follows: beginning at Pigeon River in the northeast corner of Minnesota; thence in a southwesterly direction along the north shore of Lake Superior along Trunk Highway No. 61 to the junction with Trunk Highway No. 210; thence westerly along Trunk Highway No. 210 to the junction with Trunk Highway No. 10; thence northwesterly along Trunk Highway No. 10 to the junction with Trunk Highway No. 59; thence northerly along Trunk Highway No. 59 to the junction with Trunk Highway No. 2; thence westerly along Trunk Highway No. 2 to the junction with Trunk Highway No. 32; thence northerly along Trunk Highway No. 32 to the junction with Trunk Highway No. 11; thence northeast along Trunk Highway No. 11 to the east line of Range 43W to the Minnesota-North Dakota border; thence northerly along that border to the Minnesota-Canadian Border; thence easterly along said Border to Lake Superior; and

(3) by ten percent from October 1 to November 30 each year for the movement of sugar beets and potatoes from the field of harvest to the point of the first unloading. The commissioner shall not issue permits under this clause if to do so will result in a loss of federal highway funding to the state.

(b) The duration of a ten percent increase in load limits is subject to limitation by order of the commissioner, subject to implementation of springtime load restrictions, or March 7.

(c) When the ten percent increase is in effect, a permit is required for a motor vehicle, trailer, or semitrailer combination that has a gross weight in excess of 80,000 pounds, an axle group weight in excess of that prescribed in subdivision 10, or a single axle weight in excess of 20,000 pounds and which travels on interstate routes.

(d) In cases where gross weights in an amount less than that set forth in this section are fixed, limited, or restricted on a highway or bridge by or under another section of this chapter, the lesser gross weight as fixed, limited, or restricted may not be exceeded and must control instead of the gross weights set forth in this section.

(e) Notwithstanding any other provision of this subdivision, no vehicle may exceed a total gross vehicle weight of 80,000 pounds on routes which have not been designated by the commissioner under section 169.832, subdivision 11.

Sec. 3. Minnesota Statutes 1984, section 169.86, subdivision 5, is

amended to read:

Subd. 5. [FEES.] The commissioner, with respect to highways under his jurisdiction, may charge a fee for each permit issued. All such fees for permits issued by the commissioner of transportation shall be deposited in the state treasury and credited to the trunk highway fund. Except for those annual permits for which the permit fees are specified elsewhere in this chapter, the fees shall be:

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

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

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

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

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

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

(4) motor vehicles operating with gross weights authorized under section 169.825, subdivision 11, paragraph (a), clause (3).

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

(1) truck cranes;

(2) construction equipment, machinery, and supplies;

(3) manufactured homes;

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

(5) double-deck buses;

(6) commercial boat hauling.

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

Overweight Axle Group Cost Factors

Weight (pounds) exceeding weight limi- tations on axles	Cost Per Mile For Each Group Of:		
	Two consec- utive axles spaced within 8 feet or less	Three consec- utive axles spaced within 9 feet or less	Four consec- utive axles spaced with- in 14 feet or less
0-2,000	.100	.040	.036
2,001-4,000	.124	.050	.044
4,001-6,000	.150	.062	.050
6,001-8,000	Not permitted	.078	.056



8,001-10,000	Not permitted	.094	.070
10,001-12,000	Not permitted	.116	.078
12,001-14,000	Not permitted	.140	.094
14,001-16,000	Not permitted	.168	.106
16,001-18,000	Not permitted	.200	.128
18,001-20,000	Not permitted	Not permitted	.140
20,001-22,000	Not permitted	Not permitted	.168

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

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

Gross Weight (pounds) of vehicle	Annual Permit Fee
90,000 or less	\$200.00
90,001 - 100,000	\$300.00
100,001 - 110,000	\$400.00
110,001 - 120,000	\$500.00
120,001 - 130,000	\$600.00
130,001 - 140,000	\$700.00
140,001 - 145,000	\$800.00

If the gross weight of the vehicle is more than ~~140,000~~ 145,000 pounds the permit fee is determined under paragraph (e).

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

## ARTICLE 16

Section 1. Minnesota Statutes 1985 Supplement, section 256.73, subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] Ownership by an assistance unit of property as follows is a bar to any allowance under sections 256.72 to 256.87:

(1) The value of real property other than the homestead, which when combined with other assets exceeds the limits of paragraph (2), unless the assistance unit is making a good faith effort to sell the nonexcludable real property. The time period for disposal must not exceed nine months and the assistance unit shall execute an agreement to dispose of the property to repay assistance received during the nine months up to the amount of the net sale proceeds. The payment must be made when the property is sold. If the property is not sold within the required time or the assistance unit becomes ineligible for any reason the entire amount received during the nine months is an overpayment and subject to recovery. For the purposes of this section "homestead" means the house owned and occupied by the child, relative or other member of the assistance unit as his dwelling place, together with the land upon which it is situated in an area no greater than two contiguous lots in a platted or laid out city or town or 80 contiguous acres in rural areas all contiguous lots or acreage upon which it is situated; or

(2) Personal property of an equity value in excess of \$1,000 for the entire assistance unit, exclusive of personal property used as the home, one motor

vehicle of an equity value not exceeding \$1,500, one burial plot for each member of the assistance unit, one prepaid burial contract with an equity value of no more than \$1,000 for each member of the assistance unit, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, in accordance with rules promulgated by and standards established by the commissioner of human services.

#### ARTICLE 17

##### Section 1. [APPROPRIATIONS.]

*Subdivision 1. [ADMINISTRATION.] \$300,000 is appropriated from the general fund to the commissioner of agriculture to pay administrative costs of the commission and the farm mediation boards to be available until June 30, 1987. The complement of the department of agriculture is increased by three positions, which may be in the unclassified service.*

*Subd. 2. [LEGAL ASSISTANCE.] \$850,000 is appropriated from the general fund to the supreme court to contract for legal assistance to farmers, to be available until June 30, 1987.*

*Subd. 3. [AGRICULTURAL EXTENSION SERVICE PROJECTS.] \$1,058,700 is appropriated from the general fund to the board of regents of the University of Minnesota, to be available until June 30, 1987, for the following agricultural extension service projects: project support program, farm financial management program, family financial and stress management education, community economy development education, and information exchange for sustainable farming methods including methods that decrease per unit cost of production and increase net income, and forest products marketing.*

*Subd. 4. [MINNESOTA DEPARTMENT OF AGRICULTURE FARM ADVOCATE PROGRAM.] \$356,200 is appropriated from the general fund to the commissioner of agriculture for the farm advocate program, to be available until June 30, 1987.*

*Subd. 5. [FARM BUSINESS MANAGEMENT APPROPRIATIONS.] \$300,000 is appropriated from the general fund to the state board of vocational technical education for additional farm business management programs.*

*Subd. 6. [WILD RICE RESEARCH.] \$40,000 is appropriated from the general fund to the University of Minnesota agricultural experimental stations for wild rice research to be available until June 30, 1987, as follows:*

<i>(a) for elimination of volunteer seeds</i>	<i>\$10,000</i>
<i>(b) to develop plants resistant to leaf diseases</i>	<i>10,000</i>
<i>(c) to develop higher yielding wild rice</i>	<i>10,000</i>
<i>(d) acquisition and preparation of a peat research site</i>	<i>5,000</i>
<i>(e) approving herbicides and pesticides that will not affect food value of rice</i>	<i>5,000</i>

*Subd. 7. [FARM HUMAN SERVICES.] \$378,000 is appropriated from the general fund to the commissioner of human services to pay the additional costs of assistance authorized by article 16, to be available until June 30, 1987.*

*Subd. 8. [DEBT RESTRUCTURING.] \$4,000,000 is appropriated from the general fund to the commissioner of finance for transfer to the state bond*

*fund to meet debt service costs of the bonds authorized by article 3.*

Sec. 2. Laws 1985, chapter 4, section 10, is amended to read:

Sec. 10. [APPROPRIATION.]

~~\$25,050,000~~ \$7,167,100 is appropriated from the general fund to the commissioner of commerce for the following purposes:

- |  |                            |
|--|----------------------------|
| (a) For payment of interest on existing farm loans under section 5, to be available until June 30, <del>1986</del> 1987      | \$ 9,200,000<br>\$ 710,000 |
| (b) For payment of interest on new farm operating loans under section 6, to be available until June 30, <del>1986</del> 1987 | 15,800,000<br>6,357,100    |
| (c) For administration of sections 4 to 6, to be available until June 30, <del>1986</del> 1987                               | 50,000<br>100,000          |
| (d) If the appropriation for paragraph (b) is insufficient the appropriation for paragraph (a) is available for it.          |                            |

Sec. 3. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

Delete the title and insert:

"A bill for an act relating to agriculture; providing for voluntary and mandatory mediation; authorizing postponement of certain creditor remedies; prescribing conditions for restructuring farm debt; clarifying usury rates for certain agricultural and business loans; extending interest buydown program; authorizing the sale of state bonds; establishing a legal assistance program for farmers; ratifying interstate compact on agricultural grain marketing; providing for continued financing and incentives for agricultural land preservation; prescribing soil and water conservation practices and ordinances; requiring reports; establishing priorities of liens and security interests in farm products; establishing a farm landlord's lien; authorizing certain deficiency judgments and prescribing a procedure to determine the amount of certain agricultural deficiency judgments; establishing a milk marketing and price stabilization program; enforcing unfair dairy trade practices; prescribing conditions to recover crops or the value of crops after an involuntary transfer of property; requiring the collection and reporting of farm financial and ownership data; authorizing facilitation of contracts for premium agricultural commodities; allowing designation of a homestead to be sold under execution or foreclosure separately from remaining property; authorizing trucks hauling sugar beets or potatoes to be overweight during certain periods; amending land ownership requirements for aid to families with dependent children; appropriating money; amending Minnesota Statutes 1984, sections 48.195; 160.27, subdivision 5; 169.81, subdivision 2; 169.825, subdivision 11; 169.86, subdivision 5; 334.01, subdivision 2; 334.011; 336.9-312;

336.9.501; 514.952, subdivision 6; 580.09; 580.23, subdivision 1; Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 2; 40.20; 40.21, subdivision 1; 40.26; 40.28; 53.04, subdivision 3a; 56.131, subdivision 1; 160.232; 256.73, subdivision 2; 334.021; 473H.10, subdivision 3; 514.952, subdivision 4; and Laws 1985, chapter 4, sections 2; 6, subdivisions 2, as amended, 3, as amended, 4, as amended; 8; 10; and 11; proposing coding for new law in Minnesota Statutes, chapters 17, 40, 40A, 236A, 273, 480, 514, 550, 557, 559, 580, 581, 582, and 583; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1984, sections 40.27; 561.11; 561.12; 561.13; 561.14; 561.15; 561.16; 582.04; and chapter 32A; and Minnesota Statutes 1985 Supplement, sections 17A.04, subdivision 1a; 27.03, subdivision 2; 223.17, subdivision 1a; 223A.01; 386.42; and 514.952, subdivision 5."

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

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1515: A bill for an act relating to Ramsey county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

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

Page 1, after line 6, insert:

"Section 1. [383A.381] [ABSTRACT CLERK.]

*In Ramsey county the office of abstract clerk shall not be elective but be filled by procedures adopted by the county personnel department and shall discharge the functions provided by the county. The last abstract clerk elected shall serve in a position created by the county to perform the functions of the office until the elected term expires or, upon the expiration of the term, until a successor is appointed and qualified and shall not before age 70 be disqualified from appointment because of age."*

Page 2, after line 8, insert:

"Sec. 4. [REPEALER.]

*Minnesota Statutes 1984, section 383A.38, is repealed."*

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 4, after "retirement" insert "; providing for an appointed county abstract clerk; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, section 383A.38"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 2178, 1925, 2233, 1593, 1610, 2104, 2249 and 1672 were read the second time.

**SECOND READING OF HOUSE BILLS**

H.F. No. 2143 was read the second time.

**MOTIONS AND RESOLUTIONS**

Mr. Peterson, R.W. moved that the name of Mr. Lessard be added as a co-author to S.F. No. 723. The motion prevailed.

Mr. Dicklich moved that the name of Mr. Lessard be added as a co-author to S.F. No. 1832. The motion prevailed.

Mr. Peterson, R.W. moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 1854. The motion prevailed.

Mr. Merriam moved that the name of Mr. Laidig be added as a co-author to S.F. No. 1952. The motion prevailed.

Mr. Davis moved that the name of Mr. Stumpf be added as a co-author to S.F. No. 2178. The motion prevailed.

Mr. Peterson, C.C. moved that the name of Mr. Lessard be added as a co-author to S.F. No. 2215. The motion prevailed.

Mr. Benson moved that the name of Mr. Bertram be added as a co-author to S.F. No. 2282. The motion prevailed.

Messrs. Johnson, D.J. and Dicklich introduced—

Senate Resolution No. 121: A Senate resolution proclaiming June 21, 1986, to be Save American Industry and Jobs Day in Minnesota.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed 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 bills were read the first time and referred to the committees indicated.

Mr. Pehler introduced—

S.F. No. 2293: A bill for an act relating to unemployment compensation; regulating benefits and contribution rates; appropriating money; amending Minnesota Statutes 1984, sections 268.04, subdivisions 2, 4, 24, 25, and by adding subdivisions; 268.06, subdivisions 2, 3a, 8, and by adding a subdivision; 268.07, subdivisions 2, 2a, and 3; 268.071, subdivision 1; 268.09, subdivisions 1 and 2; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.16, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 268.0111, by adding a subdivision; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivisions 8, 29, and 30.

Referred to the Committee on Rules and Administration.

Mr. Dieterich introduced—

S.F. No. 2294: A bill for an act relating to horse racing; prohibiting certain betting practices; prescribing penalties; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; and 240.26, subdivisions 1 and 2.

Referred to the Committee on Public Utilities and State Regulated Industries.

Mr. Pehler introduced—

S.F. No. 2295: A bill for an act relating to game and fish; authorizing certain disabled federal employees to fish without licenses; amending Minnesota Statutes 1984, section 98.47, subdivision 17.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Novak; Peterson, C.C.; Petty; Laidig and Sieloff introduced—

S.F. No. 2296: A bill for an act relating to property taxes; changing the method of valuing certain residential real estate; amending Minnesota Statutes 1984, section 273.11, subdivisions 1 and 9, and by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Mr. Dahl introduced—

S.F. No. 2297: A bill for an act relating to water; establishing a deadline for the formation of certain watershed management organizations; amending Minnesota Statutes 1984, section 473.878, by adding a subdivision.

Referred to the Committee on Agriculture and Natural Resources.

Mr. Jude introduced—

S.F. No. 2298: A bill for an act relating to the statute of limitations; providing a limitation on actions against land surveyors; proposing coding for new law in Minnesota Statutes, chapter 541.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Samuelson, Knutson and Dicklich introduced—

S.F. No. 2299: A bill for an act relating to human services; providing for an increase in medical assistance reimbursement for services at developmental achievement centers; amending Minnesota Statutes 1985 Supplement, section 256B.501, subdivision 5.

Referred to the Committee on Health and Human Services.

Messrs. Hughes, Knutson and Samuelson introduced—

S.F. No. 2300: A bill for an act relating to human services; eliminating supportive living residences as residential care facilities for persons with mental illness; providing for the establishment of a third-level of care for persons with mental illness; directing the commissioner of human services to review and alter rules relating to residential care facilities for persons with

mental illness; amending Minnesota Statutes 1984, sections 245.782, subdivisions 2 and 6; 245.802, by adding a subdivision; repealing Minnesota Statutes 1984, section 245.802, subdivision 1a.

Referred to the Committee on Health and Human Services.

Messrs. Novak; Peterson, C.C. and Johnson, D.J. introduced—

S.F. No. 2301: A bill for an act relating to taxation; property; allowing certain property owners to appeal assessments directly to the tax or district court; amending Minnesota Statutes 1985 Supplement, sections 271.01, subdivision 5; and 278.01, subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Mr. Peterson, C.C. introduced—

S.F. No. 2302: A bill for an act relating to taxation; requiring withholding from payments to out-of-state contractors; proposing coding for new law in Minnesota Statutes, chapter 270.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Samuelson, Bertram and Davis introduced—

S.F. No. 2303: A bill for an act relating to the environment; disapproving a nuclear waste repository in Minnesota; proposing coding for new law in Minnesota Statutes, chapter 116C.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Peterson, C.C.; Johnson, D.J.; Novak; Kroening and Solon introduced—

S.F. No. 2304: A bill for an act relating to taxation; providing for the taxation of lawful gambling; making unlicensed wholesaling of gambling equipment a felony; exempting certain lawful gambling from licensing and taxation; providing a penalty; amending Minnesota Statutes 1984, sections 349.12, by adding a subdivision; 349.212, by adding a subdivision; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

Referred to the Committee on Taxes and Tax Laws.

Mr. Willet, for the Committee on Finance, introduced—

S.F. No. 2305: A bill for an act relating to the financing of government in this state; reducing appropriations for the biennium ending June 30, 1987, with certain conditions; imposing various cost-saving measures; creating, modifying, transferring, and abolishing agencies and functions; providing for the transfer of money in the state treasury; establishing and increasing fees; appropriating money with certain conditions; amending Minnesota Statutes 1984, sections 15.06, subdivision 1; 15.38, subdivision 3; 16A.01, subdivision 2; 16A.641, by adding subdivisions; 16A.72; 16B.07, subdivisions 3 and 4; 16B.08, subdivision 4; 16B.09, subdivision 1; 43A.08, subdivision

1a; 43A.17, subdivision 9; 89.17; 116C.03, subdivisions 2, 4, and 5; 116J.61; 116J.873, subdivision 1; 116K.03, subdivision 2; 116K.04; 124.71, subdivision 2; 136.14; 136C.35; 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53, subdivisions 1; 2, 3, and 4; 144A.54, subdivision 1; 145.915, by adding a subdivision; 162.06, subdivision 1; 162.12, subdivision 1; 176.183, subdivisions 1, 1a, and 2; 176.603; 176.611, subdivision 2; 179A.03, subdivisions 14, 15, and by adding a subdivision; 179A.05, subdivision 6; 179A.13, by adding a subdivision; 179A.16, subdivisions 4 and 8; 179A.21, subdivision 2; 183.375; 183.42; 183.44; 183.45; 183.466; 183.501; 183.505; 183.52; 183.54; 183.57; 183.59; 197.481, by adding subdivisions; 256.045, subdivision 3, and by adding a subdivision; 256.871, subdivision 2; 256.969, by adding a subdivision; 256B.02, subdivision 7, and by adding a subdivision; 256B.04, by adding a subdivision; 256B.05, subdivision 1; 256B.064, subdivisions 1a and 1c; 256B.27, subdivisions 3 and 4, and by adding a subdivision; 256B.37; 256B.431, subdivision 1, and by adding a subdivision; 256B.433; 256B.48, subdivision 1; 256B.69, subdivision 4; 256D.43; 271.01, by adding a subdivision; 297B.09, subdivision 2; 298.22, subdivision 3; 326.47, subdivisions 1 and 6; 343.29, subdivision 1; 357.08; 363.071, subdivision 2; 364.09; 401.14, subdivision 3; 462.384, subdivision 7; 518C.02, subdivision 3; and 525.56, subdivision 3; Minnesota Statutes 1985 Supplement, sections 3C.12, subdivisions 2 and 7; 15A.081, subdivisions 1 and 8; 92.50; 116.18, subdivision 3a; 116M.06, subdivision 3; 136A.02, subdivision 7; 136C.07, subdivision 5a; 168.012, subdivision 1; 168.12, subdivisions 1 and 5; 179A.04, subdivision 3; 256.01, subdivision 2; 256.871, subdivision 4; 256.969, subdivision 2; 256B.06, subdivision 1; 256B.0641; 256B.091, subdivision 4; 256B.501, by adding a subdivision; 256D.05, subdivision 1; 256D.051, subdivisions 1, 6, and by adding a subdivision; 256D.37, subdivision 1; 270A.07, subdivision 1; 325E.0951, by adding a subdivision; 474.19, subdivisions 3 and 4; 609.101; and 626.557, subdivision 2; Laws 1985, First Special Session chapters 9, article 2, section 105; 12, article 6, section 28, subdivision 20; 13, section 45; and section 219, subdivisions 2 and 5; proposing coding for new law in Minnesota Statutes, chapters 16A; 16B; 84; 116J; 116L; 135A; 136A; 144A; 145; 179A; 197; 256; 256B; 271; 336; and 518; proposing coding for new law as Minnesota Statutes, chapter 116N; repealing Minnesota Statutes 1984, sections 116K.01; 116K.02; 116K.03, subdivision 3; 176.265; 176.611, subdivisions 3 and 4; 343.01, as amended; 343.06; 343.08; 518.551, subdivision 8; Minnesota Statutes 1985 Supplement, sections 116J.951; 116J.955; 116J.961; subdivisions 7, 8, 9, and 10; and 473.351, subdivision 5.

Under the Rules of the Senate, laid over one day.

### MEMBERS EXCUSED

Mr. Hughes was excused from the Session of today from 5:00 to 6:00 p.m. and from 7:00 to 9:15 p.m. Mr. Willet was excused from the Session of today from 5:15 to 6:15 p.m. Mr. Berg was excused from the Session of today from 6:00 to 6:30 p.m. Mr. Bernhagen was excused from the Session of today at 6:30 p.m. Mr. Lessard was excused from the Session of today at 7:00 p.m. Mr. Moe, D. M. was excused from the Session of today from 7:00 to 8:00



p.m. Mr. Freeman was excused from the Session of today from 7:00 to 9:15  
p.m. Ms. Reichgott was excused from the Session of today from 7:45 to 8:10  
p.m. Ms. Peterson, D. C. was excused from the Session of today at 9:00  
p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m.,  
Friday, March 7, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-FIRST DAY

St. Paul, Minnesota, Friday, March 7, 1986

The Senate met at 10:00 a.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Laidig imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Thomas J. Nielsen.

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

Adkins	Diessner	Knaak	Moe, R.D.	Reichgott
Anderson	Dieterich	Knutson	Nelson	Renneke
Belanger	Frank	Kroening	Novak	Samuelson
Benson	Frederick	Kronebusch	Olson	Schmitz
Berg	Frederickson	Laidig	Pehler	Sieloff
Berglin	Freeman	Langseth	Peterson, C.C.	Solon
Bertram	Gustafson	Lantry	Peterson, D.C.	Spear
Brataas	Hughes	Lessard	Peterson, D.L.	Storm
Chmielewski	Isackson	Luther	Peterson, R.W.	Stumpf
Dahl	Johnson, D.E.	McQuaid	Petty	Taylor
Davis	Johnson, D.J.	Mehrkens	Pogemiller	Waldorf
DeCramer	Jude	Merriam	Purfeerst	Wegscheid
Dicklich	Kamrath	Moe, D.M.	Ramstad	Willet

The President declared a quorum present.

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

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1782, 2100, 2365, 2370, 1749, 2017, 2295, 2344, 2141 and 2216.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 6, 1986

### FIRST READING OF HOUSE BILLS

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

H.F. No. 1782: A bill for an act relating to natural resources; enacting the lake improvement district act; providing for the creation, powers, and termination of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.55; 378.56; and 378.57; proposing coding for new law in Minnesota Statutes, chapter 378; repealing Minnesota Statutes 1984, sections 378.41, subdivision 3; 378.45; and 378.53.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1599.

H.F. No. 2100: A bill for an act relating to agriculture; state agricultural society; removing the time and geographical restrictions on the society's ability to impose certain restrictions on performers at the state fairgrounds; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision 1.

Mr. Chmielewski moved that H.F. No. 2100 be laid on the table. The motion prevailed.

H.F. No. 2365: A bill for an act relating to transportation; clarifying procedures in certain contested matters brought before the transportation regulation board; amending Minnesota Statutes 1984, sections 174A.02, subdivision 4; and 216A.05, subdivision 5.

Referred to the Committee on Transportation.

H.F. No. 2370: A bill for an act relating to transportation; railroads; permitting the transportation regulation board to grant clearance variances without evidentiary hearings in certain cases; amending Minnesota Statutes 1985 Supplement, section 219.47, subdivision 1.

Mr. DeCramer moved that H.F. No. 2370 be laid on the table. The motion prevailed.

H.F. No. 1749: A bill for an act relating to education; allowing independent school district No. 281, Robbinsdale, to make a levy for transportation of certain pupils.

Referred to the Committee on Education.

H.F. No. 2017: A bill for an act relating to crimes; making certain videotaped statements admissible in proceedings involving physical or sexual abuse against a child; amending Minnesota Statutes 1984, section 595.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 260.156; and 595.02, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1862.

H.F. No. 2295: A bill for an act relating to independent school district No. 709; providing for severance pay for employees.

Referred to the Committee on Education.

H.F. No. 2344: A bill for an act relating to St. Louis county; making certain offices appointive; allowing the county board to assign certain offices to the unclassified service; amending Minnesota Statutes 1984, sections 375A.06, subdivision 5; 383C.035 and 383C.136.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2163, now on General Orders.

H.F. No. 2141: A bill for an act relating to agriculture; requiring certain corporate owners of agricultural land to reimburse the state for damage to conservation practices; requiring certain lease terms; requiring the sale or lease of certain farm land to certain persons; amending Minnesota Statutes 1984, section 500.24, by adding subdivisions.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 2216: A bill for an act relating to land surveying; providing for the surveying of lands by a county board; providing for the establishment of an office of county surveyor and the assignment of its duties; providing a penalty; amending Minnesota Statutes 1984, sections 381.01; 381.02; 381.03; 381.04; 381.05; 381.06; 381.07; 381.08; 381.09; 381.10; 381.12; 381.13; 389.011; 389.02; 389.03; 389.04; 389.08; Minnesota Statutes 1985 Supplement, section 389.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 381; repealing Minnesota Statutes 1984, section 389.06.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2252.

## REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1732 and 2041. The motion prevailed.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2067: A bill for an act relating to local government; permitting the establishment of special service districts in the city of Mendota Heights; providing taxing and other financial authority for the city.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

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

S.F. No. 1960: A bill for an act relating to occupations and professions; limiting the civil liability of psychologists for the violent acts of patients; proposing coding for new law in Minnesota Statutes, chapter 148.

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

Delete everything after the enacting clause and insert:

**"Section 1. [148.975] [LIMITATION ON LIABILITY; VIOLENT BEHAVIOR OF PATIENT.]**

*Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.*

*(b) "Practitioner" means a psychologist, school psychologist, nurse,*

*chemical dependency counselor, or social worker who is licensed by the state or who performs psychotherapy within a program or facility licensed by the state or established pursuant to rules adopted under section 245.69, subdivision 2.*

*(c) "Psychotherapy" means the professional treatment, assessment, or counseling of a mental or emotional illness, symptom, or condition.*

*Subd. 2. [LIABILITY STANDARD.] No monetary liability and no cause of action may arise against a practitioner for failure to predict, warn of, or take reasonable precautions to provide protection from, a patient's violent behavior, unless the patient or other person has communicated to the practitioner a specific, serious threat of physical violence against a specific, clearly identified or identifiable potential victim.*

*Subd. 3. [DUTY TO WARN.] The duty to predict, warn of, or take reasonable precautions to provide protection from, violent behavior arises only under the limited circumstances specified in subdivision 2. The duty is discharged by the practitioner if reasonable efforts are made to communicate the threat to the potential victim.*

*Subd. 4. [DISCLOSURE OF CONFIDENCES.] No monetary liability and no cause of action, or disciplinary action by the state board of psychology or board of nursing may arise against a practitioner for disclosing confidences to third parties in a good faith effort to discharge a duty arising under this section.*

*Subd. 5. [CONTINUITY OF CARE.] Nothing in subdivision 3 shall be construed to authorize a practitioner to terminate treatment of a patient as a direct result of a patient's violent behavior or threat of physical violence unless the patient is referred to another practitioner or appropriate health care facility.*

*Subd. 6. [EXCEPTION.] This section does not apply to a threat to commit suicide or other threats by a patient to harm the patient, or to a threat by a patient who is adjudicated mentally ill and dangerous under chapter 253B.*

**Sec. 2. [EFFECTIVE DATE.]**

*This act is effective August 1, 1986, and applies to causes of action arising on or after that date."*

Amend the title as follows:

Page 1, line 3, delete "psychologists" and insert "practitioners"

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

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

S.F. No. 2041: A bill for an act relating to judges; providing for the manner of filling vacancies in the office of judge; proposing coding for new law as Minnesota Statutes, chapter 480B.

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

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 2.722, subdivision 1, is amended to read:

Subdivision 1. [DESCRIPTION.] Effective July 1, 1959, the state is divided into ten judicial districts composed of the following named counties, respectively, in each of which districts judges shall be chosen as hereinafter specified:

1. Goodhue, Dakota, Carver, LeSueur, McLeod, Scott, and Sibley; ~~nine~~ 20 judges; and ~~four~~ permanent chambers shall be maintained in Red Wing, Hastings, Shakopee, Gaylord, LeCenter, West St. Paul, Chaska, Burnsville, South St. Paul, and Glencoe and one other shall be maintained at the place designated by the chief judge of the district;

2. Ramsey; ~~13~~ 24 judges; and permanent chambers shall be maintained in New Brighton, Roseville, Maplewood, North St. Paul, White Bear Lake, and St. Paul;

3. Wabasha, Winona, Houston, Rice, Olmsted, Dodge, Steele, Waseca, Freeborn, Mower, and Fillmore; 22 judges; and permanent chambers shall be maintained in Faribault, Albert Lea, Austin, Rochester, Wabasha, Caladonia, Mantorville, Preston, Owatonna, Waseca, and Winona;

4. Hennepin; ~~24~~ 41 judges; and permanent chambers shall be maintained in Minneapolis, and at other northern, southern, and western suburban locations throughout the county as a majority of the judges designate;

5. Blue Earth, Watonwan, Lyon, Redwood, Brown, Nicollet, Lincoln, Cottonwood, Murray, Nobles, Pipestone, Rock, Faribault, Martin, and Jackson; ~~five~~ 21 judges; and permanent chambers shall be maintained in Marshall, Windom, Fairmont, New Ulm, St. Peter, St. James, Blue Earth, Jackson, Pipestone, Worthington, Slayton, Redwood Falls, and Mankato;

6. Carlton, St. Louis, Lake, and Cook; ~~six~~ 14 judges; and permanent chambers shall be maintained in Duluth, Virginia, Hibbing, Two Harbors, Grand Marais, and Carlton;

7. Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay, Becker, and Wadena; 19 judges; and permanent chambers shall be maintained in Moorhead, Fergus Falls, Little Falls, Foley, Alexandria, Milaca, Long Prairie, Detroit Lakes, Wadena, and St. Cloud;

8. Chippewa, Kandiyohi, Lac qui Parle, Meeker, Renville, Swift, Yellow Medicine, Big Stone, Grant, Pope, Stevens, Traverse, and Wilkin; ~~three~~ 13 judges; and permanent chambers shall be maintained in Morris, Montevideo, Litchfield, Olivia, Wheaton, Glenwood, Breckenridge, Benson, Granite Falls, and Willmar;

9. Norman, Polk, Marshall, Kittson, Red Lake, Roseau, Mahnomen, Pennington, Aitkin, Itasca, Crow Wing, Hubbard, Beltrami, Lake of the Woods, Clearwater, Cass and Koochiching; ~~six~~ 20 judges; and permanent chambers shall be maintained in Crookston, Thief River Falls, Bemidji, Brainerd, Grand Rapids, Ada, Warren, Hallock, Red Lake Falls, Roseau, Mahnomen, Aitkin, Park Rapids, Baudette, Bagley, Walker, and International Falls;

10. Anoka, Isanti, Wright, Sherburne, Kanabec, Pine, Chisago, and

Washington; 24 judges; and permanent chambers shall be maintained in Anoka, Stillwater, Buffalo, Elk River, Mora, Cambridge, Center City, Pine City, and other places designated by the chief judge of the district.

*All permanent chambers designated in this section are subject to section 480.22.*

Page 1, line 19, delete "four" and insert "two"

Page 1, after line 21, insert:

*"(3) one member appointed by the speaker of the house and one member appointed by the subcommittee on committees of the committee on rules and administration of the senate, each to a four-year term, which shall end on the same day the governor's term of office ends."*

Page 2, lines 7 and 13, delete "(3)" and insert "(4)"

Page 2, lines 8, 17, and 22, delete "(4)" and insert "(5)"

Renumber the clauses in sequence

Page 5, after line 3, insert:

"Sec. 3. Minnesota Statutes 1984, section 484.01, is amended to read:

484.01 [JURISDICTION.]

*There is one trial court, which is the district court.*

The district courts shall have court has original jurisdiction in all civil actions within their respective districts its judicial district, in all cases of crime committed or triable therein in the district, in all juvenile proceedings, in all probate proceedings, including the administration of estates of deceased persons and trust estates and guardianship and incompetency proceedings, in all special proceedings not exclusively cognizable by some other court or tribunal, and in all other cases wherein such in which the jurisdiction is especially conferred upon them it by law. They shall It also have has appellate jurisdiction in every case in which an appeal thereto to it is allowed by law from any other court, officer, or body.

Sec. 4. Minnesota Statutes 1984, section 484.545, subdivision 1, is amended to read:

Subdivision 1. The district judges regularly assigned to hold court in each judicial district except for the second, fourth, and tenth judicial districts may by orders filed with the clerk of court and county auditor of each county in the district appoint a competent law clerk for every two district court judges of in the judicial district as of July 31, 1987. The district judges regularly assigned to hold court in the first and tenth judicial districts may by orders filed with the clerk of court and county auditor of each county in the district appoint a competent law clerk for each district court judge of in the district as of July 31, 1987. No new law clerk positions may be created in a district after July 31, 1987, but any vacancies in those positions which existed as of July 31, 1987, may be filled. The district court administrator in each district shall make assignments of all law clerks in that district.

*The judicial advisory service shall continue to be available to all trial court judges to assist them with research, information about current legal*

*developments, library services, and legal forms.*

Sec. 5. Minnesota Statutes 1984, section 484.69, subdivision 1, is amended to read:

Subdivision 1. [ELECTION; TERM; REMOVAL.] ~~By July 1, 1977, the judges of the district, county, county municipal and probate courts resident in each of the judicial districts shall meet and elect from among their number a single chief judge and an assistant chief judge. The chief justice shall appoint the chief judge and assistant chief judge in each of the judicial districts from a list of three names for each position submitted by the judges of the district. The chief judge and the assistant chief judge shall serve a term of two three years beginning July 1 of the year in which they are elected. No judge may serve as chief judge or assistant chief judge for more than two consecutive two year three-year terms.~~

The seniority of judges and rotation of the position of chief judge or assistant chief judge shall not be criteria for the ~~election~~ *appointment* of the chief judge or the assistant chief judge.

A chief judge or assistant chief judge may be removed for cause as chief judge or assistant chief judge by the chief justice of the supreme court, ~~or by a majority of the judges of the judicial district.~~

Sec. 6. Minnesota Statutes 1984, section 484.70, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] The chief judge of the judicial district may appoint one or more suitable persons to act as referees. Referees shall hold office at the pleasure of the judges of the district court and shall be learned in the law, except that persons holding the office of referee on January 1, 1983, may continue to serve under the terms and conditions of their appointment. All referees are subject to the administrative authority and assignment power of the chief judge of the district as provided in section 484.69, subdivision 3, and are not limited to assignment to family, probate, juvenile or special term court. Part time referees holding office in the second judicial district pursuant to this subdivision shall cease to hold office on July 31, 1984. *No new district court referee positions may be created after July 31, 1987, but any vacancies in referee positions which existed as of July 31, 1987, may be filled.*

Sec. 7. [484.74] [REORGANIZATION PLAN.]

*The judges in each judicial district, in consultation with the district administrator, shall prepare a reorganization plan establishing an administrative structure to implement the unified trial court.*

*The reorganization plan required by this section shall set forth the criteria to be considered in the assignment of judges to particular cases or categories of cases.*

*The plan shall be filed with the state court administrator by August 1, 1987. The state court administrator shall establish a reorganization plan for any judicial district that does not file its plan by the required date. Organization plans filed with the secretary of state pursuant to Minnesota Statutes, section 487.191, may be filed with the state court administrator to meet this requirement.*



**Sec. 8. [487.001] [COUNTY AND PROBATE COURT ABOLISHED.]**

*The probate court, which is also the county court, is abolished. The jurisdiction of the county and probate court is transferred to the district court. The judges of the county and probate court who are learned in the law are judges of the district court in which the county and probate court on which they served was located and shall continue to serve the term to which they were appointed or last elected. The county court judge not learned in the law serving on July 31, 1987, is an associate judge of the district court in the judicial district in which the county court where he served was located and shall continue to serve the term to which he was last elected. The associate judge is subject to section 487.04. Upon completion of the term to which they were serving on August 1, 1987, all judges are eligible for reelection as incumbent judges of the district court in the judicial district in which the county and probate court on which they served was located. The cases pending, the records, and the individuals employed by or serving in the county and probate courts on August 1, 1987, shall be transferred to the district court in the judicial district in which the county and probate court was located. No new courtroom bailiff or clerk positions may be created after July 31, 1987, but any vacancies in those positions which existed as of July 31, 1987, may be filled.*

**Sec. 9. [488A.001] [MUNICIPAL AND CONCILIATION COURTS MERGER WITH DISTRICT COURT.]**

*The municipal and conciliation courts of Ramsey and Hennepin counties are merged with the district courts in the second and fourth judicial districts respectively. The judges of the municipal courts of Ramsey and Hennepin counties are district judges of the second and fourth judicial districts respectively and shall continue to serve the term to which they were appointed or last elected. Upon completion of the term which they were serving on August 1, 1987, they are eligible for reelection as incumbent judges of the district court of the second and fourth judicial districts respectively. The cases pending, the records, and the individuals employed by or serving in the municipal and conciliation courts of Ramsey and Hennepin counties on August 1, 1987, are transferred to the district courts in the second and fourth judicial districts respectively. No new courtroom bailiff or clerk positions may be created after July 31, 1987, but any vacancies in those positions which existed as of July 31, 1987, may be filled.*

**Sec. 10. [INSTRUCTIONS TO THE STATE COURT ADMINISTRATOR.]**

*On or before August 1, 1987, the state court administrator shall present to the chairmen of the committees on the judiciary in the house and senate a report of the statutes in effect prior to the effective date of sections 1, 3 to 6, 8, 9, and 11 which concern the jurisdiction, administration, procedure, judges, and personnel of the district, probate, county, and municipal courts and which require amendment in order to implement the purposes of sections 1, 3 to 6, 8, 9, and 11. The state court administrator shall consult with the revisor of statutes in the preparation of this report which must be in the form of a bill draft.*

**Sec. 11. [REPEALER.]**

*Minnesota Statutes 1984, section 487.191, is repealed."*

Page 5, line 5, before "Section" insert "(a)" and delete "1" and insert "2."

Page 5, after line 8, insert:

*"(b) Sections 1, 3 to 6, 8, 9, and 11 are effective August 1, 1987. Sections 7 and 10 are effective the day following final enactment."*

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to courts; abolishing the county and probate court; transferring the jurisdiction, cases, records, and employees of that court to the district court; merging the municipal and conciliation courts with the district court in the second and fourth judicial districts; transferring the jurisdiction, cases, records, and employees of those courts to the district court; providing that municipal, probate and county judges learned in the law are district judges; providing that the county court judge not learned in the law is an associate judge; limiting the creation of additional referee, law clerk, courtroom bailiff, and courtroom deputy clerk positions; requiring each judicial district to prepare a reorganization plan; providing for the manner of filling judicial vacancies; amending Minnesota Statutes 1984, sections 484.01; 484.545, subdivision 1; 484.69, subdivision 1; and 484.70, subdivision 1; Minnesota Statutes 1985 Supplement, section 2.722, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 484, 487, and 488A; proposing coding for new law as Minnesota Statutes, chapter 480B; repealing Minnesota Statutes 1984, section 487.191."

And when so amended the bill do pass. Mr. Willet questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1732: A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; amending Minnesota Statutes 1984, sections 518.17, subdivisions 2 and 5; 518.551, subdivision 5; Minnesota Statutes 1985 Supplement, section 518.64; subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518.

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

Page 1, line 26, after the period, insert *"If joint legal custody is awarded over the objections of either party, the custody order shall include a plan for implementing the joint legal custody order and the court may order the department of court services or the county welfare agency to assist the parties in formulating a plan for implementation of the custody order."*

Page 1, after line 26, insert:

"Sec. 2. Minnesota Statutes 1984, section 518.17, subdivision 4, is amended to read:

Subd. 4. [CHILD SUPPORT.] *Both parents owe a duty of support to a*

child of the marriage. The court may order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for his the support of the child, without regard to marital misconduct, after considering all relevant factors including:

- (a) The financial resources and needs of the child;
- (b) The financial resources and needs of the custodial parent;
- (c) The standard of living the child would have enjoyed had the marriage not been dissolved;
- (d) The physical and emotional condition of the child, and his educational needs; and
- (e) The financial resources and needs of the noncustodial parent."

Page 2, lines 5 and 6, strike "for use in public assistance cases, only"

Page 2, line 8, strike "An order for support"

Page 2, lines 9 to 11, strike the old language and delete the new language

Pages 2 to 5, delete section 3 and insert:

"Sec. 4. Minnesota Statutes 1984, section 518.17, is amended by adding a subdivision to read:

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

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

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support by multiplying as follows:

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

Total Net Income Per Month of Obligor Parents	Number of Children						
	1	2	3	4	5	6	7 or more

\$400 and Below

Order based on the ability of the obligor parents to provide support at these income levels, or at higher levels, if the obligor has parents have the earning ability.

\$401 - 500	14%	17%	20%	22%	24%	26%	28%
\$501 - 550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%

\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001 - <del>6000</del> 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for ~~an obligor~~ parents with a monthly income of ~~\$600+~~ \$4001 or more shall be the same dollar amounts as provided for in the guidelines for ~~an obligor~~ parents with a monthly income of ~~\$6000~~ \$4000.

Net Income defined as:

Total monthly  
income less

- \* (1) Federal Income Tax
- \* (2) State Income Tax
- (3) Social Security Deductions
- (4) ~~Mandatory~~ Reasonable Pension Deductions
- (5) Union Dues
- (6) Cost of Dependent Health Insurance Coverage
- (7) Cost of Individual Health/Hospitalization Coverage or an ~~Equivalent~~ Amount for Actual Medical Expenses.
- (8) *In the Case of the Custodial Parent, Amount of Aid to Families with Dependent Children Received by the Parent or the Amount that the Parent would be Eligible for if the Parent were not Employed*
- (9) *A Child Support or Maintenance Order that is Currently Being Paid.*

\*Standard  
Deductions apply-  
use of tax tables  
recommended

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

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

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

(a) (b) In addition to the child support ~~payment~~ guidelines, the court shall take into consideration the following ~~criteria~~ factors in setting or amending child support:

(1) all earnings, income, and resources of the ~~obligor~~ parents, including

real and personal property;

- (2) the ~~basic living~~ needs of the ~~obligor~~ parents;
- (3) the financial needs of the child or children to be supported; ~~and~~
- (4) the amount of the aid to families with dependent children grant for the child or children; *and*
- (5) *the parents' debts as provided in paragraph (c).*

~~(b)~~ (c) In establishing or amending a support obligation, the court may consider debts owed to private creditors, but only if:

- (1) the right to support has not been assigned under section 256.74;
- (2) the debt was reasonably incurred for necessary support of the child or ~~obligee~~ parent or for the necessary generation of income, *or was incurred in good faith in connection with a property settlement made as a consequence of the dissolution proceeding.* If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income;

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them, the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid; and

(4) the court determines that the debt ~~was legitimately incurred for the necessary support of the child or obligee or for the necessary generation of income~~ *meets at least one of the criteria of clause (2) of this paragraph.*

Any schedule prepared under paragraph ~~(b)~~ (c), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

The court shall *approve a child support agreement of the parties or order child support in accordance with the guidelines and the other factors set forth in paragraph (b) and section 518.17, subdivision 4,* and any departure therefrom. Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

Where payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

~~(e) Previous support orders and maintenance orders may be considered if the obligor is paying them.~~

(d) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(e) The above guidelines are binding in each case unless the court *considers the factors in section 518.17, subdivision 4, and makes express findings*

of fact as to the reason for departure below *or above* the guidelines in that case in which the court orders support that so deviates from the guidelines. It may also increase the amount of child support by more than the guidelines without making express findings by agreement of the parties or by making further findings.

Sec. 6. Minnesota Statutes 1984, section 518.57, is amended to read:

518.57 [MINOR CHILDREN, SUPPORT.]

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

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

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

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

Page 5, line 12, before "If" insert "Except as provided in subdivision 2."

Page 5, line 16, delete "shall" and insert "may"

Page 5, after line 22, insert:

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

Page 6, line 3, delete "The mediator may,"

Page 6, delete line 4

Page 6, line 5, delete everything before "When"

Page 6, line 10, after the period, insert "The mediator shall not conduct the investigation under section 518.167."

Renumber the subdivisions in sequence

Page 7, after line 17, insert:

"Sec. 10. [EFFECTIVE DATE.]

*Sections 2 to 6 and 9 are effective May 1, 1986, and apply to child support orders issued before, on, and after the effective date. Sections 2 to 6 and 9 constitute a change of circumstances for purposes of a modification of support under section 518.64, subdivision 2."*

Amend the title as follows:

Page 1, line 6, after "2" insert ", 4" and after "5" insert ", and by adding a subdivision" and after the second semicolon, insert "518.57; 518.611, by adding a subdivision;"

And when so amended the bill do pass. Ms. Berglin questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2081 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2081	1969				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2081 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2081 and insert the language after the enacting clause of S.F. No. 1969, the first engrossment; further, delete the title of H.F. No. 2081 and insert the title of S.F. No. 1969, the first engrossment.

And when so amended H.F. No. 2081 will be identical to S.F. No. 1969, and further recommends that H.F. No. 2081 be given its second reading and substituted for S.F. No. 1969, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2044 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2044	1946				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2044 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2044 and

insert the language after the enacting clause of S.F. No. 1946, the first engrossment; further, delete the title of H.F. No. 2044 and insert the title of S.F. No. 1946, the first engrossment.

And when so amended H.F. No. 2044 will be identical to S.F. No. 1946, and further recommends that H.F. No. 2044 be given its second reading and substituted for S.F. No. 1946, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1185 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1185	1473				

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1926 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1926	1796				

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1821 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:



<b>GENERAL ORDERS</b>	<b>CONSENT CALENDAR</b>	<b>CALENDAR</b>
H.F. No. S.F. No.	H.F. No. S.F. No.	H.F. No. S.F. No.
1821 1682		

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1940 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:

<b>GENERAL ORDERS</b>	<b>CONSENT CALENDAR</b>	<b>CALENDAR</b>
H.F. No. S.F. No.	H.F. No. S.F. No.	H.F. No. S.F. No.
1940 1860		

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2111 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:

<b>GENERAL ORDERS</b>	<b>CONSENT CALENDAR</b>	<b>CALENDAR</b>
H.F. No. S.F. No.	H.F. No. S.F. No.	H.F. No. S.F. No.
2111 1994		

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2187 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:

<b>GENERAL ORDERS</b>	<b>CONSENT CALENDAR</b>	<b>CALENDAR</b>
H.F. No. S.F. No.	H.F. No. S.F. No.	H.F. No. S.F. No.
2187 2209		

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1835 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1835	1592				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1835 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1835 and insert the language after the enacting clause of S.F. No. 1592, the first engrossment; further, delete the title of H.F. No. 1835 and insert the title of S.F. No. 1592, the first engrossment.

And when so amended H.F. No. 1835 will be identical to S.F. No. 1592, and further recommends that H.F. No. 1835 be given its second reading and substituted for S.F. No. 1592, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2035 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2035	2112				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2035 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2035 and insert the language after the enacting clause of S.F. No. 2112, the first engrossment; further, delete the title of H.F. No. 2035 and insert the title of S.F. No. 2112, the first engrossment.

And when so amended H.F. No. 2035 will be identical to S.F. No. 2112, and further recommends that H.F. No. 2035 be given its second reading and substituted for S.F. No. 2112, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secre-

tary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2265 for comparison with companion Senate File, reports the following House File was found not identical with 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.
		2265	2085		

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2265 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2265 and insert the language after the enacting clause of S.F. No. 2085; further, delete the title of H.F. No. 2265 and insert the title of S.F. No. 2085.

And when so amended H.F. No. 2265 will be identical to S.F. No. 2085, and further recommends that H.F. No. 2265 be given its second reading and substituted for S.F. No. 2085, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1800 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1800	1767				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1800 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1800 and insert the language after the enacting clause of S.F. No. 1767, the first engrossment; further, delete the title of H.F. No. 1800 and insert the title of S.F. No. 1767, the first engrossment.

And when so amended H.F. No. 1800 will be identical to S.F. No. 1767, and further recommends that H.F. No. 1800 be given its second reading and substituted for S.F. No. 1767, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2364 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2364	2144				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2364 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2364 and insert the language after the enacting clause of S.F. No. 2144, the first engrossment; further, delete the title of H.F. No. 2364 and insert the title of S.F. No. 2144, the first engrossment.

And when so amended H.F. No. 2364 will be identical to S.F. No. 2144, and further recommends that H.F. No. 2364 be given its second reading and substituted for S.F. No. 2144, 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. 2305 and 1960 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 2081, 2044, 1185, 1926, 1821, 1940, 2111, 2187, 1835, 2035, 2265, 1800 and 2364 were read the second time.

## MOTIONS AND RESOLUTIONS

Ms. Reichgott moved that S.F. No. 817 be withdrawn from the Committee on Public Utilities and State Regulated Industries and returned to its author. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Consent Calendar. The motion prevailed.

## CONSENT CALENDAR

S.F. No. 2035: A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, subdivision 1.

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:

Adkins	Dieterich	Knutson	Novak	Schmitz
Anderson	Frank	Kroening	Olson	Sieloff
Belanger	Frederick	Kronebusch	Pehler	Solon
Benson	Frederickson	Laidig	Peterson, C.C.	Spear
Berg	Freeman	Langseth	Peterson, D.C.	Storm
Berglin	Gustafson	Lantry	Peterson, D.L.	Stumpf
Bertram	Hughes	Lessard	Peterson, R.W.	Taylor
Brataas	Isackson	Luther	Petty	Wegscheid
Chmielewski	Johnson, D.E.	McQuaid	Pogemiller	Willet
Dahl	Johnson, D.J.	Mehrkens	Ramstad	
DeCramer	Jude	Moe, D.M.	Reichgott	
Dicklich	Kamrath	Moe, R.D.	Renneke	
Diessner	Knaak	Nelson	Samuelson	

So the bill passed and its title was agreed to.

H.F. No. 2294: A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

Mr. Solon moved that H.F. No. 2294, No. 2 on the Consent Calendar, be stricken and placed at the top of General Orders. The motion prevailed.

S.F. No. 1886: A bill for an act relating to the city of Moorhead; authorizing the establishment of a detached banking facility in the city of Moorhead by a state bank located within 30 miles of the city of Moorhead.

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 2, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kamrath	Moe, R.D.	Renneke
Anderson	Dieterich	Knaak	Nelson	Samuelson
Belanger	Frank	Knutson	Novak	Schmitz
Benson	Frederick	Kroening	Olson	Sieloff
Berg	Frederickson	Kronebusch	Pehler	Solon
Berglin	Freeman	Laidig	Peterson, D.C.	Spear
Bertram	Gustafson	Langseth	Peterson, D.L.	Storm
Brataas	Hughes	Lantry	Peterson, R.W.	Stumpf
Chmielewski	Isackson	Lessard	Petty	Taylor
Dahl	Johnson, D.E.	McQuaid	Pogemiller	Waldorf
DeCramer	Johnson, D.J.	Mehrkens	Ramstad	Wegscheid
Dicklich	Jude	Moe, D.M.	Reichgott	

Messrs. Peterson, C.C. and Willet voted in the negative.

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Willet moved that H.F. No. 2009 be taken from the table. The motion prevailed.

H.F. No. 2009: A bill for an act relating to economic development; defining the duties and terms of office of the members of the world trade center board; classifying data held by the board; amending Minnesota Statutes

1984, sections 44A.01, subdivision 1; 44A.02; 44A.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 44A.

### 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. 2009 and that the rules of the Senate be so far suspended as to give H.F. No. 2009 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2009 was read the second time.

Mr. Willet moved to amend H.F. No. 2009 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2009, and insert the language after the enacting clause, and the title, of S.F. No. 2305, as introduced.

The motion prevailed. So the amendment was adopted.

Mr. Waldorf moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 141, after line 11, insert:

“Subd. 10. Contingent Appropriation

Notwithstanding Minnesota Statutes, sections 16A.15, subdivision 6, and 16A.1541, until June 30, 1987, when the balance in the budget and cash flow reserve account has been restored to \$100,000,000, the excess must be used, one-half to restore the appropriation reductions to higher education systems in subdivisions 4 to 7, pro rated among the systems, then to fund a property tax payment change under Minnesota Statutes, section 121.904, subdivision 4c, and the remainder to restore the budget and cash flow reserve account and for other purposes as provided in Minnesota Statutes, section 16A.1541.

The necessary amounts are appropriated from the general fund for these purposes, subject to the approval of the governor under Minnesota Statutes, section 3.30.”

Renumber the remaining subdivision in sequence

The motion prevailed. So the amendment was adopted.

### CALL OF THE SENATE

Mr. Willet imposed a call of the Senate for the balance of the proceedings on H.F. No. 2009. The Sergeant at Arms was instructed to bring in the absent

members.

Mrs. McQuaid moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 9, delete lines 4 to 9

Page 9, line 34, delete "(4,500,000)" and insert "(5,617,300)" and delete "(6,013,400)" and insert "(7,796,100)"

Correct the section totals and the summary by fund accordingly

Mr. Luther moved to amend the McQuaid amendment to H.F. No. 2009 as follows:

Page 1, delete lines 6 and 7 and insert:

"Page 13, after line 4, insert:

"Subd. 43. General Reduction (1,117,300) (1,782,700)

The commissioner of finance shall allocate this reduction pro rata among all the appropriations in Laws 1985, First Special Session chapter 13. ""

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

The question recurred on the McQuaid amendment, as amended.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knaak	Moe, R.D.	Reichgott
Anderson	Dieterich	Knutson	Novak	Renneke
Belanger	Frank	Kroening	Olson	Samuelson
Benson	Frederick	Kronebusch	Pehler	Schmitz
Berg	Frederickson	Laidig	Peterson, C.C.	Solon
Berglin	Freeman	Langseth	Peterson, D.C.	Spear
Bertram	Gustafson	Lantry	Peterson, D.L.	Storm
Brataas	Hughes	Luther	Peterson, R.W.	Stumpf
Chmielewski	Isackson	McQuaid	Petty	Taylor
Dahl	Johnson, D.E.	Mehrkens	Pogemiller	Waldorf
Davis	Jude	Merriam	Purfeerst	Wegscheid
DeCramer	Kamrath	Moe, D.M.	Ramstad	Willet

The motion prevailed. So the McQuaid amendment, as amended, was adopted.

Mr. Willet moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 48, line 31, before the period, insert “, to the extent that they are inconsistent”

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 169, after line 18, insert:

“ARTICLE 6  
WORLD TRADE CENTER BOARD

Section 1. Minnesota Statutes 1984, section 44A.01, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] (a) A world trade center board is created to facilitate and support Minnesota world trade center programs and services and promote the growth of international trade in Minnesota. The world trade center board consists of nine voting members and four legislators serving as nonvoting members. Three members are representatives of the membership of the Minnesota world trade center, one member is a representative of the international business community, and one member is a representative of the agricultural community.

(b) The initial voting members are appointed by the governor with the advice and consent of the senate ~~for a term expiring~~. *The terms of five of the initial voting members shall expire the first Monday in January 1987. The terms of the remaining four initial voting members shall expire the first Monday in January 1989.* A vacancy is filled in the same manner as the appointment.

(c) Legislator members are two members of the senate appointed under the rules of the senate and two members of the house of representatives appointed by the speaker. Except for the initial members, who are to be appointed following enactment, they are appointed at the beginning of each regular session of the legislature for two-year terms. A legislator who remains a member of the body from which he was appointed may serve until a successor is appointed and qualifies. A vacancy in a legislator member's term is filled for the unexpired portion of the term in the same manner as the original appointment.

Sec. 2. Minnesota Statutes 1984, section 44A.02, is amended to read:

44A.02 [~~EXECUTIVE DIRECTOR~~ PRESIDENT.]

Subdivision 1. [SELECTION.] The ~~executive director~~ *president* of the world trade center board is selected by a majority of the board and serves at the pleasure of the board. The ~~executive director~~ *president* must be familiar with the international business community, and have demonstrated proficiency in communication skills, administration and management, ~~and public and private joint ventures~~. The salary of the ~~executive director~~ *president* is set by the board within the limit set by sections 15A.081, subdivision 1, and 43A.17.

Subd. 2. [DUTIES.] The ~~executive director~~ *president* is the chief administrative officer of the board and is responsible for performing the executive duties of the board. The ~~executive director~~ *president* is not a member of the board.

Subd. 3. [EMPLOYEES.] The ~~executive director~~ *president* may appoint unclassified employees in accordance with chapter 43A and prescribe their duties. The ~~executive director~~ *president* may delegate to a subordinate the



exercise of specified statutory powers or duties as the ~~executive director~~ *president* deems advisable, subject to the control of the ~~executive director~~ *president*.

Sec. 3. [44A.031] [PROMOTIONAL EXPENSES.]

*The world trade center board may expend money in the world trade center fund, and any other money appropriated by the legislature, for the purpose of promotion of world trade in Minnesota. Promotional expenses include, but are not limited to, expenses for the food, lodging and travel of consultants and speakers hired by the board, and publications and other forms of advertising. Promotional expenditures may be made in the same manner as expenditures made by private persons, firms, corporations, or associations for similar purposes, and are not subject to regulation by the commissioner of employee relations.*

Sec. 4. Minnesota Statutes 1984, section 44A.07, subdivision 1, is amended to read:

Subdivision 1. [SERVICES.] The world trade center board may:

(1) define, formulate, administer, and deliver programs and services through the world trade center;

(2) provide and contract for services and programs through the world trade center, including: a library and research service providing information on world trade; a trade lead service, providing and authenticating information about international trade opportunities; a club for world trade center club members; telecommunications services; translation and interpretation services; temporary secretarial and other business services; language instruction; educational conferences and seminars; and other programs and services that serve the purposes of the world trade center, in the determination of the board;

(3) establish and charge fees for services and programs provided without regard to chapter 14 and section 16A.128;

(4) establish membership requirements for Minnesota world trade center operations without regard to chapter 14;

(5) establish satellite operations of the Minnesota world trade center;

(6) maintain active membership in the world trade center association;

(7) create an international communication network to coordinate international trade information and activities;

(8) compile international trade information from, among other places, the United States Department of Commerce and private sources, and provide marketing information to business persons;

(9) assist public and private universities or colleges to develop undergraduate or graduate level education programs to train persons regarding export trading; and

(10) coordinate the international trading activities of state and local agencies and organizations.

Sec. 5. [44A.08] [SERVICE INFORMATION; CLASSIFICATION OF

DATA.]

Subdivision 1. [SERVICE INFORMATION.] Information, including data bases, purchased by the board or developed by the board for sale pursuant to section 44A.07, is not subject to chapter 13.

Subd. 2. [CLASSIFICATION OF DATA.] For purposes of this subdivision, "business transaction" means a transaction between parties other than the board. The following data received or developed by the board is private with respect to data on individuals and nonpublic with respect to data not on individuals:

(1) Data relating to the financial condition of individuals or businesses receiving or performing services by or on behalf of the board.

(2) At the request of either party to the transaction data on business transactions.

(3) At the request of the person or business seeking the information, the identities of persons or businesses requesting business or trade information from the board, and the nature of the trade information."

Amend the title accordingly

Mr. Knaak questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question recurred on the Luther amendment. The motion prevailed. So the amendment was adopted.

Mr. Frederickson moved to amend H.F. No. 2009, as follows:

Page 7, line 20, delete "\$575,000" and insert "\$425,000"

Page 9, line 34, delete "(4,500,000)" and insert "(4,650,000)"

Correct the subdivision and section totals

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Frank	Jude	Lessard	Ramstad
Belanger	Frederick	Kamrath	McQuaid	Renneke
Benson	Frederickson	Knaak	Mehrkens	Sieloff
Berg	Gustafson	Knutson	Merriam	Storm
Brataas	Isackson	Kronebusch	Olson	Taylor
Davis	Johnson, D.E.	Laidig	Peterson, D.L.	Wegscheid

Those who voted in the negative were:

Adkins	Diessner	Lantry	Peterson, C.C.	Samuelson
Berglin	Dieterich	Luther	Peterson, D.C.	Schmitz
Bertram	Freeman	Moe, D.M.	Peterson, R.W.	Solon
Chmielewski	Hughes	Moe, R.D.	Petty	Spear
Dahl	Johnson, D.J.	Nelson	Pogemiller	Stumpf
DeCramer	Kroening	Novak	Purfeerst	Waldorf
Dicklich	Langseth	Pehler	Reichgott	Willet

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

Mr. Kamrath moved to amend H.F. No. 2009, as amended by the Senate

March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 6, line 17, delete "(300)" and insert "(133,100)"

Correct the section totals and the summary by fund accordingly

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

Mr. Knutson moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 66, delete line 6 and insert:

"\$(1,000,000) \$(1,000,000)"

Page 66, line 10, delete "\$500,000" and insert "\$1,700,000"

Page 66, delete lines 51 to 58

Page 67, delete lines 44 to 51

Page 68, delete lines 1 to 19

Page 68, lines 44 and 54, delete "25" and insert "13"

Page 69, line 7, delete "\$3.50" and insert "\$3.90"

Page 69, delete lines 10 to 24

Page 69, delete lines 54 to 57

Page 70, after line 7, insert:

"Of this amount, \$6,500,000 in fiscal year 1986 is reduced from the jobs program appropriation made in Laws 1985, First Special Session chapter 9, article 1, section 3, subdivision 2."

Page 70, line 17, delete "The commissioner of"

Page 70, delete lines 18 to 22

Page 70, line 24, delete "(106,900)" and insert "(1,500,000)"

Page 71, delete lines 2 to 13

Pages 134 to 137, delete sections 63 to 65 of article 3

Correct the section totals and the summary by fund accordingly

Re-number the sections of article 3 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Diessner	Kamrath	McQuaid	Renneke
Belanger	Frederick	Knaak	Mehrkens	Sieloff
Benson	Frederickson	Knutson	Olson	Storm
Berg	Gustafson	Kronebusch	Peterson, D.L.	Taylor
Brataas	Isackson	Laidig	Ramstad	

Adkins	Dieterich	Lantry	Pehler	Schmitz
Berglin	Frank	Lessard	Peterson, C.C.	Solon
Bertram	Freeman	Luther	Peterson, D.C.	Spear
Chmielewski	Hughes	Merriam	Peterson, R.W.	Stumpf
Dahl	Johnson, D.E.	Moe, D.M.	Petty	Waldorf
Davis	Jude	Moe, R.D.	Pogemiller	Willet
DeCramer	Kroening	Nelson	Purfeerst	
Dicklich	Langseth	Novak	Samuelson	

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

Mrs. Kronebusch moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 25, after line 32, insert:

"Sec. 20. Minnesota Statutes 1985 Supplement, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. [PERMIT FEES.] The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of reviewing and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The agency shall adopt rules under ~~section 16A.128~~ chapter 14 establishing the amounts and methods of collection of any permit fees collected under this subdivision. Any money collected under this subdivision shall be deposited in the special revenue fund. *The agency shall not collect fees for permits related to water pollution control or air pollution control.*"

Page 52, after line 26, insert:

"Sec. 63. Laws 1985, First Special Session chapter 13, section 26, subdivision 2, is amended to read:

Subd. 2. Water Pollution Control			
	\$2,604,100	\$2,229,100	\$2,538,700 \$2,913,700

Summary by Fund

General	\$1,798,700	\$1,436,400	\$2,561,400
Special	\$ 375,000	\$ 750,000	
Water Pollution Control	\$ 430,400	\$ 352,300	

*Fees collected for the special fund for water pollution control permits prior to July 1, 1986, shall be refunded by the agency and a sum sufficient to make the refunds is appropriated from the special fund.*

\$80,000 the first year is from the water pollution control fund for a grant to the Moose Lake and Windemere area sanitary sewer district to discharge the costs of preparations for sewer works made useless by changes in the conditions for federal funding.

Sec. 64. Laws 1985, First Special Session chapter 13, section 26, subdivision 3, is amended to read:

## Subd. 3. Air Pollution Control

\$1,212,700	\$1,087,700	\$1,222,400	\$1,347,400
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## Summary by Fund

General	\$1,087,700	\$ 952,400	1,347,400
Special	\$ 125,000	\$ 270,000	

*Fees collected for the special fund for air pollution control permits prior to July 1, 1986, shall be refunded by the agency and a sum sufficient to make the refunds is appropriated from the special fund.*

Sec. 65. Laws 1985, First Special Session chapter 13, section 28, subdivision 6, is amended to read:

## Subd. 6. Community Development

\$8,404,000	\$8,406,800
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\$5,664,700 the first year and \$5,664,700 the second year is for economic recovery grants.

\$2,000,000 the first year and ~~\$2,000,000 the second year~~ is for payment of a grant to the metropolitan council for metropolitan area regional parks maintenance and operation money.

The appropriation in Laws 1984, chapter 597, section 8, for regional solid waste disposal is reduced by \$1,000,000. The remaining \$400,000 of that appropriation may be paid as grants to one or more counties or groups of counties among the seven counties formerly involved in that project, to be used to deal with solid waste disposal. A grant may not be paid until the commissioner of energy and economic development has determined that the additional financing necessary to complete the project has been committed by other sources.

\$500,000 the first year is for payment of a grant to Hubbard county for construction of the Viking Epic Drama amphitheater. The appropriation is available only upon a determination by the commissioner of energy and economic development that the additional financing necessary to complete the project has been committed by the commissioner and nonstate sources. Hubbard county shall repay \$300,000 to the state within ten years from the date this grant is paid to the county. Repayments must be made in equal installments deposited in the state treasury and credited to the state general

fund before November 1 each year.”

Correct the section totals and the summary by fund accordingly

Renumber the sections in sequence and correct the internal references

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knaak	Mehrkens	Sieloff
Belanger	Gustafson	Knutson	Olson	Storm
Benson	Isackson	Kronebusch	Peterson, D.L.	Taylor
Brataas	Johnson, D.E.	Laidig	Ramstad	
Frederick	Kamrath	McQuaid	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Pehler	Samuelson
Berglin	Frank	Lessard	Peterson, C.C.	Schmitz
Bertram	Freeman	Luther	Peterson, D.C.	Spear
Chmielewski	Hughes	Merriam	Peterson, R.W.	Stumpf
Dahl	Johnson, D.J.	Moe, D.M.	Petty	Waldorf
Davis	Jude	Moe, R.D.	Pogemiller	Willet
DeCramer	Kroening	Nelson	Purfeerst	
Dicklich	Langseth	Novak	Reichgott	

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

Mr. Moe, D.M. moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 6, delete lines 25 to 59

Page 16, line 5, after the fourth comma, insert “*finance*,”

Page 16, lines 6 and 7, delete “*management and budget*,”

Pages 17 to 19, delete sections 6 to 8 of article 1

Pages 24 and 25, delete section 18 of article 1

Page 27, delete sections 22 to 24 of article 1

Page 28, line 3, reinstate the stricken language and delete the new language

Page 28, lines 29 and 30, reinstate the stricken language

Page 29, line 2, reinstate the stricken language and delete the new language

Page 29, line 22, reinstate the stricken “and the commissioner of finance”

Page 29, line 27, reinstate the stricken language and delete the new language

Page 30, line 7, reinstate the stricken language and delete the new language

Page 31, lines 17, 20, 24, 28, and 30, reinstate the stricken language and delete the new language

Page 53, delete section 65 of article 1

Page 53, lines 22 and 23, delete "116K.01; 116K.02; 116K.03, subdivision 3;"

Renumber the sections of article 1 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Frank	Knaak	Moe, D.M.	Renneke
Belanger	Frederick	Knutson	Olson	Sieloff
Benson	Gustafson	Kronebusch	Peterson, D.L.	Spear
Berg	Isackson	Laidig	Peterson, R.W.	Storm
Brataas	Johnson, D.E.	McQuaid	Petty	Taylor
Dieterich	Kamrath	Merriam	Ramstad	Wegscheid

Those who voted in the negative were:

Adkins	Dicklich	Kroening	Novak	Schmitz
Berglin	Diessner	Langseth	Pehler	Solon
Bertram	Frederickson	Lantry	Peterson, C.C.	Stumpf
Chmielewski	Freeman	Lessard	Peterson, D.C.	Waldorf
Dahl	Hughes	Luther	Purfeerst	Willet
Davis	Johnson, D.J.	Moe, R.D.	Reichgott	
DeCramer	Jude	Nelson	Samuelson	

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

Mr. Benson moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 122, after line 27, insert:

"Sec. 54. Minnesota Statutes 1985 Supplement, section 256D.101, subdivision 1, is amended to read:

Subdivision 1. [DISQUALIFICATION:] If the local agency determines that a registrant has failed to comply with the requirements of section 256D.051, the local agency shall notify the registrant of the determination. The notification shall be in writing; shall state the facts that support the local agency's determination; shall specify the particular actions that must be taken by the registrant to achieve compliance; shall state that the recipient must take the specified actions by a date certain, which must be at least ~~15~~ ten days following the date the notification is mailed or delivered to the registrant; shall explain the ramifications of the registrant's failure to take the required actions by the specified date; and shall advise the registrant that the registrant may request and have a conference with the local agency to discuss the notification.

Sec. 55. Minnesota Statutes 1985 Supplement, section 256D.101, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF GRANT REDUCTION, SUSPENSION, OR

TERMINATION.] ~~No~~ The notice of grant reduction, suspension, or termination on the ground that a registrant has failed to comply with section 256D.051 shall be given mailed or hand delivered by the local agency until the notification required by subdivision 1 has been given, the time for compliance stated in the notification has lapsed, and the local agency has, subsequent concurrently with the notification required by subdivision 1. Prior to giving the notification, assessed notifications, the local agency must assess the registrant's eligibility for general assistance under section 256D.05 to the extent possible using information contained in the case file, and determined determine that the registrant is not eligible under that section. The determination that the registrant is not eligible shall be stated in the notice of grant reduction, suspension, or termination.

Sec. 56. Minnesota Statutes 1985 Supplement, section 256D.101, is amended by adding a subdivision to read:

*Subd. 3. [BENEFITS AFTER NOTIFICATION.] Assistance payments otherwise due to the registrant under section 256D.051 must not be issued after the notification required in subdivision 1 has been provided to the registrant unless, before the date stated in the notification, the registrant takes the specified action necessary to achieve compliance. If, by the required date, the registrant takes the specified action necessary to achieve compliance, both the notification required by subdivision 1 and the notice required by subdivision 2 must be canceled and all benefits due to the registrant paid promptly.*

Sec. 57. Minnesota Statutes 1985 Supplement, section 256D.101, is amended by adding a subdivision to read:

*Subd. 4. [INELIGIBILITY FOLLOWING SUSPENSION.] A registrant suspended for failing to comply with section 256D.051 is ineligible for remaining work readiness services or payments for 60 days following suspension. The registrant's total period of eligibility must be reduced by the period of ineligibility that results from suspension."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 30, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Kamrath	McQuaid	Renneke
Belanger	Frederickson	Knaak	Mehrkens	Sieloff
Benson	Gustafson	Knutson	Olson	Storm
Brataas	Isackson	Kronebusch	Peterson, D.L.	Taylor
Chmielewski	Johnson, D.E.	Laidig	Ramstad	Waldorf

Those who voted in the negative were:

Adkins	Diessner	Langseth	Nelson	Pogemiller
Berglin	Dieterich	Lantry	Novak	Samuelson
Bertram	Frank	Lessard	Pehler	Schmitz
Dahl	Hughes	Luther	Peterson, D.C.	Spear
Davis	Jude	Merriam	Peterson, R.W.	Stumpf
Dicklich	Kroening	Moe, R.D.	Petty	Willet

The motion did not prevail. So the amendment was not adopted.



Mr. Dicklich moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 9, line 34, delete "(6,013,400)" and insert "(5,913,400)"

Page 52, after line 26, insert:

"Sec. 63. Laws 1985, First Special Session chapter 13, section 28, subdivision 7, is amended to read:

Subd. 7. Science and Technology  
\$1,376,900 \$1,405,400

\$96,700 the first year and \$96,700 the second year is for the council on biotechnology.

\$75,000 the first year and \$100,000 the second year is for a grant to the ~~Minnesota Inventors' Congress~~ *Institute for Invention and Innovation*. The purposes of this grant include establishment of a focal point for development of an invention support system including an advisory council comprised of representatives from the public and private sectors; coordination of an invention support system, primarily in the form of semi-autonomous regional centers, while protecting, enriching, and promoting existing activities such as the Minnesota Inventors' Congress, the Minnesota Inventors' Hall of Fame, the Inventions and Technology Transfer Corporation, the Inventors' Club, and the Young Inventors' Fair; promotion of invention research, with resultant knowledge to be disseminated to Minnesota educational systems; and development of a fiscal design for the statewide invention support system. The ~~Inventors' Congress~~ *Institute* shall report to the commissioner of energy and economic development by June 30 of each year on its activities in carrying out the purposes of this grant.

Sec. 64. [APPLICABILITY.]

*Section 63 applies to grant money not paid or obligated by contract before its effective date.*"

Correct the section totals and the summary by fund accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 65, line 18, before the period, insert *"and except that sections 7 and 8 are not effective until the governor informs the legislature of the present and precise location of the budget reserve money previously represented to be available to finance state government programs"*

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 13 and nays 33, as follows:

Those who voted in the affirmative were:

Benson	Frederickson	Knaak	Ramstad	Storm
Brataas	Gustafson	McQuaid	Renneke	
Frederick	Kamrath	Olson	Sieloff	

Those who voted in the negative were:

Anderson	Davis	Kroening	Novak	Samuelson
Belanger	Diessner	Langseth	Pehler	Spear
Berg	Dieterich	Lantry	Peterson, D.C.	Stumpf
Berglin	Frank	Lessard	Peterson, R.W.	Waldorf
Bertram	Hughes	Mehrkens	Petty	Willet
Chmielewski	Johnson, D.E.	Merriam	Pogemiller	
Dahl	Jude	Moe, R.D.	Purfeerst	

The motion did not prevail. So the amendment was not adopted.

Mr. Frederick moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 62, line 24, strike "37.5" and insert "54.17"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Frederick	Johnson, D.E.	McQuaid	Renneke
Benson	Frederickson	Knaak	Mehrkens	Storm
Berg	Gustafson	Kronebusch	Olson	Taylor
Brataas	Isackson	Laidig	Ramstad	

Those who voted in the negative were:

Adkins	Dieterich	Lantry	Peterson, D.C.	Spear
Berglin	Frank	Luther	Peterson, R.W.	Stumpf
Bertram	Freeman	Merriam	Petty	Waldorf
Davis	Hughes	Moe, R.D.	Pogemiller	Willet
DeCramer	Jude	Novak	Purfeerst	
Dicklich	Kroening	Pehler	Samuelson	
Diessner	Langseth	Peterson, C.C.	Schmitz	

The motion did not prevail. So the amendment was not adopted.

Mr. Samuelson moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 70, delete lines 14 to 22

The motion prevailed. So the amendment was adopted.

Mr. Gustafson moved to amend H.F. No. 2009, as amended by the Senate

March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 10, line 48, delete "(2,001,600)" and insert "(2,041,600)"

Page 10, delete lines 54 and 55

Page 11, delete lines 1 to 6

Correct the section totals and the summary by fund accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knaak	Mehrkens	Storm
Belanger	Gustafson	Knutson	Olson	Taylor
Benson	Isackson	Kronebusch	Peterson, D.L.	
Berg	Johnson, D.E.	Laidig	Ramstad	
Brataas	Jude	Lessard	Renneke	
Frederick	Kamrath	McQuaid	Siclöff	

Those who voted in the negative were:

Adkins	Dicklich	Luther	Peterson, R.W.	Stumpf
Berglin	Dieterich	Merriam	Petty	Wegscheid
Bertram	Frank	Moe, R.D.	Pogemiller	Willet
Chmielewski	Freeman	Novak	Purfeerst	
Dahl	Kroening	Pehler	Samuelson	
Davis	Langseth	Peterson, C.C.	Schmitz	
DeCramer	Lantry	Peterson, D.C.	Spear	

The motion did not prevail. So the amendment was not adopted.

Mr. Frederick moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 9, line 34, delete "(4,500,000)" and insert "(6,409,800)" and delete "(6,013,400)" and insert "(8,063,600)"

Page 10, line 48, delete "(2,001,600)" and insert "(91,800)" and delete "(1,802,600)" and insert "(247,600)"

Page 10, line 50, delete "(2,061,900)" and insert "(152,100)" and delete "(2,781,500)" and insert "(731,300)"

Correct the section totals and the summary by fund accordingly

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:

Anderson	Frederickson	Knaak	Olson	Taylor
Belanger	Gustafson	Knutson	Peterson, D.L.	Wegscheid
Benson	Isackson	Kronebusch	Ramstad	
Berg	Johnson, D.E.	Laidig	Renneke	
Brataas	Jude	McQuaid	Siclöff	
Frederick	Kamrath	Mehrkens	Storm	

Those who voted in the negative were:

Adkins	DeCramer	Lantry	Peterson, C.C.	Schmitz
Berglin	Dicklich	Lessard	Peterson, D.C.	Spear
Bertram	Frank	Luther	Peterson, R.W.	Stumpf
Chmielewski	Freeman	Merriam	Petty	Waldorf
Dahl	Kroening	Moe, R.D.	Pogemiller	Willet
Davis	Langseth	Pehler	Samuelson	

The motion did not prevail. So the amendment was not adopted.

Mr. Storm moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 15, after line 20, insert:

“Sec. 4. [3.181] [ECONOMIC IMPACT STATEMENT.]

*Subdivision 1. [ESTIMATE OF ECONOMIC IMPACT.] Before passing a law, each house of the legislature shall consider the economic impact the law will have on the public and on agencies of government assigned to implement or enforce it.*

*Subd. 2. [CONTENT OF STATEMENT.] For purposes of this section, an economic impact statement includes:*

*(1) an estimate of the cost to the agency of the implementation of the proposed action, including the estimated amount of paperwork;*

*(2) an estimate of the cost or the economic benefit to persons directly affected by the proposed action;*

*(3) an estimate of the impact of the proposed action on competition and the open market for employment, if applicable; and*

*(4) a detailed statement of the data and method used in making each of the estimates listed.*

*Subd. 3. [VALIDITY OF LAWS.] Failure to provide an adequate statement of economic impact is grounds for holding a law invalid. However, beginning on the effective date of this section, no law shall be declared invalid for want of an adequate statement of economic impact unless the issue is raised in an administrative or judicial proceeding within one year of the effective date of the law to which the statement applies.”*

Page 17, after line 18, insert:

“Sec. 7. Minnesota Statutes 1985 Supplement, section 14.131, is amended to read:

14.131 [STATEMENT OF NEED AND REASONABLENESS.]

Before the agency orders the publication of a rulemaking notice required by section 14.14, subdivision 1a, the agency must prepare, review, and make available for public review a statement of the need for and reasonableness of the rule and a fiscal note if required by section 3.982. The statement of need and reasonableness must be prepared under rules adopted by the chief administrative law judge and must also include, when appropriate:

*(1) a description of the classes of people who will probably be affected by the proposed rule, including classes that will bear the costs of the proposed*

rule and classes that will benefit from the proposed rule;

(2) a description of the probable quantitative and qualitative impact of the proposed rule, economic or otherwise, upon affected classes of people;

(3) the probable costs to the agency and to any other agency of the implementation and enforcement of the proposed rule and any anticipated effect on state revenues;

(4) a comparison of the probable costs and benefits of the proposed rule to the probable costs and benefits of inaction;

(5) a determination of whether there are less costly methods or less intrusive methods for achieving the purpose of the proposed rule;

(6) a description of any alternative methods for achieving the purpose of the proposed rule that were seriously considered by the agency and the reasons why they were rejected in favor of the proposed rule;

(7) a quantification of the data to the extent practicable; and

(8) both the short-term and long-term consequences of the rules, if adopted.

If the agency has made a good faith effort to comply with the requirements of this section, the rule may not be invalidated solely on the ground that the contents of the statement of need and reasonableness are insufficient or inaccurate as long as the agency supplements the rulemaking record with additional or corrected information.

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Kroening moved to amend the Storm amendment to H.F. No. 2009 as follows:

Page 1, line 8, delete "each house of the legislature" and insert "the house of representatives"

The question was taken on the adoption of the Kroening amendment to the Storm amendment.

The roll was called, and there were yeas 38 and nays 19, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Lantry	Peterson, D.C.	Sieloff
Belanger	Diessner	Lessard	Peterson, R.W.	Spear
Berg	Frank	Luther	Petty	Stumpf
Berglin	Freeman	Merriam	Pogemiller	Waldorf
Bertram	Gustafson	Moe, R.D.	Purfeerst	Wegscheid
Brataas	Jude	Novak	Reichgott	Willet
Dahl	Kroening	Pehler	Samuelson	
Davis	Langseth	Peterson, C.C.	Schmitz	

Those who voted in the negative were:

Anderson	Frederickson	Knutson	Mehrkens	Renneke
Benson	Isackson	Kronebusch	Olson	Storm
Chmielewski	Johnson, D.E.	Laidig	Peterson, D.L.	Taylor
Dicklich	Kamrath	McQuaid	Ramstad	

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the Storm amendment, as amended.

The roll was called, and there were yeas 29 and nays 26, as follows:

Those who voted in the affirmative were:

Anderson	Frank	Knutson	Peterson, D.L.	Storm
Belanger	Frederickson	Kronebusch	Purfeerst	Stumpf
Berg	Gustafson	Laidig	Ramstad	Taylor
Bertram	Isackson	McQuaid	Renneke	Wegscheid
Brataas	Johnson, D.E.	Olson	Samuelson	Willet
DeCramer	Kamrath	Pehler	Sieloff	

Those who voted in the negative were:

Adkins	Freeman	Luther	Peterson, R.W.	Spear
Berglin	Jude	Merriam	Petty	Waldorf
Chmielewski	Kroening	Moe, R.D.	Pogemiller	
Dahl	Langseth	Novak	Reichgott	
Davis	Lantry	Peterson, C.C.	Schmitz	
Diessner	Lessard	Peterson, D.C.	Solon	

The motion prevailed. So the Storm amendment, as amended, was adopted.

Mr. Gustafson moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 11, line 3, delete "shall" and insert "may"

The motion prevailed. So the amendment was adopted.

### RECONSIDERATION

Having voted on the prevailing side, Mr. Willet moved that the vote whereby the Storm amendment, as amended, to H.F. No. 2009 was adopted on March 7, 1986, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 29 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Lessard	Peterson, D.C.	Samuelson
Berglin	Freeman	Luther	Peterson, R.W.	Schmitz
Chmielewski	Jude	Merriam	Petty	Spear
Dahl	Kroening	Moe, D.M.	Pogemiller	Waldorf
Davis	Langseth	Moe, R.D.	Purfeerst	Willet
Dicklich	Lantry	Novak	Reichgott	

Those who voted in the negative were:

Anderson	Diessner	Kamrath	Olson	Sieloff
Belanger	Frank	Knutson	Pehler	Storm
Benson	Frederickson	Kronebusch	Peterson, C.C.	Taylor
Berg	Gustafson	Laidig	Peterson, D.L.	Wegscheid
Bertram	Isackson	McQuaid	Ramstad	
DeCramer	Johnson, D.E.	Mehrrens	Renneke	

The motion prevailed. So the vote was reconsidered.

The question recurred on the Storm amendment, as amended.

The roll was called, and there were yeas 26 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kronebusch	Peterson, C.C.	Taylor
Belanger	Gustafson	Laidig	Peterson, D.L.	Wegscheid
Berg	Isackson	McQuaid	Ramstad	
Bertram	Kamrath	Mehrkens	Renneke	
Brataas	Knaak	Olson	Sieloff	
Frank	Knutson	Pehler	Storm	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Peterson, R.W.	Stumpf
Berglin	Dieterich	Lessard	Petty	Waldorf
Chmielewski	Freeman	Luther	Pogemiller	Willet
Dahl	Johnson, D.J.	Merriam	Reichgott	
Davis	Jude	Moe, R.D.	Samuelson	
DeCramer	Kroening	Novak	Schmitz	
Dicklich	Langseth	Peterson, D.C.	Spear	

The motion did not prevail. So the Storm amendment, as amended, was not adopted.

Mr. Taylor moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 10, after line 30, insert:

“The funds for the Biotechnology Commission in the Office of Science and Technology must not be reduced the first year and may be reduced no more than 3.5 percent the second year.”

The motion did not prevail. So the amendment was not adopted.

Mr. Laidig moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 9, delete lines 10 to 17

Page 9, line 34, delete “(4,500,000)” and insert “(5,554,000)” and delete “(6,013,400)” and insert “(7,859,400)”

Correct the section totals and the summary by fund accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 18 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kamrath	McQuaid	Sieloff
Benson	Gustafson	Knaak	Merriam	Storm
Brataas	Isackson	Kronebusch	Ramstad	
Frederick	Johnson, D.E.	Laidig	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Peterson, R. W.	Stumpf
Bertram	Frank	Lessard	Petty	Waldorf
Chmielewski	Freeman	Luther	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Moe, R. D.	Reichgott	Willet
Davis	Jude	Pehler	Samuelson	
DeCramer	Kroening	Peterson, C.C.	Schmitz	
Dicklich	Langseth	Peterson, D.C.	Spear	

The motion did not prevail. So the amendment was not adopted.

Mr. Ramstad moved to amend H.F. No. 2009, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 2305.)

Page 4, delete lines 44 to 49

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Peterson, D.L.	Taylor
Belanger	Isackson	Kronebusch	Ramstad	
Benson	Johnson, D.E.	Laidig	Renneke	
Brataas	Kamrath	Mehrkens	Sieloff	
Frederick	Knaak	Olson	Storm	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Novak	Purfeerst
Berglin	Dieterich	Lantry	Pehler	Samuelson
Bertram	Frank	Lessard	Peterson, C.C.	Spear
Chmielewski	Freeman	Luther	Peterson, D.C.	Stumpf
Dahl	Johnson, D.J.	Merriam	Peterson, R.W.	Waldorf
Davis	Jude	Moe, R. D.	Petty	Willet
DeCramer	Kroening	Nelson	Pogemiller	

The motion did not prevail. So the amendment was not adopted.

H.F. No. 2009 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 22, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Langseth	Pehler	Samuelson
Berglin	Dieterich	Lantry	Peterson, C.C.	Schmitz
Bertram	Frank	Lessard	Peterson, D.C.	Solon
Chmielewski	Freeman	Luther	Peterson, R.W.	Spear
Dahl	Johnson, D.J.	Merriam	Petty	Stumpf
Davis	Jude	Moe, R. D.	Pogemiller	Waldorf
DeCramer	Kroening	Nelson	Purfeerst	Wegscheid
Dicklich	Kronebusch	Novak	Reichgott	Willet

Those who voted in the negative were:

Anderson	Frederickson	Knaak	Olson	Storm
Belanger	Gustafson	Knutson	Peterson, D.L.	Taylor
Benson	Isackson	Laidig	Ramstad	
Berg	Johnson, D.E.	McQuaid	Renneke	
Brataas	Kamrath	Mehrkens	Sieloff	

So the bill, as amended, passed and its title was agreed to.



**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Willet moved that S.F. No. 2305, on General Orders, be stricken and laid on the table. The motion prevailed.

**RECONSIDERATION**

Mr. Chmielewski moved that the vote whereby H.F. No. 671 failed to pass the Senate on March 6, 1986, be now reconsidered.

**CALL OF THE SENATE**

Mr. Petty imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Pursuant to Rule 22, Mr. Moe, R.D. moved to be excused from voting on all questions pertaining to H.F. No. 671. The motion prevailed.

The question recurred on the adoption of the motion of Mr. Chmielewski.

The roll was called, and there were yeas 41 and nays 21, as follows:

Those who voted in the affirmative were:

Anderson	Gustafson	McQuaid	Peterson, D.L.	Solon
Brataas	Johnson, D.E.	Mehrkens	Petty	Spear
Chmielewski	Johnson, D.J.	Merriam	Pogemiller	Storm
Dicklich	Jude	Moe, D. M.	Purfeerst	Taylor
Diessner	Kamrath	Nelson	Ramstad	Wegscheid
Dieterich	Knutson	Novak	Reichgott	
Frank	Lantry	Olson	Samuelson	
Frederick	Lessard	Pehler	Schmitz	
Freeman	Luther	Peterson, C.C.	Sieloff	

Those who voted in the negative were:

Adkins	Bertram	Isackson	Langseth	Willet
Belanger	Dahl	Knaak	Peterson, D.C.	
Benson	Davis	Kroening	Peterson, R.W.	
Berg	DeCramer	Kronebusch	Renneke	
Berglin	Frederickson	Laidig	Stumpf	

The motion prevailed. So the vote was reconsidered.

Mr. Petty moved that H.F. 671 be laid on the table. The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Davis moved that H.F. No. 1599 be taken from the table. The motion prevailed.

H.F. No. 1599: A bill for an act relating to state monuments; authorizing development of a plan for a memorial to Native Americans; amending Minnesota Statutes 1984, section 138.585, by adding a subdivision.

**SUSPENSION OF RULES**

Mr. Davis 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. 1599 and that the rules of the Senate be so far suspended as to give H.F. No. 1599 its second and third reading and place it on its final passage. The

motion prevailed.

H.F. No. 1599 was read the second time.

Mr. Davis moved to amend H.F. No. 1599 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1599, and insert the language after the enacting clause, and the title, of S.F. No. 1672, the third engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Frederickson moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Pages 88 and 89, delete section 3 of article 11 and insert:

“Sec. 3. Minnesota Statutes 1985 Supplement, section 336.9-307, is amended to read:

336.9-307 [PROTECTION OF BUYERS OF GOODS.]

(1) A buyer in ordinary course of business (subsection (9) of section 336.1-201) *other than a person buying farm products from a person engaged in farming operations* takes free of a security interest created by his seller even though the security interest is perfected and even though the buyer knows of its existence; ~~except that a buyer in the ordinary course of business who purchases farm products from a person engaged in farming operations is subject to section 223A.01.~~

(2) In the case of consumer goods, a buyer takes free of a security interest even though perfected if he buys without knowledge of the security interest, for value and for his own personal, family or household purposes unless prior to the purchase the secured party has filed a financing statement covering such goods.

(3) A buyer other than a buyer in ordinary course of business (subsection (1) of this section) takes free of a security interest to the extent that it secures future advances made after the secured party acquires knowledge of the purchase, or more than 45 days after the purchase, whichever first occurs, unless made pursuant to a commitment entered into without knowledge of the purchase and before the expiration of the 45-day period.

Sec. 4. [CENTRAL FILING SYSTEM FOR FARM PRODUCTS.]

*The secretary of state shall establish and implement a central filing system for farm products as provided under federal law.*

Sec. 5. [CONFLICTING LAWS.]

*If other laws are enacted during the 1986 regular session that conflict with the provisions of this article, the provisions of this article shall prevail, unless the provisions of this article are expressly superseded.”*

Page 89, line 14, delete “Sections 1 to 4 are” and insert “This article is”

Renumber the sections of article 11 in sequence

CALL OF THE SENATE

Mr. Davis imposed a call of the Senate for the balance of the proceedings

on H.F. No. 1599. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the adoption of the Frederickson amendment.

The roll was called, and there were yeas 20 and nays 36, as follows:

Those who voted in the affirmative were:

Belanger	Frederickson	Knaak	McQuaid	Petty
Benson	Isackson	Knutson	Mehrken	Ramstad
Dieterich	Johnson, D.E.	Kronebusch	Olson	Storm
Frederick	Kamrath	Laidig	Peterson, R.W.	Taylor

Those who voted in the negative were:

Adkins	DeCramer	Langseth	Peterson, D.C.	Spear
Anderson	Dicklich	Lantry	Peterson, D.L.	Stumpf
Berg	Diessner	Lessard	Pogemiller	Wegscheid
Berglin	Frank	Luther	Purfeerst	Willet
Bertram	Gustafson	Merriam	Reichgott	
Chmielewski	Hughes	Novak	Renneke	
Dahl	Jude	Pehler	Schmitz	
Davis	Kroening	Peterson, C.C.	Solon	

The motion did not prevail. So the amendment was not adopted.

Mr. Merriam moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Pages 57 to 59, delete section 5 of article 9 and insert:

“Sec. 5. [582.30] [DEFICIENCY JUDGMENTS.]

*Subdivision 1. [DEFICIENCY ALLOWED.] (a) Except as provided in this section, a person holding a mortgage may obtain a personal judgment against the mortgagor if the amount a person holding a mortgage receives from a foreclosure sale is less than:*

- (1) the amount remaining unpaid on the mortgage under chapter 580; or*
- (2) the amount of the judgment entered under chapter 581.*

*(b) Except as provided in subdivision 3, the judgment may not be for more than the difference between the amount received from the foreclosure sale less expenses and costs and:*

- (1) the total amount that attaches to the sale proceeds under section 580.09; or*
- (2) for a foreclosure by action, the amount of the judgment entered under section 581.03.*

*Subd. 2. [GENERAL PROHIBITION FOR PROPERTY WITH A SIX-MONTH REDEMPTION PERIOD.] A deficiency judgment is not allowed if a mortgage is foreclosed by advertisement under chapter 580 and has a redemption period of six months under section 580.23, subdivision 1.*

*Subd. 3. [AMOUNT OF DEFICIENCY JUDGMENT ON AGRICULTURAL PROPERTY IF MORTGAGEE IS PURCHASER.] For property used in agricultural production, if a deficiency judgment is allowed and the*

*mortgagee purchases the property, the amount of the deficiency judgment is limited to the difference of the fair market value of the property as determined by the court, and the amount remaining unpaid on a mortgage foreclosed under chapter 580 or the amount of the judgment entered on a mortgage foreclosed under chapter 581.*

*Subd. 4. [STATUTE OF LIMITATIONS ON EXECUTING JUDGMENT.] A deficiency judgment under this section or personal judgment obtained under section 6 may be enforced by execution but the judgment may not be executed after three years from the date judgment was entered.*

**Sec. 6. [582.31] [ONE ACTION ALLOWED TO ENFORCE AGRICULTURAL MORTGAGE.]**

*(a) For a mortgage on property used in agricultural production entered into after the effective date of this act, the mortgagee may only proceed to:*

*(1) obtain a personal judgment for the debt owed on the note secured by the mortgage and execute on the judgment; or*

*(2) foreclose the mortgage and obtain a deficiency judgment, if allowed.*

*(b) An action under paragraph (a), either clause (1) or (2), bars an action under the other clause.*

**Sec. 7. [582.32] [ATTACHMENT OF JUDGMENT TO AGRICULTURAL PROPERTY AFTER JUDGMENT IS ENTERED.]**

*A deficiency judgment or personal judgment obtained to enforce a mortgage debt on property used in agricultural production or a judgment obtained to enforce debts related to agricultural purposes, does not attach to real property used in agricultural production that is acquired by the mortgagor or debtor after the judgment is entered."*

Renumber the sections of article 9 in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail. So the amendment was not adopted.

Mr. Berg moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Pages 87 to 89, delete article 11

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 53 and nays 3, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Olsen	Samuelson
Anderson	Diessner	Knutson	Pehler	Schmitz
Belanger	Dieterich	Kroening	Peterson, C. C.	Sieloff
Benson	Frank	Kronebusch	Peterson, D. C.	Spear
Berg	Frederick	Laidig	Peterson, D. L.	Storm
Berglin	Frederickson	Langseth	Peterson, R. W.	Stumpf
Bertram	Freeman	Lantry	Petty	Taylor
Chmielewski	Gustafson	Luther	Pogemiller	Wegscheid
Dahl	Johnson, D. E.	McQuaid	Purfeerst	Willet
Davis	Jude	Merriam	Ramstad	
DeCramer	Kamrath	Moe, R. D.	Renneke	

Messrs. Isackson, Lessard and Mehrkens voted in the negative.

The motion prevailed. So the amendment was adopted.

Mr. DeCramer moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Page 50, line 24, delete "*and proceeds of the farm products*"

Page 50, line 25, delete "*by*" and insert "*within*" and delete everything after "*receives*"

Page 50, line 26, delete "*services acquired with*"

Page 50, line 27, delete "*Priority among*"

Page 50, line 36, after the period, insert "*A debtor is enabled to produce or raise farm products when the new value is used: to pay operating expenses, including normal personal and family expenses, incurred in or while producing or raising the collateral; or to acquire goods or services used in producing or raising the collateral.*"

Page 56, line 28, delete everything after "*effective*" and insert "*the day following final enactment.*"

The motion prevailed. So the amendment was adopted.

Mr. Stumpf moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Pages 44 and 45, delete sections 1 to 3 of article 7

Page 49, delete section 10 of article 7

Page 49, line 32, delete everything after "*1986*" and insert a period

Page 49, delete lines 33 and 34

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 44 and nays 10, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Kamrath	McQuaid	Purfeerst
Anderson	Dicklich	Knaak	Mehrkens	Ramstad
Belanger	Diessner	Knutson	Moe, R. D.	Reichgott
Benson	Frank	Kroening	Novak	Renneke
Berg	Frederickson	Kronebusch	Olson	Sieloff
Bertram	Gustafson	Laidig	Pehler	Storm
Chmielewski	Isackson	Langseth	Peterson, C.C.	Stumpf
Dahl	Johnson, D.E.	Lessard	Peterson, D.L.	Taylor
Davis	Jude	Luther	Pogemiller	

Those who voted in the negative were:

Berglin	Lantry	Peterson, D.C.	Petty	Wegscheid
Dieterich	Merriam	Peterson, R.W.	Spear	Willet

The motion prevailed. So the amendment was adopted.

Mr. Frederickson moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Page 101, after line 36, insert:

#### “ARTICLE 17

Section 1. Minnesota Statutes 1984, section 480.24, is amended by adding a subdivision to read:

*Subd. 5. [NONPROFIT REGIONAL ALTERNATIVE DISPUTE RESOLUTION CORPORATION.] “Nonprofit regional alternative dispute resolution corporation” means a nonprofit corporation which trains and makes available to the public individuals who provide fact-finding, conciliation, mediation, or nonbinding or binding arbitration services.*

Sec. 2. Minnesota Statutes 1984, section 480.242, subdivision 2, is amended to read:

**Subd. 2. [REVIEW OF APPLICATIONS; SELECTION OF RECIPIENTS.]** At times and in accordance with any procedures as the supreme court adopts in the form of court rules, applications for the expenditure of funds collected pursuant to section 480.241 shall be accepted from qualified legal services programs or from local government agencies and nonprofit organizations seeking to establish qualified alternative dispute resolution programs. The applications shall be reviewed by the advisory committee, and the advisory committee, subject to review by the supreme court, shall distribute the funds received pursuant to section 480.241, subdivision 2 to qualified legal services programs or to qualified alternative dispute resolution programs submitting applications. Subject to the provisions of subdivision 4, the funds shall be distributed in accordance with the following formula:

(a) Eighty-five percent of the funds distributed shall be distributed to qualified legal services programs that have demonstrated an ability as of July 1, 1982, to provide legal services to persons unable to afford private counsel with funds provided by the federal Legal Services Corporation. The allocation of funds among the programs selected shall be based upon the number of persons with incomes below the poverty level established by the United States Census Bureau who reside in the geographical area served by each

program, as determined by the supreme court on the basis of the 1980 national census. All funds distributed pursuant to this clause shall be used for the provision of legal services in civil matters to eligible clients.

(b) Fifteen percent of the funds distributed may be distributed (1) to other qualified legal services programs for the provision of legal services in civil matters to eligible clients, including programs which organize members of the private bar to perform services and programs for qualified alternative dispute resolution, or (2) to programs for training mediators operated by nonprofit alternative dispute resolution corporations. Grants may be made pursuant to this clause only until June 30, 1987. If all the funds to be distributed pursuant to this clause cannot be distributed because of insufficient acceptable applications, the remaining funds shall be distributed pursuant to clause (a).

Sec. 3. Minnesota Statutes 1984, section 572.33, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] When used in Laws 1984, chapter 646, sections 4 to 7 sections 572.31 to 572.40 and section 6 the terms defined in this section have the meanings given them.

Sec. 4. Minnesota Statutes 1984, section 572.33, is amended by adding a subdivision to read:

*Subd. 5. [NONPROFIT REGIONAL ALTERNATIVE DISPUTE RESOLUTION CORPORATION.] "Nonprofit regional alternative dispute resolution corporation" has the meaning given in section 1.*

Sec. 5. Minnesota Statutes 1984, section 572.35, is amended to read:

572.35 [EFFECT OF MEDIATED SETTLEMENT AGREEMENT.]

*Subdivision 1. [GENERAL.] The effect of a mediated settlement agreement shall be determined under principles of law applicable to contract. A mediated settlement agreement is not binding unless it contains a provision stating that it is binding and a provision stating substantially that the parties were advised in writing that (a) the mediator has no duty to protect their interests or provide them with information about their legal rights; (b) signing a mediated settlement agreement may adversely affect their legal rights; and (c) they should consult an attorney before signing a mediated settlement agreement if they are uncertain of their rights.*

*Subd. 2. [DEBTOR AND CREDITOR MEDIATION.] In addition to the requirements of subdivision 1, a mediated settlement agreement between a debtor and creditor is not binding until 72 hours after it is signed by the debtor and creditor, during which time either party may withdraw consent to the binding character of the agreement.*

Sec. 6. [572.41] [DEBTOR AND CREDITOR MEDIATION.]

*Subdivision 1. [GENERAL.] The debtor and creditor in any transaction may request the other party to the transaction to enter mediation concerning possible adjustment, refinancing, or payment under this section and sections 572.31 to 572.40.*

*Subd. 2. [MEDIATORS.] An individual who meets the qualifications established under subdivision 5 and who is willing to mediate in matters*

*involving debtors and creditors may register with a nonprofit regional alternative dispute resolution corporation or, in a county where one does not exist, with the court administrator. The court administrator shall develop a list of mediators available in the county. It is desirable but not necessary that mediators under this section have knowledge of debtor and creditor law and relevant areas of finance. A mediator must not mediate a matter involving a debtor or creditor with whom the mediator has or has had a credit relationship.*

*Subd. 3. [REQUEST FOR MEDIATOR.] A debtor and creditor who agree to mediate may submit a written request for referral to a mediator to the court administrator in the county where either party resides or has a place of business. The court administrator shall assign a mediator from the list developed under subdivision 2. The court administrator may charge a fee for the referral not to exceed the conciliation court fee in that county.*

*Subd. 4. [COMPENSATION.] Prior to commencing mediation the debtor and creditor shall agree with each other and the mediator on the amount and allocation between them of any fee for the mediator's services.*

*Subd. 5. [RULES.] The state court administrator shall adopt rules to implement this section and may use portions of existing rules on certification of alternative dispute resolution programs that satisfy the purposes of this section. The rules must include qualifications of mediators under this section and grounds for challenging and removing mediators.*

Sec. 7. [EFFECTIVE DATE.]

*This article is effective the day following final enactment."*

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Berg moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Page 29, after line 21, insert:

"Sec. 12.

*Notwithstanding Laws 1985, chapter 4, section 6, as amended by Laws 1985, chapter 114, section 2, a farm operating loan due and payable by March 15, 1986, is eligible for the state interest payment if the loan was submitted by December 31, 1985."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Berg then moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Page 95, after line 36, insert:



“Section 1. Minnesota Statutes 1984, section 169.80, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] It is a misdemeanor for a person to drive or move, or for the owner to cause or knowingly permit to be driven or moved, on a highway a vehicle or vehicles of a size or weight exceeding the limitations stated in sections 169.80 to 169.88, or otherwise in violation of sections 169.80 to 169.88, and the maximum size and weight of vehicles as prescribed in sections 169.80 to 169.88 shall be lawful throughout this state, and local authorities shall have no power or authority to alter these limitations except as express authority may be granted in sections 169.80 to 169.88.

When all the axles of a vehicle or combination of vehicles are weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight of the vehicle or combination of vehicles so weighed.

When each of the axles of any group that contains two or more consecutive axles of a vehicle or combination of vehicles have been weighed separately the sum of the weights of the axles so weighed shall be evidence of the total gross weight on the group of axles so weighed.

When, in any group of three or more consecutive axles of a vehicle or combination of vehicles any axles have been weighed separately and two or more axles consecutive to each other in the group have been weighed together, the sum of the weights of the axles weighed separately and the axles weighed together shall be evidence of the total gross weight of the group of axles so weighed.

The provisions of sections 169.80 to 169.88 governing size, weight, and load shall not apply to fire apparatus, or to implements of husbandry temporarily moved upon a highway, or to loads of loose hay or corn stalks if transported by a horse-drawn vehicle or drawn by a farm tractor, or to a vehicle operated under the terms of a special permit issued as provided by law. For purposes of sections 169.80 to 169.88, a specialized vehicle resembling a low-slung two wheel trailer having a short bed or platform shall be deemed to be an implement of husbandry when the vehicle is used exclusively to transport implements of husbandry; and the term “temporarily moved upon a highway” shall mean a movement not to exceed 50 miles.

In addition to any other special permits authorized, an annual permit may be issued authorizing movements on interstate highways and movements exceeding 50 miles on non-interstate highways of oversize vehicles and loads when the vehicles or combination of vehicles are used exclusively to transport implements of husbandry. Annual permits are issued in accordance with the applicable provisions of section 169.86, except that the transporting vehicle or combination of vehicles may be moved at the discretion of the permittee without prior route approval from the permit issuing office of the department of transportation if:

(a) The overall width of the transporting vehicle, including load, does not exceed ~~42~~ 14 feet;

(b) The transporting vehicle otherwise complies with equipment requirements and length, height and weight limitations prescribed by this chapter;

(c) The movement is made after the hour of sunrise and not later than 30

minutes after sunset;

(d) The movement is not made when visibility is impaired by weather, fog or other conditions rendering persons and vehicles not clearly visible at a distance of 500 feet, or on Sundays after twelve o'clock noon, and holidays;

(e) The transporting vehicle shall display at the front and rear end of the load or vehicle a pair of flashing amber lights, as provided in section 169.59, subdivision 4, whenever the overall width of the vehicle exceeds ten feet, six inches; and

(f) The movement, if made on a trunk highway, is made on a trunk highway with a surfaced roadway width of not less than 24 feet.

The fee for an annual permit is \$24."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Petty moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Pages 59 to 87, delete article 10

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Knutson	Olson	Sieloff
Anderson	Frederick	Kronebusch	Peterson, D.C.	Spear
Belanger	Freeman	Laidig	Peterson, R.W.	Storm
Benson	Gustafson	Lessard	Petty	Taylor
Berg	Isackson	McQuaid	Ramstad	Wegscheid
Brataas	Jude	Mehrkens	Reichgott	
Diessner	Kamrath	Moe, D. M.	Renneke	

Those who voted in the negative were:

Berglin	DeCramer	Johnson, D.J.	Moe, R. D.	Samuelson
Bertram	Dicklich	Knaak	Novak	Schmitz
Chmielewski	Frank	Langseth	Pehler	Stumpf
Dahl	Frederickson	Luther	Peterson, C.C.	Willet
Davis	Johnson, D.E.	Merriam	Purfeerst	

The motion prevailed. So the amendment was adopted.

Mr. Davis moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Page 16, line 26, delete "act" and insert "article"

Page 17, line 12, delete "Sections 1 to 26 are" and insert "This article

is”

Page 35, line 19, delete “Sections 1 to 5 are” and insert “This article is.”

Page 40, line 29, delete “act” and insert “article”

Page 49, line 32, delete “act” and insert “article”

Page 56, lines 22 and 28, delete “act” and insert “article”

Page 59, line 13, delete “act” and insert “article”

Page 74, line 32, delete “act” and insert “article”

Page 78, line 22, delete “act” and insert “article”

Page 87, line 31, delete “act” and insert “article”

Page 92, line 30, delete “act” and insert “article”

Page 95, line 31, delete “act” and insert “article”

Amend the title as follows:

Page 1, line 36, delete “580.09” and insert “581.09”

Page 1, line 38, delete “subdivision 2” and insert “subdivisions 2 and 5”

Page 1, line 40, after “334.021;” insert “336.9-307;”

Page 1, line 45, delete “236A,”

Page 2, line 1, delete “chapter 32C” and insert “chapters 32C and 236A”

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Pages 49 to 55, delete sections 1 to 4 of article 8

Page 56, delete sections 6 and 7 of article 8

Renumber the sections of article 8 in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knaak	McQuaid	Renneke
Belanger	Gustafson	Knutson	Mehrkens	Storm
Bertram	Isackson	Kronebusch	Olson	Taylor
Brataas	Johnson, D.E.	Laidig	Peterson, R.W.	
Frederick	Kamrath	Lessard	Ramstad	

Those who voted in the negative were:

Adkins	Dieterich	Luther	Petty	Sieloff
Berg	Frank	Merriam	Pogemiller	Spear
Berglin	Freeman	Moe, R. D.	Purfeerst	Stumpf
Dahl	Jude	Peterson, C.C.	Reichgott	Willet
Davis	Krøening	Peterson, D.C.	Samuelson	
DeCramer	Langseth	Peterson, D.L.	Schmitz	

The motion did not prevail. So the amendment was not adopted.

Mr. Isackson moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Page 56, after line 36, insert:

“Sec. 2. Minnesota Statutes 1984, section 510.02, is amended to read:

510.02 [AREA, HOW LIMITED.]

The homestead may include any quantity of land not exceeding 80 160 acres, and not included in the laid out or platted portion of any city. If it be within the laid out or platted portion of such place its area shall not exceed one-half of an acre.”

Renumber the sections of article 9 in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Freeman moved to amend H.F. No. 1599, as amended by the Senate March 7, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1672.)

Page 101, lines 23 and 24, reinstate the stricken language

Page 101, line 25, reinstate the stricken “laid out city or town or” and after the stricken “80” insert “all” and reinstate the stricken “contiguous acres in rural areas”

Page 101, lines 25 and 26, delete the new language

The motion prevailed. So the amendment was adopted.

H.F. No. 1599 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kroening	Pehler	Sieloff
Anderson	Frank	Kronebusch	Peterson, C.C.	Soloñ
Belanger	Frederick	Laidig	Peterson, D.C.	Spear
Berg	Frédéricksen	Langseth	Peterson, D.L.	Storm
Berglin	Freeman	Lessard	Petty	Stumpf
Bertram	Isackson	Luther	Pogemiller	Taylor
Chmielewski	Johnson, D.E.	Mehrrens	Purfeerst	Wegscheid
Dahl	Johnson, D.J.	Merriam	Reichgott	Willet
Davis	Jude	Moe, D. M.	Renneke	
DeCramer	Knaak	Moe, R. D.	Samuelson	
Dicklich	Knutson	Novak	Schmitz	

Those who voted in the negative were:

Brataas	Kamrath	Olson	Peterson, R.W.	Ramstad
Gustafson	McQuaid			

So the bill, as amended, passed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Davis moved that S.F. No. 1672, No. 163 on General Orders, be stricken and laid on the table. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Messages From the House and First Reading of House Bills. The motion prevailed.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2267, 2351 and 2427.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 7, 1986

**FIRST READING OF HOUSE BILLS**

The following bills were read the first time and referred to the committees indicated.

H.F. No. 2267: A bill for an act relating to administrative procedures; providing increased legislative oversight of administrative rulemaking; defining a rule; providing for exceptions to the rulemaking provisions of the administrative procedure act; amending Minnesota Statutes 1984, section 14.39; Minnesota Statutes 1985 Supplement, sections 14.02, subdivision 4; 14.40; proposing coding for new law in Minnesota Statutes, chapter 14.

Referred to the Committee on Governmental Operations.

H.F. No. 2351: A bill for an act relating to state real estate; permitting the sale of the old Shakopee correctional facility to the local government units.

Referred to the Committee on Finance.

H.F. No. 2427: A bill for an act relating to state lands; authorizing exchange of state property with Minnesota transportation museum property.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2173, now on General Orders.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Purfeerst moved that S.F. No. 1913, No. 148 on General Orders, be stricken and re-referred to the Committee on Transportation. The motion prevailed.

**MEMBERS EXCUSED**

Mr. Bernhagen was excused from the Session of today. Ms. Reichgott was excused from the Session of today from 2:00 to 2:30 and from 3:00 to 3:30 p.m. Mr. Lessard was excused from the Session of today from 2:15 to 2:45 p.m. Mr. Hughes was excused from the Session of today from 3:45 to 5:00

p.m. and from 5:00 to 7:00 p.m. Mr. Waldorf was excused from the Session of today at 4:30 p.m. Mrs. Lantry was excused from the Session of today at 6:00 p.m. Mr. Pehler was excused from the Session of today from 6:05 to 6:35 p.m. Mr. Diessner was excused from the Session of today at 6:15 p.m. Mr. Mehrkens was excused from the Session of today at 6:40 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:30 a.m., Monday, March 10, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-SECOND DAY

St. Paul, Minnesota, Monday, March 10, 1986

The Senate met at 10:30 a.m. and was called to order by the President.

## CALL OF THE SENATE

Mr. Berg imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Mark Woodward.

The roll was called, and the following Senators answered to their names:

Adkins	Diessner	Knutson	Novak	Schmitz
Anderson	Dieterich	Kroening	Olson	Sieloff
Belanger	Frank	Kronebusch	Pehler	Solon
Benson	Frederick	Laidig	Peterson, C. C.	Spear
Berg	Frederickson	Langseth	Peterson, D. C.	Storm
Berglin	Freeman	Lantry	Peterson, D. L.	Stumpf
Bernhagen	Gustafson	Lessard	Peterson, R. W.	Taylor
Bertram	Hughes	Luther	Petty	Vega
Brataas	Isackson	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D. E.	Mehrkens	Purfeerst	Wegscheid
Dahl	Johnson, D. J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D. M.	Reichgott	
DeCramer	Kamrath	Moe, R. D.	Renneke	
Dicklich	Knaak	Nelson	Samuelson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

## EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

March 3, 1986

The Honorable Jerome M. Hughes  
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. 1574

Sincerely,

Rudy Perpich, Governor

March 5, 1986

The Honorable Jerome M. Hughes  
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. 1575, 1587 and 1612.

Sincerely,

Rudy Perpich, Governor

March 5, 1986

The Honorable David Jennings  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1986 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Date Approved 1986	Date Filed 1986
1574		312	March 3	March 3
1612		313	March 5	March 5
1587		314	March 5	March 5
1575		315	March 5	March 5
	1794	316	March 5	March 5

Sincerely,

Joan Anderson Growe  
Secretary of State

### 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. 496 and 1851.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 7, 1986

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2466.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 7, 1986

### FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee



indicated.

H.F. No. 2466: A bill for an act relating to natural resources; permitting use of metal detectors on certain state lands under certain conditions; authorizing additions to and deletions from certain state parks and recreation areas; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 85.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2217.

## REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted with the exception of the report on S.F. No. 1621. The motion prevailed.

Mr. Pehler from the Committee on Education, to which was referred

S.F. No. 2029: A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in non-scholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

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 1984, section 129.121, subdivision 1, is amended to read:

Subdivision 1. The governing board of any *Minnesota* high school may delegate the control, supervision and regulation of interscholastic athletics and other extracurricular activities, referred to in section 123.38, to the Minnesota state high school league, a nonprofit incorporated voluntary association. Membership in ~~said Minnesota state high school~~ the league shall be composed of ~~such Minnesota~~ high schools whose governing boards have certified in writing to the state commissioner of education that they have elected to delegate the control, supervision and regulation of their interscholastic athletic events and other extracurricular activities to ~~said~~ the league. ~~The Minnesota state high school league is hereby empowered to exercise the, within the limits established in this section, may control, supervision supervise, and regulation of regulate interscholastic athletics, musical, dramatic and other contests by and between pupils of the Minnesota member high schools, delegated to it pursuant to this section. The Minnesota high school league may establish a policy or guidelines for the guidance of guide member high schools in the voluntary formation or alteration of athletic or other extracurricular conferences. The board of directors of the league shall include a licensed teacher, a representative appointed by the Minnesota association of secondary school principals, a public member appointed by the governor, and other members selected and appointed according to the~~

*procedures of the league.* The commissioner of education, or his representative, shall be an ex officio member of the governing body of ~~such~~ the league, with the same rights and privileges as other members of its governing body. The rules ~~and regulations~~ of ~~said~~ the league ~~shall be~~ are exempt from the provisions of sections 14.02, 14.04 to 14.36, 14.38, and 14.44 to 14.45; ~~and 14.57 to 14.62.~~

Sec. 2. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

*Subd. 1a. [NONSCHOLASTIC AND OUT-OF-SEASON ACTIVITIES.] The high school league may not regulate, directly or indirectly, pupil participation in a nonscholastic athletic activity or event during the period the pupil is not participating in interscholastic athletics. A pupil may participate in any nonscholastic athletic activity or event out-of-season without loss of eligibility to participate in interscholastic athletics.*

*A school, or an employee, coach, or agent of a school may not require a pupil to participate in any athletic activity or event outside of or separate from those sponsored by the school as a condition of participation in the school's interscholastic athletic activity.*

Sec. 3. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

*Subd. 1b. [ADMINISTRATIVE HEARING.] Any party aggrieved by a league action or decision affecting an individual's or school's participation in interscholastic athletics or other activities may appeal the action or decision by requesting a hearing within seven days after the action is taken or decision is issued. The request must be in writing and filed with the league. Within three working days after receiving a request for a hearing, the league shall refer the matter to the office of administrative hearings where the hearing shall be conducted as a contested case according to the provisions of chapter 14. The hearing shall commence within seven days after the office has received the request and shall be conducted according to the conference contested case rules adopted by the chief administrative law judge. The administrative law judge shall issue a final written decision within seven days following the close of the hearing. Any party aggrieved by that decision may seek judicial review according to sections 14.62 to 14.69.*

*The fee for the administrative law judge's services shall be paid by the league.*

Sec. 4. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

*Subd. 1c. [ELIGIBILITY FOR COMPETITION.] A pupil who transfers from one high school to another is eligible to compete at all levels of competition until all proceedings under league rules and, if applicable, section 3, excluding judicial review, have been completed."*

Amend the title as follows:

Page 1, line 2, delete "providing"

Page 1, delete lines 3 to 5

Page 1, line 6, delete "certain transfers;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2166: A bill for an act relating to local government units; authorizing the privatization of facilities for the treatment of wastewater and the furnishing of water; amending Minnesota Statutes 1984, section 474.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 297A.25, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 471A.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [297A.258] [PRIVATE SUPPLIERS OF PUBLIC SERVICES.]

*A private vendor that has entered into a service contract with a municipality under sections 3 and 4 is a political subdivision for purposes of determining the tax imposed under this chapter. This section applies only to the extent that the vendor is acting for the purposes of constructing, maintaining, or operating related facilities pursuant to the service contract.*

*The commissioner may provide for the issuance of a limited exemption certificate to a private vendor for purposes of administering this section. The commissioner may further require a vendor to obtain a certificate in order to qualify as a political subdivision under this section.*

*For purposes of this section, “private vendor,” “service contract,” and “related facilities” have the meanings given in sections 3 and 4.*

Sec. 2. [471A.01] [PUBLIC PURPOSE FINDINGS.]

*The legislature finds that the privatization of facilities for the prevention, control, and abatement of water pollution, and the furnishing of potable water provides municipalities an opportunity under appropriate circumstances to provide those capital intensive public services in a manner that will speed construction and is less costly and more efficient than the furnishing of those services through facilities exclusively owned and operated by municipalities. The legislature further finds that existing law creates unnecessary and costly obstacles to the privatization of those capital intensive public services and that a comprehensive act is required to permit municipalities to enter into appropriate contractual arrangements with private parties to facilitate the privatization of those capital intensive public services.*

Sec. 3. [471A.02] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 13.*

*Subd. 2. [ADMINISTRATOR.] “Administrator” means the pollution control agency or any other agency, instrumentality, or political subdivision*

of the state responsible for administering the loan or grant program described in section 8.

*Subd. 3. [CAPITAL COST COMPONENT.] "Capital cost component" means that part of the service fee that the municipality determines is intended to reimburse the private vendor for the capital cost, including debt service expense, of the related facilities.*

*Subd. 4. [CAPITAL COST COMPONENT GRANT.] "Capital cost component grant" means any grant made to the municipality by the pollution control agency over a term of at least ten years to pay or reimburse the municipality for the payment of all or part of the capital cost component of the service fee.*

*Subd. 5. [CAPITAL COST COMPONENT LOAN.] "Capital cost component loan" means any loan made to the municipality by the pollution control agency over a term of at least ten years to pay or reimburse the municipality for the payment of all or part of the capital cost component of the service fee.*

*Subd. 6. [CAPITAL INTENSIVE PUBLIC SERVICES.] "Capital intensive public services" means the prevention, control, and abatement of water pollution through wastewater treatment facilities as defined by section 115.71, subdivision 8, and the furnishing of potable water. Capital intensive public services may be limited to the acquisition, construction, and ownership by the private vendor of related facilities, but does not include the furnishing of heating or cooling energy.*

*Subd. 7. [CONTROLLING INTEREST.] "Controlling interest" means either (1) the power, by ownership interest, contract, or otherwise, to direct the management of the private vendor or to designate or elect at least a majority of the private vendor's governing body or board, or (2) having more than a 50 percent ownership interest in the private vendor.*

*Subd. 8. [MUNICIPALITY.] "Municipality" means a home rule charter or statutory city, county, sanitary district, or other governmental subdivision or public corporation, including the metropolitan council and the metropolitan waste control commission.*

*Subd. 9. [PERMITTED OBLIGATION.] "Permitted obligation" means the obligation of the municipality under the service contract to pay a service fee or perform any other obligation under the service contract except an obligation to pay, in a future fiscal year of the municipality from a revenue source other than funds on hand, a stated amount of money for money borrowed or for related facilities purchased by the municipality under the service contract.*

*Subd. 10. [PRIVATE VENDOR.] "Private vendor" means one or more persons who are not a municipality and in which no governmental entity or group of governmental entities has a controlling interest.*

*Subd. 11. [RELATED FACILITIES.] "Related facilities" means all real and personal property used by the private vendor in furnishing capital intensive public services, excluding any product of the related facilities, such as drinking water, furnished under the service contract.*

*Subd. 12. [SERVICE CONTRACT.] "Service contract" means any*

agreement or agreements between a municipality and a private vendor under which:

(1) the private vendor agrees to furnish to the municipality or any other user capital intensive public services in accordance with performance standards set forth in the agreement or agreements and the municipality agrees to pay or cause to be paid to the private vendor a service fee for the services, and

(2) other covenants incident to clause (1) are made.

**Subd. 13. [SERVICE FEE.]** "Service fee" means the payments the municipality is required under the service contract to make, or cause to be made, to the private vendor, including payments made by third parties to the private vendor for products or services and credited against payments the municipality would otherwise have to make, or cause to be made, under the service contract.

**Subd. 14. [USEFUL LIFE OF THE RELATED FACILITIES.]** "Useful life of the related facilities" means the economic useful life of the related facilities as determined by the municipality.

**Subd. 15. [UNRESTRICTED FUNDS.]** "Unrestricted funds" means any funds other than funds granted to the state or administrator by the federal government or any agency of the federal government and unavailable under federal law for the purposes set forth in section 8.

**Subd. 16. [USER.]** "User" means the municipality and all other persons which use the capital intensive public services furnished by the private vendor.

**Sec. 4. [471A:03] [BASIC AUTHORIZATION AND RELATED POWERS.]**

**Subdivision 1. [BASIC AUTHORIZATION.]** A municipality may contract with a private vendor to furnish in accordance with a service contract any capital intensive public services the municipality is authorized by law to furnish, and for that purpose a municipality may exercise any and all of the powers provided in this section.

**Subd. 2. [SERVICE CONTRACT.]** Subject to the provisions of section 10, a municipality may enter into a service contract for a term of not more than 30 years. However, the service contract may permit the municipality to either extend or renew the term of the service contract so long as the municipality is not bound under the service contract for an extended or renewal period of more than 30 years. Under the service contract the municipality may, under terms and conditions agreed to by the municipality and the private vendor:

(1) obligate itself to pay or cause to be paid a service fee for the availability and use of the capital intensive public services to be furnished under the service contract;

(2) enter into other obligations the municipality considers appropriate that are not otherwise contrary to law; and

(3) either pledge its full faith and credit or obligate a specific source of payment for the payment of the service fee and the performance of other

*obligations under the service contract and the payment of damages for failure to perform the obligations.*

*The obligation of the municipality to pay the service fee and perform any other permitted obligations under the service contract are not considered a debt within the meaning of any statutory or charter provision, and no election is required as a precondition to the municipality entering into any permitted obligation or undertaking a project under a service contract.*

*Subd. 3. [PROCUREMENT PROCEDURES.] The municipality may agree under the service contract that the private vendor will acquire and construct any and all related facilities without compliance with any competitive bidding requirements; provided (1) the municipality, or municipalities if the related facilities furnish capital intensive public services to more than one municipality, has in the aggregate either no or no more than a 50 percent ownership interest in the related facilities, and (2) the municipality enters into the service contract only after requesting from two or more private vendors proposals for the furnishing of the capital intensive public services, under terms and conditions the municipality determines to be fair and reasonable. After making the request and receiving any proposals in response to the request, the municipality may negotiate the service contract with any private vendor.*

*Subd. 4. [SOURCES OF PAYMENT.] For the payment of a service fee or other monetary obligation under an existing service contract or in anticipation of need under a future service contract, the municipality may:*

*(1) levy property taxes, impose rates and charges, levy special assessments, and exercise any other revenue producing authority granted to it and apply public funds for the payment of the service fee and any other monetary obligations under the service contract in the same manner, and subject to the same conditions and limitations, except as provided in section 5, that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality; and*

*(2) establish by ordinance, revise when considered advisable, and collect just and reasonable rates and charges for the capital intensive public services provided under the service contract. The ordinance may obligate the owners, lessees, or occupants of property, or any or all of them, to pay charges for the capital intensive public services available for their properties and may obligate the user of a related facility to pay a reasonable charge for the use of the related facility. Rates and charges may take into account the character, kind, and quality of the capital intensive public service and all other factors that enter into the cost of the capital intensive public service, including but not limited to the service fee payable with respect to it, depreciation, and payment of principal and interest on money borrowed for the acquisition or betterment of related facilities. The rates and charges may be billed and collected in a manner the municipality shall determine. On or before October 15 in each year, the municipality shall certify to the county auditor all unpaid outstanding charges for services provided under the service contract and a statement of the description of the lands against which the charges arose. It is the duty of the county auditor, upon order of the governing body of the municipality, to extend the rates and charges with interest as provided for by ordinance upon the tax rolls of the county for the*

taxes of the year in which the rate or charge is filed. For each year ending October 15 the rates and charges with interest shall be carried into the tax becoming due and payable in January of the following year, and shall be enforced and collected in the manner provided for the enforcement and collection of real property taxes in accordance with the provisions of the laws of the state. The rates and charges, if not paid, shall become delinquent and be subject to the same penalties and the same rate of interest as the taxes under the general laws of the state. All rates and charges shall be uniform in their application to use and service of the same character or quantity. A public hearing on the proposed ordinance shall be held prior to the meeting at which it is to be considered by the governing body of the municipality and after notice of the hearing has been published in the official newspaper of the municipality not less than ten days prior to the hearing. The notice shall state the subject matter and the general purpose of the proposed ordinance.

*Subd. 5. [SALE OR LEASE OF EXISTING FACILITIES.] For purposes of carrying out the service contract, the municipality may, without compliance with any competitive bidding requirement, sell or lease to the private vendor or any other municipality on terms and conditions as the municipality considers appropriate any existing related facilities, including land, owned by the municipality. If the facilities are sold to a private vendor, the municipality may provide that title to the facilities reverts to the municipality if the private vendor defaults under any specified provisions in the service contract. The municipality may reacquire any existing facilities it leases or sells to the private vendor and terminate the service contract in accordance with its terms notwithstanding that the service contract may constitute an equitable mortgage. No lease of existing facilities by the municipality to the private vendor is subject to the provisions of section 504.02, unless expressly so provided in the service contract.*

*Subd. 6. [INTEREST IN THE RELATED FACILITIES.] The municipality may retain or acquire, on terms and conditions it considers appropriate, a present or future interest in all or part of the related facilities and grant a mortgage or security interest in its interest in the related facilities.*

*Subd. 7. [INTEREST IN THE PRIVATE VENDOR.] The municipality may, on terms and conditions it considers appropriate, acquire an interest in the private vendor, whether as a joint venturer, stockholder, partner, or otherwise and grant a security interest in its interest in the private vendor. However, no municipality or group of municipalities may have a controlling interest in the private vendor.*

*Subd. 8. [USE OF BOND PROCEEDS.] The municipality may issue bonds and other obligations and apply their proceeds toward the payment of the costs of the related facilities in the same manner and subject to the same conditions and limitations that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality and for these purposes, related facilities shall be considered to be a project within the meaning of section 474.02, subdivision 1a.*

*Subd. 9. [REQUIRED PUBLIC USE.] The municipality may agree, subject to any applicable state statutory requirements as to designated use of the related facilities, that the sole and exclusive right to provide the capital intensive public services within its jurisdiction be assumed by the private*

vendor under the service contract and may require that any and all members of the public within its jurisdiction use the services provided under the service contract in the same manner and subject to the same limitations and conditions that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality.

*Subd. 10. [CONDEMNATION POWERS.] The municipality may exercise the right of eminent domain in the manner provided by chapter 117, for the purpose of acquiring for itself or the private vendor any and all related facilities. If the related facilities are acquired for the private vendor, the service contract shall be for a term of at least five years.*

*Subd. 11. [CONTRACTOR'S BOND AND MECHANICS' LIENS.] The municipality may waive or require the furnishing of a contractor's payment and performance bond of the kind described in section 574.26 in connection with the installation and construction of any related facilities. If the bond is required, the provisions of chapter 514 relating to liens for labor and materials are not applicable with respect to work done or labor or materials supplied for the related facilities. If the bond is waived, the provisions of chapter 514 apply with respect to work done or labor or materials supplied for the related facilities.*

#### Sec. 5. [471A.04] [LEVY LIMITS.]

*For purposes of applying sections 275.50 to 275.56, any property taxes levied for the payment of the service fee shall be treated as a special levy under the provisions of section 275.50, to the same extent and subject to the same limitations that would apply if the capital cost component of the service fee represented principal and interest payments on bonded indebtedness of the municipality within the meaning of section 275.50, subdivision 5, clause (e), and if the balance of the service fee represented operation and maintenance expenses for related facilities owned and operated exclusively by the municipality. The provisions of section 275.11 and any levy limits imposed by home rule charter do not apply to taxes levied to pay the service fee.*

#### Sec. 6. [471A.05] [EXEMPTION FROM PROPERTY TAXES.]

*If the service contract provides that property taxes imposed with respect to the related facilities are to be included in the service fee as pass-through costs, the municipality may apply to the commissioner of revenue for an exemption from property taxation of the related facilities. The property is exempt from ad valorem taxation, if the commissioner of revenue determines that the related facilities serve the general public and that similar municipally-owned facilities are exempt from ad valorem property taxation. The commissioner of revenue must notify the assessor that the property is exempt from taxation. The exemption is only effective during the term of the service contract from and after the date of filing the certificate in the case of property taxes. The exemption is not effective with respect to any property taxes levied or imposed but not collected prior to the date of approval of the exemption by the commissioner of revenue.*

#### Sec. 7. [471A.06] [JOINT POWERS AGREEMENT.]

*Two or more municipalities may enter into joint powers agreements they consider appropriate under the provisions of section 471.59 for purposes of exercising the powers granted in sections 2 to 13.*



## Sec. 8. [471A.07] [STATE GRANTS AND LOANS.]

*On or before January 1, 1987, the pollution control agency shall submit to the legislature proposed legislation and draft implementing regulations providing for (1) the use by the administrator of unrestricted funds to provide grants and loans for related facilities that constitute wastewater treatment facilities as defined by section 115.71, subdivision 8, and (2) the use of such funding as a means of speeding construction of wastewater treatment facilities and better targeting scarce unrestricted funds to help finance wastewater treatment facilities (including reimbursement of municipalities for a portion of the capital cost component in service contracts under capital cost component loans and capital cost component grants).*

## Sec. 9. [471A.08] [HEARING.]

*Subdivision 1. [PUBLIC HEARING REQUIRED.] Except as provided in subdivision 2, a municipality shall, before entering into a service contract under sections 2 to 13, conduct a public hearing on the proposal to provide specified capital intensive public services under sections 2 to 13. The hearing may be conducted either before or after the date on which any request for proposals is made under section 4, subdivision 3, clause (2). A notice of the hearing shall be published in the local official newspaper of the municipality no less than 15 and no more than 45 days prior to the date set for hearing and shall describe the general nature of the proposal. Any written information developed for the proposal prior to the hearing shall be available to the public for inspection prior to the hearing. The hearing on the proposal shall be sufficient even though the site of the related facilities, the name of the private vendor, and the specific structure of the contractual arrangements with the private vendor are not known at the time of the hearing.*

*Subd. 2. [EXISTING CONTRACTS.] A municipality that entered into a service contract prior to the effective date of sections 2 to 13 may exercise any of the powers authorized by those sections without complying with subdivision 1.*

## Sec. 10. [471A.09] [INVESTMENT OF FUNDS.]

*Any sums paid to the private vendor under the service contract are not considered public funds and may be invested in any securities in which the private vendor is authorized by law to invest.*

## Sec. 11. [471A.10] [PUBLIC EMPLOYEE LAWS.]

*Unless expressly provided therein, no state law, charter provision, or ordinance of a municipality relating to public employees shall apply to a person solely by reason of that person's employment by a private vendor in connection with services rendered under a service contract.*

## Sec. 12. [471A.11] [REGULATION OF RATES AND CHARGES AND PUBLIC UTILITY LAWS.]

*A municipality may regulate by ordinance, contract, or otherwise the rates and charges imposed by the private vendor with respect to any capital intensive public services provided to the public under the service contract. Whether or not the imposition of such rates and charges is so regulated, no capital intensive public services provided under the service contract are subject to regulation under the provisions of chapter 216B, unless the*

*municipality elects to subject the services to regulation under that chapter. An election for regulation may be affected by resolution of the governing body of the municipality requesting regulation and filing the resolution with the state public utilities commission.*

Sec. 13. [471A.12] [POWERS; ADDITIONAL AND SUPPLEMENTAL.]

*The powers conferred by sections 2 to 13 shall be liberally construed in order to accomplish their purposes and shall be in addition and supplemental to the powers conferred by any other law or charter. If any other law or charter is inconsistent with sections 2 to 13, those sections are controlling as to service contracts entered into under those sections. However, nothing in sections 2 to 13 limits or qualifies (1) any other law that a municipality must comply with to obtain any permit in connection with related facilities or (2) any performance standard or effluent limitations applicable to related facilities.*

Sec. 14. Minnesota Statutes 1984, section 474.02, is amended by adding a subdivision to read:

*Subd. 1h. The term "project" shall also include related facilities as defined by section 3, subdivision 11.*

Sec. 15. [EFFECTIVE DATE.]

*Sections 1 to 14 are effective the day following final enactment."*

Amend the title as follows:

Page 1, line 4, after "of" insert "potable"

Page 1, line 6, delete everything after the semicolon

Page 1, line 7, delete everything before "proposing" and insert "proposing coding for new law in Minnesota Statutes, chapter 297A;"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 1953: A bill for an act relating to crime victims; providing increased protections and rights to victims of crime; increasing the criminal witness fee; providing new procedures for enforcing restitution orders; establishing local victim-witness assistance programs; making a variety of changes to the crime victims reparations act; increasing the membership of the crime victim and witness advisory council; amending Minnesota Statutes 1984, sections 357.22; 357.24; 609.115, subdivision 1c; 609.135, by adding a subdivision; 611A.03, subdivision 1; 611A.04, subdivision 2; 611A.06; 611A.53, subdivision 1, and by adding a subdivision; and 611A.61; and Minnesota Statutes 1985 Supplement, sections 609.101; 611A.52; 611A.53, subdivision 2; 611A.54; 611A.56, subdivision 1; 611A.71, subdivisions 1 and 2; 631.046; and 631.07; proposing coding for new law in Minnesota Statutes, chapters 43A and 611A.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 and 2, delete sections 1 to 3

Page 2, lines 29 and 30, reinstate the old language and delete the new language

Pages 3 to 7, delete sections 5 to 12

Page 7, delete lines 6 to 9 and insert "*No victim providing testimony in court proceedings may be compelled to state the victim's home or employment address on the record in open court.*"

Pages 7 to 8, delete sections 14 to 17

Page 8, line 26, delete "Suplement" and insert "Supplement"

Page 11, delete line 16, and insert "*parts 9502.0315 to 9502.0445, or parts 9545.0510 to 9545.0670,*"

Page 11, line 17, delete "*Minnesota*"

Page 11, line 18, delete everything before the period, and insert "*section 245.791*"

Page 12, line 4, delete "*in three year installments*" and insert "*for three years or*"

Page 12, line 5, before the period insert "*, whichever is the shorter period*" and delete everything after the period

Page 12, line 6, delete "*years,*" and insert "*After three years, if the child is less than 18 years old*"

Page 12, line 17, delete everything after the headnote

Page 12, line 18, delete the new language

Page 12, delete lines 25 to 28

Page 13, line 30, delete "*unable reasonably*" and after "*have*" insert "*been unable to have*"

Page 14, line 13, delete "*seciton*" and insert "*section*"

Page 15, after line 1, insert:

*"No employer may deny an employee an award of benefits based on the employee's eligibility or potential eligibility for reparations."*

Page 15, after line 22, insert:

*"Sec. 9. Minnesota Statutes 1984, section 611A.57, is amended by adding a subdivision to read:*

*Subd. 6. Claims for reparations and supporting documents and reports are investigative data and subject to the provisions of section 13.39 until the claim is paid, denied, withdrawn, or abandoned. Following the payment, denial, withdrawal, or abandonment of a claim, the claim and supporting documents and reports are private data on individuals as defined in section 13.02, subdivision 12."*

Page 16, delete lines 7 to 14

Pages 16 to 18, delete sections 25 to 28

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to crime victims; providing protections and rights to victims of crime; making changes to the crime victims reparations act; amending Minnesota Statutes 1984, sections 611A.53, subdivision 1, and by adding a subdivision; 611A.57, by adding a subdivision; 611A.61; Minnesota Statutes 1985 Supplement, sections 609.101; 611A.52; 611A.53, subdivision 2; 611A.54; and 611A.56, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 611A."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 2317: A bill for an act relating to corporations; providing for the resignation of registered agents of foreign corporations; amending Minnesota Statutes 1984, section 303.10, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 839: A bill for an act relating to crimes; prohibiting escape from custody by certain mental patients; amending Minnesota Statutes 1984, section 609.485, subdivisions 2, 4, and by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 23, before the period, insert "*of a crime against the person, as defined in section 253B.02, subdivision 4a*"

Page 2, line 5, delete "14" and insert "30"

Page 2, line 6, delete "*the escape*" and insert "*a reasonable effort has been made to provide written notice to the person that failure to return within 30 days may result in felony charges being filed*"

Page 2, line 18, before the comma, insert "*of a crime against the person, as defined in section 253B.02, subdivision 4a*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 2279: A bill for an act relating to nonprofit corporations; adoption services corporations; providing that pledges to make contributions to reimburse the corporation for expenses shall be voidable at the option of the person making the pledge and payment of expenses shall not be a prerequisite to providing adoption services; amending Minnesota Statutes 1984, section 317.65, subdivision 7.

Reports the same back with the recommendation that the bill be amended

as follows:

Page 1, lines 26 and 27, delete the new language

Page 2, lines 1 and 2, delete the new language

Page 2, line 11, after "pledge" insert "by an adoption applicant"

Page 2, line 12, after "a" insert "voluntary" and delete everything after "contribution"

Page 2, line 13, delete "expenses"

Amend the title as follows:

Page 1, line 4, delete "to reimburse the corporation for"

Page 1, line 5, delete "expenses"

Page 1, line 6, delete "and payment of expenses shall not be" and insert a semicolon

Page 1, delete line 7

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 1621: A bill for an act relating to public indebtedness; permitting the investment of debt service funds in face amount certificates; amending Minnesota Statutes 1985 Supplement, section 475.66, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1984, section 136.31, subdivision 5, is amended to read:

Subd. 5. Whenever the board shall by resolution determine that there are moneys in the possession of its treasurer not currently needed, or which are set aside in any reserve, the board may in and by such resolution authorize and direct the treasurer to invest a specified amount thereof in treasury bonds or bills, certificates of indebtedness, bonds or notes of the United States of America, or in face amount certificates issued by a face amount certificate investment company registered under the Federal Investment Company Act of 1940 whose face amount certificates are registered under the Federal Securities Act of 1933. Securities so purchased shall be deposited with and held for the board by the board treasurer. Whenever funds so invested are needed by the board it shall direct its treasurer to sell the same or a designated amount thereof. All moneys collected thereon by the board treasurer, as principal, interest, or proceeds of sales, shall be credited to and constitute a part of the fund and account for which the investment was made."

Page 2, after line 21, insert:

"Sec. 3. [CITY OF HUTCHINSON; PUBLIC SAFETY FACILITY.]

*Notwithstanding Minnesota Statutes, section 475.65, the city of Hutchinson may by resolution devote the use of any balance of proceeds of the obligations issued to finance construction of the municipal firehall to finance the acquisition and betterment of a police station, without submitting the question to the voters."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for use of bonds proceeds for construction of a municipal public safety facility by the city of Hutchinson;" and after "amending" insert "Minnesota Statutes 1984, section 136.31, subdivision 5;"

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Schmitz from the Committee on Local and Urban Government, to which was referred

S.F. No. 2252: A bill for an act relating to land surveying; providing for the surveying of lands by a county board; providing for the establishment of an office of county auditor or the assignment of its duties; providing a penalty; amending Minnesota Statutes 1984, sections 381.01; 381.02; 381.03; 381.04; 381.05; 381.06; 381.07; 381.08; 381.09; 381.10; 381.12; 381.13; 389.011; 389.02; 389.03; 389.04; 389.08; Minnesota Statutes 1985 Supplement, section 389.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 381; repealing Minnesota Statutes 1984, section 389.06.

Reports the same back with the recommendation that the bill be amended as follows:

Amend the title as follows:

Page 1, line 4, delete "auditor" and insert "surveyor"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1998: A bill for an act relating to the city of McIntosh; authorizing the city to issue bonds in excess of its net debt limitations.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 13, after the period, insert "*Any levy for the payment of debt service on bonds issued pursuant to this act is not subject to the levy limitation of Minnesota Statutes, section 275.11, or any other law.*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1702: A bill for an act relating to local government; granting the city of Brainerd the authority to establish a port authority; authorizing the port authority to exercise the power of a municipal housing and redevelopment authority; authorizing the city to impose restrictions and limitations upon the powers and procedures of the port authority; permitting the city to choose the name of the port authority; providing for removal of port authority commissioners; requiring local approval.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1725: A bill for an act relating to the city of East Grand Forks; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 2238: A bill for an act relating to Hennepin county; creating a county housing and redevelopment authority; applying the provisions of the municipal housing and redevelopment act to Hennepin county; providing for local approval of projects.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1948: A bill for an act relating to natural resources; authorizing watershed management organizations to establish taxing districts within minor watershed units of watersheds; amending Minnesota Statutes 1984, sections 473.882, subdivision 3; 473.883, subdivisions 2, 3, 6, and 7; Minnesota Statutes 1985 Supplement, section 473.882, subdivision 1.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2186: A bill for an act relating to the environment; amending Minnesota Statutes 1985 Supplement, sections 116.46, by adding a subdivision; and 116.48, subdivision 4.

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 1985 Supplement, section 116.48, subdivision 4, is amended to read:

Subd. 4. [DEPOSIT INFORMATION.] Beginning January 1, 1986, and until July 1, 1987, a person who ~~deposits~~ *transfers the title to* regulated substances ~~is to be placed directly into~~ an underground storage tank must inform the owner or operator in writing of the notification requirement of this section.”

Amend the title as follows:

Page 1, line 3, delete everything after the first comma

Page 1, line 4, delete everything before “116.48” and insert “section”

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2271: A bill for an act relating to state lands; directing transfer of the Croft Mine Park, and all artifacts, machinery, and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 11, delete “shall” and insert “may”

Page 2, line 19, delete “along with” and insert “*In addition to the real property being transferred the commissioner of administration may transfer*”

Page 2, line 20, delete “its” and after “operation” insert “*of the Croft Mine Park*”

Page 2, lines 21 and 23, delete “shall” and insert “*may only*”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1978: A bill for an act relating to environment; providing terms and conditions for the administration of wastewater treatment plant construction grants and loans; appropriating money; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115 and 116.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 18, delete “it” and insert “*if requested.*”

Page 2, delete lines 19 and 20



Page 3, delete section 6

Page 5, line 2, delete "8" and insert "7"

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Hughes from the Committee on Elections and Ethics, to which was referred

S.F. No. 2245: A bill for an act relating to elections; providing for the use of certain optical scan electronic voting systems; amending Minnesota Statutes 1984, sections 203B.08, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 206.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete section 1

Page 2, after line 19, insert:

*"Subd. 4. [ABSENTEE VOTING.] An optical scan voting system may be used for absentee voting as long as an appropriate marking instrument is supplied to the voter along with the ballot."*

Renumber the subdivisions in sequence

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete line 4

Page 1, line 5, delete everything before "proposing"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

S.F. No. 1854: A bill for an act relating to commerce; regulating securities; regulating the assignment of certain real property loans and the administration of certain escrow accounts; providing certain exemptions; regulating real estate brokers and salespersons; modifying re-examination requirements; providing trust account requirements for licensees acting as principals; granting certain enforcement powers to the commissioner; providing certain remedies; amending Minnesota Statutes 1984, sections 47.20, subdivision 9; 80A.14, subdivision 18; 80A.15, subdivision 1; 82.17, subdivision 4; 82.22, subdivisions 3, 6, and 13; 82.24, subdivision 2; 82.26; 82.27, subdivision 1; 82.33, subdivision 2; and Minnesota Statutes 1985 Supplement, section 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 47.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 16, delete "*permitted under the mortgage contract,*"

Page 2, line 18, delete "*may be*" and insert "*is*"

Page 2, line 19, delete "*if the following conditions are satisfied*"

Page 2, line 20, delete "*notifies*" and insert "*shall notify*"

Page 2, line 24, before the semicolon, insert "*and the notification must also include a detailed written financial breakdown, including but not limited to, interest rate, monthly payment amount, and current escrow balance*"

Page 2, line 25, delete "*issues*" and insert "*shall issue*"

Page 2, line 26, delete "*provides*" and insert "*shall provide*"

Page 2, line 30, delete "*. The purchasing*" and insert "*, and*"

Page 2, line 31, delete "*lender*" and delete "*also provide information to*" and insert "*inform*"

Page 2, line 32, after "*regarding*" insert "*the mortgage*"

Page 2, line 33, before the semicolon, insert "*including, but not limited to, interest rate, monthly payment amount, and current escrow balance*"

Page 2, line 34, delete "*agrees to*" and insert "*shall*" and delete "*ten*" and insert "*15*"

Page 2, line 35, after "*to a*" insert "*written*"

Page 2, line 36, delete "*name and*"

Page 3, line 1, delete "*in*" and insert a period

Page 3, delete lines 2 to 4

Page 4, lines 9 to 11, reinstate the stricken language and delete the new language

Page 6, after line 14, insert:

"Sec. 3. Minnesota Statutes 1985 Supplement, section 80A.13, subdivision 1, is amended to read:

Subdivision 1. The commissioner may issue a stop order denying effectiveness to, or suspending or revoking the effectiveness of, any registration statement if he finds (a) that the order is in the public interest and (b) that

(1) the registration statement as of its effective date or as of any earlier date in the case of an order denying effectiveness, or any amendment under section 80A.12, subdivision 9, as of its effective date, or any report under section 80A.12, subdivision 8, is incomplete in any material respect or contains any statement which was, in the light of the circumstances under which it was made, false or misleading with respect to any material fact;

(2) any provision of sections 80A.01 to 80A.31 or any rule, order, or condition lawfully imposed under sections 80A.01 to 80A.31 has been willfully violated in connection with the offering, by (i) the person filing the registration statement, (ii) the issuer, any partner, officer, or director of the issuer, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling or controlled by the issuer, but

only if the person filing the registration statement is directly or indirectly controlled by or acting for the issuer, or (iii) any underwriter;

(3) the security registered or sought to be registered is the subject of an administrative stop order or similar order or a permanent or temporary injunction of any court of competent jurisdiction entered under any other federal or state act applicable to the offering; but (i) the commissioner may not institute a proceeding against an effective registration statement under this clause more than one year from the date of the order or injunction relied on, and (ii) may not enter an order under this clause on the basis of an order or injunction entered under any other state act unless that order or injunction was based on facts which would currently constitute a ground for a stop order under this section;

(4) the issuer's enterprise or method of business includes or would include activities which are illegal where performed;

(5) the offering has worked or tended to work a fraud upon purchasers or would so operate;

(6) except with respect to securities which are being registered by notification, the terms of the securities are unfair and inequitable; provided, however, that the commissioner may not determine that an offering is unfair and inequitable solely on the grounds that the securities are to be sold at an excessive price where the offering price has been determined by arms length negotiation between nonaffiliated parties. The selling price of any security being sold by a broker-dealer licensed in this state shall be presumed to have been determined by arms length negotiation;

(7) when a security is sought to be registered by coordination there has been a failure to comply with the undertaking required by section 80A.10, subdivision 2, clause (d);

(8) the applicant or registrant has failed to pay the proper filing fee; but the commissioner may enter only a denial order under this clause and he shall vacate any such order when the deficiency has been corrected; or

(9) the offering of securities sought to be registered is not firmly underwritten and (i) the ~~maximum~~ *minimum* amount of proceeds from the sale of the securities is ~~(i)~~ not more than \$500,000, and (ii) *the maximum amount of proceeds is* more than 200 percent of the minimum amount of proceeds required to go forward with the offering.

The commissioner may not institute a stop order proceeding against an effective registration statement solely on the basis of a fact or transaction known to him when the registration statement became effective unless the proceeding is instituted within the next 30 days."

Page 16, line 5, delete "banking" and insert "financial"

Page 16, line 9, delete the first "or" and insert "of"

Page 17, line 18, after the period, insert "Every salesperson licensed after January 1, 1987, shall, within one year of licensure, be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner."

Page 18, line 8, delete "1986" and insert "1987"

Page 18, line 13, strike "within" and delete "one" and insert "each"

Page 20, line 22, delete "may" and insert "shall"

Page 21, after line 25, insert:

"Sec. 15. Minnesota Statutes 1984, section 386.375, is amended to read:

386.375 ~~[ABSTRACT OF TITLE; STORAGE WITHIN MINNESOTA OF ABSTRACTS.]~~

*Subdivision 1. [DEFINITIONS.] For the purposes of this section, "lender" means all state banks and trust companies, national banking associations, state and federally chartered savings and loan associations, mortgage banks, mutual savings banks, insurance companies, credit unions making a loan, or any person making a conventional loan as defined under section 47.20, subdivision 2, clause (3), or cooperative apartment loan as defined under section 47.20, subdivision 2, clause (4). A "selling lender" is a lender who sells, assigns, or transfers a loan and/or the servicing of a loan to a "purchasing lender" or "servicing agent."*

*Subd. 2. [RESPONSIBILITY FOR STORAGE.] Any title company, lender, or anyone other than the mortgagor or fee simple owner holding an abstract of title to Minnesota real estate shall be stored within the state of Minnesota transfer the abstract of title to the mortgagor or fee simple owner of the real estate to which the abstract pertains before August 1, 1987. After August 1, 1987, the abstract of title shall be provided to the mortgagor or fee simple owner at the time of closing. This section does not apply if the holder of the abstract of title is the mortgagor or fee simple owner of the real estate to which the abstract pertains.*

*Subd. 3. [PENALTIES.] If a title company or lender fails to comply with the requirements of subdivision 2, the mortgagor or fee simple owner has the right to have an abstract made at the expense of the lender or title company holding the abstract."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, after the second semicolon, insert "requiring storage of abstracts of title within Minnesota;"

Page 1, line 15, after the semicolon insert "386.375;"

Page 1, line 16, delete "section" and insert "sections 80A.13, subdivision 1; and"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2427 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:

<b>GENERAL ORDERS</b>	<b>CONSENT CALENDAR</b>	<b>CALENDAR</b>
H.F. No. 2427	S.F. No. 2173	H.F. No. S.F. No.

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2170 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>	<b>CONSENT CALENDAR</b>	<b>CALENDAR</b>
H.F. No. 2170	S.F. No. 1925	H.F. No. S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2170 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2170 and insert the language after the enacting clause of S.F. No. 1925, the first engrossment; further, delete the title of H.F. No. 2170 and insert the title of S.F. No. 1925, the first engrossment.

And when so amended H.F. No. 2170 will be identical to S.F. No. 1925, and further recommends that H.F. No. 2170 be given its second reading and substituted for S.F. No. 1925, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2344 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>	<b>CONSENT CALENDAR</b>	<b>CALENDAR</b>
H.F. No. 2344	S.F. No. 2163	H.F. No. S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2344 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2344 and insert the language after the enacting clause of S.F. No. 2163, the first engrossment; further, delete the title of H.F. No. 2344 and insert the title of S.F. No. 2163, the first engrossment.

And when so amended H.F. No. 2344 will be identical to S.F. No. 2163, and further recommends that H.F. No. 2344 be given its second reading and

substituted for S.F. No. 2163, 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. 2029, 1953, 2279, 2252, 1998, 1702, 1725, 2238, 1948, 2186, 2271, 2245 and 1854 were read the second time.

### SECOND READING OF HOUSE BILLS

H.F. Nos. 2317, 839, 2427, 2170 and 2344 were read the second time.

### MOTIONS AND RESOLUTIONS

Mr. Stumpf moved that the name of Mr. Wegscheid be added as a co-author to S.F. No. 2233. The motion prevailed.

Mr. Mehrkens moved that the name of Mr. Laidig be added as a co-author to S.F. No. 2240. The motion prevailed.

Ms. Reichgott introduced—

Senate Resolution No. 122: A Senate resolution congratulating Jill Scheffert of New Hope upon being selected Minnesota's 1986 Junior Miss.

Referred to the Committee on Rules and Administration.

Mrs. Lantry introduced—

Senate Concurrent Resolution No. 20: A Senate concurrent resolution commending those people responsible for planning and constructing the 1986 St. Paul Winter Carnival ice palace.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 20 be laid on the table. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Consent Calendar. The motion prevailed.

### CONSENT CALENDAR

H.F. No. 2265: A bill for an act relating to juvenile justice; providing for membership terms, removal, and filling of vacancies on the juvenile justice advisory committee; amending Minnesota Statutes 1984, section 116J.404.

Mr Merriam moved that the amendment made to H.F. No. 2265 by the Committee on Rules and Administration in the report adopted March 7, 1986, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2265 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:

Adkins	Frank	Knaak	Pehler	Sieloff
Anderson	Frederick	Laidig	Peterson, C.C.	Storm
Belanger	Freeman	Lessard	Peterson, D.C.	Stumpf
Benson	Hughes	McQuaid	Peterson, D.L.	Taylor
Bertram	Isackson	Merriam	Peterson, R.W.	Wegscheid
Chmielewski	Johnson, D.E.	Moe, R.D.	Petty	
Davis	Johnson, D.J.	Nelson	Pogemiller	
DeCramer	Jude	Novak	Purfeerst	
Dieterich	Kamrath	Olson	Reichgott	

So the bill passed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Diessner moved that the following members be excused for a Conference Committee on S.F. No. 5 from 10:30 to 11:15 a.m.:

Messrs. Purfeerst; Johnson, D.E. and Diessner. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

#### SPECIAL ORDER

S.F. No. 2090: A bill for an act relating to counties; clarifying county commissioner conflict of interest provisions; authorizing counties to develop and market computer software products; providing a method for consolidation of the offices of county auditor and county treasurer; changing certain referendum provisions for adoption of optional forms of county government; exempting other departments or agencies of the same county from having to be billed by county recorder for certain recording transactions; amending Minnesota Statutes 1984, sections 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; and 383C.17; Minnesota Statutes 1985 Supplement, section 386.77; proposing coding for new law in Minnesota Statutes, chapter 375; repealing Minnesota Statutes 1984, sections 394.01 to 394.05.

Mrs. Adkins moved to amend S.F. No. 2090 as follows:

Page 2, line 24, delete "provide" and insert "sell or license"

Page 2, line 25, delete "to other than Minnesota counties" and insert "either on competitive bids or in the open market, in the discretion of the county board"

Page 2, line 32, after "code" insert ", object code,"

Page 5, after line 3, insert:

"Sec. 12. [EFFECTIVE DATE.]

*Section 1 does not become effective for any county commissioner currently holding two elected offices until the term of one of the offices expires."*

The motion prevailed. So the amendment was adopted.

S.F. No. 2090 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:

Adkins	Frank	Kroening	Olson	Samuelson
Anderson	Frederick	Kronebusch	Pehler	Schmitz
Belanger	Freeman	Laidig	Peterson, C.C.	Sieloff
Benson	Hughes	Lantry	Peterson, D.C.	Spear
Berg	Isackson	Lessard	Peterson, D.L.	Storm
Berglin	Johnson, D.E.	Luther	Peterson, R.W.	Stumpf
Bertram	Johnson, D.J.	McQuaid	Petty	Taylor
Chmielewski	Jude	Mehrkens	Pogemiller	Willet
Davis	Kamrath	Moe, R.D.	Ramstad	
Dicklich	Knaak	Nelson	Reichgott	
Dieterich	Knutson	Novak	Renneke	

Messrs. DeCramer and Merriam voted in the negative.

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1580: A bill for an act relating to human services; requiring adoption of the 1985 life safety code standards for intermediate care facilities for persons with mental retardation.

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:

Adkins	Diessner	Knutson	Pehler	Sieloff
Anderson	Dieterich	Kroening	Peterson, C.C.	Solon
Belanger	Frank	Kronebusch	Peterson, D.C.	Spear
Benson	Frederick	Laidig	Peterson, D.L.	Storm
Berg	Frederickson	Lantry	Peterson, R.W.	Stumpf
Berglin	Freeman	Lessard	Petty	Taylor
Bertram	Hughes	Luther	Pogemiller	Waldorf
Chmielewski	Isackson	McQuaid	Ramstad	Willet
Dahl	Johnson, D.E.	Mehrkens	Reichgott	
Davis	Jude	Merriam	Renneke	
DeCramer	Kamrath	Moe, R.D.	Samuelson	
Dicklich	Knaak	Olson	Schmitz	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1704: A bill for an act relating to vital statistics; authorizing Minneapolis and Hennepin county to merge their registration districts; amending Minnesota Statutes 1984, section 144.214, subdivision 1.

Mr. Kroening moved to amend S.F. No. 1704 as follows:

Page 2, after line 1, insert:

“Sec. 3. [HENNEPIN COUNTY HOUSING AND REDEVELOPMENT



## AUTHORITY.]

*Subdivision 1. A public body corporate and politic to be known as the Hennepin county housing and redevelopment authority is created in the county of Hennepin. It shall have all of the powers and duties of a housing and redevelopment authority under the municipal housing and redevelopment act, Minnesota Statutes, sections 462.411 to 462.716. For the purposes of applying the municipal housing and redevelopment act to Hennepin county, the county has all of the powers and duties of a municipality, the county board has all the powers and duties of a governing body, the chairman of the county board has all of the powers and duties of a mayor, and the area of operation includes the area within the territorial boundaries of the county.*

*Subd. 2. This act does not limit or restrict any existing housing and redevelopment authority or prevent a municipality from creating an authority. The county authority shall not exercise its powers in a municipality where a municipal housing and redevelopment authority is established pursuant to Minnesota Statutes, section 462.425. If a municipal housing and redevelopment authority requests the county housing and redevelopment authority to perform any function of the municipal authority, the county authority may do so.*

## Sec. 4. [LOCAL APPROVAL.]

*If a housing or redevelopment project is undertaken in Hennepin county pursuant to this act, and if all or any part of the area in which the proposed project is located is within the boundaries of a home rule charter or statutory city, the governing body of the city must approve the project before it is undertaken."*

Page 2, line 3, delete "This act is" and insert "Sections 1 and 2 are"

Page 2, line 6, after the period, insert "Sections 3 and 4 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the Hennepin county board."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1704 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Olson	Samuelson
Andersen	Dieterich	Kronebusch	Pehler	Schmitz
Belanger	Frank	Laidig	Peterson, C.C.	Sieloff
Benson	Frederick	Lantry	Peterson, D.C.	Spear
Berg	Frederickson	Lessard	Peterson, D.L.	Storm
Berglin	Hughes	Luther	Peterson, R.W.	Stumpf
Bertram	Isackson	McQuaid	Petty	Taylor
Chmielewski	Johnson, D.E.	Mehrkens	Pogemiller	Waldorf
Dahl	Jude	Merriam	Purfeerst	Wegscheid
Davis	Kamrath	Moe, R.D.	Ramstad	Willet
DeCramer	Knutson	Novak	Reichgott	

Mr. Knaak voted in the negative.

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1707: A bill for an act relating to health; providing for an annual resource directory on services to individuals with brain impairment; reconvening the task force on needs for persons with brain impairment; amending Minnesota Statutes 1984, sections 256E.03, by adding a subdivision; 256E.09, subdivision 3; Minnesota Statutes 1985 Supplement, section 256.01, subdivision 2.

Mr. Diessner moved to amend S.F. No. 1707 as follows:

Page 5, after line 8, insert:

“Sec. 2. Minnesota Statutes 1984, section 256B.04, is amended by adding a subdivision to read:

*Subd. 16. [ORGAN TRANSPLANTS.] The commissioner shall monitor and follow outcomes of organ transplant procedures and related medical care paid for by the medical assistance program and set standards for the approval of and payment for transplant procedures and related care using criteria recommended by the national center for health services research and health care technology assessment and other relevant information including data concerning long-term cost-effectiveness. To the extent allowed by federal law, the commissioner shall not approve payment for experimental transplant procedures.”*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert “requiring the commissioner of health to monitor and establish standards for organ transplant procedures under the medical assistance program;”

Page 1, line 6, after “sections” insert “256B.04, by adding a subdivision;”

The motion prevailed. So the amendment was adopted.

S.F. No. 1707 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:

Adkins	Dieterich	Laidig	Pehler	Sieloff
Anderson	Frank	Langseth	Peterson, C.C.	Solon
Belanger	Frederick	Lantry	Peterson, D.C.	Spear
Benson	Frederickson	Lessard	Peterson, D.L.	Storm
Berg	Freeman	Luther	Petty	Stumpf
Berglin	Hughes	McQuaid	Pogemiller	Waldorf
Bertram	Isackson	Mehrkens	Purfeerst	Wegscheid
Chmielewski	Jude	Merriam	Ramstad	Willet
Davis	Kamrath	Moe, D.M.	Reichgott	
DeCramer	Knutson	Moe, R.D.	Renneke	
Dicklich	Kroening	Novak	Samuelson	
Diessner	Kronebusch	Olson	Schmitz	

So the bill, as amended, passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 871: A bill for an act relating to health; authorizing the commissioner of health to inspect certain business premises; providing for disclosure of hazardous substances information in certain cases; proposing coding for new law in Minnesota Statutes, chapter 145.

Mr. Pehler moved to amend S.F. No. 871 as follows:

Page 2, line 2, delete "*subject*"

Page 2, line 3, delete "*to section 13.02, subdivision 9,*" and insert "*including data made nonpublic by law,*"

Page 2, line 21, before the period, insert "*except for patient health records subject to section 144.355*"

The motion prevailed. So the amendment was adopted.

S.F. No. 871 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Langseth	Peterson, C.C.	Schmitz
Anderson	Frederick	Lantry	Peterson, D.C.	Sieloff
Belanger	Freeman	Luther	Peterson, R.W.	Solon
Berglin	Gustafson	McQuaid	Petty	Spear
Chmielewski	Hughes	Mehrkens	Pogemiller	Storm
Dahl	Johnson, D.E.	Merriam	Purfeerst	Stumpf
Davis	Jude	Moe, D.M.	Ramstad	Waldorf
DeCramer	Knutson	Moe, R.D.	Reichgott	Willet
Dicklich	Kroening	Novak	Renneke	
Dieterich	Laidig	Pehler	Samuelson	

Those who voted in the negative were:

Benson	Bertram	Kamrath	Kronebusch	Peterson, D.L.
Berg	Isackson			

So the bill, as amended, passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1735: A bill for an act relating to probate; providing for an increased sum payable to a surviving spouse by affidavit; increasing the value of a probate estate allowed for purposes of collection by affidavit; amending Minnesota Statutes 1984, sections 181.58; and 524.3-1201.

Mr. Sieloff moved to amend S.F. No. 1735 as follows:

Page 2, after line 9, insert:

"Sec. 2. Minnesota Statutes 1984, section 524.3-805, is amended to read:

524.3-805 [CLASSIFICATION OF CLAIMS.]

(a) If the applicable assets of the estate are insufficient to pay all claims in full, the personal representative shall make payment in the following order:

- (1) costs and expenses of administration;
- (2) reasonable funeral expenses;
- (3) debts and taxes with preference under federal law;
- (4) reasonable and necessary medical and hospital expenses of the last illness of the decedent, including compensation of persons attending him and including a claim filed pursuant to section 256B.15, and any reasonable and necessary outstanding nursing home costs;
- (5) debts with preference under other laws of this state, and state taxes;
- (6) all other claims.

(b) No preference shall be given in the payment of any claim over any other claim of the same class, and a claim due and payable shall not be entitled to a preference over claims not due, except that if claims for expenses of the last illness involve only claims filed under section 246.53 for costs of state hospital care and claims filed under section 256B.15, claims filed under section 246.53 have preference over claims filed under section 256B.15.”

Page 2, after line 35, insert:

“Sec. 4. [EFFECTIVE DATE.]

*Section 2 is effective the day following final enactment for claims filed on or after the effective date of section 2.”*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, after the semicolon, insert “allowing nursing home care costs to be a claim of the same class as medical and hospital expenses;”

Page 1, line 6, before “and” insert “524.3-805;”

The motion prevailed. So the amendment was adopted.

S.F. No. 1735 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Knutson	Olson	Schmitz
Anderson	Frank	Kroening	Pehler	Sieloff
Belanger	Frederick	Kronebusch	Peterson, C.C.	Storm
Benson	Frederickson	Laidig	Peterson, D.C.	Stumpf
Berg	Freeman	Lantry	Peterson, D.L.	Taylor
Berglin	Gustafson	Lessard	Peterson, R.W.	Vega
Bertram	Hughes	Luther	Petty	Waldorf
Chmielewski	Isackson	McQuaid	Purfeerst	Wegscheid
Dahl	Johnson, D.E.	Mehrkens	Ramstad	Willet
Davis	Jude	Merriam	Reichgott	
DeCramer	Kamrath	Moe, D.M.	Renneke	
Dicklich	Knaak	Novak	Samuelson	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2082: A bill for an act relating to human services; excluding

certain programs from licensing requirements; amending Minnesota Statutes 1984, section 245.791.

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	Langseth	Peterson, D.C.	Spear
Belanger	Freeman	Lantry	Peterson, R.W.	Storm
Benson	Hughes	Luther	Petty	Stumpf
Berglin	Isackson	McQuaid	Pogemiller	Taylor
Bertram	Johnson, D.E.	Mehrkens	Purfeerst	Vega
Brataas	Jude	Merriam	Ramstad	Waldorf
Chmielewski	Kamrath	Moe, D.M.	Reichgott	Wegscheid
Davis	Knutson	Novak	Samuelson	Willet
DeCramer	Kroening	Olson	Schmitz	
Dicklich	Kronebusch	Pehler	Sieloff	
Frank	Laidig	Peterson, C.C.	Solon	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1789: A bill for an act relating to municipal civil service systems; personnel boards; permitting city councils to set the compensation of board members and secretaries; providing that certain positions in the city of Minneapolis be appointed in the unclassified service; amending Minnesota Statutes 1984, section 44.04, subdivision 4; and Laws 1969, chapter 937, section 1, subdivisions 1, as amended, 9, as amended, 11 and 15, and by adding subdivisions:

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	Laidig	Pehler	Schmitz
Belanger	Frederickson	Langseth	Peterson, C.C.	Sieloff
Berg	Freeman	Lantry	Peterson, D.C.	Solon
Berglin	Gustafson	Lessard	Peterson, D.L.	Spear
Bertram	Hughes	Luther	Peterson, R.W.	Storm
Brataas	Isackson	McQuaid	Petty	Stumpf
Chmielewski	Johnson, D.E.	Mehrkens	Pogemiller	Taylor
Dahl	Jude	Merriam	Purfeerst	Vega
Davis	Kamrath	Moe, D.M.	Ramstad	Waldorf
DeCramer	Knutson	Moe, R.D.	Reichgott	Wegscheid
Dicklich	Kroening	Novak	Renneke	Willet
Frank	Kronebusch	Olson	Samuelson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1801: A bill for an act relating to criminal procedure; providing for in camera hearings on certain evidentiary issues in criminal sexual con-

duct cases; amending Minnesota Statutes 1984, section 609.347, 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kronebusch	Peterson, C.C.	Solon
Anderson	Frederick	Laidig	Peterson, D.C.	Spear
Belanger	Frederickson	Langseth	Peterson, D.L.	Storm
Berg	Freeman	Lantry	Peterson, R.W.	Stumpf
Berglin	Gustafson	Luther	Petty	Taylor
Bertram	Hughes	McQuaid	Pogemiller	Vega
Brataas	Isackson	Mehrkens	Ramstad	Waldorf
Chmielewski	Johnson, D.E.	Merriam	Reichgott	Wegscheid
Dahl	Jude	Moe, R.D.	Renneke	Willet
Davis	Kamrath	Novak	Samuelson	
DeCramer	Knutson	Olson	Schmitz	
Dicklich	Kroening	Pehler	Sieloff	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1808: A bill for an act relating to labor; regulating grants to area labor-management committees; amending Minnesota Statutes 1985 Supplement, sections 179.81, subdivision 2, and by adding a subdivision; 179.84; and 179.85.

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:

Adkins	Dicklich	Kroening	Novak	Samuelson
Anderson	Frank	Kronebusch	Olson	Schmitz
Belanger	Frederick	Laidig	Pehler	Sieloff
Benson	Frederickson	Langseth	Peterson, D.C.	Solon
Berg	Freeman	Lantry	Peterson, D.L.	Spear
Berglin	Gustafson	Lessard	Peterson, R.W.	Stumpf
Bertram	Hughes	Luther	Petty	Taylor
Brataas	Isackson	McQuaid	Pogemiller	Vega
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Waldorf
Dahl	Jude	Merriam	Ramstad	Wegscheid
Davis	Kamrath	Moe, D.M.	Reichgott	Willet
DeCramer	Knutson	Moe, R.D.	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1940: A bill for an act relating to local government; regulating payment of severance pay; amending Minnesota Statutes 1984, section 465.72.

Mr. Dicklich moved to amend S.F. No. 1940 as follows:

Page 2, line 5, delete "provision" and insert "provisions"

Page 2, line 6, delete "within" and insert "over a period not to exceed" and delete "of" and insert "from"

Page 2, line 7, delete "the provisions of"

Page 2, line 8, delete everything before "limiting"

Page 2, line 9, delete the third "to"

Page 2, delete line 10 and insert "constituting compensation for"

Page 2, line 11, delete "that is used to make" and insert "in the form of periodic" and delete "on"

Page 2, line 12, delete everything before "toward"

Page 2, line 13, after "provided" insert "for a former employee" and delete "the" and insert "a"

Page 2, line 14, delete "payments made prior to" and insert "periodic contributions that have commenced before"

Page 2, line 15, delete "to payments" and insert "that are required" and after "contracts" insert ", or, with respect to employees not covered by contracts, personnel policies, formally adopted by the governing body of the governmental subdivision,"

Page 2, line 16, after the period, insert "After the effective date of this act, a governmental subdivision may not enter into a contract or adopt a personnel policy providing for a payment in violation of subdivision 1. A personnel policy or portion of a personnel policy in existence on the effective date of this act and providing for a payment in violation of subdivision 1 is null and void (i) upon the expiration of a collective bargaining agreement containing a similar provision and covering employees of the governmental subdivision that has adopted the policy, or (ii) two years from the effective date of this act, whichever is earlier."

Page 2, line 16, after "payments" delete "of"

Page 2, line 17, delete "severance pay made" and delete "according to" and insert "in accordance with"

Page 2, after line 19, insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

The motion prevailed. So the amendment was adopted.

S.F. No. 1940 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frederick	Kronebusch	Peterson, C.C.	Solon
Anderson	Frederickson	Laidig	Peterson, D.C.	Spear
Belanger	Freeman	Langseth	Peterson, D.L.	Storm
Benson	Gustafson	Lantry	Peterson, R.W.	Stumpf
Berglin	Hughes	Lessard	Petty	Taylor
Bertram	Isackson	Luther	Pogemiller	Vega
Brataas	Johnson, D.E.	McQuaid	Purfeerst	Waldorf
Chmielewski	Johnson, D.J.	Mehrkens	Ramstad	Wegscheid
Dahl	Jude	Merriam	Reichgott	Willet
Davis	Kamrath	Moe, R.D.	Renneke	
DeCramer	Knaak	Novak	Samuelson	
Dicklich	Knutson	Olson	Schmitz	
Frank	Kroening	Pehler	Sieloff	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1581: A bill for an act relating to human services; establishing requirements for the regulation of child day care; prohibiting local governments from establishing special fire code requirements for small family day care homes; limiting the liability of municipalities for licensing activities; providing for indemnification of municipalities by the state; establishing a task force; requiring reports; amending Minnesota Statutes 1984, sections 245.802, subdivision 1; 299F.011, subdivision 4a; and 466.03, by adding a subdivision; proposing code for new law in Minnesota Statutes, chapters 245 and 466.

Mr. Stumpf moved to amend S.F. No. 1581 as follows:

Pages 1 to 3, delete section 1

Page 5, line 11, after "(3)" insert "*with respect to requests from providers in cities or towns that have populations of under 5,000 persons, give priority to requests for licenses of substantial compliance;*

(4)"

Page 5, line 15, delete "(4)" and insert "(5)"

Page 5, line 17, delete "(5)" and insert "(6)"

Page 5, line 20, delete "(6)" and insert "(7)"

Page 5, line 22, delete "(7)" and insert "(8)"

Page 5, line 24, delete "(8)" and insert "(9)"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend S.F. No. 1581 as follows:

Page 7, line 11, before the period, insert "*, unless the municipality had actual knowledge of a failure to meet licensing standards that resulted in a dangerous condition that foreseeably threatened the plaintiff*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1581 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 61 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Frederick	Kronebusch	Peterson, C.C.	Solon
Anderson	Frederickson	Laidig	Peterson, D.C.	Spear
Belanger	Freeman	Langseth	Peterson, D.L.	Storm
Benson	Gustafson	Lantry	Peterson, R.W.	Stumpf
Berg	Hughes	Luther	Petty	Taylor
Berglin	Isackson	McQuaid	Pogemiller	Vega
Bertram	Johnson, D.E.	Mehrkens	Purfeerst	Waldorf
Brataas	Johnson, D.J.	Moe, D.M.	Ramstad	Wegscheid
Chmielewski	Jude	Moe, R.D.	Reichgott	Willet
Dahl	Kamrath	Nelson	Renneke	
Davis	Knaak	Novak	Samuelson	
DeCramer	Knutson	Olson	Schmitz	
Frank	Kroening	Pehler	Sieloff	

Mr. Merriam voted in the negative.

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2086: A bill for an act relating to tax-forfeited lands; providing a conveyance of tax-forfeited land in St. Louis county.

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 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frederick	Kronebusch	Novak	Samuelson
Anderson	Frederickson	Laidig	Olson	Schmitz
Belanger	Freeman	Langseth	Pehler	Solon
Benson	Gustafson	Lantry	Peterson, C.C.	Spear
Berg	Hughes	Lessard	Peterson, D.L.	Storm
Berglin	Isackson	Luther	Peterson, R.W.	Stumpf
Bertram	Johnson, D.J.	McQuaid	Petty	Taylor
Chmielewski	Jude	Mehrkens	Pogemiller	Vega
Dahl	Kamrath	Merriam	Purfeerst	Waldorf
Davis	Knaak	Moe, D.M.	Ramstad	Willet
DeCramer	Knutson	Moe, R.D.	Reichgott	
Frank	Kroening	Nelson	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1800: A bill for an act relating to local government; authorizing the counties of Becker, Grant, Hubbard, Otter Tail, Stevens, Todd, Traverse, Wadena, and Wilkin to enter into contracts and agreements for solid waste management.

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:

Adkins	Dicklich	Knaak	Moe, D.M.	Reichgott
Anderson	Frank	Knutson	Moe, R.D.	Renneke
Belanger	Frederick	Kroening	Novak	Samuelson
Benson	Frederickson	Kronebusch	Olson	Schmitz
Berg	Freeman	Laidig	Pehler	Sieloff
Berglin	Gustafson	Langseth	Peterson, C.C.	Solon
Bertram	Hughes	Lantry	Peterson, D.C.	Spear
Brataas	Isackson	Lessard	Peterson, D.L.	Storm
Chmielewski	Johnson, D.E.	Luther	Peterson, R.W.	Taylor
Dahl	Johnson, D.J.	McQuaid	Petty	Vega
Davis	Jude	Mehrkens	Pogemiller	Waldorf
DeCramer	Kamrath	Merriam	Ramstad	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2159: A bill for an act relating to the environment; disapproving a nuclear waste repository in Minnesota; approval of new nuclear power plants; requiring nuclear power plants to be decommissioned by December 31, 1990; proposing coding for new law in Minnesota Statutes, chapter 116C.

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:

Adkins	Dieterich	Kronebusch	Pehler	Solon
Anderson	Frank	Laidig	Peterson, C.C.	Spear
Belanger	Frederick	Langseth	Peterson, D.C.	Storm
Benson	Frederickson	Lantry	Peterson, D.L.	Stumpf
Berg	Freeman	Lessard	Peterson, R.W.	Taylor
Berglin	Gustafson	Luther	Petty	Vega
Bertram	Hughes	McQuaid	Pogemiller	Waldorf
Brataas	Isackson	Mehrkens	Ramstad	Wegscheid
Chmielewski	Johnson, D.E.	Merriam	Reichgott	Willet
Dahl	Johnson, D.J.	Moe, D.M.	Renneke	
Davis	Jude	Moe, R.D.	Samuelson	
DeCramer	Knaak	Novak	Schmitz	
Dicklich	Knutson	Olson	Sieloff	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2161: A bill for an act relating to employment; providing training opportunities for technically qualified individuals who may be exposed to hazardous substances, harmful physical agents, or infectious agents; amending Minnesota Statutes 1985 Supplement, section 182.653, subdivisions 4b, 4c, and 4f.

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:

Adkins	Dieterich	Kroening	Olson	Schmitz
Anderson	Frank	Kronebusch	Pehler	Sieloff
Belanger	Frederick	Laidig	Peterson, C.C.	Solon
Benson	Frederickson	Langseth	Peterson, D.C.	Spear
Berg	Freeman	Lantry	Peterson, D.L.	Storm
Berglin	Gustafson	Lessard	Peterson, R.W.	Taylor
Bertram	Isackson	Luther	Petty	Vega
Brataas	Johnson, D.E.	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.J.	Mehrkens	Purfeerst	Wegscheid
Dahl	Jude	Merriam	Ramstad	Willet
Davis	Kamrath	Moe, D.M.	Reichgott	
DeCramer	Knaak	Moe, R.D.	Renneke	
Dicklich	Knutson	Novak	Samuelson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2016: A bill for an act relating to commerce; revising the Uniform Trade Secret Act; clarifying remedies; amending Minnesota Statutes 1984, sections 325C.02; 325C.03; and 325C.07.

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:

Adkins	Frederick	Laidig	Peterson, C.C.	Solon
Anderson	Frederickson	Langseth	Peterson, D.C.	Spear
Belanger	Freeman	Lantry	Peterson, D.L.	Storm
Benson	Gustafson	Lessard	Peterson, R.W.	Stumpf
Berg	Hughes	Luther	Petty	Taylor
Berglin	Isackson	McQuaid	Pogemiller	Vega
Bertram	Johnson, D.E.	Mehrkens	Purfeerst	Waldorf
Brataas	Johnson, D.J.	Merriam	Ramstad	Wegscheid
Chmielewski	Jude	Moe, D.M.	Reichgott	Willet
Davis	Kamrath	Moe, R.D.	Renneke	
DeCramer	Knaak	Nelson	Samuelson	
Dicklich	Kroening	Novak	Schmitz	
Frank	Kronebusch	Pehler	Sieloff	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2094: A bill for an act relating to nonprofit corporations; providing for succession of fiduciary capacity in mergers and consolidations; clarifying authority for separate entities to hold church employee benefit plans; amending Minnesota Statutes 1984, sections 317.38; and 317.66, subdivision 1, and by adding a subdivision.

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:

Adkins	Frank	Kronebusch	Novak	Samuelson
Anderson	Frederick	Laidig	Pehler	Schmitz
Belanger	Frederickson	Langseth	Peterson, C.C.	Sieloff
Benson	Freeman	Lantry	Peterson, D.C.	Solon
Berg	Gustafson	Lessard	Peterson, D.L.	Spear
Berglin	Hughes	Luther	Peterson, R.W.	Storm
Bertram	Isackson	McQuaid	Petty	Stumpf
Brataas	Johnson, D.E.	Mehrkens	Pogemiller	Taylor
Chmielewski	Johnson, D.J.	Merriam	Purfeerst	Vega
Dahl	Jude	Moe, D.M.	Ramstad	Waldorf
Davis	Kamrath	Moe, R.D.	Reichgott	Wegscheid
Dicklich	Kroening	Nelson	Renneke	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1909: A bill for an act relating to education; clarifying that private proprietary schools may provide certain placement information; modifying the expiration time for solicitor's permits; amending Minnesota Statutes 1984, section 141.26, subdivision 1; Minnesota Statutes 1985 Supplement, section 141.25, subdivision 10.

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:

Adkins	Frank	Kronebusch	Novak	Schmitz
Anderson	Frederick	Laidig	Pehler	Sieloff
Belanger	Frederickson	Langseth	Peterson, C.C.	Solon
Benson	Freeman	Lantry	Peterson, D.C.	Storm
Berg	Gustafson	Lessard	Peterson, D.L.	Stumpf
Berglin	Hughes	Luther	Petty	Vega
Bertram	Isackson	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid
Dahl	Johnson, D.J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D.M.	Reichgott	
DeCramer	Kamrath	Moe, R.D.	Renneke	
Dicklich	Kroening	Nelson	Samuelson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2204: A bill for an act relating to independent school district No. 750, Cold Spring; authorizing the district to make an equal levy for debt service over the next five years.

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:

Adkins	Frank	Laidig	Novak	Renneke
Anderson	Frederick	Langseth	Pehler	Schmitz
Belanger	Frederickson	Lantry	Peterson, C.C.	Sieloff
Berg	Gustafson	Lessard	Peterson, D.C.	Solon
Berglin	Hughes	Luther	Peterson, D.L.	Spear
Bertram	Isackson	McQuaid	Peterson, R.W.	Storm
Chmielewski	Johnson, D.E.	Mehrkens	Petty	Stumpf
Dahl	Johnson, D.J.	Merriam	Pogemiller	Vega
Davis	Jude	Moe, D.M.	Purfeerst	Waldorf
DeCramer	Kamrath	Moe, R.D.	Ramstad	Wegscheid
Dicklich	Kroening	Nelson	Reichgott	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1852: A bill for an act relating to cemeteries; changing procedures for dealing with certain burial sites; increasing a penalty; amending Minnesota Statutes 1984, section 307.08.

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:

Adkins	Davis	Jude	Nelson	Reichgott
Anderson	DeCramer	Kroening	Novak	Samuelson
Belanger	Dieterich	Laidig	Pehler	Schmitz
Benson	Frank	Langseth	Peterson, C.C.	Solon
Berg	Frederick	Lantry	Peterson, D.C.	Spear
Berglin	Frederickson	Lessard	Peterson, R.W.	Stumpf
Bertram	Gustafson	Luther	Petty	Vega
Chmielewski	Hughes	Merriam	Pogemiller	Waldorf
Dahl	Isackson	Moe, R.D.	Purfeerst	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1619: A bill for an act relating to civil actions; providing a cause of action for sexual exploitation; proposing coding for new law as Minnesota Statutes, chapter 148A.

Mr. Spear moved to amend S.F. No. 1619 as follows:

Page 3, line 24, after "of" insert "*the psychotherapist or*"

Page 4, line 12, delete "*paragraph (b)*" and insert "*this section*"

The motion prevailed. So the amendment was adopted.

Mr. Peterson, R.W. moved to amend S.F. No. 1619 as follows:

Page 4, delete section 5

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 15, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Kamrath	Merriam	Renneke
Anderson	DeCramer	Kronebusch	Moe, R. D.	Schmitz
Belanger	Frank	Laidig	Pehler	Sieloff
Benson	Frederickson	Langseth	Peterson, D. L.	Stumpf
Berg	Gustafson	Lessard	Peterson, R. W.	Taylor
Bertram	Isackson	McQuaid	Petty	Wegscheid
Chmielewski	Jude	Mehrkens	Purfeerst	

Those who voted in the negative were:

Berglin	Hughes	Moe, D.M.	Peterson, D.C.	Samuelson
Dahl	Lantry	Novak	Pogemiller	Spear
Dieterich	Luther	Peterson, C.C.	Reichgott	Willet

The motion prevailed. So the amendment was adopted.

S.F. No. 1619 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:

Adkins	Dicklich	Kronebusch	Pehler	Schmitz
Anderson	Dieterich	Laidig	Peterson, C. C.	Sieloff
Belanger	Frank	Langseth	Peterson, D. C.	Spear
Benson	Frederickson	Lantry	Peterson, D. L.	Stumpf
Berg	Gustafson	Lessard	Peterson, R. W.	Taylor
Berglin	Hughes	Luther	Petty	Waldorf
Bertram	Isackson	McQuaid	Pogemiller	Wegscheid
Chmielewski	Johnson, D. E.	Mehrkens	Purfeerst	Willet
Dahl	Jude	Merriam	Reichgott	
Davis	Kamrath	Moe, R. D.	Renneke	
DeCramer	Kroening	Novak	Samuelson	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1196: A bill for an act relating to child care; establishing child care resource and referral programs; amending Minnesota Statutes 1984, sections 245.83, by adding a subdivision; and 245.84, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268.

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:

Adkins	Dicklich	Kronebusch	Pehler	Samuelson
Anderson	Dieterich	Laidig	Peterson, C. C.	Schmitz
Belanger	Frank	Lantry	Peterson, D. C.	Sieloff
Benson	Frederickson	Lessard	Peterson, D. L.	Spear
Berg	Freeman	Luther	Peterson, R. W.	Stumpf
Berglin	Hughes	McQuaid	Petty	Taylor
Bertram	Isackson	Mehrkens	Pogemiller	Waldorf
Chmielewski	Johnson, D. E.	Merriam	Purfeerst	Wegscheid
Dahl	Jude	Moe, D. M.	Ramstad	Willet
Davis	Knaak	Moe, R. D.	Reichgott	
DeCramer	Kroening	Novak	Renneke	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H.F. No. 1807: A bill for an act relating to local government; providing for the coordination of various development authorities in the city of Moorhead and Clay county.

Mr. Langseth moved to amend H.F. No. 1807 as follows:

Page 8, after line 30, insert:

“Sec. 10. [MOORHEAD POLICE.]

*Notwithstanding any other law or charter provision, the chief of police and deputy chief of police of the city of Moorhead are not subject to the jurisdiction of the Moorhead police civil service commission and are exempt from the police civil service system adopted by the city of Moorhead pursuant to Minnesota Statutes, chapter 419.”*

Page 9, after line 1, insert:

*“Section 10 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Moorhead. Section 10 shall not apply to any incumbent holding the position of chief of police or deputy chief of police on the effective date of section 10.”*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after “county” insert “; providing an exception from the Moorhead police civil service system for the chief and deputy chief of police”

The motion prevailed. So the amendment was adopted.

H.F. No. 1807 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Laidig	Peterson, C.C.	Sieloff
Anderson	Frederickson	Langseth	Peterson, D.C.	Spear
Belanger	Freeman	Lantry	Peterson, D.L.	Stumpf
Berg	Hughes	Lessard	Peterson, R.W.	Taylor
Berglin	Isackson	Luther	Petty	Vega
Bertram	Johnson, D.E.	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.J.	Mchrkens	Purfeerst	Wegscheid
Dahl	Jude	Moe, D.M.	Ramstad	Willet
Davis	Kamrath	Moe, R.D.	Reichgott	
DeCramer	Knaak	Novak	Renneke	
Dicklich	Kroening	Olson	Samuelson	
Dieterich	Kronebusch	Pehler	Schmitz	

Mr. Merriam voted in the negative.

So the bill, as amended, passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1730: A bill for an act relating to theft; modifying circumstances

justifying detention of suspects in business establishments; modifying immunity from liability for detention; amending Minnesota Statutes 1985 Supplement, section 629.366, subdivisions 1 and 3.

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	Dicklich	Kroening	Olson	Reichgott
Benson	Frank	Kronebusch	Pehler	Renneke
Berg	Frederickson	Laidig	Peterson, C.C.	Schmitz
Berglin	Freeman	Lantry	Peterson, D.C.	Sieloff
Bertram	Hughes	Lessard	Peterson, D.L.	Spear
Brataas	Isackson	Luther	Peterson, R.W.	Stumpf
Chmielewski	Johnson, D.J.	McQuaid	Petty	Taylor
Dahl	Jude	Merriam	Pogemiller	Waldorf
Davis	Kamrath	Moe, D.M.	Purfeerst	Wegscheid
DeCramer	Knaak	Novak	Ramstad	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1879: A bill for an act relating to alcoholic beverages; authorizing cities to issue temporary off-sale licenses for the sale of vintage wine at auctions; amending Minnesota Statutes 1985 Supplement, section 340A.405, by adding a subdivision.

Mr. Waldorf moved to amend S.F. No. 1879 as follows:

Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 340A.312, is amended to read:

340A.312 [JOINT PURCHASES; VOLUME PRICES.]

Subdivision 1. [JOINT PURCHASES.] The joint purchase by two or more licensed retailers of ~~up to 300, 1.75 liter or smaller, bottles of~~ distilled spirits or wine for resale to the public is lawful.

Subd. 2. [VOLUME PRICES.] A variable volume price offered by a wholesaler to a licensed retailer on sales of distilled spirits or wine ~~may not be for a quantity of more than 300 one-liter or smaller bottles is lawful.~~”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert “eliminating the restrictions for joint purchases and volume discounts;”

Page 1, line 5, delete “section” and insert “sections 340A.312; and”

Mr. Dieterich questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Bertram moved to amend S.F. No. 1879 as follows:



Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 340A.308, is amended to read:

340A.308 [PROHIBITED TRANSACTIONS.]

(a) No brewer or malt liquor wholesaler may directly or indirectly, or through an affiliate or subsidiary company, or through an officer, director, stockholder, or partner:

- (1) give, or lend money, credit, or other thing of value to a retailer;
- (2) give, lend, lease, or sell furnishing or equipment to a retailer;
- (3) have an interest in a retail license; or
- (4) be bound for the repayment of a loan to a retailer.

(b) This section does not prohibit a manufacturer or wholesaler from:

(1) furnishing, lending, or renting to a retailer outside signs, of a cost of up to \$100 excluding installation and repair costs;

(2) furnishing, lending, or renting to a retailer inside signs and other promotional material, of a cost of up to \$100 in a year;

(3) furnishing to or maintaining for a retailer equipment for dispensing malt liquor, including tap trailers, cold plates and other dispensing equipment, of a cost of up to \$100 per tap in a year;

(4) using or renting property owned continually since November 1, 1933, for the purpose of selling intoxicating or nonintoxicating malt liquor at retail; or

(5) extending customary commercial credit to a retailer in connection with a sale of nonalcoholic beverages only, or engaging in cooperative advertising agreements with a retailer in connection with the sale of nonalcoholic beverages only.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1879 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:

Adkins	Diessner	Kroening	Olson	Sieloff
Anderson	Dieterich	Kroncbusch	Pehler	Solon
Belanger	Frank	Langseth	Peterson, D.C.	Spear
Benson	Frederick	Lantry	Peterson, D.L.	Storm
Berg	Frederickson	Lessard	Peterson, R.W.	Stumpf
Berglin	Freeman	Luther	Petty	Taylor
Bertram	Hughes	McQuaid	Pogemiller	Vega
Brataas	Johnson, D.E.	Mehrkens	Purfeerst	Waldorf
Chmielewski	Jude	Merriam	Ramstad	Wegscheid
Dahl	Kamrath	Moe, R.D.	Reichgott	Willet
Davis	Knaak	Nelson	Renneke	
Dicklich	Knutson	Novak	Schmitz	

So the bill, as amended, passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1942: A bill for an act relating to guardianships and conservatorships; establishing a standard for best interests of the ward or conservatee; requiring findings regarding best interests; amending Minnesota Statutes 1984, sections 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; and 525.61.

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	Diessner	Kronebusch	Olson	Samuelson
Belanger	Frank	Laidig	Pehler	Schmitz
Benson	Frederickson	Lantry	Peterson, D.C.	Sieloff
Berglin	Freeman	Lessard	Peterson, D.L.	Spear
Bertram	Hughes	Luther	Peterson, R.W.	Storm
Brataas	Isackson	McQuaid	Petty	Stumpf
Chmielewski	Jude	Mehrkens	Pogemiller	Taylor
Dahl	Kamrath	Merriam	Purfeerst	Waldorf
Davis	Knaak	Moe, R.D.	Ramstad	Willet
DeCramer	Knutson	Nelson	Reichgott	
Dicklich	Kroening	Novak	Renneke	

Mrs. Adkins voted in the negative.

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1884: A bill for an act relating to housing; requiring notification of the use of rodenticides; amending Minnesota Statutes 1984, section 504.22.

Mrs. Lantry moved to amend S.F. No. 1884 as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1984, section 504.22, is amended by adding a subdivision to read:

*Subd. 4b. [PESTICIDE DISCLOSURE STATEMENT.] It shall be the duty of any person applying rodenticide to any residential rental unit to provide written notice of the application to an adult resident of any occupied unit, or if no adult resident is present, the notice may be left on the unit door. The notification must list the names of any rodenticides that will be applied within the unit and contain the name and the address of the person or firm applying the rodenticide. A label or package wrapper bearing the required information is sufficient notification.*

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective for rodenticides applied on or after January 1, 1987.”*

The motion prevailed. So the amendment was adopted.

Mr. Frank moved to amend the Lantry amendment to S.F. No. 1884,

adopted by the Senate March 10, 1986, as follows:

Page 1, after line 2, insert:

“Section 1. Minnesota Statutes 1984, section 116J.27, subdivision 4, is amended to read:

Subd. 4. [INSPECTIONS.] The commissioner shall conduct inspections on a random basis for compliance with the provisions of subdivision 3. The commissioner may authorize a municipality, with its consent, to conduct the inspections within the municipality's jurisdiction, or to otherwise enforce the provisions of subdivision 3. Any municipality which conducts an inspections or other enforcement program shall have authority under *subdivision 4a and all subdivisions of section 116J.30* to enforce the provisions of subdivision 3; provided that 100 percent of the penalties for violation of subdivision 3 shall be paid to the municipality. With respect to low-rent housing owned by a public housing authority or a housing and redevelopment authority described in chapter 462, the commissioner or the municipality which conducts the inspection shall submit the results of the inspection to the housing and redevelopment authority or the public housing authority for review. If the housing and redevelopment authority or the public housing authority does not concur in the findings of the commissioner or the municipality, then the housing and redevelopment authority or the public housing authority and the commissioner or the municipality shall select a mutually acceptable independent third party or panel of experts knowledgeable in the area of energy conservation. The results of the inspection, the conclusions of the commissioner or the municipality as to compliance with the standards established pursuant to subdivision 1, and the basis for such conclusions, and the position of the housing and redevelopment authority or the public housing authority and the basis for such position shall be submitted to the independent third party or panel for a determination of the specific energy conservation measures which must be completed for compliance with the standards established pursuant to subdivision 1. The costs of the independent third party or panel shall be paid equally by the housing and redevelopment authority or the public housing authority and the commissioner or the municipality.

Sec. 2. Minnesota Statutes 1984, section 116J.27, subdivision 4a, is amended to read:

Subd. 4a. [ENFORCEMENT AFTER INSPECTION.] If the commissioner or municipality determines, after an inspection conducted by or on behalf of the department or municipality, that a renter-occupied residence is not in compliance with the standards prescribed pursuant to subdivision 1, the commissioner or municipality may issue to the owner of the renter-occupied residence or the owner's agent a determination of noncompliance and may commence a contested case proceeding under ~~sections 14.57 to 14.62~~ chapter 14. The determination shall (1) specify the reasons for the determination, (2) include a copy of the inspection report, (3) state the actions that must be taken to bring the residence into compliance with the standards, (4) state that if the residence is not brought into compliance with the standards within 90 days following the date of the determination, a contested case proceeding will be commenced, and (5) specify a fine that will be assessed upon the conclusion of the contested case proceeding in the absence of a showing of good cause in that proceeding. The contested case proceed-

ing hearing shall be held in the county in which the renter-occupied residence is located. Notwithstanding the provisions of sections 14.50 and 14.61, the administrative law judge in the contested case proceeding shall make findings of fact and conclusions of law and issue a decision, and if the administrative law judge decides that the residence is not in compliance with the standards, the administrative law judge shall enter an order directing the owner to take such affirmative action as in the judgment of the administrative law judge will effectuate the purposes of section 116J.27. *A municipality electing to proceed under this subdivision is authorized to enter into a contract with the office of administrative hearings pursuant to section 14.55.*"

Page 1, line 16, delete "1" and insert "3"

Renumber the sections in sequence

Amend the title of S.F. No. 1884 as follows:

Page 1, line 2, after the semicolon, insert "clarifying the authority of a municipality to enforce certain energy efficiency standards;"

Page 1, line 4, delete "section" and insert "sections 116J.27, subdivisions 4 and 4a; and"

Mr. Benson questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

S.F. No. 1884 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 8, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kroening	Olson	Sieloff
Anderson	Frank	Laidig	Pehler	Solon
Belanger	Frederickson	Langseth	Peterson, D.C.	Spear
Berglin	Freeman	Lantry	Peterson, R.W.	Storm
Bertram	Gustafson	Lessard	Petty	Stumpf
Chmielewski	Hughes	Luther	Pogemiller	Taylor
Dahl	Isackson	McQuaid	Purfeerst	Vega
Davis	Johnson, D.E.	Mehrkens	Ramstad	Waldorf
DeCramer	Johnson, D.J.	Merriam	Reichgott	Wegscheid
Dicklich	Jude	Nelson	Samuelson	Willet
Diessner	Knaak	Novak	Schmitz	

Those who voted in the negative were:

Benson	Frederick	Knutson	Peterson, D.L.	Renneke
Brataas	Kamrath	Kronebusch		

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2111: A bill for an act relating to labor; creating the labor interpretative center; establishing an advisory council governing policies and program purposes.

Mr. Benson moved to amend S.F. No. 2111 as follows:

Page 1, delete subdivision 1

Renumber the subdivisions in sequence

The motion did not prevail. So the amendment was not adopted.

S.F. No. 2111 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 58 and nays 3, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Nelson	Schmitz
Anderson	Diessner	Knutson	Novak	Sieloff
Belanger	Dieterich	Kroening	Pehler	Solon
Benson	Frank	Kronebusch	Peterson, D.C.	Spear
Berg	Frederickson	Laidig	Peterson, D.L.	Storm
Berglin	Freeman	Langseth	Peterson, R.W.	Stumpf
Bertram	Gustafson	Lantry	Petty	Taylor
Brataas	Hughes	Lessard	Pogemiller	Vega
Chmielewski	Isackson	Luther	Purfeerst	Waldorf
Dahl	Johnson, D.E.	McQuaid	Reichgott	Willet
Davis	Johnson, D.J.	Mehrkens	Renneke	
DeCramer	Jude	Merriam	Samuelson	

Mr. Kamrath, Ms. Olson and Mr. Ramstad voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1962: A bill for an act relating to taxation; property; changing the payment date for taxes on certain manufactured homes; amending Minnesota Statutes 1984, section 274.19, subdivision 5; Minnesota Statutes 1985 Supplement, section 274.19, subdivisions 3 and 4.

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:

Adkins	Diessner	Knaak	Nelson	Schmitz
Anderson	Dieterich	Knutson	Novak	Sieloff
Belanger	Frank	Kroening	Olson	Solon
Berg	Frederickson	Kronebusch	Pehler	Spear
Berglin	Freeman	Laidig	Peterson, D.C.	Storm
Bertram	Gustafson	Langseth	Peterson, R.W.	Stumpf
Brataas	Hughes	Lantry	Petty	Taylor
Chmielewski	Isackson	Lessard	Pogemiller	Vega
Dahl	Johnson, D.E.	Luther	Purfeerst	Willet
Davis	Johnson, D.J.	McQuaid	Ramstad	
DeCramer	Jude	Mehrkens	Reichgott	
Dicklich	Kamrath	Merriam	Samuelson	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1963: A bill for an act relating to metropolitan government;

changing the treatment of current value credits and modifying the cost allocation system of the metropolitan waste control commission; providing for a reserve fund for the commission; authorizing appointment of advisory committees by the commission; authorizing an implementation period for transition to a new cost allocation system; amending Minnesota Statutes 1984, sections 473.511, subdivision 4; and 473.517, subdivisions 1, 2, 3, and 9; repealing Minnesota Statutes 1984, section 473.517, subdivisions 4, 5, and 7.

Mr. Benson moved to amend S.F. No. 1963 as follows:

Page 5, line 24, delete "*the commission*" and insert "*section 15.059*"

The motion prevailed. So the amendment was adopted.

S.F. No. 1963 was then progressed.

### SPECIAL ORDER

S.F. No. 1671: A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities.

Ms. Berglin moved to amend S.F. No. 1671 as follows:

Page 2, line 24, delete "*October 9, 1985, and adopted October 25, 1985*" and insert "*March 8, 1986*"

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend S.F. No. 1671 as follows:

Page 6, after line 35, insert:

"Sec. 7. [LEGISLATIVE INTENT.]

*In enacting sections 1 to 6 the legislature intends to dispose of the matter of financing for the convention center. Financial assistance from the state shall in no event be used to replace revenues not forthcoming from city sources for any reason."*

Renumber the sections in sequence.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 30, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Jude	Lessard	Renneke
Anderson	Frederick	Kamrath	McQuaid	Sieloff
Berg	Frederickson	Knaak	Mehrkens	Storm
Bertram	Gustafson	Knutson	Olson	Taylor
Brataas	Isackson	Kronebusch	Peterson, D.L.	Wegscheid
Dahl	Johnson, D.E.	Laidig	Ramstad	

Those who voted in the negative were:

Berglin	Freeman	Luther	Peterson, C.C.	Schmitz
Davis	Hughes	Merriam	Peterson, D.C.	Spear
DeCramer	Johnson, D.J.	Moe, D.M.	Peterson, R.W.	Stumpf
Dicklich	Kroening	Moe, R.D.	Petty	Vega
Dieterich	Langseth	Nelson	Pogemiller	Waldorf
Frank	Lantry	Pehler	Samuelson	Willet

The motion did not prevail. So the amendment was not adopted.

Mr. Kroening moved to amend S.F. No. 1671 as follows:

Page 5, lines 12, 14, and 16 delete "city" and insert "downtown taxing area"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Dieterich	Knutson	Purfeerst	Willet
Benson	Frederickson	Kroening	Renneke	
Berg	Isackson	Kronebusch	Sieloff	
Bertram	Johnson, D.J.	Petty	Solon	
Dicklich	Kamrath	Pogemiller	Vega	

Those who voted in the negative were:

Adkins	Gustafson	Lessard	Pehler	Spear
Berglin	Hughes	Luther	Peterson, C.C.	Storm
Dahl	Johnson, D.E.	McQuaid	Peterson, D.C.	Stumpf
Davis	Jude	Merriam	Peterson, D.L.	Waldorf
DeCramer	Knaak	Moe, R.D.	Peterson, R.W.	Wegscheid
Diessner	Laidig	Nelson	Ramstad	
Frank	Langseth	Novak	Reichgott	
Freeman	Lantry	Olson	Schmitz	

The motion did not prevail. So the amendment was not adopted.

Mr. Petty moved to amend S.F. No. 1671 as follows:

Page 2, line 30, before "The" insert "Subdivision 1. [ACTIVITIES; CONTRACTS.]"

Page 3, after line 27, insert:

"Subd. 2. [LIMITATION ON EXPENDITURES.] A reasonable estimate for demolition and construction costs under construction contracts, not including costs for construction managers, architectural, engineering, and other professional fees, insurance, bonds, permits, licenses, taxes, and similar costs for constructing or improving the convention facilities may not require more than \$118,000,000 in public funds."

Page 5, after line 27, insert:

"A tax may be imposed under this section only if the taxes imposed under section 5 are imposed at the maximum rate allowed under that section. The maximum rate of a tax under this section shall be no more than the highest one-tenth of one percent necessary to produce revenue needed to finance the cost of the facility as limited in section 3, subdivision 2, after imposition of the taxes imposed under section 5."

Mr. Spear requested division of the Petty amendment to S.F. No. 1671 as follows:

First Portion:

Page 5, after line 27, insert:

"A tax may be imposed under this section only if the taxes imposed under section 5 are imposed at the maximum rate allowed under that section."

Second Portion:

Page 2, line 30, before "The" insert "Subdivision 1. [ACTIVITIES; CONTRACTS.]"

Page 3, after line 27, insert:

"Subd. 2. [LIMITATION ON EXPENDITURES.] A reasonable estimate for demolition and construction costs under construction contracts, not including costs for construction managers, architectural, engineering, and other professional fees, insurance, bonds, permits, licenses, taxes, and similar costs for constructing or improving the convention facilities may not require more than \$118,000,000 in public funds."

Page 5, after line 27, insert:

"The maximum rate of a tax under this section shall be no more than the highest one-tenth of one percent necessary to produce revenue needed to finance the cost of the facility as limited in section 3, subdivision 2, after imposition of the taxes imposed under section 5."

The question was taken on the adoption of the first portion of the amendment. The motion prevailed. So the first portion of the amendment was adopted.

The question was taken on the adoption of the second portion of the amendment.

The roll was called, and there were yeas 42 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Gustafson	Laidig	Petty	Stumpf
Benson	Isackson	Langseth	Purfeerst	Taylor
Berg	Johnson, D.E.	Lessard	Ramstad	Vega
Bertram	Jude	McQuaid	Renneke	Waldorf
Brataas	Kamrath	Mehrkens	Samuelson	Wegscheid
Dahl	Knaak	Moe, D.M.	Schmitz	Willet
Dicklich	Knutson	Olson	Sieloff	
Dieterich	Kroening	Peterson, D.L.	Solon	
Frederickson	Kronebusch	Peterson, R.W.	Storm	

Those who voted in the negative were:

Adkins	DeCramer	Lantry	Nelson	Pogemiller
Berglin	Frank	Luther	Pehler	Reichgott
Chmielewski	Frederick	Merriam	Peterson, C.C.	Spear
Davis	Hughes	Moe, R.D.	Peterson, D.C.	

The motion prevailed. So the second portion of the amendment was adopted.

S.F. No. 1671 was then progressed.

### SPECIAL ORDER

S.F. No. 1974: A bill for an act relating to probate; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; amending Minnesota Statutes 1985 Supplement, sections 524.2-109; 524.2-202; 524.2-205; and 525.145.

Mr. Sieloff moved to amend S.F. No. 1974 as follows:



Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1984, section 501.125, subdivision 1, is amended to read:

Subdivision 1. [GENERAL PROPERTIES AND INVESTMENTS.] (a) In acquiring, investing, reinvesting, exchanging and managing property, a trustee is authorized to acquire every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, bonds, debentures and other individual or corporate obligations, mutual funds, and corporate stocks, ~~which an ordinarily prudent person of discretion and intelligence, who is a trustee of the property of others, would acquire as such trustee.~~ A trustee, in determining the prudence of a particular investment, shall consider the role that the proposed investment or investment course of action plays within the overall portfolio of assets. In applying the total asset management approach, a trustee shall exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds: If the trustee has special skills or expertise or if the trustee holds itself out as having special skills or expertise, the trustee is under a duty to use those skills or expertise.

(b) Except as may be provided to the contrary in the instrument, the following are among the factors that should be considered by a trustee in applying the total asset management approach:

- (1) the probable income as well as the probable safety of the capital;
- (2) marketability of investments;
- (3) length of the term of investments;
- (4) duration of the trust;
- (5) liquidity needs;
- (6) requirements of the beneficiary or beneficiaries;
- (7) other assets of the beneficiary or beneficiaries, including earning capacity; and
- (8) effect of investments in increasing or diminishing liability for taxes.

Sec. 2. Minnesota Statutes 1984, section 501.125, is amended by adding a subdivision to read:

Subd. 1a. [INVESTMENT IN CERTAIN GROWTH ENTERPRISES.] Subject to the standards of subdivision 1, a trustee is authorized to invest in new, unproven, untried, or other enterprises with a potential for significant growth whether producing a current return, either by investing directly or by investing as a limited partner or otherwise in one or more commingled funds which in turn invest primarily in those enterprises. The aggregate amount of investments held by a trustee under the authority of this subdivision valued at cost may not exceed ten percent of the net fair market value of the trust corpus, including investments made under the authority of this section valued at fair market value, immediately after the investment is made. Any investment that would have been authorized by this subdivision if it had been

*in effect at the time the investment was made is authorized by this subdivision.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 501.125, subdivision 6, is amended to read:

Subd. 6. [INVESTMENT COMPANIES.] (a) In the absence of an express prohibition in the trust instrument, ~~whenever the instrument directs, requires, authorizes, or permits investment in obligations of the United States or obligations, the payment of the principal of and interest on which is unconditionally guaranteed by the United States,~~ the trustee may invest in and hold those obligations either directly or in the form of securities of, or other interests in, ~~an~~ *acquire and retain securities of any open-end or closed-end management type investment company (1) or investment trust registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose investments are limited to these obligations and repurchase agreements fully collateralized by these obligations, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks.*

(b) Nothing in this subdivision shall be construed to alter the degree of care and judgment required of trustees by subdivision 1.

Sec. 4. Minnesota Statutes 1984, section 501.66, is amended by adding a subdivision to read:

*Subd. 6a. The trustee may invest and reinvest trust assets in new, unproven, untried, or other enterprises with a potential for significant growth whether producing a current return, either by investing directly or by investing as a limited partner or otherwise in one or more commingled funds which in turn invest primarily in those enterprises; provided that the aggregate amount of investments held by a trustee under the authority of this subdivision valued at cost may not exceed ten percent of the net fair market value of the trust corpus, including investments made under the authority of this section valued at fair market value, immediately after the investment is made.*

Sec. 5. Minnesota Statutes 1984, section 501.66, subdivision 28, is amended to read:

Subd. 28. The trustee may employ attorneys, accountants, investment advisors, agents or other persons, even if they are associated with the trustee, to advise or assist the trustee in the performance of his duties; to act without independent investigation upon their recommendations; and instead of acting personally, to employ one or more agents to perform any act of administration, whether or not discretionary; *except that:*

*(1) the trustee may not delegate all of the trustee's duties; and*

*(2) the employment does not relieve the trustee of liability for the discretionary acts of a person, which if done by the trustee, would result in liability to the trustee, or of the duty to select and retain a person with reasonable care."*

Page 8, after line 31, insert:

"Sec. 10. [SCOPE OF APPLICATION.]

(a) *Nothing in sections 1 to 5 invalidates:*

(1) *any instrument or property relationship that is executed and irrevocable as of the effective date of sections 1 to 5; or*

(2) *any action commenced prior to the effective date of sections 1 to 5, provided that the instrument, property relationship, or action otherwise complies with the provisions of Minnesota Statutes, chapter 501, in effect when the action was commenced.*

(b) *Sections 1 to 5 apply to all instruments, property relationships, and proceedings existing on or after the effective date of sections 1 to 5."*

Page 8, line 33, delete "This act is" and insert "Sections 6 to 9 are"

Amend the title as follows:

Page 1, line 2, delete "probate" and insert "courts" and after the semicolon, insert "providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees;"

Page 1, line 5, after "amending" insert "Minnesota Statutes 1984, sections 501.125, subdivision 1, and by adding a subdivision; and 501.66, subdivision 28, and by adding a subdivision;"

Page 1, line 6, after "sections" insert "501.125, subdivision 6;"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff then moved to amend S.F. No. 1974 as follows:

Page 3, line 11, reinstate everything before the stricken comma and after the stricken comma insert "or" and reinstate the stricken "accident"

Page 3, line 12, reinstate the stricken "insurance"

Page 3, reinstate lines 13 and 14

Page 3, line 30, delete everything after the semicolon

Page 3, delete line 31

Page 3, line 32, delete everything before "any"

Page 4, lines 11 and 12, reinstate the stricken language

Page 4, line 13, reinstate everything before the stricken comma and after the stricken comma insert "or" and reinstate the stricken "accident insurance"

Page 4, line 14, reinstate the stricken "nor does it include"

Page 4, reinstate line 15

Page 4, delete lines 34 to 36

Page 5, delete line 1

Page 5, line 2, delete "(ii)" and insert "(i)"

Page 5, line 6, delete "(iii)" and insert "(ii)"

Page 5, delete lines 27 to 36

Page 6, delete lines 1 to 10

Amend the title as follows:

Page 1, line 4, delete "insurance and other"

The motion prevailed. So the amendment was adopted.

S.F. No. 1974 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 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dieterich	Kroening	Olson	Solon
Anderson	Frank	Kronebusch	Pehler	Spear
Belanger	Frederick	Laidig	Peterson, C.C.	Storm
Benson	Frederickson	Langseth	Peterson, D.C.	Stumpf
Berg	Freeman	Lantry	Peterson, D.L.	Taylor
Berglin	Gustafson	Lessard	Peterson, R.W.	Vega
Bertram	Hughes	Luther	Petty	Waldorf
Brataas	Isackson	McQuaid	Pogemiller	Wegscheid
Dahl	Johnson, D.E.	Merriam	Purfeerst	Willet
Davis	Jude	Moe, D.M.	Ramstad	
DeCramer	Kamrath	Moe, R.D.	Reichgott	
Dicklich	Knaak	Nelson	Renneke	
Diessner	Knutson	Novak	Sieloff	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2160: A bill for an act relating to unclaimed property; requiring that the sum payable on an abandoned warrant issued by a county be deposited in the issuing county's general fund; amending Minnesota Statutes 1984, section 345.48, subdivision 1.

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:

Adkins	Dieterich	Kronebusch	Novak	Samuelson
Anderson	Frank	Laidig	Olson	Schmitz
Belanger	Frederick	Langseth	Pehler	Sieloff
Berg	Frederickson	Lantry	Peterson, C.C.	Solon
Berglin	Freeman	Lessard	Peterson, D.C.	Spear
Bertram	Hughes	Luther	Peterson, D.L.	Storm
Brataas	Isackson	McQuaid	Peterson, R.W.	Stumpf
Dahl	Johnson, D.E.	Mehrkens	Petty	Taylor
Davis	Jude	Merriam	Pogemiller	Vega
DeCramer	Kamrath	Moe, D.M.	Purfeerst	Waldorf
Dicklich	Knaak	Moe, R.D.	Ramstad	Willet
Diessner	Kroening	Nelson	Renneke	

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr.

Moe, R.D. moved that the Senate revert to the Order of Business of Messages From the House. The motion prevailed.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1599:

H.F. No. 1599: A bill for an act relating to state monuments; authorizing development of a plan for a memorial to Native Americans; amending Minnesota Statutes 1984, section 138.585, by adding a subdivision.

The House respectfully requests that a Conference Committee of five members be appointed thereon.

McDonald, Frederickson, Boerboom, Valan and Schoenfeld have been appointed as such committee on the part of the House.

House File No. 1599 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 10, 1986

Mr. Stumpf moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1599, 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 like 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 House File No. 2009:

H.F. No. 2009: A bill for an act relating to economic development; defining the duties and terms of office of the members of the world trade center board; classifying data held by the board; amending Minnesota Statutes 1984, sections 44A.01, subdivision 1; 44A.02; 44A.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 44A.

The House respectfully requests that a Conference Committee of five members be appointed thereon.

Forsythe; Carlson, D.; Olsen, S.; DenOuden and Carlson, J. have been appointed as such committee on the part of the House.

House File No. 2009 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 10, 1986

Mr. Willet moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2009, 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 like 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 House File No. 1815:

H.F. No. 1815: A bill for an act relating to taxation; real property; prescribing requirements of the sales ratio study used by the state board of equalization; amending Minnesota Statutes 1984, section 270.12, subdivision 2.

The House respectfully requests that a Conference Committee of five members be appointed thereon.

Schreiber, Himle, Dempsey, Kvam and McKasy have been appointed as such committee on the part of the House.

House File No. 1815 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 10, 1986

Mr. Johnson, D.J. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1815, 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 like Conference Committee appointed on the part of the House. The motion prevailed.

### RECESS

Mr. Moe, R.D. 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.

### APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 2009: Messrs. Willet, Kroening, Luther, Samuelson and Nelson.

H.F. No. 1599: Messrs. Davis, Berg, Stumpf, DeCramer and Langseth.

H.F. No. 1815: Messrs. Johnson, D.J.; Novak; Ms. Berglin, Messrs. Merriam and Peterson, C.C.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 7:00 p.m. The motion prevailed.

The hour of 7:00 p.m. having arrived, the President called the Senate to order.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Executive and Official Communications, Messages From the House, First Reading of House Bills, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills. The motion prevailed.

### EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received and referred to the committee indicated.

February 3, 1986

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

The following appointment to the Metropolitan Waste Control Commission is hereby respectfully submitted to the Senate for confirmation as required by law:

Arthur L. Cunningham, 8124 - 35th Ave. N., Crystal, Hennepin County, was appointed by the Metropolitan Council, effective July 9, 1985, for a term expiring January 1, 1987.

(Referred to the Committee on Local and Urban Government.)

Sincerely,  
Sandra S. Gardebring, Chair  
Metropolitan Council

### 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. 1349, 1742, 1794, 2018 and 1797.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 10, 1986

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. 1919: A bill for an act relating to mental health; extending the

patients' bill of rights to cover people receiving out-patient mental health treatment; defining a minimum grievance procedure for health care facilities; including in the patients' bill of rights the right of access to protection and advocacy services; amending Minnesota Statutes 1984, section 144.651, subdivisions 2, 4, 20, and by adding a subdivision.

Senate File No. 1919 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 10, 1986

Mr. Moe, R.D. moved that S.F. No. 1919 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. 2236, 2418, 2464, 1892, 2023, 2198, 2428, 651, 1950 and 2407.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 10, 1986

### FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 2236: A bill for an act relating to the city of Grand Rapids; permitting the creation of the Central School commission.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2052, now on General Orders.

H.F. No. 2418: A bill for an act relating to Washington county; permitting the county to finance water systems on behalf of cities and towns in the county by the issuance of county general obligation bonds.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2205.

H.F. No. 2464: A bill for an act relating to the city of Bowlus; permitting the city to exceed its debt limit for a firehall.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1892: A bill for an act relating to energy; changing the administration of the state energy code from the commissioner of energy and economic development to the commissioner of administration; amending certain provisions of the state energy code; amending Minnesota Statutes 1984, sections 16B.64, subdivision 4; and 116J.19, subdivision 8.

Referred to the Committee on Energy and Housing.

H.F. No. 2023: A bill for an act relating to elections; changing certain procedures in absentee voting; increasing minimum number of election judges in certain precincts; changing certain official ballots for judicial candidates; requiring vendor bonds for certain voting systems; requiring public



notice and demonstration for new voting equipment; authorizing standard ballot format; limiting number of ballots at single counting centers; amending Minnesota Statutes 1984, sections 203B.08, subdivisions 1a and 3a; 204B.22, by adding a subdivision; 204B.36, subdivision 4; 204D.14, subdivision 2; 206.56, by adding a subdivision; 206.57, by adding a subdivision; 206.58, subdivision 1; 206.82, by adding a subdivision; 206.84, subdivision 3; and 206.85, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2032, now on General Orders.

H.F. No. 2198: A bill for an act relating to retirement; authorizing the purchase of allowable service credit by a certain member of the public employees retirement association.

Referred to the Committee on Governmental Operations.

H.F. No. 2428: A bill for an act relating to public employment labor relations; regulating fair share fees; regulating arbitration; defining employer and employee; amending Minnesota Statutes 1984, sections 179A.03, subdivisions 14, 15, and by adding a subdivision; 179A.05, subdivision 6; 179A.07, subdivision 2; 179A.13, by adding a subdivision; 179A.16, subdivisions 4 and 8; and 179A.21, subdivision 2; Minnesota Statutes 1985 Supplement, section 179A.04, subdivision 3.

Referred to the Committee on Employment.

H.F. No. 651: A bill for an act relating to health; authorizing inclusion of physical fitness therapies in grant programs for the mentally ill; providing for study of the administration of mental health services; amending Minnesota Statutes 1984, sections 245.73, by adding a subdivision; and 256E.12, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1395.

H.F. No. 1950: A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1727.

H.F. No. 2407: A bill for an act relating to state lands; directing transfer of the Croft Mine Park, and all artifacts, machinery, and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2271, now on General Orders.

## REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now

adopted, with the exception of reports pertaining to appointments. The motion prevailed.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

H.F. No. 1882: A bill for an act relating to gasoline; changing the definition of agricultural alcohol gasoline; changing the identification marking on gasoline-alcohol blends; amending Minnesota Statutes 1985 Supplement, sections 296.01, subdivision 24; and 296.22, subdivision 13.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 19, delete "*feed grains,*" and strike "or"

Page 1, line 20, reinstate the stricken language

Page 1, after line 20, insert:

"Sec. 2. Minnesota Statutes 1984, section 296.03, is amended to read:

296.03 [EXEMPTION FOR PRODUCTS OF WASTE MATERIALS.]

No excise tax shall be imposed pursuant to sections 296.02 or 296.025 on (1) any substitute product for petroleum which has been manufactured from waste materials, including agricultural waste and byproducts, household waste, solid waste, and wood byproducts; or on (2) any alcohol mixture of less than 60 percent purity that contains no petroleum products."

Page 2, line 5, reinstate the stricken language

Page 2, line 6, delete "*both sides*"

Page 2, line 11, delete "*Sections 1 and 2 are*" and insert "*This act is*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "amending" insert "Minnesota Statutes 1984, section 296.03; and"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2060: A bill for an act relating to game and fish; establishing a special elk season; prescribing application for licenses, and application and license fees; appropriating money to reimburse nongame wildlife fund for elk removal; dedicating license and application fees for elk depredation; amending Minnesota Statutes 1985 Supplement, section 98.46, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 100; repealing Laws 1985, chapter 272, section 2.

Reports the same back with the recommendation that the bill be amended

as follows:

Page 4, after line 1, insert:

“Sec. 5. [ELK REMOVAL.]

*The commissioner of administration shall contract with fish and wildlife agencies of other states or the federal government, or persons to remove elk from the northwestern part of the state and relocate them to other areas of the state that requests them.*

Sec. 6. [APPROPRIATION.]

*\$10,000 is appropriated from the general fund to the commissioner of administration to contract for elk removal and relocation.”*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert “providing for the removal and relocation of elk;”

Page 1, line 5, after “removal” insert “and relocation”

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1945: A bill for an act relating to health; providing that mosquito research and management activities are not ecologically disruptive; amending Minnesota Statutes 1985 Supplement, section 144.95, subdivisions 1, 2, 3, 7, 9, and 10.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2064: A bill for an act relating to agriculture; establishing a windbreak management program; exempting certain windbreaks from property taxes; providing a state-paid windbreak credit; appropriating money; amending Minnesota Statutes 1985 Supplement, section 272.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 40 and 273.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 15, after “year” insert “or shall affect any rights or obligations in an existing easement”

Page 2, line 28, after “agreement” insert “not closer than 30 feet from any electric line”

Page 3, line 20, delete “immediately”

Page 4, line 32, delete “must” and insert “may”

Page 5, line 3, delete "must" and insert "may"

Page 5, line 10, delete "must" and insert "may"

Page 5, line 14, delete "must" and insert "may"

Page 5, lines 20 and 21, delete ", including emergency rules,"

Page 10, line 13, delete "1-1/2" and insert "3/4 of a"

Page 10, delete lines 18 to 21

Page 10, line 22, delete "3" and insert "2"

Page 10, line 25, after the period, insert "*Trees within a windbreak may be trimmed to comply with statutes, rules, ordinances, or safety codes concerning minimum clearance with electric lines.*"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2014: A bill for an act relating to game and fish; designation and use of waterfowl feeding or resting areas; amending Minnesota Statutes 1984, section 99.26, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, lines 3 to 5, delete the new language

Page 2, after line 7, insert:

"Sec. 2. If S. F. No. 1526 is enacted during the 1986 regular session, article 1, section 18, subdivision 2, is amended to read:

Subd. 2. [WATERFOWL FEEDING AND RESTING AREAS.] The commissioner may, by order designate any part of ~~up to 13 lakes~~ a lake as a migratory feeding ~~and~~ or resting area. Before designation, the commissioner must receive a petition signed by at least ten resident licensed hunters describing the area of the lake that is a substantial feeding ~~and~~ or resting ground for migratory waterfowl, and find that the statements in the petition are correct, and that adequate, free public access to the lake exists near the designated area. The commissioner shall post the area as a migratory waterfowl feeding and resting area. A person may not enter a posted migratory waterfowl feeding and resting area during the open migratory waterfowl season with watercraft or aircraft propelled by a motor.

Sec. 3. [EFFECTIVE DATE.]

*This act is effective August 1, 1986, except if S. F. No. 1526 is enacted during the 1986 regular session, section 1 is not effective.*"

Amend the title as follows

Page 1, line 4, before the period, insert "; and article 1, section 18, subdivision 2 of S.F. No. 1526, if enacted"

And when so amended the bill do pass. Amendments adopted. Report

adopted:

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2015: A bill for an act relating to natural resources; disposition of wild rice license fees; amending Minnesota Statutes 1984, section 97.49, 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 1984, section 97.49, is amended by adding a subdivision to read:

*Subd. 8. [WILD RICE MANAGEMENT ACCOUNT.] (a) The wild rice management account is established as a separate account in the state treasury. Receipts from the sale of wild rice licenses shall be deposited into the state treasury and credited to the wild rice management account. Money in the account may only be used for management of designated public waters to improve natural wild rice production.*

*(b) For the purposes of this subdivision, “wild rice licenses” means licenses issued by the commissioner under the provisions of section 98.46, subdivision 3, clause (1), and subdivision 18, clause (1).*

Sec. 2. If S. F. No. 1526 is enacted during the 1986 regular session, article 4, section 9, is amended by adding a subdivision to read:

*Subd. 4. [WILD RICE MANAGEMENT ACCOUNT.] (a) The wild rice management account is established as a separate account in the state treasury. Receipts from the sale of wild rice licenses shall be deposited into the state treasury and credited to the wild-rice management account. Money in the account may only be used for management of designated public waters to improve natural wild rice production.*

*(b) For the purposes of this subdivision, “wild rice licenses” means licenses issued by the commissioner under subdivision 3, clauses (1), (3), and (4).*

Sec. 3. [EFFECTIVE DATE.]

*This act is effective August 1, 1986, except if S. F. No. 1526 is enacted during the 1986 regular session, section 1 is not effective.”*

Amend the title as follows:

Page 1, line 2, after the semicolon, insert “establishing a wild rice management account;”

Page 1, line 4, before the period, insert “; and by adding a subdivision to article 4, section 9, of S.F. No. 1526, if enacted”

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1966: A bill for an act relating to the city of St. Cloud; authorizing the city to impose certain taxes to construct, operate, and promote a convention center facility.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 19, after "food" insert "*and beverages not subject to the liquor tax*"

Page 1, line 21, after the comma, insert "*the city shall define*"

Page 1, line 22, delete everything after "*refreshment*"

Page 1, line 23, delete everything before the period and insert "*by resolution*" and after the period, insert "*The governing body of the city may adopt an ordinance establishing a convention center taxing district. The ordinance shall describe with particularity the area within the city to be included in the district. If the city establishes a convention center taxing district, the sales taxes authorized under this subdivision may be imposed only upon the sales occurring at on-sale liquor establishments, restaurants, or other places of refreshment located within the district.*"

Page 2, line 7, after "all" insert "*publicly owned*"

Page 2, line 21, after "a" insert "*tax at a rate not to exceed*" and delete "*tax*"

Page 2, line 31, after "to" insert "*promote.*"

Page 2, line 32, delete "*and to promote St. Cloud as a*"

Page 2, line 33, delete "*tourist and convention center*"

Page 3, line 9, delete "*collection*" and insert "*proceeds*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 2227: A bill for an act relating to taxes; exempting from gasoline excise tax propane fuel for vehicles operating under permit; amending Minnesota Statutes 1985 Supplement, sections 296.01, subdivision 25; 296.02, subdivision 1a; 296.025, subdivision 1a; 296.026; and 296.028.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, lines 33 to 35, strike the old language and delete the new language

Page 2, line 36, strike "*miles driven.*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1928: A bill for an act relating to the city of Brooklyn Park;

permitting the city to establish a port authority commission.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, delete lines 10 to 16

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 2040: A bill for an act relating to taxation; providing for reduction of the original assessed value of a tax increment financing district in the city of Litchfield.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 18, after the period, insert *"In no case may the reduction result in an original assessed value for the district that is less than the assessed value of the district determined immediately after the date of the fire."*

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Economic Development and Commerce, to which was referred

H.F. No. 1773: A bill for an act relating to consumer protection; regulating the distribution of tobacco products; providing remedies; clarifying a definition; amending Minnesota Statutes 1984, section 609.685, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 325F.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 15, delete *"to be chewed or sucked"*

Page 1, after line 15, insert:

*"Subd. 3. [DISTRIBUTE.] "Distribute" means to give products to the general public at no cost or at nominal cost for product promotional purposes."*

Page 1, line 24, delete *"pulverised"* and insert *"pulverized"*

Page 2, delete lines 1 to 3

Renumber the subdivisions in sequence

Page 2, line 4, delete "PROHIBITED"

Page 2, line 5, before "No" insert *"Subdivision 1. [SMOKELESS TOBACCO.]"*

Page 2, line 6, before "No" insert *"Subd. 2. [TOBACCO SUITABLE FOR SMOKING.]"*

Page 3, lines 9 and 11, delete "3" and insert "4"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 2151: A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1984, sections 148.01, subdivision 1; 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1984, section 148.101.

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 1984, section 148.06, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED; QUALIFICATIONS.] No person shall practice chiropractic in this state without first being licensed by the state board of chiropractic examiners. The applicant shall have earned at least one-half of all academic credits required for awarding of a baccalaureate degree from the University of Minnesota, or other university, college or community college of equal standing, in subject matter determined by the board, and taken a four-year resident course of at least eight months each in a school or college of chiropractic that is fully accredited by the council on chiropractic education or fully accredited by an agency approved by the United States office of education or their successors. The board may recommend a two-year prechiropractic course of instruction to any university, college or community college which in its judgment would satisfy the academic prerequisite for licensure as established by this section.

An examination for a license shall be in writing and shall include testing in:

(a) The basic sciences including but not limited to anatomy, physiology, bacteriology, pathology, hygiene, and chemistry as related to the human body or mind;

(b) The clinical sciences including but not limited to the science and art of chiropractic, chiropractic physiotherapy, diagnosis, roentgenology and nutrition; and

(c) Professional ethics and any other subjects that the board may deem advisable.

The board may consider a valid certificate of examination from the National Board of Chiropractic Examiners as evidence of compliance with the written examination requirements of this subdivision. The applicant shall be required to give practical demonstration in vertebral palpation, nerve tracing, adjusting and any other subject that the board may deem advisable. A license, counter-signed by the members of the board and authenticated by



the seal thereof, shall be granted to each applicant who ~~correctly answers 75 percent of the questions propounded~~ *qualifies* in each of the subjects required by this subdivision and meets the standards of practical demonstration established by the board. Each application shall be accompanied by a fee set by the board. The fee shall not be returned ~~in the event of failure to pass~~, but the applicant may, within one year, ~~present himself for~~ *submit to* examination without the payment of an additional fee. The board may grant a license to an applicant who holds a valid license to practice chiropractic issued by the appropriate licensing board of another state or country, provided the applicant meets the other requirements of this section and satisfactorily passes the practical examination before the board. *The burden of proof is on the applicant to demonstrate these qualifications or satisfaction of these requirements.*

*Effective January 30, 1990, the applicant after graduation from an accredited chiropractic college shall successfully complete a nine-month residency program approved by the board as a condition for application for licensure.*

*The board shall employ the following criteria in determining whether a residency program shall be approved:*

*(a) The residency must enhance the knowledge and skill in the practice of chiropractic.*

*(b) The resident shall have available for use laboratory, x-ray, and physiotherapy equipment for training and diagnosis.*

*(c) The residency program must be administered by a college accredited by the Council on Chiropractic Education.*

*(d) The residency shall contain a minimum of 1,280 hours over not less than a nine-month time span of clinical instruction.*

*The resident before beginning the residency must complete all Council on Chiropractic Education accredited college clinic and academic requirements for graduation including:*

*(1) Satisfactorily completing two student clinic trimester and three public clinic trimesters.*

*(2) Be certified by the National Board of Chiropractic Examiners as passing both Part I and Part II of the written examinations.*

*The residency requirement purpose is to provide practical clinical training and experience. The resident evaluates and treats patients with a wide variety of health conditions under supervision in a clinic or institutional setting.*

Sec. 2. Minnesota Statutes 1984, section 148.07, subdivision 2, is amended to read:

Subd. 2. [EXPENSES.] The expenses of administering sections 148.01 to ~~148.101~~ 148.105 shall be paid from the appropriation made to the state board of chiropractic examiners. Expenditures and revenues must be managed in accordance with the statewide accounting principles and requirements of the commissioner of finance.

Sec. 3. Minnesota Statutes 1984, section 148.08, subdivision 3, is

amended to read:

Subd. 3. [RULES.] The board of chiropractic examiners shall promulgate rules necessary to administer sections 148.01 to ~~148.101~~ 148.105 to protect the health, safety, and welfare of the public, including rules governing the practice of chiropractic and defining any terms, whether or not used in sections 148.01 to ~~148.101~~ 148.105, if the definitions are not inconsistent with the provisions of sections 148.01 to ~~148.101~~ 148.105.

Sec. 4. Minnesota Statutes 1984, section 148.10, is amended to read:

148.10 [LICENSES REVOKED; NEW LICENSES.]

Subdivision 1. [GROUNDS.] The state board of chiropractic examiners may refuse to grant, or may revoke, suspend, condition, limit, restrict or qualify a license to practice chiropractic, or may cause the name of a person licensed to be removed from the records in the office of the clerk of the district court for:

(1) ~~the publishing or distributing, or causing to be published or distributed, in newspapers, magazines, directories, pamphlets, posters, cards, or in any other manner by advertisement, wherein the term "cure" or "guarantee to cure" or similar terms are used; which is hereby declared to be fraudulent and misleading to the general public; Advertising that is false or misleading; that violates a rule of the board; that claims the cure of any condition or disease, or professional superiority to or greater skill than that possessed by another doctor of chiropractic; or that uses the words physician or chiropractic physician.~~

(2) The employment of fraud or deception in applying for a license or in passing the examination provided for in section 148.06; *or conduct which subverts or attempts to subvert the licensing examination process.*

(3) The practice of chiropractic under a false or assumed name or the impersonation of another practitioner of like or different name;

(4) The conviction of a crime involving moral turpitude;

(5) *The conviction in any court of a felony or conviction, during the previous five years, of a felony reasonably related to the practice of chiropractic.*

(6) Habitual intemperance in the use of alcohol or drugs;

~~(6)~~ (7) Failure to pay the annual renewal license fees;

~~(7)~~ (8) Advanced physical or mental disability;

~~(8)~~ (9) The revocation or suspension of a license to practice chiropractic; or other disciplinary action against the licensee; or the denial of an application for a license by the proper licensing authority of another state, territory or country; *or failure to report to the board that charges regarding the person's license have been brought in another state or jurisdiction.*

~~(9)~~ (10) The violation of, or failure to comply with, the provisions of sections 148.01 to ~~148.101~~ 148.104, the rules of the state board of chiropractic examiners, or a lawful order of the board;

~~(10)~~ (11) Unprofessional conduct; ~~or.~~

(11) (12) Being unable to practice chiropractic with reasonable skill and safety to patients by reason of illness, professional incompetence, senility, drunkenness, use of drugs, narcotics, chemicals or any other type of material, or as a result of any mental or physical condition, including deterioration through the aging process or loss of motor skills. If the board has probable cause to believe that a person comes within this clause, it shall direct the person to submit to a mental or physical examination. For the purpose of this clause, every person licensed under this chapter shall be deemed to have given his consent to submit to a mental or physical examination when directed in writing by the board and further to have waived all objections to the admissibility of the examining physicians' testimony or examination reports on the ground that the same constitute a privileged communication. Failure of a person to submit to such examination when directed shall constitute an admission of the allegations against him, unless the failure was due to circumstances beyond his control, in which case a default and final order may be entered without the taking of testimony or presentation of evidence. A person affected under this clause shall at reasonable intervals be afforded an opportunity to demonstrate that he can resume the competent practice of chiropractic with reasonable skill and safety to patients.

*In addition to ordering a physical or mental examination, the board may, notwithstanding section 13.42, 144.651, or any other law limiting access to health data, obtain health data and health records relating to a licensee or applicant without the licensee's or applicant's consent if the board has probable cause to believe that a doctor of chiropractic comes under subdivision 1, clause (12). The health data may be requested from a provider, as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A provider, insurance company, or government agency shall comply with any written request of the board under this subdivision and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this subdivision, unless the information is false and the provider or entity giving the information knew, or had reason to believe, the information was false. Information obtained under this subdivision is classified as private under sections 13.01 to 13.87.*

In any proceeding under this clause, neither the record of proceedings nor the orders entered by the board shall be used against a person in any other proceeding.

(13) *Aiding or abetting an unlicensed person in the practice of chiropractic, except that it is not a violation of this clause for a doctor of chiropractic to employ, supervise, or delegate functions to a qualified person who may or may not be required to obtain a license or registration to provide health services if that person is practicing within the scope of his or her license or registration or delegated authority.*

(14) *Improper management of health records, including failure to maintain adequate health records, to comply with a patient's request made pursuant to section 144.335 or to furnish a health record or report required by law.*

(15) *Failure to make reports required by section 5, subdivision 2, or to*

cooperate with an investigation of the board as required by section 7, or the submission of a knowingly false report against another doctor of chiropractic under section 5.

(16) Splitting fees, or promising to pay a portion of a fee or a commission, or accepting a rebate.

(17) Revealing a privileged communication from or relating to a patient, except when otherwise required or permitted by law.

For the purposes of clause (2), conduct that subverts or attempts to subvert the licensing examination process includes, but is not limited to: (a) conduct that violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination; (b) conduct that violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or (c) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf.

For the purposes of ~~clause~~ clauses (4) and (5), conviction shall be deemed to include a criminal proceeding in which a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered as used in these subdivisions includes a conviction of an offense that if committed in this state would be deemed a felony without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered.

For the purposes of clauses (4) and (5), and (6), a copy of the judgment or proceeding under seal of the clerk of the court or of the administrative agency which entered the same shall be admissible into evidence without further authentication and shall constitute prima facie evidence of its contents.

For the purposes of clause ~~(10)~~ (11), unprofessional conduct means any unethical, deceptive or deleterious conduct or practice harmful to the public, any departure from or the failure to conform to the minimal standards of acceptable chiropractic practice, or a willful or careless disregard for the health, welfare or safety of patients, in any of which cases proof of actual injury need not be established. Unprofessional conduct shall include, but not be limited to, the following acts of a chiropractor:

- (a) Gross ignorance of, or incompetence in, the practice of chiropractic;
- (b) ~~Making suggestive, lewd, lascivious or improper advances to a patient~~ Engaging in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient;
- (c) Performing unnecessary services;
- (d) Charging a patient an unconscionable fee or charging for services not rendered;
- (e) Directly or indirectly engaging in threatening, dishonest, or misleading

fee collection techniques;

(f) Perpetrating fraud upon patients, third party payers, or others, relating to the practice of chiropractic; ~~and~~, including violations of the Medicare or Medicaid laws or state medical assistance laws;

(g) *Soliciting patients with the promise, enticement, or implication, that the providing doctor of chiropractic will not charge more than a patient's health coverage plan or organization will pay, regardless of the nature of the diagnosis and/or treatment and/or regardless of the nature of the health coverage plan or organization's scope of coverage; or*

~~(g)~~ (h) Any other act that the board by rule may define.

Subd. 2. [ISSUANCE FOLLOWING REFUSAL, REVOCATION OR CANCELATION.] The state board of chiropractic examiners may, at any time within two years of the refusal or revocation or cancelation of a license under this section, by a majority vote, issue a new license or grant a license to the person affected, restoring him to, or conferring upon him, all the rights and privileges of, and pertaining to, the practice of chiropractic, as defined and regulated by sections 148.01 to 148.10. Any person to whom such have been restored shall pay a fee set by the board upon issuance of a new license.

Subd. 3. [REPRIMAND; PENALTIES; PROBATION.] In addition to the other powers granted to the board under this chapter, the board may, in connection with any person whom the board, after a hearing, adjudges unqualified or whom the board, after a hearing, finds to have performed one or more of the acts described in subdivision 1:

(a) Publicly reprimand or censure the person;

(b) Place the person on probation for the period and upon the terms and conditions that the board may prescribe; ~~and~~

(c) Require payment of all costs of proceedings resulting in the disciplinary action; *and*

(d) *Impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive the doctor of chiropractic of any economic advantage gained by reason of the violation charged or to reimburse the board for the cost of the investigation and proceeding.*

Subd. 4. [TEMPORARY SUSPENSION.] In addition to any other remedy provided by law, the board may, without a hearing, temporarily suspend a license for not more than 60 days if the board finds that a person has violated a statute or rule which the board is empowered to enforce and continued practice by the person would create an imminent risk of harm to others. The suspension shall take effect upon written notice to the person, specifying the statute or rule violated. At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held pursuant to the Administrative Procedure Act. The person shall be provided with at least 20 days notice of any hearing held pursuant to this subdivision.

Subd. 5. [EFFECT OF APPEAL.] *A suspension, revocation, condition, limitation, qualification, or restriction of a license shall be in effect pending determination of an appeal unless the court, upon petition and for good cause*

*shown, shall otherwise order.*

*A license to practice chiropractic is automatically suspended if (1) a guardian of the person of a licensee is appointed by order of a probate court pursuant to sections 525.54 to 525.61, for reasons other than the minority of the licensee; or (2) the licensee is committed by order of a probate court pursuant to chapter 253B or sections 526.09 to 526.11. The license remains suspended until the licensee is restored to capacity by a court and, upon petition by the licensee, the suspension is terminated by the board after a hearing.*

**Sec. 5. [148.102] [REPORTS OF STATE OR LOCAL SOCIETIES.]**

*Subdivision 1. [REQUIREMENT.] A state or local chiropractic society shall report to the board any termination, revocation, or suspension of membership or any other disciplinary action taken against a doctor of chiropractic. If the society has received a complaint which might be grounds for discipline under section 148.10 against a member doctor of chiropractic on which it has not taken any disciplinary action, the society shall report the complaint and the reason why it has not taken action on it or shall direct the complainant to the board of chiropractic examiners.*

*Subd. 2. [LICENSED PROFESSIONALS.] A licensed health professional shall report to the board personal knowledge of any conduct which the professional reasonably believes constitutes grounds for disciplinary action under section 148.10 by any doctor of chiropractic including any conduct indicating that the doctor of chiropractic may be incompetent, or may have engaged in unprofessional conduct, or may be physically unable to engage safely in the practice of chiropractic. No report shall be required if the information was obtained in the course of a patient relationship if the patient: (1) is a doctor of chiropractic and the treating health professional successfully counsels the doctor of chiropractic to limit or withdraw from practice to the extent required by the impairment; or (2) is a patient or former patient of the doctor of chiropractic and the treating professional is a psychologist from whom the patient is receiving psychotherapeutic services.*

*Subd. 3. [INSURERS.] Two times each year each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to chiropractors shall submit to the board a report concerning the chiropractors against whom malpractice settlements or awards have been made to the plaintiff. The report must contain at least the following information:*

*(1) the total number of malpractice settlements or awards made to the plaintiff;*

*(2) the date the malpractice settlements or awards to the plaintiff were made;*

*(3) the allegations contained in the claim or complaint leading to the settlements or awards made to the plaintiff;*

*(4) the dollar amount of each malpractice settlement or award;*

*(5) the regular address of the practice of the doctor of chiropractic against whom an award was made or with whom a settlement was made; and*

*(6) the name of the doctor of chiropractic against whom an award was*

made or with whom a settlement was made.

The insurance company shall, in addition to the above information, report to the board any information it possesses which tends to substantiate a charge that a doctor of chiropractic may have engaged in conduct violating section 148.10 and this section.

Subd. 4. [COURTS.] The clerk of district court or any other court of competent jurisdiction shall report to the board any judgment or other determination of the court which adjudges or includes a finding that a doctor of chiropractic is mentally ill, mentally incompetent, guilty of a felony, guilty of an abuse or fraud, appoints a guardian of the doctor of chiropractic pursuant to sections 525.54 to 525.61 or commits a doctor of chiropractic pursuant to chapter 253B or sections 526.09 to 526.11.

Subd. 5. [SELF-REPORTING.] A doctor of chiropractic shall report to the board any action concerning himself or herself which would require that a report be filed with the board by any person, health care facility, business, or organization pursuant to subdivision 4.

Subd. 6. [DEADLINES; FORMS.] Reports required by subdivisions 1 to 5 must be submitted not later than 30 days after the occurrence of the reportable event or transaction. The board may provide forms for the submission of reports required by this section, may require that reports be submitted on the forms provided, and may adopt rules necessary to assure prompt and accurate reporting.

Subd. 7. [SUBPOENAS.] The board may issue subpoenas for the production of any reports required by subdivisions 1 to 5 or any related documents.

#### Sec. 6. [148.103] [IMMUNITY FOR REPORTING OR INVESTIGATING.]

Subdivision 1. [REPORTING.] Any person, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting a report to the board pursuant to section 5 or for otherwise reporting to the board violations or alleged violations of section 148.10. The reports are private.

Subd. 2. [INVESTIGATION.] Members of the board and persons employed by the board or engaged in the investigation or prosecution of violations and in the preparation and management of charges of violations of sections 148.01 to 148.105 on behalf of the board are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under sections 148.01 to 148.105.

#### Sec. 7. [148.104] [COOPERATION DURING INVESTIGATIONS.]

A doctor of chiropractic who is the subject of an investigation by or on behalf of the board shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and providing copies of patient health records, as reasonably requested by the board, to assist the board in its investigation.

#### Sec. 8. [148.105] [VIOLATION.]

*Subdivision 1. [GENERALLY.] Any person who practices, or attempts to practice, chiropractic manipulation, or who uses any of the terms or letters "Doctors of Chiropractic," "Chiropractor," "D.C.," or any other title or letters under any circumstances as to lead the public to believe that the persons who so use the terms are engaged in the practice of chiropractic, without having complied with the provisions of sections 148.01 to 148.104, are guilty of a gross misdemeanor; and, upon conviction, fined not less than \$1,000 nor more than \$10,000 or be imprisoned in the county jail for not less than 30 days nor more than six months or punished by both fine and imprisonment, in the discretion of the court. It is the duty of the county attorney of the county in which the person practices to prosecute. Nothing in sections 148.01 to 148.105 shall be considered as interfering with any person:*

*(a) licensed by a health related licensing board, as defined in section 214.01, subdivision 2, including licensed psychologists with respect to the use of hypnosis;*

*(b) registered by the commissioner of health pursuant to section 214.13; or*

*(c) engaged in other methods of healing regulated by law in the state of Minnesota;*

*provided that the person confines activities within the scope of the license or other regulation and does not practice or attempt to practice chiropractic.*

*Subd. 2. [EXCEPTIONS.] The following persons shall not be in violation of subdivision 1:*

*(1) a student practicing under the direct supervision of a preceptor while the student is enrolled in and regularly attending a recognized chiropractic college; and*

*(2) a student who is in continuing training and performing the duties of an intern or resident or engaged in postgraduate work considered by the board to be the equivalent of an internship or residency in any institution approved for training by the board.*

Sec. 9. Minnesota Statutes 1984, section 319A.02, subdivision 2, is amended to read:

Subd. 2. "Professional service" means personal service rendered by a professional pursuant to a license or certificate issued to him by the state of Minnesota to practice medicine and surgery pursuant to sections 147.01 to 147.29, chiropractic pursuant to sections 148.01 to ~~148.101~~ 148.105, nursing pursuant to sections 148.171 to 148.285, optometry pursuant to sections 148.52 to 148.62, psychology pursuant to sections 148.88 to 148.98, dentistry pursuant to sections 150A.01 to 150A.12, pharmacy pursuant to sections 151.01 to 151.40, podiatry pursuant to sections 153.01 to 153.15, veterinary medicine pursuant to sections 156.001 to 156.14, architecture, engineering, surveying and landscape architecture pursuant to sections 326.02 to 326.15, accountancy pursuant to sections 326.17 to 326.23, or law pursuant to sections 481.01 to 481.17, or pursuant to a license or certificate issued to him by another state pursuant to similar laws.

Sec. 10. [APPROPRIATION.]

*The sum of \$120,000 is appropriated from the special revenue account for*



*health boards to the state board of chiropractic examiners for the purposes of funding the board's operation.*

*Fees assessed shall be adjusted to provide for this appropriation.*

*The appropriation is available until June 30, 1987.*

Sec. 11. [REPEALER.]

*Minnesota Statutes 1984, section 148.101, is repealed."*

Amend the title as follows:

Page 1, line 6, delete "148.01, subdivision 1;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1964: A bill for an act relating to health; establishing a statewide cancer surveillance system; providing for rule authority to administer the system and collect and distribute data; appropriating money; amending Minnesota Statutes 1984, sections 144.68; and 144.69; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1984, sections 144.66 and 144.67.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 12, delete "and"

Page 2, line 13, delete "and" and insert "*for research. The criteria may include requirements for a written protocol for the proposed research that outlines the purpose and public benefit of the study, the description, purpose, methods and projected results of the study, the methods, and facilities to protect the privacy of the data, and the qualifications of the researcher proposing to undertake the study; and*

*(5) The commissioner may establish with the approval of the commissioner of finance,"*

Page 2, line 15, after the period, insert "*Fees collected are appropriated to the commissioner to offset the costs of providing the data."*

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health and Human Services, to which was referred

S.F. No. 1395: A bill for an act relating to health; authorizing inclusion of physical fitness therapies in grant programs for the mentally ill; amending Minnesota Statutes 1984, sections 245.73, by adding a subdivision; and 256E.12, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 13, delete "including" and insert "related to"

Page 1, line 25, delete "including" and insert "relating to"

Page 2, after line 1, insert:

**"Sec. 3. [MENTAL HEALTH SERVICES STUDY.]**

*The state planning agency shall study the need for a central point in state government to administer a system of mental health services. Alternatives to be studied shall include, but not be limited to:*

*(1) the creation of a mental health authority within the department of human services, under its commissioner;*

*(2) the creation of a mental health authority within the department of health, under its commissioner; and*

*(3) the creation by the legislature of a separate and independent department of mental health.*

*Results of the study and recommendations shall be reported to the legislature by December 15, 1986.*

**Sec. 4. [LICENSING FUNCTIONS STUDY.]**

*The state planning agency shall study methods of unifying mental health licensing functions presently divided between the departments of health and human services, gaining consistency in licensing and regulating functions, and attempting to consolidate the number of rules promulgated by these departments. In addition, the study shall address methods to improve the quality assurance system, including standards, mechanisms to monitor, and enforcement authority. The study must address quality assurance as an activity conducted by the state to assess the status of quality in a service, to track that status over time, and to improve the correspondence between standards and performance. Results of the study and recommendations shall be made to the legislature by December 15, 1986."*

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for study of the administration of mental health services; requiring a report to the legislature;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 654: A bill for an act relating to crimes; establishing mandatory minimum terms of imprisonment for the crimes of residential burglary, burglary of an occupied dwelling, aggravated robbery of a pharmacy, and selling cocaine, heroin, and hallucinogens; amending Minnesota Statutes 1984, sections 152.15, by adding subdivisions; 609.245; and 609.582, by adding subdivisions.

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 1984, section 152.09, subdivision 2, is amended to read:

Subd. 2. It shall be unlawful for any person to:

(1) procure, attempt to procure, possess or have in his control a controlled substance by ~~any of the following means:~~ (1) fraud, deceit, misrepresentation or subterfuge; (2) using a false name or giving false credit; (3) ~~or~~ falsely assuming the title of, or falsely representing any person to be, a manufacturer, wholesaler, pharmacist, physician, doctor of osteopathy licensed to practice medicine, dentist, podiatrist, veterinarian, or other authorized person for the purpose of obtaining a controlled substance; or

(2) knowingly obtain or possess a controlled substance obtained by a prescription that does not comply with this chapter.

Sec. 2. Minnesota Statutes 1984, section 152.09, is amended by adding a subdivision to read:

Subd. 3. It shall be unlawful for any person to:

(1) prescribe a controlled substance for one's own use;

(2) intentionally prescribe, administer, or furnish a controlled substance except under the conditions and in the manner provided by this chapter;

(3) make a false statement in any prescription, order, report, or record required under this chapter; or

(4) affix a false or forged label to a package or receptacle containing a controlled substance.

Sec. 3. Minnesota Statutes 1984, section 152.11, subdivision 1, is amended to read:

Subdivision 1. No person may dispense a controlled substance included in Schedule II of section 152.02 without a prescription written by a doctor of medicine, a doctor of osteopathy licensed to practice medicine, a doctor of dental surgery, a doctor of dental medicine, a doctor of podiatry, or a doctor of veterinary medicine, lawfully practicing his profession in this state. ~~Provided that~~ In emergency situations, as authorized by federal law, such a schedule II drug may be dispensed upon oral prescription reduced promptly to writing and filed by the pharmacist, as authorized by federal law. ~~Such~~ Oral prescriptions for schedule II substances shall be processed and retained in conformity with section 152.101 and section 4, subdivision 4. A prescription for a schedule II substance must be filled within seven days from the date the prescription was written. No prescription for a Schedule II substance may be refilled. Beginning July 1, 1987, a prescription for a schedule II substance must be recorded on an official prescription blank in the manner required in section 4, unless the prescription is written for a person who is a patient of a hospital or nursing home at the time the prescription is written and filled and the drug is dispensed directly without the prescription being given to the patient.

For the purposes of ~~Laws 1971, Chapter 937~~ this chapter, a written prescription or oral prescription, which shall be reduced to writing, for a controlled substance in Schedules II, III, IV or V is void unless (1) it is written in ink and contains the name and address of the person for whose use it is

intended; (2) it states the amount of the controlled substance to be compounded or dispensed, with directions for its use; (3) if a written prescription, it contains the signature, address and federal registry number of the prescriber and a designation of the branch of the healing art pursued by the prescriber; and if an oral prescription, the name and address of the prescriber and a designation of his branch of the healing art; and (4) it shows the date when signed by the prescriber, or the date of acceptance in the pharmacy if an oral prescription. Every licensed pharmacist who compounds any such prescription shall retain such prescription in a file for a period of not less than two years, open to inspection by any officer of the state, county, or municipal government, whose duty it is to aid and assist with the enforcement of this chapter. Every such pharmacist shall distinctly label the container with the directions contained in the prescription for the use thereof.

#### Sec. 4. [152.115] [MULTIPLE PRESCRIPTION SYSTEM.]

*Subdivision 1. [OFFICIAL PRESCRIPTION BLANKS.] The commissioner of public safety shall furnish serially-numbered, triplicate-copy official prescription blanks to persons authorized to write prescriptions for schedule II substances. Prior to distributing blanks to authorized persons, the commissioner shall imprint upon each blank the name, address, category of professional licensure and specialization, federal drug enforcement administration number, and state professional license number of the person to whom the blanks will be furnished. Each official prescription blank must contain spaces for: (1) the date the prescription is written; (2) the name, address, and age of the person for whom the substance is prescribed or, if the ultimate user is an animal, the species of the animal and the name and address of the owner; (3) information concerning the form of identification presented to the pharmacist or other methods used to authenticate the prescription; (4) the drug prescribed, the numerical and written dosage, instructions for use, and a notation of whether the drug was dispensed directly to the patient by the practitioner; (5) the date the prescription is filled; (6) the name, address, and federal drug enforcement administration number of the dispensing pharmacy and the name and license number of the pharmacist who fills the prescription; and (7) the national drug code product identification number of the substance prescribed. The commissioner of public safety shall charge a fee for the blanks that is sufficient to cover printing and distribution costs. Official prescription blanks are not transferable. Lost or stolen blanks must be immediately reported to the commissioner of public safety. Within seven days after a practitioner's license to practice or federal drug enforcement administration number has been suspended, canceled, denied, surrendered, or revoked, the practitioner shall return to the commissioner of public safety all official prescription blanks in the practitioner's possession that have not been used for prescriptions. A person who possesses an official prescription blank other than as authorized in this section is guilty of a misdemeanor.*

*Subd. 2. [DUTIES OF PRESCRIBERS.] Except as allowed under subdivision 4 and section 152.11, subdivision 1, a prescription for a schedule II drug authorized by section 152.11 must be written on an official prescription blank issued by the commissioner of public safety under subdivision 1. No more than one prescription may be written on each blank. The prescribing practitioner shall enter on the blank the following information: (1) the date*

the prescription is written; (2) the drug prescribed, the dosage, and instructions for use; and (3) the name, address, and age of the patient (or, in the case of an animal, its owner) for whom the substance is prescribed. This information must be legible on all three copies of the blank. The prescriber shall sign the first and second copies and give them to the person authorized to receive the prescription. If a practitioner dispenses a schedule II drug directly to a patient, the practitioner must mark the appropriate space on the prescription form, enter the national drug code product identification number, and send the first and second copies to the commissioner of public safety. The prescriber shall retain the third copy for a period of not less than two years from the date the prescription is written.

*Subd. 3. [DUTIES OF PHARMACISTS.]* A pharmacist shall not dispense a schedule II substance except pursuant to a prescription properly written on an official prescription blank or pursuant to an emergency oral prescription authorized under subdivision 4. Before filling a prescription written on an official prescription blank, the pharmacist shall request identification from the person presenting the prescription. If the identification provided reasonably satisfies the pharmacist that the person is the patient for whom the prescription was written or is the legitimate representative of the patient, the pharmacist shall record identifying numbers and a brief description of the identification provided. If no satisfactory identification is available, the pharmacist shall contact the prescriber for information verifying the authenticity of the prescription and generally identifying the person presenting the prescription. The pharmacist must not deny a person medication solely because no identification is provided, but only if circumstances create a reasonable question regarding the legitimacy of the prescription or the authority of the person presenting the prescription to receive the substance. A pharmacist who dispenses a prescription recorded on an official prescription blank shall enter on copies one and two of the blank, in the spaces provided,

(1) the date the prescription is filled;

(2) identifying numbers and a brief description of the identification provided by the person presenting the prescription or, if no form of identification was provided, the method used to authenticate the prescription and establish the authority of the person to receive it;

(3) the name, address, and federal drug enforcement administration number of the dispensing pharmacy;

(4) the name and state professional license number of the pharmacist who fills the prescription; and

(5) the national drug code product identification number.

The dispensing pharmacist shall sign the first copy and send it to the commissioner of public safety within 40 days from the date the prescription is filled. The dispensing pharmacist shall retain the second copy for a period of not less than two years in conformity with section 152.101.

*Subd. 4. [EMERGENCY ORAL PRESCRIPTIONS.]* A schedule II substance may be dispensed without an official prescription blank pursuant to an emergency oral prescription as authorized by federal law. A substance dispensed pursuant to an emergency oral prescription must not be dispensed

later than 24 hours after the oral authorization was received and the amount of the substance dispensed must not exceed a three-day supply if taken according to the directions for its use. At the time the oral prescription is given, the prescriber shall provide the pharmacist with the information required to be entered upon an official blank by the prescriber under subdivision 2. The pharmacist shall promptly record the information provided by the prescriber and the information required to be entered on an official blank by the dispensing pharmacist under subdivision 3. Within 72 hours after authorizing an emergency oral prescription, the prescribing practitioner shall record the information required under subdivision 2 upon an official prescription blank and deliver to the pharmacist the original and one copy upon which has been written the words "authorization for emergency dispensing." The pharmacist shall enter the required information upon the official form, file a copy with the commissioner of public safety as required under subdivision 3, and retain a copy in conformity with subdivision 3 and section 152.101. If the pharmacist does not receive the prescription within 72 hours after dispensing the substance, the pharmacist shall notify the commissioner of public safety no later than seven days after the substance was dispensed.

*Subd. 5. [USE AND RELEASE OF INFORMATION.] Information submitted to the commissioner of public safety under this section is confidential data on individuals, as defined in section 13.02, subdivision 3, and must be used only for bona fide drug-related criminal investigations or prosecutions; by one or more of the state boards responsible for regulating persons authorized to write or dispense prescriptions, for investigations or disciplinary actions; or by the commissioner of human services. The commissioner of public safety shall not release or permit access to information received under this section except for these purposes to authorized officers of the department of public safety and authorized representatives or investigators of the commissioner of human services or the boards of medical examiners, podiatry, dentistry, veterinary medicine, or pharmacy. Prescription blanks and information concerning specific prescribers, patients, or pharmacists must be destroyed after two years unless related to an active investigation or pending civil, criminal, or disciplinary proceeding. The system for retrieving information submitted to the commissioner of public safety under this section must be designed to preclude improper access to information through the use of automated information security techniques and devices. The commissioner of public safety shall consult the commissioner of human services, the board of pharmacy and each of the state boards responsible for regulating persons authorized to write or dispense prescriptions during the process of developing the information system and the standards and criteria for evaluating data, and shall submit the proposed design to the boards and the commissioner of human services for final review and comment before implementation.*

*Subd. 6. [IMPLEMENTATION.] The commissioner of public safety, with the assistance of the commissioner of human services and the boards of pharmacy, medical examiners, veterinary medicine, podiatry, and dentistry, shall provide information to all affected practitioners, in a timely manner, to assist them in complying with this act.*

*Subd. 7. [RULEMAKING.] The commissioner of public safety may adopt*

*permanent rules to implement this section.*

Sec. 5. Minnesota Statutes 1984, section 152.15, subdivision 1, is amended to read:

Subdivision 1. Any person who violates section 152.09, subdivision 1, clause (1) with respect to:

*(1) Seven or more grams or ten or more dosage units, when the substance is not sold by weight, of any controlled substance classified in schedule I or II which is a narcotic drug, or of phencyclidine or any hallucinogen listed in section 152.02, subdivision 2, clause (3), or Minnesota Rules, part 6800.4210, item C, except marijuana or tetrahydrocannabinols, is guilty of a crime and upon conviction may be imprisoned for not more than 20 years or fined not more than \$60,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than two years nor more than 30 years or fined not more than \$100,000, or both;*

~~(1)~~ *A (2) Any other amount of any controlled substance classified in Schedule I or II which is a narcotic drug, is guilty of a crime and upon conviction may be imprisoned for not more than 15 years or fined not more than \$40,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than 30 years or fined not more than \$50,000, or both;*

~~(2)~~ *(3) Any other controlled substance classified in Schedule I, II, or III, is guilty of a crime and upon conviction may be imprisoned for not more than five years, fined not more than \$30,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than one year nor more than ten years or fined not more than \$45,000, or both;*

~~(3)~~ *(4) A substance classified in Schedule IV, is guilty of a crime and upon conviction may be imprisoned for not more than three years, fined not more than \$20,000, or both for a first violation, and for a second or subsequent violation, upon conviction, shall be imprisoned for not less than six months nor more than six years or fined not more than \$35,000, or both;*

~~(4)~~ *(5) A substance classified in Schedule V, is guilty of a crime and upon conviction may be imprisoned for not more than one year, fined not more than \$3,000, or both;*

~~(5)~~ *(6) The distribution of a small amount of marijuana for no remuneration, shall be treated as provided in subdivision 2, clause (5).*

Sec. 6. Minnesota Statutes 1984, section 152.15, subdivision 3, is amended to read:

Subd. 3. Any person who violates section 152.09, subdivision 2 or 3, is guilty of a crime and upon conviction may be imprisoned for not more than four years, or fined not more than \$45,000, or both.

Sec. 7. Minnesota Statutes 1984, section 152.15, subdivision 4, is amended to read:

Subd. 4. Any person 18 years of age or over who violates section 152.09, subdivision 1, clause (1), by distributing a controlled substance listed in

Schedules I or II which is a narcotic drug to a person under 18 years of age who is at least three years his junior is punishable by the fine authorized by section 152.15, subdivision 1, ~~clause~~ clauses (1) or (2), by a term of imprisonment of up to twice that authorized by section 152.15, subdivision 1, ~~clause~~ clauses (1) or (2), or by both. Any person 18 years of age or over who violates section 152.09, subdivision 1, by distributing any other controlled substance listed in Schedules I, II, III, IV, and V, except marijuana, to a person under 18 years of age who is at least three years his junior is punishable by the fine authorized by section 152.15, subdivision 1, clauses ~~(2)~~, (3), ~~or~~ (4), or (5), by a term of imprisonment up to twice that authorized by section 152.15, subdivision 1, clauses ~~(2)~~, (3), ~~or~~ (4), or (5), or both.

Sec. 8. Minnesota Statutes 1984, section 152.15, subdivision 5, is amended to read:

Subd. 5. Any person convicted of a second or subsequent offense under ~~Laws 1971, Chapter 937~~ this chapter, except as provided in subdivision 1, clauses (1), (2), (3), (4), and ~~(5)~~ (6) may be imprisoned for a term up to twice the term otherwise authorized, fined an amount up to twice that otherwise authorized, or both.

Sec. 9. [REPORT.]

*Before January 1, 1989, the commissioner of public safety, with the cooperation and assistance of the commissioner of human services and the boards of pharmacy, medical examiners, veterinary medicine, podiatry, and dentistry, shall report to the legislature on the implementation and effectiveness of the multiple prescription system including:*

- (1) the number of official prescription blanks issued;*
- (2) the number of lost or stolen blanks;*
- (3) the number of indictments, convictions, and disciplinary actions attributable to the program;*
- (4) the cost of administering the program;*
- (5) information about changes in the consumption and diversion of controlled substances in the state as a result of the program;*
- (6) a cost-benefit analysis of the program comparing the benefits of the program in terms of drugs confiscated; channels of diversion closed; perpetrators identified, indicted, or convicted; statewide or regional decreases in consumption and diversion of controlled drugs; reduced overprescribing by practitioners; identification and prevention of fraud and recoupment of overpayments in public medical care programs; referral of chemical abusers to treatment; and other benefits of the program in comparison to the costs of the program to state agencies, prescribers, patients, pharmacists, and other affected persons, and the other undesirable consequences of the program;*
- (7) recommendations for program changes; and*
- (8) other relevant information pertaining to the program.*

*Prior to implementation of the project a study group of all involved parties shall be established and shall report to the legislature regarding the antici-*



pated benefits and costs of the project.

Sec. 10. Minnesota Statutes 1984, section 260.181, is amended by adding a subdivision to read:

*Subdivision 1a. [DISPOSITION PLAN; REQUIREMENT; INTENT.] The court shall decide on a disposition plan based on evidence presented at the disposition hearing. In making its decision, the court shall:*

*(1) employ, among the dispositions available, the least restrictive means and duration of disposition appropriate to the achievement of the objectives of the disposition plan chosen;*

*(2) preserve the family unit whenever possible;*

*(3) transfer custody of the child from the parent only when there is no less drastic appropriate alternative;*

*(4) consider, in delinquency cases, the need to protect the public in addition to the child's need for treatment and rehabilitation; and*

*(5) not adversely consider the exercise by any party of that party's constitutional rights.*

Sec. 11. Minnesota Statutes 1984, section 260.181, subdivision 4, is amended to read:

*Subd. 4. [TERMINATION OF JURISDICTION.] The court may dismiss the petition or otherwise terminate its jurisdiction on its own motion or on the motion or petition of any interested party at any time. Unless terminated by the court, the jurisdiction of the court shall continue until the individual becomes 19 years of age if the court determines it is in the best interest of the individual to do so.*

Sec. 12. Minnesota Statutes 1984, section 260.181, is amended by adding a subdivision to read:

*Subd. 5. [ORDER.] The disposition order must meet the following requirements:*

*(a) The order must contain findings of fact and conclusions of law. The findings of fact shall be supported by clear and convincing evidence.*

*(b) The findings must document the facts prompting the court to reject as inappropriate less restrictive dispositional choices and shall state reasons for the chosen disposition.*

*(c) Except as provided in paragraph (d), if a child is placed outside the child's home or present residence, the order must contain a finding that:*

*(1) reasonable efforts have been made to prevent the need to place the child and, if required by the adoption assistance and child welfare act, United States Code, title 42, section 670, that reasonable efforts have been made to make it possible for the child to return home;*

*(2) the placement facility chosen by the court provides services suitable to addressing the child's needs or problems; and*

*(3) in the case of substitute care placement, the requirements of subdivision 3 and the Indian Child Welfare Act, United States Code, title 25, sec-*

tions 1911 to 1963, have been met.

(d) If the court has ordered that a child adjudicated delinquent be placed outside the child's home or present residence solely to protect the public, the court shall find that the child is a danger to the public and needs restrictive custodial care.

(e) The order must contain a plan of appropriate rehabilitation, care, treatment, services, and punishment, including specific objectives to be achieved. If appropriate, the order must identify academic, social, and vocational skills to be gained by the child.

(f) The order must identify the agency that is primarily responsible for carrying out the plan ordered by the court. If legal custody is transferred, the order must identify the custodian.

(g) If the child is placed outside the child's home or present residence, the order must identify the placement facility. This paragraph does not apply to foster family homes.

(h) If the court makes the determination provided for in section 260.251, subdivision 1, the order must require the child's parent, guardian, custodian, or trustee to pay the cost of services provided to the child and must designate the amount of the support.

Sec. 13. Minnesota Statutes 1984, section 260.181, is amended by adding a subdivision to read:

*Subd. 6. [DURATION OF ORDER.] (a) A disposition order based on an adjudication of a child as an habitual truant or a runaway or for any one of the following offenses is effective for a length of time specified by the court, but not more than one year:*

*(1) a juvenile petty offense;*

*(2) a juvenile alcohol offense;*

*(3) a juvenile controlled substance offense;*

*(4) a juvenile traffic offense other than a violation of section 169.121 or 169.129; and*

*(5) a delinquency offense that would be a misdemeanor if committed by an adult.*

*(b) If legal custody of the child has been transferred by commitment to the commissioner of corrections pursuant to section 260.185, subdivision 1, paragraph (d), the disposition order must provide that the transfer of legal custody is effective until terminated by the commissioner, or until the child becomes 19 years old, whichever occurs first.*

*(c) All other disposition orders are effective for a length of time specified by the court, but not beyond the date the child becomes 19 years old.*

*(d) If a child becomes 18 years old before the disposition order expires, the duration of the order is not affected unless the court orders otherwise. However, the court's disposition order must terminate when the child reaches age 19 if jurisdiction is not terminated earlier pursuant to another provision of this chapter.*

Sec. 14. Minnesota Statutes 1984, section 260.185, subdivision 1, is amended to read:

Subdivision 1. If the court finds that the child is delinquent, it shall enter an order making any of the following dispositions of the case which are deemed necessary to the rehabilitation of the child:

(a) Counsel the child or his parents, guardian, or custodian;

(b) Place the child under the supervision of a probation officer or other suitable person in his own home under conditions prescribed by the court including reasonable rules for his conduct and the conduct of his parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child, or with the consent of the commissioner of corrections, in a group foster care facility which is under the management and supervision of said commissioner;

(c) Subject to the supervision of the court, transfer legal custody of the child to one of the following:

(1) A child placing agency; or

(2) The county welfare board; or

(3) A reputable individual of good moral character. No person may receive custody of two or more unrelated children unless he is licensed as a residential facility pursuant to sections 245.781 to 245.812; or

(4) Except for children found to be delinquent as defined in section 260.015, subdivision 5, clauses (c) and (d), a county home school, if the county maintains a home school or enters into an agreement with a county home school; or

(5) A county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(d) Except for children found to be delinquent as defined in section 260.015, subdivision 5, clauses (c) and (d), transfer legal custody by commitment to the commissioner of corrections;

(e) If the child is found to have violated a state or local law or ordinance which has resulted in damage to the property of another, the court may order the child to make reasonable restitution for such damage;

(f) Require the child to pay a fine of up to \$700; the court shall order payment of the fine in accordance with a time payment schedule which shall not impose an undue financial hardship on the child;

(g) If the child is in need of special treatment and care for his physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided;

(h) If the court believes that it is in the best interests of the child and of public safety that the driver's license of the child be canceled until his 18th birthday, the court may recommend to the commissioner of public safety the cancellation of the child's license for any period up to the child's 18th birthday, and the commissioner is hereby authorized to cancel such license with-

out a hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety that the child be authorized to apply for a new license, and the commissioner may so authorize.

Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

(a) Why the best interests of the child are served by the disposition ordered; and

(b) What alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case.

This subdivision applies to dispositions of juveniles found to be delinquent as defined in section 260.015, subdivision 5, clause (e) or (d) made prior to, on, or after January 1, 1978.

Sec. 15. Minnesota Statutes 1984, section 260.194, subdivision 1, is amended to read:

Subdivision 1. [DISPOSITIONS PERMITTED.] If the court finds that the child is a habitual truant, a runaway, or a juvenile petty offender, it shall enter an order making any of the following dispositions of the case which it deems necessary to the rehabilitation of the child:

(a) Counsel the child or his parents, guardian, or custodian;

(b) Place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court, including reasonable rules for the child's conduct and the conduct of his parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child; or with consent of the commissioner of corrections, in a group foster care facility which is under the commissioner's management and supervision;

(c) Subject to the supervision of the court, transfer legal custody of the child to one of the following:

(1) A child placing agency; or

(2) The county welfare board; or

(3) A reputable individual of good moral character. No person may receive custody of two or more unrelated children unless he is licensed as a residential facility pursuant to sections 245.781 to 245.813; or

(4) A county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(d) Require the child to pay a fine of up to \$100; the court shall order payment of the fine in a manner that will not impose undue financial hardship upon the child;

(e) If the child is in need of special treatment and care for his physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treat-

ment or care, the court may order it provided;

(f) Require the child to participate in a community service project;

(g) Order the child to undergo a chemical dependency evaluation and, if warranted by the evaluation, order participation by the child in a drug awareness program, or an inpatient or outpatient chemical dependency treatment program;

(h) Require the child to perform any other activities or participate in any other treatment programs deemed appropriate by the court;

(i) If the court believes that it is in the best interests of the child and of public safety that the child's driver's license be cancelled, the court may recommend to the commissioner of public safety that the child's license be cancelled for any period up to the child's 18th birthday. The commissioner is authorized to cancel the license without a hearing. At any time before the expiration of the period of cancellation, the court may, for good cause, recommend to the commissioner of public safety that the child be authorized to apply for a new license, and the commissioner may so authorize.

Any order for a disposition authorized by this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

(a) Why the best interests of the child are served by the disposition ordered; and

(b) What alternative dispositions were considered by the court and why they were not appropriate in the instant case.

#### Sec. 16. [297D.01] [DEFINITIONS.]

*Subdivision 1. "Marijuana" means any marijuana, whether real or counterfeit, as defined in section 152.01, subdivision 9, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws.*

*Subd. 2. "Controlled substance" means any drug or substance, whether real or counterfeit, as defined in section 152.01, subdivision 4, that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws. "Controlled substance" does not include marijuana.*

*Subd. 3. "Dealer" means a person who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or in any manner acquires or possesses more than 42½ grams of marijuana, or seven or more grams of any controlled substance, or ten or more dosage units of any controlled substance which is not sold by weight.*

*Subd. 4. "Commissioner" means the commissioner of revenue.*

#### Sec. 17. [297D.02] [ADMINISTRATION.]

*The commissioner of revenue shall administer this chapter. Payments required by this chapter must be made to the commissioner on the form provided by the commissioner. The commissioner shall collect all taxes under this chapter.*

#### Sec. 18. [297D.03] [RULES.]

*The commissioner may adopt rules necessary to enforce this chapter. The commissioner shall adopt a uniform system of providing, affixing, and displaying official stamps, official labels, or other official indicia for marijuana and controlled substances on which a tax is imposed.*

**Sec. 19. [297D.04] [TAX PAYMENT REQUIRED FOR POSSESSION.]**

*No dealer may possess any marijuana or controlled substance upon which a tax is imposed by section 23 unless the tax has been paid on the marijuana or other controlled substance as evidenced by a stamp or other official indicia.*

**Sec. 20. [297D.05] [NO IMMUNITY.]**

*Nothing in this chapter may in any manner provide immunity for a dealer from criminal prosecution pursuant to Minnesota law.*

**Sec. 21. [297D.06] [PHARMACEUTICALS.]**

*Nothing in this chapter requires persons registered under chapter 151 or otherwise lawfully in possession of marijuana or a controlled substance to pay the tax required under this chapter.*

**Sec. 22. [297D.07] [MEASUREMENT.]**

*For the purpose of calculating the tax under section 23, an ounce of marijuana or other controlled substance is measured by the weight of the substance in the dealer's possession.*

**Sec. 23. [297D.08] [TAX RATE.]**

*A tax is imposed on marijuana and controlled substances as defined in section 16 at the following rates:*

- (1) on each gram of marijuana, or each portion of a gram, \$3.50; and*
- (2) on each gram of controlled substance, or portion of a gram, \$200; or*
- (3) on each 50 dosage units of a controlled substance that is not sold by weight, or portion thereof, \$2,000.*

**Sec. 24. [297D.09] [FAILURE TO FILE, FILING FALSE OR FRAUDULENT RETURN; INTENT TO EVADE TAX; CRIMINAL PROVISIONS.]**

*Subdivision 1. [PENALTIES.] Any dealer violating this chapter is subject to a penalty of 100 percent of the tax in addition to the tax imposed by section 23. In addition to the tax penalty imposed, a dealer distributing or possessing marijuana or controlled substances without affixing the appropriate stamps, labels, or other indicia is guilty of a crime and, upon conviction, may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.*

*Subd. 2. [STATUTE OF LIMITATIONS.] Notwithstanding section 628.26, or any other provision of the criminal laws of this state, an indictment may be found and filed upon any criminal offense specified in this section, in the proper court within six years after the commission of this offense.*

**Sec. 25. [297D.10] [STAMP PRICE.]**

*Official stamps, labels, or other indicia to be affixed to all marijuana or*

*controlled substances shall be purchased from the department. The purchaser shall pay 100 percent of face value for each stamp, label, or other indicia at the time of the purchase. The department shall make the stamps, labels, or other indicia in denominations in multiples of ten dollars.*

**Sec. 26. [297D.11] [PAYMENT DUE.]**

*Subdivision 1. [STAMPS AFFIXED.] When a dealer purchases, acquires, transports, or imports into this state marijuana or controlled substances on which a tax is imposed by section 23, and if the indicia evidencing the payment of the tax have not already been affixed, the dealer shall have them permanently affixed on the marijuana or controlled substance immediately after receiving the substance. Each stamp or other official indicia may be used only once.*

*Subd. 2. [PAYABLE ON POSSESSION.] Taxes imposed upon marijuana or controlled substances by this chapter are due and payable immediately upon acquisition or possession in this state by a dealer.*

**Sec. 27. [297D.12] [ALL ASSESSMENTS ARE JEOPARDY.]**

*Subdivision 1. [ASSESSMENT PROCEDURE.] An assessment for a dealer not possessing stamps or other official indicia showing that the tax has been paid shall be considered a jeopardy assessment or collection, as provided in section 270.70. The commissioner shall assess a tax based on personal knowledge or information available to the commissioner; mail the taxpayer at the taxpayer's last known address or serve in person, a written notice of the amount of tax; demand its immediate payment; and, if payment is not immediately made, collect the tax by any method prescribed in chapter 270, except that the commissioner need not await the expiration of the times specified in chapter 270. Section 270.70, subdivision 4, paragraph (a), does not apply to this chapter.*

*Subd. 2. [INJUNCTION PROHIBITED.] No person may bring suit to enjoin the assessment or collection of any taxes, interest, or penalties imposed by this chapter.*

*Subd. 3. [STANDARD OF PROOF.] The tax and penalties assessed by the commissioner are presumed to be valid and correctly determined and assessed. The burden is upon the taxpayer to show their incorrectness or invalidity. Any statement filed by the commissioner with the court administrator, or any other certificate by the commissioner of the amount of tax and penalties determined or assessed is admissible in evidence and is prima facie evidence of the facts it contains.*

**Sec. 28. [297D.13] [CONFIDENTIAL NATURE OF INFORMATION.]**

*Neither the commissioner nor a public employee may reveal facts contained in a report or return required by this chapter, nor can any information contained in such a report or return be used against the dealer in any criminal proceeding, unless independently obtained, except in connection with a proceeding involving taxes due under this chapter from the taxpayer making the return.*

**Sec. 29. [297D.14] [INVESTIGATORY POWERS.]**

*For the purpose of determining the correctness of any return, determining*

*the amount of tax that should have been paid, determining whether or not the dealer should have made a return or paid taxes, or collecting any taxes under this chapter, the commissioner may examine, or cause to be examined, any books, papers, records, or memoranda, that may be relevant to making such determinations, whether the books, papers, records, or memoranda, are the property of or in the possession of the dealer or another person. The commissioner may require the attendance of any person having knowledge or information that may be relevant, compel the production of books, papers, records, or memoranda by persons required to attend, take testimony on matters material to the determination, and administer oaths or affirmations. Upon demand of the commissioner or any examiner or investigator, the court administrator of any court shall issue a subpoena for the attendance of a witness or the production of books, papers, records, and memoranda. The commissioner may also issue subpoenas. Disobedience of subpoenas issued under this chapter is punishable by the district court of the district in which the subpoena is issued, or, if the subpoena is issued by the commissioner, by the district court of the district in which the party served with the subpoena is located, in the same manner as contempt of district court.*

Sec. 30. Minnesota Statutes 1984, section 609.50, is amended to read:

**609.50 [OBSTRUCTING LEGAL PROCESS OR ARREST.]**

*Whoever intentionally obstructs, hinders or prevents the lawful execution of any legal process, civil or criminal, or apprehension of another on a charge or conviction of a criminal offense or interferes with a peace officer while the officer is engaged in the performance of his official duties, or by force or threat of force endeavors to intimidate or impede any employee of the department of revenue while the employee is lawfully engaged in the performance of official duties for the purpose of deterring or interfering with the performance of those duties, may be sentenced as follows:*

(1) *If the act was accompanied by force or violence or the threat thereof, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or*

(2) *In other cases to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both.*

Sec. 31. Minnesota Statutes 1984, section 609.582, is amended by adding a subdivision to read:

*Subd. 1a. [MANDATORY MINIMUM SENTENCE FOR BURGLARY OF OCCUPIED DWELLING.] A person convicted of committing burglary of an occupied dwelling, as defined in subdivision 1, clause (a), must be committed to the commissioner of corrections or county workhouse for a mandatory minimum term of imprisonment of not less than six months.*

Sec. 32. Minnesota Statutes 1984, section 609.583, is amended to read:

**609.583 [SENTENCING; FIRST BURGLARY OF A DWELLING.]**

*Except as provided in section 609.582, subdivision 1a, in determining an appropriate disposition for a first offense of burglary of a dwelling, the court shall presume that a stay of execution with a 90-day period of incarceration as a condition of probation shall be imposed unless the defendant's criminal*



history score determined according to the sentencing guidelines indicates a presumptive executed sentence, in which case the presumptive executed sentence shall be imposed unless the court departs from the sentencing guidelines pursuant to section 244.10. A stay of imposition of sentence may be granted only if accompanied by a statement on the record of the reasons for it. The presumptive period of incarceration may be waived in whole or in part by the court if the defendant provides restitution or performs community work service.

Sec. 33. [REPEALER.]

*Minnesota Statutes 1984, sections 260.185, subdivision 4; 260.194, subdivision 4; 260.191, subdivision 1a; and 260.195 are repealed.*

Sec. 34. [EFFECTIVE DATES.]

*Sections 1 to 3; 4, subdivisions 6 and 7; and 6 are effective July 1, 1986. Sections 4, subdivisions 1 to 5; and 9 are effective July 1, 1987. Sections 30 to 32 are effective August 1, 1986, and apply to crimes committed on or after that date."*

Delete the title and insert:

"A bill for an act relating to crime; establishing a multiple prescription system for monitoring controlled substances; establishing terms of imprisonment for the crime of selling larger quantities of schedule II narcotics and hallucinogens; providing for disposition in juvenile court cases; imposing a tax on marijuana and controlled substances; providing for the crime of using force or threats against revenue department employees; establishing a minimum jail term for burglary of a dwelling; amending Minnesota Statutes 1984, sections 152.09, subdivision 2, and by adding a subdivision; 152.11, subdivision 1; 152.15, subdivisions 1, 3, 4, and 5; 260.181, subdivision 4, and by adding subdivisions; 260.185, subdivision 1; 260.194, subdivision 1; 609.50; 609.582, by adding a subdivision; and 609.583; proposing coding for new law in Minnesota Statutes, chapter 152; proposing coding for new law as Minnesota Statutes, chapter 297D; repealing Minnesota Statutes 1984, sections 260.185, subdivision 4; 260.194, subdivision 4; 260.191, subdivision 1a; and 260.195."

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

#### REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 60, upon the request of three members, a roll call was taken on Senator Sieloff's motion to amend Senator Spear's amendment No. A-1 to H.F. No. 654.

There were yeas 11 and nays 2, as follows:

Those who voted in the affirmative were:

Messrs. Freeman; Jude; Kamrath; Knaak; Luther; Peterson, R.W.; Pogemiller; Ramstad; Ms. Reichgott, Messrs. Sieloff and Spear.

Those who voted in the negative were:

Messrs. Merriam and Petty.

The Sieloff amendment was adopted.

## REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 60, upon the request of three members, a roll call was taken on Senator Freeman's amendment No. A-9A to H.F. No. 654.

There were yeas 9 and nays 4, as follows:

Those who voted in the affirmative were:

Messrs. Freeman; Luther; Merriam; Peterson, R.W.; Petty; Pogemiller; Ms. Reichgott; Messrs. Sieloff and Spear.

Those who voted in the negative were:

Messrs. Jude, Kamrath, Knaak and Ramstad.

The Freeman amendment was adopted.

## REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 60, upon the request of three members, a roll call was taken on Senator Spear's amendment No. A-4 to H.F. No. 654.

There were yeas 6 and nays 5, as follows:

Those who voted in the affirmative were:

Messrs. Freeman; Luther; Merriam; Peterson, R.W.; Ms. Reichgott and Mr. Spear.

Those who voted in the negative were:

Messrs. Jude, Kamrath, Knaak, Ramstad and Sieloff.

The Spear amendment was adopted.

## REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 60, upon the request of three members, a roll call was taken on Senator Jude's motion that H.F. No. 654, as amended, be recommended to pass.

There were yeas 13 and nays 0, as follows:

Those who voted in the affirmative were:

Messrs. Freeman; Jude; Kamrath; Knaak; Luther; Merriam; Peterson, R.W.; Petty; Pogemiller; Ramstad; Ms. Reichgott, Messrs. Sieloff and Spear.

The bill passed the committee.

Mr. Spear from the Committee on Judiciary, to which was re-referred

S.F. No. 1727: A bill for an act relating to local government; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; amending Minnesota Statutes 1984, section 466.03, 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 1985 Supplement, section 3.736, subdivision 3, is amended to read:

Subd. 3. [EXCLUSIONS.] Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) Any loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or regulation;

(b) Any loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) Any loss in connection with the assessment and collection of taxes;

(d) Any loss caused by snow or ice conditions on any highway, *public sidewalk* or other public place or *by acts taken to secure public safety because of those conditions*, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) Any loss caused by wild animals in their natural state;

(f) Any loss other than injury to or loss of property or personal injury or death;

(g) Any loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, and appurtenances, fixtures and attachments to land that the state has neither affixed nor improved;

(h) Any loss incurred by a user within the boundaries of the outdoor recreation system and arising from the construction, operation, or maintenance of the system, as defined in section 86A.04, or from the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, or from the construction, operation, or maintenance of a water access site created by the iron range resources and rehabilitation board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

(i) Any loss of benefits or compensation due under a program of public assistance or public welfare, except where state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(j) Any loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(k) Any loss based on the usual care and treatment, or lack of care and treatment, of any person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(l) Any loss, damage, or destruction of property of a patient or inmate of a state institution;

(m) Any loss for which recovery is prohibited by section 169.121, subdivision 9.

The state will not pay punitive damages.

## Sec. 2. [16B.85] [RISK MANAGEMENT.]

*Subdivision 1. [ALTERNATIVES TO CONVENTIONAL INSURANCE.] In the event that the state is unable to obtain certain types of insurance, or the commissioner determines insurance to be unreasonably costly, the commissioner may implement alternatives to the purchase of conventional insurance. A mechanism for implementing possible alternatives to conventional insurance is the risk management fund created in subdivision 2.*

*Subd. 2. [RISK MANAGEMENT FUND.] A state risk management fund is created. All state agencies which have had or may have casualty claims against them with respect to the risks for which the commissioner has implemented conventional insurance alternatives shall contribute to the fund a portion of the money appropriated to them. The commissioner shall determine the proportionate share of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies. The money in the fund to pay casualty claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner. Interest earned from the investment of money in the fund shall be credited to the fund and be available to the commissioner for the expenditures authorized in this subdivision. The fund is exempt from the provisions of section 16A.15, subdivision 1. In the event that proceeds in the fund are insufficient to pay outstanding claims and associated administrative costs, the commissioner, in consultation with the commissioner of finance, may assess state agencies participating in the fund amounts sufficient to pay the costs. The commissioner shall determine the proportionate share of the assessment of each agency on the basis of the agency's casualty claim experience as compared to other affected agencies.*

Sec. 3. Minnesota Statutes 1984, section 60A.06, is amended by adding a subdivision to read:

*Subd. 3. Unless specifically authorized by section 60A.06, subdivision 1, clause (4), it is unlawful to combine in one policy coverage permitted by section 60A.06, subdivision 1, clauses (4) and (5)(a). This subdivision does not prohibit the simultaneous sale of these products, but the sale must involve two separate and distinct policies. This subdivision does not apply to group policies.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 60A.10, subdivision 1, is amended to read:

**Subdivision 1. [DOMESTIC COMPANIES.] (1) [DEPOSIT AS SECURITY FOR ALL POLICYHOLDERS REQUIRED.]** No company in this state, other than farmers' mutual, or real estate title insurance companies, shall do business in this state unless it has on deposit with the commissioner, for the protection of both its resident and nonresident policyholders, securities to an amount, the actual market value of which, exclusive of interest, shall never be less than \$200,000 until July 1, 1986, \$300,000 until July 1, 1987, \$400,000 until July 1, 1988, and \$500,000 on and after July 1, 1988 or one-half the applicable financial requirement set forth in section 60A.07, whichever is less. The securities shall be retained under the control of the commissioner as long as any policies of the depositing company remain in force.

(2) [SECURITIES DEFINED.] For the purpose of this subdivision, the word "securities" means bonds or other obligations of, or bonds or other obligations insured or guaranteed by, the United States, any state of the United States, any municipality of this state, or any agency or instrumentality of the foregoing.

(3) [PROTECTION OF DEPOSIT FROM LEVY.] No judgment creditor or other claimant may levy upon any securities held on deposit with, or for the account of, the commissioner. Upon the entry of an order by a court of competent jurisdiction for the rehabilitation, liquidation or conservation of any depositing company as provided in chapter 60B, that company's deposit together with any accrued income thereon shall be transferred to the commissioner as rehabilitator, liquidator, or conservator.

Sec. 5. Minnesota Statutes 1984, section 60A.13, is amended by adding a subdivision to read:

*Subd. 8. [ANNUAL REPORTS.] Each insurer licensed to write property and casualty insurance in this state, as a supplement to the annual statement required by this section, shall submit a report on a form furnished by the commissioner separately showing its direct writings in Minnesota and in the United States on: liquor liability, product liability, medical malpractice, and any other line so designated by the commissioner on January 1 of each year.*

*The supplemental reports must include the following data for the previous year ending on the 31st day of December:*

- (1) direct premiums written;*
- (2) direct premiums earned;*
- (3) net investment income, including net realized capital gains and losses, using appropriate estimates where necessary;*
- (4) incurred claims, developed as the sum, and with figures provided for, of the following:*
  - (a) dollar amount of claims closed with payment, plus*
  - (b) reserves for reported claims at the end of the current year, minus*
  - (c) reserves for reported claims at the end of the previous year, plus*
  - (d) reserves for incurred but not reported claims at the end of the current year, minus*
  - (e) reserves for incurred but not reported claims at the end of the previous year, plus*
  - (f) reserves for loss adjustment expense at the end of the current year, minus*
  - (g) reserves for loss adjustment expense at the end of the previous year;*
- (5) actual incurred expenses allocated separately to loss adjustment, commissions, other acquisition costs, general office expenses, taxes, licenses and fees, and all other expenses;*
- (6) net underwriting gain or loss; and*
- (7) net operation gain or loss, including net investment income.*

*This report is due by the first of May of each year and the first report must cover the year 1986. The commissioner shall annually compile and review all reports submitted by insurers pursuant to this section. These filings must be published and made available to any interested insured or citizen.*

Sec. 6. Minnesota Statutes 1984, section 60A.25, is amended to read:

**60A.25 [INSOLVENT COMPANIES; NOTIFICATION OF POLICYHOLDERS.]**

*Subdivision 1. [NOTIFICATION OF POLICYHOLDERS.] Whenever any foreign or domestic insurance company authorized to transact the business of insurance in Minnesota is adjudicated insolvent, or whenever its policies are declared null and void by court order, the commissioner of commerce shall ascertain the names and last known addresses of all Minnesota policyholders of said company, and shall notify all Minnesota policyholders within 30 days of such adjudication or court order. In the case of foreign insurers authorized to do business in this state, the commissioner of commerce may elect to notify all of the company's licensed agents in Minnesota with a directive that the agents notify all insureds of the company's insolvency or that its policies have been declared null and void.*

*Subd. 2. [REMITTANCE OF PREMIUMS.] Every agency contract written by an insurance company writing property and casualty insurance in Minnesota shall contain or be construed to contain the following provision: "Notwithstanding any other provision of this contract, the obligation of the agent to remit written premiums to the company shall be changed upon the commencement of any administrative or legal proceeding by any state against the carrier regarding its financial condition. After the commencement of the proceedings, the obligation of the agent to remit premiums shall be confined to the premiums earned before the commencement of the proceedings. The agent shall not owe or remit to the company or to the liquidator or receiver any premiums that are unearned as of the date of the commencement of the delinquency proceedings, and any unearned premiums in the possession of the agent on the date shall be returned promptly by the agent to the insured or, with the approval of the insured, be used to purchase new coverage for the insured with a different insurer."*

Sec. 7. Minnesota Statutes 1984, section 60C.09, subdivision 1, is amended to read:

*Subdivision 1. [DEFINITION.] A covered claim is any unpaid claim, including one for unearned premium, which:*

*(a) (1) Arises out of and is within the coverage of an insurance policy issued by a member insurer if the insurer becomes an insolvent insurer after April 30, 1979; or*

*(2) Would be within the coverage of an extended reporting endorsement to a claims-made insurance policy if insolvency had not prevented the member insurer from fulfilling its obligation to issue the endorsement, if:*

*(i) the claims-made policy contained a provision affording the insured the right to purchase a reporting endorsement;*

*(ii) coverage will be no greater than if a reporting endorsement had been issued;*

(iii) the insured has not purchased other insurance which applies to the claim; and

(iv) the insured's deductible under the policy is increased by an amount equal to the premium for the reporting endorsement if one had been issued.

(b) Arises out of a class of business which is not excepted from the scope of Laws 1971, chapter 145 by section 60C.02; and

(c) Is made by:

(i) A policyholder, or an insured beneficiary under a policy, who, at the time of the insured event, was a resident of this state; or

(ii) A person designated in the policy as having an insurable interest in or related to property situated in this state at the time of the insured event; or

(iii) An obligee or creditor under any surety bond, who, at the time of default by the principal debtor or obligor, was a resident of this state; or

(iv) A third party claimant under a liability policy or surety bond, if: (a) the insured or the third party claimant was a resident of this state at the time of the insured event; (b) the claim is for bodily or personal injuries suffered in this state by a person who when he suffered the injuries was a resident of this state; or (c) the claim is for damages to real property situated in this state at the time of damage; or

(v) A direct or indirect assignee of a person who except for the assignment might have claimed under (i), (ii) or (iii).

A covered claim also includes any unpaid claim which arises or exists within 30 days after the time of entry of an order of liquidation with a finding of insolvency by a court of competent jurisdiction unless prior thereto the insured replaces the policy or causes its cancellation or the policy expires on its expiration date.

Sec. 8. Minnesota Statutes 1984, section 62A.02, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] No such policy shall be issued, nor shall any application, rider, or endorsement be used in connection therewith, until the expiration of ~~30~~ 60 days after it has been so filed unless the commissioner shall sooner give his written approval thereto.

Sec. 9. Minnesota Statutes 1984, section 62A.02, subdivision 3, is amended to read:

Subd. 3. [DISAPPROVAL.] The commissioner shall, within ~~30~~ 60 days after the filing of any form, disapprove the form:

(1) if the benefits provided therein are unreasonable in relation to the premium charged;

(2) if it contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the policy; or

(3) If the proposed premium rate is excessive because the insurer has failed to exercise reasonable cost control.

For the purposes of clause (1), the commissioner shall establish by rule a

schedule of minimum anticipated loss ratios which shall be based on (i) the type or types of coverage provided, (ii) whether the policy is for group or individual coverage, and (iii) the size of the group for group policies. Except for individual policies of disability or income protection insurance, the minimum anticipated loss ratio shall not be less than 50 percent after the first year that a policy is in force. All applicants for a policy shall be informed in writing at the time of application of the anticipated loss ratio of the policy. For the purposes of this subdivision, "anticipated loss ratio" means the ratio at the time of form filing or at the time of subsequent rate revision of the present value of all expected future benefits, excluding dividends, to the present value of all expected future premiums. Nothing in this paragraph shall prohibit the commissioner from disapproving a form which meets the requirements of this paragraph but which the commissioner determines still provides benefits which are unreasonable in relation to the premium charged. ~~The commissioner may until December 31, 1978, exercise emergency power for the purpose of implementing the minimum anticipated loss ratio requirement, and for this purpose may adopt emergency rules as provided in sections 14.29 to 14.36. Notwithstanding the expiration of the commissioner's emergency power, any emergency rule adopted by him prior to the expiration of his emergency power may remain effective for the periods authorized in sections 14.29 to 14.36.~~

If the commissioner notifies an insurer which has filed any form that the form does not comply with the provisions of this section or sections 62A.03 to 62A.05 and section 72A.20, it shall be unlawful thereafter for the insurer to issue the form or use it in connection with any policy. In the notice the commissioner shall specify the reasons for his disapproval and state that a hearing will be granted within 20 days after request in writing by the insurer.

Sec. 10. Minnesota Statutes 1984, section 62A.17, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBILITY OF EMPLOYEE.] Every eligible employee electing to continue coverage shall pay his former employer, on a monthly basis, the cost of the continued coverage. If the policy, contract, or health care plan is administered by a trust, every eligible employee electing to continue coverage shall pay the trust the cost of continued coverage according to the eligibility rules established by the trust. The employee shall be eligible to continue the coverage until he becomes re-employed and ~~eligible for~~ *has obtained* health care coverage under a group policy, contract, or plan sponsored by the same or another employer, or for a period of 12 months after the termination of or lay off from employment, whichever is shorter.

Sec. 11. Minnesota Statutes 1984, section 62B.07, subdivision 2, is amended to read:

Subd. 2. The commissioner shall within ~~30~~ 60 days after the filing of policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders, disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if it contains provisions which are unjust, unfair, inequitable, misleading, deceptive or encourage misrepresentation of the coverage, or are contrary to any provision of the insurance laws or of any rule or regulation promulgated thereunder. In order to determine whether the premium to be charged under a



particular policy form submitted by an insurer is excessive in relation to benefits, and to facilitate the submission and approval of policy forms and premium rates to be used in connection therewith, the commissioner shall give full consideration to and make reasonable allowances for underwriting expenses including, but not limited to, claim adjustment expenses, general administrative expenses including costs for handling return premiums, compensation to agents, expense allowances to creditors, if any, branch and field expenses and other acquisition costs, the types of policies actually issued and authorized as defined in section 62B.03, (1), (2), (3) and (4), and any and all other factors and trends demonstrated to be relevant. An insurer may support these factors by statistical information, experience, actuarial computations, and/or estimates certified by an executive officer of the insurer, and the commissioner shall give due consideration to such supporting data.

Sec. 12. Minnesota Statutes 1984, section 62B.07, subdivision 3, is amended to read:

Subd. 3. If the commissioner notifies the insurer that the form is disapproved, it is unlawful thereafter for the insurer to issue or use it. In his notice, the commissioner shall specify the reason for his disapproval and state that a hearing will be granted within 20 days after a request in writing by the insurer. No policy, certificate of insurance, notice of proposed insurance, nor any application, endorsement or rider, shall be issued or used until the expiration of 30 60 days after it has been filed, unless the commissioner gives his prior written approval thereto.

Sec. 13. Minnesota Statutes 1984, section 62C.14, subdivision 10, is amended to read:

Subd. 10. Except as otherwise provided in subdivision 9, all forms received by the commissioner shall be deemed filed 30 60 days after received unless disapproved by order transmitted to the corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 14. Minnesota Statutes 1984, section 62E.14, subdivision 3, is amended to read:

Subd. 3. [PRE-EXISTING CONDITIONS.] No person who obtains coverage pursuant to this section shall be covered for any pre-existing condition during the first six months of coverage under the state plan if the person was diagnosed or treated for that condition during the 90 days immediately preceding the filing of an application. *Notwithstanding this restriction, terminated employees subject to sections 62A.17 and 62E.16 may, in lieu of a conversion contract election, enroll with a waiver of the preexisting condition limitation.*

Sec. 15. Minnesota Statutes 1984, section 62F.01, is amended to read:

62F.01 [CITATION; EXPIRATION DATE.]

~~Subdivision 1. Sections 62F.01 to 62F.14 may be cited as the "Temporary Joint Underwriting Association Act".~~

~~Subd. 2. Sections 62F.01 to 62F.14 expire September 1, 1988.~~

Sec. 16. Minnesota Statutes 1984, section 62F.02, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] There is created a temporary joint underwriting association to provide medical malpractice insurance coverage to any licensed health care provider unable to obtain this insurance through ordinary methods. Every insurer authorized to write and writing personal injury liability insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Sec. 17. Minnesota Statutes 1984, section 62F.03, subdivision 2, is amended to read:

Subd. 2. "Association" means the temporary joint underwriting association.

Sec. 18. Minnesota Statutes 1984, section 62F.04, is amended by adding a subdivision to read:

*Subd. 1a. [REAUTHORIZATION.] The authorization to issue insurance is valid for a period of two years from the date it was made. The commissioner may reauthorize the issuance of insurance for additional two-year periods under the terms of subdivision 1. This subdivision is not a limitation on the number of times the commissioner may reauthorize the issuance of insurance, except that a hearing is not required for reauthorization.*

Sec. 19. Minnesota Statutes 1984, section 62F.06, subdivision 1, is amended to read:

Subdivision 1. A policy issued by the association shall provide for a continuous period of coverage beginning with its effective date and terminating automatically at 12:01 a.m. on September 1, 1988, or sooner as provided in sections 62F.01 to 62F.14. The policy shall be issued subject to the group retrospective rating plan and the stabilization reserve fund authorized by section 62F.09. The policy shall be written to apply to ~~injury which results from acts or omissions~~ *claims first made against the insured and reported to the association* during the policy period. No policy form shall be used by the association unless it has been filed with the commissioner, and the commissioner may disapprove the form within 30 days if he determines it is misleading or violates public policy.

Sec. 20. Minnesota Statutes 1984, section 62F.09, is amended to read:

62F.09 [STABILIZATION RESERVE FUND.]

Subdivision 1. There is created a stabilization reserve fund administered by ~~three directors, as follows: the commissioner, a representative of the association appointed by the commissioner, and a representative of the policyholders of the association, appointed by the commissioner.~~

Subd. 2. ~~The directors shall act by majority vote with two directors constituting a quorum for the transaction of any business or the exercise of any power of the fund. The directors shall serve without salary, but shall be reimbursed for expenses in the manner provided for state employees. The directors shall not be subject to personal liability or accountability in the administration of the fund the association or its designee.~~

Subd. 3 2. Each policyholder shall pay to the association a stabilization

reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.

Subd. 4 3. The association shall promptly pay into the stabilization reserve fund charges which it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.

Subd. 5 4. All moneys paid into the fund shall be held in trust by a corporate trustee selected by the directors. The corporate trustee may invest the moneys held in trust, subject to the approval of the ~~directors~~ association. All ~~investment income~~ gains or losses from the investment of stabilization reserve fund money shall be credited to the fund. All expenses of administration of the fund shall be charged against the fund. ~~The moneys held in trust~~ Stabilization reserve fund money shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders of the association under the group retrospective rating plan. Payment of retrospective premium charges shall be made ~~by the directors~~ upon certification ~~to them~~ by the association of the amount due. If all moneys accruing to the fund are exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any moneys remaining in the fund after all retrospective premium charges have been paid shall be returned to policyholders under procedures authorized by the ~~directors~~ association.

Sec. 21. Minnesota Statutes 1984, section 62G.16, subdivision 9, is amended to read:

Subd. 9. All forms received by the commissioner shall be deemed filed 30 60 days after received unless disapproved by order transmitted to the legal service plan corporation stating that the form used in a specified respect is contrary to law, contains a provision or provisions which are unfair, inequitable, misleading, inconsistent or ambiguous, or is in part illegible. It shall be unlawful to issue or use a document disapproved by the commissioner.

Sec. 22. [62I.01] [CITATION.]

*Sections 22 to 41 may be cited as the Minnesota joint underwriting association act.*

Sec. 23. [62I.02] [MINNESOTA JOINT UNDERWRITING ASSOCIATION.]

*Subdivision 1. [CREATION.] The Minnesota joint underwriting association is created to provide insurance coverage to any person or entity unable to obtain insurance through ordinary methods if the insurance is required by statute, ordinance, or otherwise required by law, or is necessary to earn a livelihood or conduct a business. Prudent business practice or mere desire to have insurance coverage is not a sufficient standard to require the association to offer insurance coverage to a person or entity. The association is specifically authorized to provide insurance coverage to day care providers, foster parents, foster homes, developmental activity centers, group homes, and sheltered workshops for mentally, emotionally, or physically handi-*

capped persons, and citizen participation groups established pursuant to the housing and community redevelopment act of 1974, Public Law Number 93-383. Because the activities of certain persons or entities present a risk that is so great, the association may refuse to offer insurance coverage to any person or entity the board of directors of the association determines is outside the intended scope and purpose of the association because of the gravity of the risk of offering insurance coverage. The association is not required to offer environmental impairment liability or product liability insurance, or coverage for activities that are conducted substantially outside the state of Minnesota unless the insurance is required by statute, ordinance, or otherwise required by law. Every insurer authorized to write property and casualty insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state.

Subd. 2. [DIRECTOR.] *The association shall have a board of directors composed of 11 persons chosen annually as follows: five persons elected by members of the association at a meeting called by the commissioner; three public members, as defined in section 214.02, appointed by the commissioner; and three members, appointed by the commissioner representing groups to whom coverage has been extended by the association. If at any time no coverage is currently extended by the association, then either additional public members may be appointed to fill these three positions or, at the option of the commissioner, representatives from groups who had previously been covered by the association may serve as directors.*

Sec. 24. [62I.03] [DEFINITION.]

Subdivision 1. [SCOPE.] *As used in sections 22 to 41 the following terms have the meanings given them in this section.*

Subd. 2. [ASSOCIATION.] *"Association" means the Minnesota joint underwriting association.*

Subd. 3. [COMMISSIONER.] *"Commissioner" means the commissioner of commerce.*

Subd. 4. [DIRECT WRITTEN PREMIUMS.] *"Direct written premiums" means that amount at column (2), lines 5, 8, 9, 17, 21, 22, 23, 24, 25, 26, and 27, page 14, of the annual statement filed annually with the department of commerce pursuant to section 60A.13.*

Subd. 5. [DEFICIT.] *"Deficit" means, for a particular policy year and line or type of insurance, that amount by which total paid and outstanding losses and loss adjustment expenses exceed premium revenue, including retrospective premium revenue.*

Sec. 25. [62I.04] [POLICY ISSUANCE.]

*Any person or entity that is a resident of the state of Minnesota who has a current written notice of refusal to insure from an insurer licensed to offer insurance in the state of Minnesota may make written application to the association for coverage. The applicable premium or required portion of it must be paid prior to coverage by the association.*

*The application shall be filed simultaneously with the association and the market assistance plan for the association.*

*The association is authorized to (1) issue or cause to be issued insurance*

policies to applicants subject to limits specified in the plan of operation; (2) underwrite the insurance and adjust and pay losses with respect to it, or appoint service companies to perform those functions; (3) assume reinsurance from its members; and (4) cede reinsurance.

Sec. 26. [62I.05] [PLAN OF OPERATION.]

*Within 45 days after the appointment of the directors of the association, the directors shall submit to the commissioner for review, a proposed plan of operation, consistent with the provisions of this chapter.*

*The plan of operation shall provide economic, fair, and nondiscriminatory administration and for the prompt, efficient provision of insurance coverage of the types provided by section 23. It shall provide for an expedited review and determination by the board of any application for a type of coverage that has not been previously excluded or authorized. The action of the board on the application shall be an amendment to the plan of operation and the type of coverage shall thereafter be specified in the plan as either excluded or authorized. It may contain other provisions necessary for the operation of the association, including but not limited to preliminary assessment of all members for initial expenses necessary to commence operations, establishment of necessary facilities, management of the association, assessment of members to defray losses and expenses, commission arrangements, reasonable and objective underwriting standards, acceptance and cessation of reinsurance, appointment of servicing carriers or other servicing arrangements and procedures for determining amounts of insurance to be provided by the association.*

*The plan of operation is subject to approval by the commissioner. If the commissioner disapproves all or any part of the proposed plan of operation, the directors shall within 15 days submit for review an appropriate revised plan of operation. If a revised plan is not submitted within 15 days the commissioner shall promulgate a plan of operation. The plan of operation approved or promulgated by the commissioner is effective and operational upon the order of the commissioner.*

*Amendments to the plan of operation may be made by the directors of the association subject to approval by the commissioner.*

Sec. 27. [62I.06] [POLICY FORMS; PREMIUM RATE.]

*Subdivision 1. [REQUIREMENT.] The policies and contracts of coverage issued pursuant to this chapter shall contain the usual and customary provisions of similar insurance policies issued by private insurance companies. If a standard form is used in the private marketplace for any type of coverage that is to be extended by the association, then the association shall use that form. If there are varying types of forms used in the marketplace the association may choose to use a standard policy form issued by a service organization or other entity who commonly prepares standardized types of forms. If the board determines that neither of these alternatives is appropriate, then it shall adopt a policy form based upon the terms and conditions of the policies used for this type of coverage that are the most commonly used in the private market. As far as practical the board shall attempt to adopt forms that are consistent with the practice in the private market. No policy forms shall be used by the association unless it has been filed with the commissioner, and*

*the commissioner may disapprove the form within 30 days if the commissioner determines that it is misleading, it violates public policy, or for any reason that the commissioner would be empowered to reject a similar form filed by a private company.*

*Subd. 2. [CANCELLATION.] If the insured fails to pay a stabilization reserve fund charge the association may cancel the policy by mailing or delivering to the insured at the insured's address shown on the policy at least ten days written notice stating the date that the cancellation is effective.*

*Subd. 3. [RATES.] The rates, rating plan, rating rules, rating classification and territories applicable to insurance written by the association and related statistics are subject to chapter 70A. Rates shall be on an actuarially sound basis, giving consideration to the group retrospective rating plan. The commissioner shall take all appropriate steps to make available, upon request of the association, loss and expense experience of insurers previously writing or currently writing insurance of any type the association offers or intends to offer.*

*Subd. 4. [APPROVAL.] All policies issued by the association are subject to the group retrospective rating plan approved by the commissioner under which the final premium for the insureds of the association, as a group, will be equal to the administrative expenses, loss and loss adjustment expenses and taxes, plus a reasonable allowance for contingency and servicing. If the board of directors feels it is appropriate and in the interest of fairness and equity, the insureds of the association may be broken down into more than one group. The rating plan may provide for varying rates within the rating plan for such groups as their relative burden to the group as a whole would merit. Policyholders shall be given full credit for all investment income, net of expenses and reasonable management fee on policyholder supplied funds. The standard premium, before retrospective adjustment, for each policy issued by the association shall be established for portions of the policy period coinciding with the association's fiscal year on the basis of the association rates, rating plans, rating rules, rating classifications and territories then in effect. The maximum premium for all policyholders of the association as a group shall be limited as provided in sections 22 to 41.*

*Subd. 5. [EXAMINATIONS.] The commissioner shall examine the business of the association as often as is appropriate to insure that the group retrospective rating plan is operating in a manner consistent with this chapter or other Minnesota laws. If it is found that the operation is deficient or inconsistent with this chapter or other Minnesota laws the commissioner may order the association to take corrective action.*

*Subd. 6. [DEFICITS.] The association shall certify to the commissioner the estimated amount of any deficit remaining after the stabilization reserve fund has been exhausted and payment of the maximum final premium for all policyholders of the association. Within 60 days after the certification, the commissioner shall authorize the association to recover the members' respective shares of the deficit by assessing all members an amount sufficient to fully fund the obligations of the association. The assessment of each member shall be determined in the manner provided in section 28. An assessment made pursuant to this section shall be deductible by the member from past or future premium taxes due the state.*

*Subd. 7. [AMENDMENTS TO RATING PLAN.] In addition to the usual manner of amending the rating plan set forth in this section and section 26, the following procedure may also be used:*

*(1) Any person may, by written petition served upon the commissioner of commerce request that a hearing be held to amend the rating plan, or any part of the rating plan.*

*(2) The commissioner shall forward a copy of the petition to the chief administrative law judge within three business days of its receipt. The chief administrative law judge shall, within three business days of receipt of the copy of the petition or a request for hearing by the commissioner, set a hearing date, assign an administrative law judge to hear the matter, and notify the commissioner of the hearing date and the administrative law judge assigned to hear the matter. The hearing date must be set not less than 60 days nor more than 90 days from the date of receipt of the petition by the commissioner or the date of the commissioner's request for hearing if the commissioner is the person requesting a hearing.*

*(3) The commissioner shall publish a notice of the hearing in the State Register at least 30 days before the hearing date. The notice should be similar to that used for rulemaking under the administrative procedure act. Approval of the notice by the administrative law judge is not required.*

*(4) The hearing and all matters which occur after the hearing are a contested case under chapter 14. Within 45 days from the commencement of the hearing and within 15 days of the completion of the hearing the administrative law judge shall submit a report to the commissioner of commerce. The parties, or the administrative law judge, if the parties cannot agree, shall adjust all time requirements under the contested case procedure to conform with the 45 day requirement.*

*(5) The commissioner shall render a decision within ten business days of the receipt of the administrative law judge's report.*

*(6) If all parties to the proceeding agree, any of the previous requirements may be waived or modified.*

*(7) A petition for a hearing to amend the rating plan or any part of the rating plan received by the commissioner within 180 days of the date of the commissioner's decision in a prior proceeding to amend the rating plan is invalid and requires no action provided the petition involves the same rates as the previous hearing. If the petition involves matters in addition to those dealt with in the previous hearing, then the additional matters shall be treated as a separate petition for hearing and a hearing may be held on those matters.*

#### Sec. 28. [62I.07] [MEMBERSHIP ASSESSMENTS.]

*Each member of the association shall participate in its losses and expenses in the proportion that the direct written premiums of the member bears to the total aggregate direct written premiums written in this state by all members. The members' participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported on the annual statements and other reports filed by the member with the commissioner.*

## Sec. 29. [621.08] [APPLICATION PROCEDURE.]

*A person or entity that has been denied coverage or is unable to find an insurer willing to write coverage is eligible to make an application to the association. The application shall be on a form approved by the board of directors. To show eligibility to participate in the association the applicant shall certify that the applicant has been unable to find anyone to offer the coverage sought by the applicant. No further proof shall be required of the applicant. The application shall be filed simultaneously with the association and the market assistance plan of the association.*

## Sec. 30. [621.09] [MARKET ASSISTANCE PLAN.]

*Subdivision 1. [CREATION.] A market assistance program committee consisting of 12 members is created. The 12 members shall be appointed by the commissioner of commerce. The commissioner's designated representative shall serve as an ex officio member. The commissioner shall appoint six members of the committee as representatives of insurers; two members who are insurance agents; two public members; and two members representative of groups to whom the association has issued coverage. If, at any time after appointment, a member of the committee, through change of employment or similar circumstances, is no longer representative of the group the member was appointed to represent, that member shall be deemed unable to continue to serve as a member of the committee and the commissioner shall appoint a replacement for the balance of that member's term.*

*Subd. 2. [TERMS AND VACANCIES.] In the event of a member's inability to continue to serve, the commissioner shall appoint a replacement. The committee shall elect a chair and vice chair from among the members. The term of each member is one year commencing on June 1, except that the first members to be appointed to the committee shall serve from the date of their appointment until June 1 immediately following their appointment.*

*Subd. 3. [MEETINGS.] The committee shall convene upon the call of the commissioner, the chair or vice chair or at the request of one of the committee members. No quorum requirements are necessary.*

## Sec. 31. [621.10] [DISPOSITION OF APPLICATION.]

*Subdivision 1. [ACTION UPON APPLICATION.] Upon receipt of an application, the committee or persons the committee appoints or designates will immediately review the application to determine what assistance the committee can give. The assistance may include: (1) discussion with the applicant's most recent underwriter, if any, to determine if the applicant's coverage can be maintained with the most recent carrier; (2) discussion with other known available insurance markets to determine if any other carrier will accept the applicant; (3) negotiating extensions of coverage with the most recent carrier or a temporary carrier, if possible, to permit additional exploration of insurance markets or accumulation of essential underwriting data; and (4) referring the application to the first five participating insurers (participants) on the relevant list provided in subdivision 2. Subsequent applications will be sent to the next five participants on a rotating basis. If at any time there are less than ten participants on the master list then the master list will no longer be utilized.*

*Subd. 2. [LIST OF PARTICIPATING INSURERS.] A list of participants*



shall be prepared and updated at least every two years in the following manner: (1) the committee will secure a mailing list from the department of commerce of every licensed insurer admitted to do business as well as every eligible licensed surplus lines licensee; (2) the committee will mail to each admitted insurer and eligible surplus lines licensee an outline of the conditions of participation; (3) a master list of participants willing to take part in the market assistance program will be created from the responses to the initial mailing. The master list will be updated at least every two years pursuant to clauses (1) and (2). Order on the master list will be determined by random selection.

Subd. 3. [REFERRAL TO PARTICIPANTS.] Upon receipt of an application, the committee or the persons the committee appoints or designates may mail or telex copies of the application to the first five participants on the master list.

Subd. 4. [QUOTES.] Participants must quote on at least one out of every three applications submitted. Each participant will have the right to individually evaluate the risk the applicant poses and develop a price commensurate with that risk.

Subd. 5. [REFERRAL.] If no quote is received from the first five participants on the list, the next five participants on the list shall receive the application and the same procedure shall be followed until a quote is obtained or the list is exhausted. All participants may, if the committee feels it appropriate, be given the application at once.

Subd. 6. [RESPONSE FROM PARTICIPANT.] Participants may provide a quote on the same coverage basis they normally provide for similar coverage for that type of insurance in Minnesota. Participants will return their quotations or refusals to quote to the committee within ten days. The applicant or the applicant's agent, if any, will be notified of the quotations. The agent will then complete the placement of the insurance, if the applicant accepts coverage from the participant at the price quoted, without need for an agency appointment from that participant. The insurer is not required to pay the agent any commission, but the agent may negotiate a fee with the applicant prior to initial submission of the application.

Subd. 7. [LIMITATION ON REAPPLICATION.] An applicant provided a quotation in accordance with the above procedure will not be eligible to seek additional quotations from the market assistance plan or to obtain coverage from the association if the quotation received would not be deemed to be a notice of refusal for purposes of determining eligibility for participation in the association.

Subd. 8. [REVIEW BY THE COMMITTEE.] If the procedures in subdivisions 1 to 7 do not produce a quote, the application may be submitted to the committee. The committee after reviewing the application shall proceed as follows: (1) attempt to place the applicant with a single carrier; or (2) attempt to arrange coverage on a quota share basis with a number of carriers.

Subd. 9. [DISQUALIFICATION AFTER COVERAGE GRANTED.] If an application is filed with the market assistance program less than 15 business days before the expiration date of the applicant's current insurance

coverage the market assistance program may continue to seek coverage for the applicant after coverage is extended by the association. The market assistance program will have 15 business days from the date of filing of the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 15 business days of filing of the application and if the offer of coverage would not otherwise be considered a refusal for purposes of the association, the applicant will be deemed to not be qualified to participate in the association and coverage, if any, shall be terminated. If the applicant accepts the coverage obtained by the market assistance plan, coverage from the association will terminate when the new coverage begins.

*Subd. 10. [NOTIFICATION OF FAILURE TO PLACE.]* If the market assistance program does not produce a quote, it shall notify the submitting agent or the applicant at least 24 hours before the time the applicant's current insurance coverage terminates. A copy of the notification must be submitted to the commissioner and the association at the same time notice is made to the agent or applicant. Notwithstanding the foregoing, the market assistance program may continue to act pursuant to subdivision 9. Notice that the market assistance program is continuing to act pursuant to subdivision 9 shall be included in the notice required by this subdivision.

#### Sec. 32. [62I.11] [PROGRAM PARTICIPATION.]

*Subdivision 1. [TERMINATION.]* A participant may terminate its participation in the program at any time by providing written notice of the termination 90 days in advance of the effective date of the termination to the commissioner and to the committee.

*Subd. 2. [NEW PARTICIPANTS.]* New participants may join the program at any time by submitting a written request to the commissioner and to the committee.

#### Sec. 33. [62I.12] [ASSOCIATION ADMINISTRATION.]

*Subdivision 1. [ADMINISTRATOR.]* The association shall be administered by a qualified insurer or vendor of risk management services selected by the commissioner. If the commissioner deems it necessary, the commissioner may select more than one person to administer the association.

*Subd. 2. [DUTIES.]* The administrator shall perform all services necessary to accomplish the purposes of the association, including the servicing of policies or contracts of coverage, data management, and collection of assessments.

*Subd. 3. [APPEALS.]* Anyone adversely affected by the decision of the administrator may object to the decision by appealing to the commissioner within 15 days after the decision. The appeal must be made by letter mailed to the commissioner with a copy to the administrator within the 15-day period. The letter must include a summary of the administrator's decision from which the appeal is taken, the basis for the objection to the administrator's decision, and any argument or evidence in support of the appeal. Within 15 days after receipt of the letter, the administrator shall file a response, including the basis of the administrator's decision and all argument and evidence in support of the decision, with the commissioner. Within

ten days after receipt of the administrator's response, the commissioner shall either affirm, reverse, or modify the administrator's decision as the commissioner deems appropriate.

Sec. 34. [621.13] [ACTION BY THE MINNESOTA JOINT UNDERWRITING ASSOCIATION UPON THE APPLICATION.]

*Subdivision 1. [GENERALLY:] Eligibility for coverage by the association is subject to the terms and conditions of subdivisions 2 and 3.*

*Subd. 2. [MINIMUM OF QUALIFICATIONS:] Anyone who is unable to obtain insurance in the private market and who so certifies to the association in the application is eligible to make written application to the association for coverage. Payment of the applicable premium or required portion of it must be paid prior to coverage by the association. An offer of coverage at a rate in excess of the rate that would be charged by the association for similar coverage and risk shall be deemed to be a refusal of coverage for purposes of eligibility for participation in the association. It shall not be deemed to be a written notice of refusal if the rate for coverage offered is less than five percent in excess of the joint underwriting association rates for similar coverage and risk. However, the offered rate must also be the rate that the insurer has filed with the department of commerce if the insurer is required to file its rates with the department. If the insurer is not required to file its rates with the department, the offered rate must be the rate generally charged by the insurer for similar coverage and risk.*

*Subd. 3. [DISQUALIFYING FACTORS.] For good cause, coverage may be denied or terminated by the association. Good cause may exist if the applicant or insured: (1) has an outstanding debt due or owing to the association at the time of application or renewal arising from a prior policy; (2) refuses to permit completion of an audit requested by the commissioner or administrator; (3) submits misleading or erroneous information to the commissioner or administrator; (4) disregards safety standards, laws, rules or ordinance pertaining to the risk being insured; (5) fails to supply information requested by the commissioner or administrator; (6) fails to comply with the terms of the policies or contracts for coverage issued by the association; and (7) has not satisfied the requirements of the market assistance program as set forth in section 25.*

*Subd. 4. [DISQUALIFICATION AFTER COVERAGE GRANTED.] If an application is filed with the market assistance program less than 15 business days before the expiration of the applicant's current insurance coverage, the market assistance program may continue to seek coverage for the applicant after coverage is extended by the assigned risk plan. The market assistance program will have 15 business days from the date of filing the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 15 business days of filing of the application and if the offer of coverage would not otherwise be considered refusal for purposes of the assigned risk plan, the applicant will be deemed to be not qualified to participate in the association plan and coverage, if any, shall be terminated.*

*Subd. 5. [NOTICE.] An application for coverage under the association must be granted or denied within ten days after receipt by the administrator*

of a properly completed application and any supplemental information requested by the administrator. Anyone covered by the association must be given at least 30 days notice of nonrenewal or cancellation of coverage.

Sec. 35. [62I.14] [ASSESSMENTS.]

*In the event the commissioner deems it necessary to make an assessment, an assessed insurer must pay the assessment within 30 days of receipt of notice of the assessment. The commissioner may suspend or revoke an insurer's certificate of authority and impose a civil penalty in an amount not to exceed \$5,000 for an insurer's failure to pay the assessment within the 30 day period.*

Sec. 36. [62I.15] [EXTENSION OF COVERAGE.]

*If the association determines that the applicant meets the underwriting standards of the association as described in the plan of operation and there is no unpaid, uncontested premium due from the application for prior insurance, including failure to make written objections to premium charges within 30 days after billing, or if there is no other allowable reason as set forth in this chapter for denial of coverage, the association upon receipt of the premium or portion of it as described in the plan of operation shall issue a policy of insurance to the applicant.*

Sec. 37. [62I.16] [STABILIZATION RESERVE FUND.]

*Subdivision 1. [CREATION.] There is created a stabilization reserve fund. Each policyholder shall pay to the association a stabilization reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.*

*Subd. 2. [PAYMENT.] The association shall promptly pay into the stabilization reserve fund all fund charges it collects from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.*

*Subd. 3. [SUPERVISION.] All money paid into the fund shall be held in trust by the corporate trustee selected by the board of directors. The corporate trustee may invest the money held in trust subject to the approval of the board. All investment income shall be credited to the fund. All expenses of the administration of the fund shall be charged against the fund. The money held in trust shall be used solely for the purpose of discharging when due any retrospective premium charges payable by policyholders and any retrospective premium refunds payable to policyholders under the group retrospective rating plan. Payment of retrospective premium charges shall be made upon certification of the amount due. If all money accruing to the fund is exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any stabilization reserve fund charges from a particular policy year and line or type of insurance not used to pay retrospective premiums must be returned to policyholders after all claims and expense obligations from that particular policy year and line or type of insurance are satisfied.*

*Subd. 4. [EXEMPTION.] The board of directors may, upon their own motion or upon application of any applicant or insured, exempt any group from the payment of the stabilization reserve charge. The exemption shall be granted only to those groups who are unable to obtain insurance coverage in the private market as a result of the private market's refusal to write coverage for that group rather than because of loss experiences or risks posed by the applicant or insured as an individual. It shall be presumed that a group is qualified for this exemption if more than 20 percent of the members of that group are unable to obtain the insurance coverage that they seek. The board of directors shall also consider granting exemption if any members of the same group are unable to obtain coverage in the private market even though no claims have been made against them or payments made on their behalf by any insurer within the last three years.*

*Subd. 5. [SURCHARGE.] In addition to determining the basic rate for coverages to be offered by the joint underwriting association, the association shall also develop a surcharge plan or similar method for adjusting the rate to be charged to those persons who have had claims made against them. The surcharge plan shall take into effect the risk posed to the association by the applicant or the insured. The surcharge plan shall be sufficient to provide for the sound financial operation of the plan based upon commonly agreed upon actuarial principles.*

#### Sec. 38. [62I.17] [IMMUNITY FROM LIABILITY.]

*No cause of action of any nature shall arise against the association, the commissioner or the commissioner's authorized representatives, or any other person or organization, for any statements made in good faith by them during any proceedings or concerning any matters within the scope of this chapter.*

#### Sec. 39. [62I.18] [RIGHT OF APPEAL.]

*Any applicant to the association, any person insured pursuant to this chapter or their representatives, any affected insurer, or any person who has applied for coverage pursuant to this chapter may appeal to the commissioner within 30 days after any ruling, action, or decision by or on behalf of the association with respect to those items that the plan of operation defines as appealable matters.*

#### Sec. 40. [62I.19] [ANNUAL STATEMENTS.]

*On March 1 of each year the association shall file with the commissioner a report of its transactions, financial conditions, and operations during the preceding year. The report shall be on a form approved by the commissioner. The commissioner may at any time require the association to furnish additional information to assist in evaluating the scope, operation, and experience of the association.*

#### Sec. 41. [62I.20] [MERGER OF OTHER PLANS.]

*Upon application by the governing body of the liquor liability assigned risk plan authorized by section 340A.409 or the temporary joint underwriting association authorized by chapter 62F to be merged with the association, the commissioner shall, if the commissioner deems it appropriate, hold a public hearing in regard to the merger. The commissioner upon motion or*

*upon the motion of any insured under plans shall hold a hearing. Unless it can be shown that the rights of the insured would be adversely affected by the merger or that it would be less efficient or more costly to merge the plans, the commissioner shall consent to the merger. The commissioner shall also consent to the merger at any time there are less than ten insureds in any plan.*

Sec. 42. Minnesota Statutes 1985 Supplement, section 64B.03, is amended to read:

64B.03 [REPRESENTATIVE FORM OF GOVERNMENT.]

(a) A society has a representative form of government when it has a supreme governing body constituted in one of the following ways:

(1) The supreme governing body is an assembly composed of delegates elected directly by the members or at intermediate assemblies or conventions of members or their representatives, together with other delegates as may be prescribed in the society's laws. A society may provide for election of delegates by mail. The elected delegates shall constitute a majority in number and shall not have less than two-thirds of the votes and not less than the number of votes required to amend the society's laws. The assembly shall be elected and shall meet at least once every four years and shall elect a board of directors to conduct the business of the society between meetings of the assembly. Vacancies on the board of directors between elections may be filled in the manner prescribed by the society's laws.

(2) The supreme governing body is a board composed of persons elected by the members, either directly or by their representatives in intermediate assemblies, and any other persons prescribed in the society's laws. A society may provide for election of the board by mail. Each term of a board member may not exceed four years. Vacancies on the board between elections may be filled in the manner prescribed by the society's laws. Those persons elected to the board shall constitute a majority in number and not less than the number of votes required to amend the society's laws. A person filling the unexpired term of an elected board member shall be considered to be an elected member. The board shall meet at least quarterly to conduct the business of the society.

(b) A society has a representative form of government when the officers of the society are elected either by the supreme governing body or by the board of directors.

(c) A society has a representative form of government when only benefit members are eligible for election to the supreme governing body, ~~the and~~ board of directors, ~~or any intermediate assembly.~~

(d) A society has a representative form of government when each voting member shall have one vote and no vote may be cast by proxy.

Sec. 43. Minnesota Statutes 1984, section 65A.32, is amended to read:

65A.32 [PURPOSES.]

The purposes of sections 65A.31 to 65A.43 are:

(1) To encourage stability in the property *and liability* insurance market for property located in ~~urban areas~~ of this state;

(2) To encourage maximum use, in obtaining ~~basic~~ property *and liability*

insurance, as defined in sections 65A.31 to 65A.43, of the normal insurance market provided by the private property *and casualty* insurance industry;

(3) To encourage the improvement of the condition of properties located in ~~urban areas~~ of this state and to further orderly community development generally;

(4) To provide for the formulation and administration by an industry placement facility of a plan assuring fair access to insurance requirements (FAIR Plan) in order that no property shall be denied ~~basic~~ *property or liability* insurance through the normal insurance market provided by the private property *and casualty* insurance industry except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics;

(5) To publicize the purposes and procedures of the FAIR Plan to the end that no one may fail to seek its assistance through ignorance thereof;

(6) To provide for the formulation and administration by the industry placement facility of a reinsurance arrangement whereby property *and casualty* insurers shall share equitably the responsibility for insuring insurable property for which ~~basic~~ *property and liability* insurance cannot be obtained through the normal insurance markets; and

(7) To provide a framework for participation by the state in a sharing of insured losses resulting from riots and other civil disorders occurring in this state as required by section 1223 of the Housing and Urban Development Act of 1968 (Public Law 90-448, Ninetieth Congress, August 1, 1968).

Sec. 44. Minnesota Statutes 1984, section 65A.33, is amended to read:

65A.33 [DEFINITIONS.]

Subdivision 1. As used in sections 65A.31 to 65A.43, unless the context otherwise requires, the terms defined in this section have the following meaning given to them.

Subd. 2. "Insurer" means any insurance company or other organization licensed to write and engaged in writing property *or liability* insurance business, including the property *or liability* insurance components of multi-peril policies, on a direct basis, in this state, except where such insurer is specifically exempted by statute from participation in this program.

Subd. 3. "~~Basic~~ *Property or liability* insurance" means the coverage against direct loss to real or tangible personal property at a fixed location that is provided in the standard fire policy, extended coverage endorsement, *homeowners insurance*, as defined in section 65A.27, subdivision 4, *cooperative housing insurance*, *condominium insurance*, builders risk, and such vandalism and malicious mischief insurance and such other classes of insurance as may be added to the program with respect to said property by amendment as hereinafter provided. ~~Basic~~ *Property or liability* insurance does not include automobile, ~~farm~~ or such manufacturing risks as may be excluded by the commissioner.

Subd. 4. "Industry placement facility", hereinafter referred to as the facility, means the organization formed by insurers to assist applicants in ~~urban areas~~ in securing ~~basic~~ *property or liability* insurance and to administer

the FAIR Plan and the joint reinsurance association.

Subd. 5. "Inspection bureau" means the fire insurance rating organization designated by the facility with the approval of the commissioner to make inspections as required under this program and to perform such other duties as may be authorized by the facility.

Subd. 6. "Urban area" includes any municipality or other political subdivision, subject to population or other limitations defined in rules and regulations of the secretary and such additional areas as may be designated by the commissioner.

Subd. 7. "Premiums written" means gross direct premiums, excluding that portion of premium on risks ceded to the joint reinsurance association, charged during the second preceding calendar year with respect to property in this state on all policies of basic property or liability insurance and the basic property or liability insurance premium components of all multi-peril policies, as computed by the facility, less return premiums, dividends paid or credited to policyholders, or the unused or unabsorbed portions of premium deposits.

Subd. 8. "Commissioner" means the commissioner of commerce of the state of Minnesota.

Subd. 9. "Secretary" means the secretary of the United States department of housing and urban development.

Subd. 10. "Servicing insurer" means an insurer designated by the governing committee to issue policies on behalf of the industry placement facility.

Sec. 45. Minnesota Statutes 1984, section 65A.34, subdivision 1, is amended to read:

65A.34 [FAIR PLAN; INSPECTIONS AND REPORTS.]

Subdivision 1. Any person having an insurable interest in real or tangible personal property at a fixed location in an urban area shall be entitled upon oral or written application therefor to the facility to a prompt inspection of the property by the inspection bureau without cost.

Sec. 46. Minnesota Statutes 1984, section 65A.35, subdivision 1, is amended to read:

65A.35 [FAIR PLAN BUSINESS; DISTRIBUTION AND PLACEMENT.]

Subdivision 1. [MEMBERSHIP.] Each insurer which is authorized to write and is engaged in writing within this state, on a direct basis, basic property or liability insurance or any component thereof contained in a multi-peril policy, including homeowners and commercial multi-peril policies, shall participate in the industry placement facility, as hereinafter described, as a condition of its authority to write such kinds of insurance within this state.

Sec. 47. Minnesota Statutes 1984, section 65A.35, subdivision 2, is amended to read:

Subd. 2. [PURPOSES.] The purposes of the facility shall be twofold, as



more fully set forth in this section:

(1) To formulate and administer, subject to the approval of the commissioner, a plan assuring fair access to insurance requirements in order that no property in urban areas shall be denied basic property or liability insurance through the normal insurance market provided by the private property and casualty insurance industry, except after a physical inspection of such property and a fair evaluation of its individual underwriting characteristics; and

(2) To formulate and administer, subject to the approval of the commissioner, a reinsurance arrangement whereby the members of the facility shall share equitably the responsibility for insuring property in urban areas which is insurable but for which basic property or liability insurance cannot be obtained through normal insurance markets.

Sec. 48. Minnesota Statutes 1984, section 65A.37, is amended to read:

65A.37 [STANDARD POLICY COVERAGE.]

All policies issued, except homeowners policies, shall be for basic property insurance on standard policy forms at rates published by the inspection bureau Insurance Services Office and shall be issued for a term of one year. All homeowners, farmowners and operators, cooperative housing insurance, and condominium insurance policies must be on forms published by Insurance Services Office and approved by the commissioner.

Sec. 49. Minnesota Statutes 1984, section 65B.47, subdivision 1, is amended to read:

Subdivision 1. In case of injury to the driver or other occupant of a motor vehicle other than a commuter van, or other than a vehicle being used to transport children to school or to a school sponsored activity bus while it is in operation within the state of Minnesota as to any Minnesota resident who is an insured as defined in section 65B.43, subdivision 5, if the accident causing the injury occurs while the vehicle is being used in the business of transporting persons or property, the security for payment of basic economic loss benefits is the security covering the vehicle or, if none, the security under which the injured person is an insured.

Sec. 50. Minnesota Statutes 1984, section 70A.04, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS; MARKET TEST.] (a) Rates are presumed not to be excessive if a reasonable degree of price competition exists at the consumer level with respect to the class of business to which they apply. In determining whether a reasonable degree of price competition exists, the commissioner shall consider all relevant tests, including, but not limited to, the following:

1. The number of insurers actively engaged in the class of business.
2. The nature of rate differentials in that class of business.
3. Whether long-run profitability for insurers generally of the class of business is unreasonably high in relation to its riskiness.

In addition to any other manner of determining whether a reasonable degree of price competition exists with respect to any class of insurance, it is

*presumed that a reasonable degree of competition does not exist if less than five insurers write more than 75 percent of the direct written premiums.*

(b) If such competition does not exist, rates are excessive if they are likely to produce a long-run profit that is unreasonably high in relation to the riskiness of the class of business, or if expenses are unreasonably high in relation to the services rendered.

*In determining whether an excessive rate is being charged by an individual insurer for a class of insurance where a reasonable degree of competition does not exist, the commissioner shall determine whether the rate charged produces a rate of return that is not in excess of a reasonable rate of return. To determine what is a reasonable rate of return, the riskiness of the class of insurance, the profitability of the insurer, and other relevant factors shall be considered.*

Sec. 51. Minnesota Statutes 1984, section 70A.06, subdivision 1, is amended to read:

Subdivision 1. Every licensed insurer and every rate service organization licensed under section 70A.14 shall ~~furnish~~ file with the commissioner all rates and all changes and amendments of rates made by it for use in this state not later than their effective date. No rates contained in a filing shall become effective unless they have been filed with the commissioner. In any filing, the commissioner may require the insurer or rate service organization to file supporting data and explanatory data which shall include:

- (1) the experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;
- (2) its interpretation of any statistical data relied upon;
- (3) descriptions of the actuarial and statistical methods employed; and
- (4) any other matters deemed relevant by the commissioner or the filer.

*Notwithstanding the foregoing, if the supporting data is not filed within 30 days after so requested by the commissioner, the rate is no longer effective and is presumed to be an excessive rate.*

Sec. 52. Minnesota Statutes 1984, section 70A.06, subdivision 2, is amended to read:

Subd. 2. No policy form shall be delivered or issued for delivery unless it has been filed with the commissioner and either (i) he has approved it or (ii) ~~30~~ 60 days have elapsed and he has not disapproved it as misleading or violative of public policy, which period may be extended by the commissioner for an additional period not to exceed ~~30~~ 60 days.

Sec. 53. Minnesota Statutes 1984, section 70A.08, is amended by adding a subdivision to read:

*Subd. 3. Until January 1, 1988, the commissioner may restrict approval on claims-made policies to forms filed by a rate service organization which have been approved.*

Sec. 54. Minnesota Statutes 1984, section 70A.10, is amended to read:

70A.10 [DELAYED EFFECT OF RATES.]

Subdivision 1. [~~RULE ORDER~~ INSTITUTING DELAYED EFFECT.] If the commissioner finds, after a hearing, that competition is not an effective regulator of the rates charged or that a substantial number of companies are competing irresponsibly through the rates charged, or that there are widespread violations of this chapter, in any kind or line of insurance or subdivision thereof or in any rating class or rating territory, he may issue a ~~rule~~ *an order* requiring that in the kind or line of insurance or subdivision thereof or rating class or rating territory comprehended by the finding any subsequent changes in the rates or supplementary rate information be filed with him at least ~~30~~ 60 days before they become effective. He may extend the waiting period for not to exceed ~~45~~ 30 additional days by written notice to the filer before the ~~30~~ 60 day period expires.

Subd. 2. [SUPPORTING DATA.] In the ~~rule~~ *order* issued under subdivision 1 or in any supplementary ~~rule~~ *order*, the commissioner may require the filing of supporting data as to any or all kinds or lines of insurance or subdivisions thereof or classes of risks or combinations thereof as he deems necessary for the proper functioning of the rate monitoring and regulating process. The supporting data shall include:

- (a) The experience and judgment of the filer, and, to the extent it wishes or the commissioner requires, of other insurers or rate service organizations;
- (b) Its interpretation of any statistical data relied upon;
- (c) Descriptions of the actuarial and statistical methods employed; and
- (d) Any other matters deemed relevant by the commissioner or the filer.

Subd. 3. [EXPIRATION OF ~~REGULATION ORDER~~.] A ~~regulation~~ *An order* issued under subdivision 1 shall expire no more than ~~one year~~ *two years* after issue. ~~The commissioner may renew it after a hearing and appropriate findings as provided under subdivision 1.~~

Subd. 4. [SUPPORTING INFORMATION.] Whenever a filing is not accompanied by such information as the commissioner has required under subdivision 2, he may so inform the insurer and the filing shall be deemed to be made when the information is furnished.

Sec. 55. Minnesota Statutes 1984, section 70A.11, is amended to read:

#### 70A.11 [DISAPPROVAL OF RATES.]

Subdivision 1. [ORDER IN EVENT OF VIOLATION AFTER HEARING.] If the commissioner finds after a ~~hearing~~ *contested case proceeding under chapter 14* that a rate is not in compliance with section 70A.04, he shall order that its use is to be discontinued ~~on a date not less than 30 days after the order~~ *and shall order the excess premium plus interest at the rate specified in section 334.011 to be refunded to the policyholder. Interest must be computed from the date the rate was filed as simple interest per annum.*

Subd. 2. [TIMING OF ORDER.] The order under subdivision 1 shall be issued within ~~30~~ 60 days after the close of the hearing or within such reasonable time extension as the commissioner may fix.

Subd. 3. [APPROVAL OF SUBSTITUTED RATE.] No rate replacing a disapproved rate may be used until it has been filed with the commissioner and not disapproved within ~~30~~ 60 days thereafter, except that the rate disap-

proved under subdivision 1, with the consent of the commissioner, or the last previous rate in effect for the insurer may be used for a period of not more than three months pending the approval of a substituted rate. The commissioner's order may include provision for a premium adjustment in a rate charged pending approval of a substituted rate.

Sec. 56. Minnesota Statutes 1984, section 72A.13, subdivision 1, is amended to read:

Subdivision 1. Any company, corporation, association, society, or other insurer, or any officer or agent thereof, which or who solicits, issues or delivers to any person in this state any policy in violation of the provisions of sections 2 or 62A.01 to 62A.10, may be punished by a fine of not more than \$100 for each offense, and the commissioner may revoke the license of any company, corporation, association, society, or other insurer of another state or country, or of the agent thereof, which or who wilfully violates any provision of sections 2 or 62A.01 to 62A.10.

Sec. 57. Minnesota Statutes 1984, section 72A.20, is amended by adding a subdivision to read:

*Subd. 18. [RENEWAL OF INSURANCE POLICY WITH ALTERED RATES.] If an insurance company licensed to do business in this state offers or purports to offer to renew any commercial liability and/or property insurance policy at less favorable terms as to the dollar amount of coverage or deductibles, higher rates, and/or higher rating plan, the new terms, the new rates and/or rating plan may take effect on the renewal date of the policy if the insurer has sent to the policyholder notice of the new terms, new rates and/or rating plan at least 30 days prior to the expiration date. If the insurer has not so notified the policyholder, the policyholder may elect to cancel the renewal policy within the 30-day period after receipt of the notice. Earned premium for the period of coverage, if any, shall be calculated pro rata upon the prior rate. This subdivision does not apply to ocean marine insurance, accident and health insurance, and reinsurance.*

Sec. 58. Minnesota Statutes 1984, section 72A.20, is amended by adding a subdivision to read:

*Subd. 19. [MID TERM CANCELLATION.] In addition to the requirements of Minnesota Statutes 1984, section 176.185, subdivision 1, no policy of insurance issued to cover the liability to pay compensation under Minnesota Statutes 1984, chapter 176, shall be canceled by the insurer within the policy period unless the insurer has also complied with the requirements of such rules as the commissioner of commerce may adopt in regard to the cancellation of commercial liability and/or commercial property insurance policies.*

Sec. 59. [145.682] [CERTIFICATION OF EXPERT REVIEW; AFFIDAVIT.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

*Subd. 2. [REQUIREMENT:] In an action alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider which includes a cause of action as to which expert testimony is necessary to establish a prima facie case, the plaintiff must: (1) unless otherwise provided in subdivision 3, paragraph (b), serve upon defendant with the summons and complaint an affidavit as provided in subdivision 3; and (2) serve upon defendant within 180 days after commencement of the suit an affidavit as provided by subdivision 4.*

*Subd. 3. [AFFIDAVIT OF EXPERT REVIEW.] The affidavit required by subdivision 2, clause (1), must be by the plaintiff's attorney and state that:*

*(a) the facts of the case have been reviewed by the plaintiff's attorney with an expert whose qualifications provide a reasonable expectation that the expert's opinions could be admissible at trial and that, in the opinion of this expert, one or more defendants deviated from the applicable standard of care and by that action caused injury to the plaintiff; or*

*(b) the expert review required by paragraph (a) could not reasonably be obtained before the action was commenced because of the applicable statute of limitations. If an affidavit is executed pursuant to this paragraph, the affidavit in paragraph (a) must be served on defendant or the defendant's counsel within 90 days after service of the summons and complaint.*

*Subd. 4. [IDENTIFICATION OF EXPERTS TO BE CALLED.] The affidavit required by subdivision 2, clause (2), must be by the plaintiff's attorney and state the identity of each person whom plaintiff expects to call as an expert witness at trial to testify with respect to the issues of malpractice or causation, the substance of the facts and opinions to which the expert is expected to testify, and a summary of the grounds for each opinion. Answers to interrogatories that state the information required by this subdivision satisfy the requirements of this subdivision if they are signed by the plaintiff's attorney and served upon the defendant within 180 days after commencement of the suit against the defendant.*

*The parties or the court for good cause shown, may by agreement, provide for extensions of the time limits specified in subdivision 2, 3, or this subdivision. Nothing in this subdivision may be construed to prevent either party from calling additional expert witnesses or substituting other expert witnesses.*

*Subd. 5. [RESPONSIBILITIES OF PLAINTIFF AS ATTORNEY.] If the plaintiff is acting pro se, the plaintiff shall sign the affidavit or answers to interrogatories referred to in this section and is bound by those provisions as if represented by an attorney.*

*Subd. 6. [PENALTY FOR NONCOMPLIANCE.] Failure to comply with subdivision 2, clause (1), within 60 days after demand for the affidavit results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.*

*Failure to comply with subdivision 2, clause (2), and subdivision 4 results, upon motion, in mandatory dismissal with prejudice of each cause of action as to which expert testimony is necessary to establish a prima facie case.*

*Subd. 7. [CONSEQUENCES OF SIGNING AFFIDAVIT.] The signature*

*of the plaintiff or the plaintiff's attorney constitutes a certification that the person has read the affidavit or answers to interrogatories, and that to the best of the person's knowledge, information, and belief formed after a reasonable inquiry, it is true, accurate, and made in good faith. A certification made in violation of this subdivision subjects the attorney or plaintiff responsible for such conduct to reasonable attorney's fees, costs, and disbursements.*

Sec. 60. Minnesota Statutes 1984, section 245.814, is amended to read:

**245.814 [LIABILITY INSURANCE FOR FOSTER PARENTS LICENSED PROVIDERS.]**

*Subdivision 1. [INSURANCE FOR FOSTER PARENTS.] The commissioner of human services shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:*

(1) injuries or property damage caused or sustained by foster children in their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of human services, licensed by a federally recognized tribal government, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused intentionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

*Subd. 2. [LIABILITY INSURANCE; RISK POOL.] If the commissioner determines that appropriate commercial liability insurance coverage is not available for a licensed foster home, group home, developmental achievement center, or day care provider, and that coverage available through the joint underwriting authority of the commissioner of commerce or other public entity is not appropriate for the provider or a class of providers, the commissioner of human services and the commissioner of commerce may jointly establish a risk pool to provide coverage for licensed providers out of premiums or fees paid by providers. The commissioners may set limits on coverage, establish premiums or fees, determine the proportionate share of each provider to be collected in a premium or fee based on the provider's claim experience and other factors the commissioners consider appropriate, establish eligibility and application requirements for coverage, and take other action necessary to accomplish the purposes of this subdivision. A human services risk pool fund is created for the purposes of this subdivision. Fees and premiums collected from providers for risk pool coverage are appropriated to the risk pool fund. Interest earned from the investment of money in the fund must be credited to the fund and money in the fund is appropriated to the commissioner of human services to pay administrative costs and covered claims for participating providers. In the event that money in the fund is insufficient to pay outstanding claims and associated administrative costs, the commissioner of human services may assess providers*

*participating in the risk pool amounts sufficient to pay the costs. The commissioner of human services may not assess a provider an amount exceeding one year's premiums collected from that provider.*

Sec. 61. Minnesota Statutes 1984, section 466.01, subdivision 1, is amended to read:

Subdivision 1. [MUNICIPALITY.] For the purposes of sections 466.01 to 466.15, "municipality" means any city, whether organized under home rule charter or otherwise, any county, town, public authority, public corporation, special district, school district, however organized, county agricultural society organized pursuant to chapter 38, *joint powers board or organization created under section 471.59 or other statute*, public library, regional public library system, multicounty multitype library system, or other political subdivision.

Sec. 62. Minnesota Statutes 1984, section 466.03, subdivision 4, is amended to read:

Subd. 4. [ACCUMULATIONS OF SNOW AND ICE.] Any claim based on snow or ice conditions on any highway, *public sidewalk*, or other public place *or on acts taken to secure public safety because of those conditions*, except when the condition is affirmatively caused by the negligent acts of the municipality.

Sec. 63. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 6d. [PARKS AND RECREATION AREAS.] Any claim based upon the construction, operation, or maintenance of any property owned or leased by the municipality that is intended or permitted to be used as a park, as a playground, as an open area for recreational purposes, or for the provision of recreational services, or from any claim based on the clearing of land, removal of refuse, and creation of trails or paths without artificial surfaces, if the claim arises from a loss incurred by a user of park and recreation property or services. Nothing in this subdivision limits the liability of a municipality for conduct that would entitle a trespasser to damages against a private person.*

Sec. 64. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 8. Any claim for a loss other than injury to or loss of property or personal injury or death.*

Sec. 65. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 9. Any claim for a loss of benefits or compensation due under a program of public assistance or public welfare, except where municipal compensation for loss is expressly required by federal law in order for the municipality to receive federal grants-in-aid.*

Sec. 66. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 10. Any claim for a loss based on the failure of any person to meet the standards needed for a license, permit, or other authorization issued by*

*the municipality or its agents.*

Sec. 67. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 11. Any claim for a loss based on the usual care and treatment, or lack of care and treatment, of any person at a municipal hospital or corrections facility where reasonable use of available funds has been made to provide care.*

Sec. 68. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 12. Any claim for a loss, damage, or destruction of property of a patient or inmate of a municipal institution.*

Sec. 69. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 13. Any claim for a loss caused by the condition of unimproved real property owned by a municipality, which means land that the municipality has not improved, and appurtenances, fixtures and attachments to land that the municipality has neither affixed nor improved.*

Sec. 70. Minnesota Statutes 1984, section 466.03, is amended by adding a subdivision to read:

*Subd. 14. Any claim for a loss for which recovery is prohibited by section 169.121, subdivision 9.*

Sec. 71. Minnesota Statutes 1984, section 466.05, is amended to read:

**466.05 [NOTICE OF CLAIM.]**

Subdivision 1. [NOTICE REQUIRED.] Except as provided in subdivisions 2 and 3, every person, *whether plaintiff, defendant or third party plaintiff or defendant*, who claims damages from any municipality or municipal employee acting within the scope of employment for or on account of any loss or injury within the scope of section 466.02 shall cause to be presented to the governing body of the municipality within 180 days after the alleged loss or injury is discovered a notice stating the time, place and circumstances thereof, *the names of the municipal employees known to be involved*, and the amount of compensation or other relief demanded. Actual notice of sufficient facts to reasonably put the governing body of the municipality or its insurer on notice of a possible claim shall be construed to comply with the notice requirements of this section. Failure to state the amount of compensation or other relief demanded does not invalidate the notice; but in such case, the claimant shall furnish full information regarding the nature and extent of the injuries and damages within 15 days after demand by the municipality. ~~No action therefor shall be maintained unless such notice has been given and unless the action is commenced within one year after such notice.~~ The time for giving such notice does not include the time, ~~not exceeding 90 days~~, during which the person injured is incapacitated by the injury from giving the notice.

~~Subd. 2. [EXCEPTIONS TO THE NOTICE REQUIREMENT.] Notice shall not be required to maintain an action for damages for or on account of any loss or injury within the scope of section 466.02 if such injury or loss:~~



(a) arises out of an intentional tort committed by an officer, employee or agent of the municipality; or

(b) involves a motor vehicle or other equipment owned by the municipality or operated by an officer, employee or agent of the municipality.

Where no notice of claim is required under this chapter, no action shall be maintained unless the action is commenced within two years after the date of the incident, accident or transaction out of which the cause of action arises.

Subd. 3 2. [CLAIMS FOR WRONGFUL DEATH; NOTICE.] When the claim is one for death by wrongful act or omission, the notice may be presented by the personal representative, surviving spouse, or next of kin, or the consular officer of the foreign country of which the deceased was a citizen, within one year after the alleged injury or loss resulting in such death; if the person for whose death the claim is made has presented a notice that would have been sufficient had he lived an action for wrongful death may be brought without any additional notice.

Sec. 72. Minnesota Statutes 1984, section 466.07, is amended by adding a subdivision to read:

*Subd. 4. [PUNITIVE DAMAGES.] A municipality may not save harmless, indemnify or insure an officer or employee for punitive damages levied against the officer or employer. The municipality may provide a defense against a claim for punitive damages as a necessary incident to other elements of a defense.*

Sec. 73. Minnesota Statutes 1984, section 471.982, subdivision 3, is amended to read:

Subd. 3. Self-insurance pools established and open for enrollment on a statewide basis by the Minnesota league of cities insurance trust, the Minnesota school boards association insurance trust or the Minnesota association of counties insurance trust and the political subdivisions that belong to them are exempt from the requirements of this section and section 65B.48, subdivision 3.

Sec. 74. Minnesota Statutes 1984, section 541.15, is amended to read:

541.15 [PERIODS OF DISABILITY NOT COUNTED.]

(a) Except as provided in paragraph (b), any of the following grounds of disability, existing at the time when a cause of action accrued or arising anytime during the period of limitation, shall suspend the running of the period of limitation until the same is removed; provided that such period, except in the case of infancy, shall not be extended for more than five years, nor in any case for more than one year after the disability ceases:

(1) That the plaintiff is within the age of 18 years;

(2) His insanity;

(3) His imprisonment on a criminal charge, or under a sentence of a criminal court for a term less than his natural life;

(4) Is an alien and the subject or citizen of a country at war with the United States;

(5) When the beginning of the action is stayed by injunction or by statutory

prohibition.

If two or more disabilities shall coexist, the suspension shall continue until all are removed.

*(b) In actions alleging malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider, the ground of disability specified in paragraph (a), clause (1), suspends the period of limitation until the disability is removed. The suspension may not be extended for more than eight years.*

*For purposes of this paragraph, health care provider means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

Sec. 75. [548.36] [COLLATERAL SOURCE CALCULATIONS.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "collateral sources" means payments related to the injury or disability in question made to the plaintiff, or on the plaintiff's behalf up to the date of the verdict, by or pursuant to:*

*(1) a federal, state, or local income disability or workers' compensation act; or other public program providing medical expenses, disability payments, or similar benefits;*

*(2) health, sickness, or automobile accident insurance or liability insurance that provides health benefits or income disability coverage; or similar insurance benefits, except life insurance benefits available to the plaintiff, whether purchased by the plaintiff or provided by others, and payments made pursuant to the United States Social Security Act, a pension, or other income disability coverage;*

*(3) a contract or agreement of a group, organization, partnership, or corporation to provide, pay for, or reimburse the costs of hospital, medical, dental or other health care services; or*

*(4) a contractual or voluntary wage continuation plan provided by employers or any other system intended to provide wages during a period of disability.*

*Subd. 2. [MOTION.] In a civil action, whether based on contract or tort, when liability is admitted or is determined by the trier of fact, and when damages include an award to compensate the plaintiff for losses available to the date of the verdict by collateral sources, a party may file a motion within ten days of the date of entry of the verdict requesting determination of collateral sources. If the motion is filed, the parties shall submit written evidence of, and the court shall determine:*

*(1) amounts of collateral sources that have been paid for the benefit of the plaintiff or are otherwise available to the plaintiff as a result of losses except those for which a subrogation right has been asserted; and*

*(2) amounts that have been paid, contributed, or forfeited by, or on behalf of, the plaintiff or members of the plaintiff's immediate family for the two-year period immediately before the accrual of the action to secure the right*

to a collateral source benefit that the plaintiff is receiving as a result of losses.

*Subd. 3. [DUTIES OF THE COURT.] (a) The court shall reduce the award by the amounts determined under subdivision 2, clause (1), and offset any reduction in the award by the amounts determined under subdivision 2, clause (2).*

*(b) If the court cannot determine the amounts specified in paragraph (a) from the written evidence submitted, the court may within ten days request additional written evidence or schedule a conference with the parties to obtain further evidence.*

*Subd. 4. [CALCULATION OF ATTORNEYS' FEES.] If the fees for legal services provided to the plaintiff are based on a percentage of the amount of money awarded to the plaintiff, the percentage must be based on the amount of the award as adjusted under subdivision 3. Any subrogated provider of a collateral source not separately represented by counsel shall pay the same percentage of attorneys' fees as paid by the plaintiff and shall pay its proportionate share of the costs.*

*Subd. 5. [JURY NOT INFORMED OF COLLATERAL SOURCES.] The jury shall not be informed of the existence of collateral sources or any future benefits which may or may not be payable to the plaintiff.*

Sec. 76. Minnesota Statutes 1984, section 549.09, subdivision 1, is amended to read:

Subdivision 1. [WHEN OWED; RATE.] (a) When the judgment is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict or report until judgment is finally entered shall be computed by the clerk as provided in clause (c) and added to the judgment. (b) Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report interest on pecuniary damages shall be computed as provided in clause (c) from the time of the commencement of the action, *or the time of a written demand, whichever occurs first*, except as provided herein. If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counter-offer within 60 days. After that time interest on the judgment shall be calculated by the judge in the following manner. The prevailing party shall receive interest on any judgment from the time the action was commenced *or a written demand was made*, or as to special damages from the time when special damages were incurred, if later ~~than commencement of the action~~, until the time of verdict or report only if the amount of its offer is closer to the judgment than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment, whichever is less, and only from the time the action was commenced *or a written demand was made*, or as to special damages from when the special damages were incurred, if later ~~than commencement of the action~~, until the time the settlement offer was made. *Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (3), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact.* Except as otherwise provided by contract or allowed by law, pre-verdict or pre-report

interest shall not be awarded on the following:

(1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;

(2) judgments, decrees, or orders in dissolution, annulment, or legal separation actions;

(3) judgments for future damages;

(4) punitive damages, fines, or other damages that are noncompensatory in nature;

(4) (5) judgments not in excess of the amount specified in section 487.30; and

(5) (6) that portion of any verdict or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court. (c) The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the secondary market yield on one year United States treasury bills for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the federal reserve system. This yield, rounded to the nearest one percent, shall be the annual interest rate during the succeeding calendar year; provided, however, that in no event shall the rate of interest be less than eight percent per annum. *The state court administrator shall also determine the average rate of interest on judgments to be used during the succeeding calendar year for computation of the discount rate under section 82, subdivision 4, clause (1).* The state court administrator shall communicate the interest rate rates to the clerks of court for their use in computing the interest on verdicts and the discount rate under section 82.

#### Sec. 77. [549.191] [CLAIM FOR PUNITIVE DAMAGES.]

*Upon commencement of a civil action, the complaint must not seek punitive damages. After filing the suit a party may make a motion to amend the pleadings to claim punitive damages. The motion must allege the applicable legal basis under section 549.20 or other law for awarding punitive damages in the action and must be accompanied by one or more affidavits showing the factual basis for the claim. At the hearing on the motion, if the court finds prima facie evidence in support of the motion, the court shall grant the moving party permission to amend the pleadings to claim punitive damages. For purposes of tolling the statute of limitations, pleadings amended under this section relate back to the time the action was commenced.*

Sec. 78. Minnesota Statutes 1984, section 549.21, is amended to read:

#### 549.21 [REIMBURSEMENT FOR CERTAIN COSTS IN CIVIL ACTIONS.]

Upon motion of a party, the court in its discretion may award to that party costs, disbursements, reasonable attorney fees and witness fees if the party or attorney against whom costs, disbursements, reasonable attorney and

witness fees are charged acted in bad faith; asserted a claim or defense knowing it to be that is frivolous; asserted an unfounded position solely to delay the ordinary course of the proceedings or to harass that is costly to the other party; or committed a fraud upon the court. To qualify for an award under this section, a party shall give timely notice of intent to claim an award. An award under this section shall be without prejudice and as an alternative to any claim for sanctions that may be asserted under the rules of civil procedure. Nothing herein shall authorize the award of costs, disbursements or fees against a party or attorney advancing a claim or defense unwarranted under existing law, if it is supported by a good faith argument for an extension, modification, or reversal of the existing law.

Sec. 79. Minnesota Statutes 1984, section 595.02, is amended by adding a subdivision to read:

*Subd. 4. [WAIVER OF PRIVILEGE FOR HEALTH CARE PROVIDERS.] A party who commences an action for malpractice, error, mistake, or failure to cure, whether based on contract or tort, against a health care provider on the person's own behalf or in a representative capacity, waives in that action any privilege existing under subdivision 1, paragraphs (d) and (g), as to any information or opinion in the possession of a health care provider who has examined or cared for the party or other person whose health or medical condition has been placed in controversy in the action. This waiver must permit all parties to the action, and their attorneys or authorized representatives, to informally discuss the information or opinion with the health care provider if the provider consents. Prior to an informal discussion with a health care provider, the defendant must mail written notice to the other party at least 15 days before the discussion. The plaintiff's attorney or authorized representative must have the opportunity to be present at any informal discussion. Appropriate medical authorizations permitting discussion must be provided by the party commencing the action upon request from any other party.*

*A health care provider may refuse to consent to the discussion but, in that event, the party seeking the information or opinion may take the deposition of the health care provider with respect to that information and opinion, without obtaining a prior court order.*

*For purposes of this subdivision, "health care provider" means a physician, surgeon, dentist, or other health care professional or hospital, including all persons or entities providing health care as defined in section 145.61, subdivisions 2 and 4, or a certified health care professional employed by or providing services as an independent contractor in a hospital.*

Sec. 80. Minnesota Statutes 1984, section 604.02, subdivision 1, is amended to read:

*Subdivision 1. When two or more persons are jointly liable, contributions to awards shall be in proportion to the percentage of fault attributable to each, except that each is jointly and severally liable for the whole award. Provided, however, that a person whose fault is less than that of a claimant is liable to the claimant only for that portion of the judgment which represents the percentage of fault attributable to that person.*

Sec. 81. Minnesota Statutes 1984, section 604.02, is amended by adding a

subdivision to read:

*Subd. 4. [DEFINITION.] For purposes of this section, "person" includes a municipality as defined in section 466.01.*

**Sec. 82. [604.07] [DISCOUNT, FUTURE DAMAGE AWARDS.]**

*Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.*

*(b) "Economic loss" means all pecuniary harm for which damages are recoverable, including, but not limited to, medical expenses, loss of earnings, and loss of earning capacity.*

*(c) "Future damages" means all damages which the trier of fact finds will accrue after the damage findings are made.*

*(d) "Noneconomic loss" means all nonpecuniary harm for which damages are recoverable, including, but not limited to, pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.*

*(e) "Past damages" means all damages that have accrued when the damage findings are made.*

*Subd. 2. [DISCOUNT REQUIRED.] In all actions seeking damages for personal injury, wrongful death, or loss of means of support, awards of all future damages, including economic and noneconomic loss, reasonably certain to occur must be discounted to present value as provided in this section.*

*Subd. 3. [FUTURE DAMAGES; EVIDENCE.] The amount of all future damages, including economic and noneconomic loss reasonably certain to occur, must be ascertained at the time of trial without reference to projected inflationary or noninflationary changes. Evidence of noninflationary changes in earnings or earning capacity that are reasonably certain to occur are admissible, but this evidence is limited to the present value of the future changes without regard to inflationary changes. Projected increases in earnings or earning capacity dependent upon general economic statistics are not admissible.*

*Subd. 4. [DISCOUNT RATE.] The award calculated under subdivision 3 must be reduced to present value at the time of trial by application of a discount rate equal to:*

*(1) the average rate of interest on judgments under section 549.09 for the five calendar years immediately preceding the commencement of trial, rounded to the nearest one-tenth, less*

*(2) the average increase in the Consumer Price Index for all Urban Consumers, all items, as published by the U.S. Department of Labor, Bureau of Labor Statistics, rounded to the nearest one-tenth, for the same five-year period. If the Labor Department statistics are not published by the time of trial, the court shall employ the average increase over the most recent five-year period available in the published statistics.*

*In no instance may the discount rate fall below two percent or rise above six percent.*

**Sec. 83. [REPEALER.]**

*Minnesota Statutes 1984, section 70A.06, subdivision 4, is repealed.*

Sec. 84. [APPLICATION.]

*Sections 1 and 61 to 73 apply to claims arising from incidents that occur after June 30, 1986.*

*Sections 59, 74, and 77 apply to all actions commenced on or after the effective date of those sections. Sections 75, 76, and 78 to 82 apply to actions pending on or commenced on or after the effective date of those sections.*

Sec. 85. [EFFECTIVE DATE.]

*Sections 3 to 60 and 83 are effective the day following final enactment. Section 74 is effective January 1, 1987."*

Delete the title and insert:

"A bill for an act relating to insurance; requiring certain annual reports of property and casualty insurers; prohibiting certain tying arrangements; providing for remitting of certain premiums; providing deposit requirements for domestic companies; extending coverage under the insurance guaranty association act; extending certain filing, approval, and disapproval dates; creating a joint underwriting association; requiring participation by insurers; broadening fair plan coverage; regulating fraternal benefit societies; regulating rates, forms and cancellations; regulating medical malpractice insurance to health care providers who are unable to obtain the coverage in the voluntary market; regulating malpractice actions against health care providers; providing certification of expert review and the waiver of privilege by health care providers; requiring disclosure of experts; revising the statute of limitations for minors; regulating claims for punitive damages; changing the collateral source rule; providing for discount of future damages; amending Minnesota Statutes 1984, sections 60A.06, by adding a subdivision; 60A.13, by adding a subdivision; 60A.25; 60C.09, subdivision 1; 62A.02, subdivisions 2 and 3; 62A.17, subdivision 2; 62B.07, subdivisions 2 and 3; 62C.14, subdivision 10; 62E.14, subdivision 3; 62F.01; 62F.02, subdivision 1; 62F.03, subdivision 2; 62F.04, by adding a subdivision; 62F.06, subdivision 1; 62F.09; 62G.16, subdivision 9; 65A.32; 65A.33; 65A.34, subdivision 1; 65A.35, subdivisions 1 and 2; 65A.37; 65B.47, subdivision 1; 70A.04, subdivision 2; 70A.06, subdivisions 1 and 2; 70A.08, by adding a subdivision; 70A.10; 70A.11; 72A.13, subdivision 1; 72A.20, by adding subdivisions; 245.814; 466.01, subdivision 1; 466.03, subdivision 4, and by adding subdivisions; 466.05; 466.07, by adding a subdivision; 471.982, subdivision 3; 541.15; 549.09, subdivision 1; 549.21; 595.02, by adding a subdivision; 604.02, subdivision 1, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 3.736, subdivision 3; 60A.10, subdivision 1; and 64B.03; proposing coding for new law in Minnesota Statutes, chapters 16B; 145; 548; 549; and 604; proposing coding for new law as Minnesota Statutes, chapter 62I; repealing Minnesota Statutes 1984, section 70A.06, subdivision 4."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 2129: A bill for an act relating to the city of St. Paul; permitting the imposition of an additional tax on transient lodging.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 13, delete "*other use of space by a transient*" and insert "*resort*"

Page 1, line 18, delete "*One-half*" and insert "*Ninety-five percent*"

Page 1, line 21, delete "LOCAL APPROVAL" and insert "EFFECTIVE DATE"

Page 1, line 22, delete "*compliance with*" and insert "*final enactment.*"

Page 1, delete lines 23 and 24

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 2206: A bill for an act relating to taxation; authorizing certain refunds of sales tax paid on agricultural electricity; amending Minnesota Statutes 1984, section 297A.35, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 14, delete "*on August 1, 1986,*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred

S.F. No. 2235: A bill for an act relating to veterans; requiring the MIA-POW flag to be flown on the capitol.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [MIA-POW FLAG.]

*The official flag representing those persons who are missing in action or are prisoners of war, or "MIA-POW" flag, shall be flown at most times on the north portico of the state capitol instead of the United Nations flag. The MIA-POW flag shall be flown in honor of all Minnesotans missing in action until the MIA-POW situation in southeast Asia is resolved. The flag shall be furnished by other than the department of veterans' affairs and approved by the commissioner of veterans' affairs and the capitol area architectural and planning board. A flag or flags other than the MIA-POW flag, such as the United Nations flag, may be flown on special occasions from the north portico.*



## Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.*

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 1862: A bill for an act relating to crimes; making certain videotaped statements admissible in proceedings involving physical or sexual abuse against a child; amending Minnesota Statutes 1984, section 595.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 260.156; and 595.02, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 9, insert:

“Section 1. Minnesota Statutes 1984, section 260.155, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Except for hearings arising under section 260.261, hearings on any matter shall be without a jury and may be conducted in an informal manner. The rules of evidence promulgated pursuant to section 480.0591 and the law of evidence shall apply in adjudicatory proceedings involving a child alleged to be delinquent, a habitual truant, a runaway, a juvenile petty offender, or a juvenile alcohol or controlled substance offender, and hearings conducted pursuant to section 260.125 except to the extent that the rules themselves provide that they do not apply. Hearings may be continued or adjourned from time to time and, in the interim, the court may make any orders as it deems in the best interests of the minor in accordance with the provisions of sections 260.011 to 260.301. The court shall exclude the general public from these hearings and shall admit only those persons who, in the discretion of the court, have a direct interest in the case or in the work of the court; *except that, the court shall open the hearings to the public in delinquency proceedings where the child is alleged to have committed an offense that would be a felony if committed by an adult and the child was at least 16 years of age at the time of the hearing.* In all delinquency cases a person named in the charging clause of the petition as a person directly damaged in person or property shall be entitled, upon request, to be notified by the clerk of court in writing, at his last known address, of (1) the date of the reference or adjudicatory hearings, and (2) the disposition of the case. Adoption hearings shall be conducted in accordance with the provisions of laws relating to adoptions.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert “opening juvenile court hearings to the public in certain circumstances;”

Page 1, line 5, delete “section” and insert “sections 260.155, subdivision 1; and”

And when so amended the bill do pass. Amendments adopted. Report

adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 1993: A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, omitted, and obsolete references and text; eliminating certain redundant, conflicting, and superseded provisions; providing instructions to the revisor; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 47.58, subdivision 5; 62D.22, subdivision 8; 116C.03, subdivision 2; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124.155, subdivision 1; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 327C.07, subdivision 3a; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 462A.21, subdivision 8a; 494.03; 518B.01, subdivision 2; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 340A.702; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; proposing coding for new law in Minnesota Statutes, chapter 206; repealing Minnesota Statutes 1984, section 35.067; 383A.23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session: chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 9 and 10, delete section 13

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, delete "116C.03, subdivision 2;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 1648: A bill for an act relating to firearms; permitting certain licensed dealers and manufacturers to own or possess machine guns and short-barreled shotguns for certain purposes; amending Minnesota Statutes 1984, section 609.67, subdivisions 3 and 4.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 19, strike "and"

Page 2, line 2, after "(4)" insert "Federally licensed" and delete "are federally licensed to"

Page 2, delete line 3

Page 2, line 4, delete "in" and insert "own or possess the guns for the purpose of conducting"

Page 2, line 5, after "or" insert "are"

Page 2, line 25, delete "The bureau may not"

Page 2, delete line 26

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 1517: A bill for an act relating to real property; providing a restriction on the duration of conditions affecting certain real property; providing an exemption for the city of North Oaks; amending Minnesota Statutes 1984, section 500.20, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 11, before "All" insert "Except for any recorded easements or right to reenter or repossess as provided in subdivision 3," and after "All" insert "private"

Page 1, line 12, delete "other"

Page 1, delete lines 17 to 26 and insert:

"Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective retroactive to August 1, 1982."

Amend the title as follows:

Page 1, line 4, delete everything after the semicolon

Page 1, line 5, delete "Oaks;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

H.F. No. 229: A bill for an act relating to retirement; early retirement without reduction in annuities; amending Minnesota Statutes 1984, section 356.70, subdivision 1.

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 1985 Supplement, section 356.70, subdivision 1, is amended to read:

Subdivision 1. [COMBINED AGE AND SERVICE REQUIREMENT.] Any member of a retirement plan established pursuant to chapter 352, 353, 354, or 354A who by *January 1, 1987*, has attained the age of at least 55 years and whose attained age plus credited allowable service totals at least 85, is entitled, upon valid application and termination of service prior to ~~January~~ *July 1, 1987*, to the normal retirement annuity provided in these chapters without any reduction in annuity by reason of such early retirement.

Sec. 2. Laws 1985, First Special Session chapter 7, section 31, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE EMPLOYEES.] From the public employees retirement association, a member who is currently employed by independent school district No. 281, who was absent from employment due to illness between ~~April 22~~ *February 14, 1981*, and ~~September 4~~ *March 27, 1981*, and who did not have the required deductions made from income received between ~~July 4~~ *February 14, 1981*, and ~~September 4~~ *March 27, 1981*, shall be entitled to pay the voluntary assessments.

Sec. 3. [BUHL POLICE SURVIVOR BENEFITS.]

*Notwithstanding the limitations in Minnesota Statutes, section 423.58, or any other law, the bylaws of the Buhl police relief association may be amended to provide for the payment of a survivor benefit to the surviving spouse of a deceased member, or the surviving children equally if there is no surviving spouse, in an amount equal to 85 percent of the pension the deceased member was to receive on the date of his death. Benefits calculated in accordance with this section must continue until the surviving spouse remarries or until a dependent child reaches the age of 18 years or, if a full-time student, 22 years, and may be made retroactive to June 30, 1985.*

Sec. 4. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

*Notwithstanding any general or special law to the contrary, in addition to other benefits payable, retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund may be increased by \$25 a month. Increases may be made retroactive to January 1, 1986.*

Sec. 5. [FALLS NURSING HOME EMPLOYEES.]

Subdivision 1. [REFUND OF CONTRIBUTIONS.] *A member of the public employees retirement association who was employed by the Falls nursing home on the date the nursing home was taken over by a private corporation or organization must be paid a refund of accumulated employee and employer contributions made by or on behalf of the employee to the association, plus interest at the rate of six percent a year. If an employee has previously received a refund of employee contributions, only the employer contributions plus the total interest must be refunded. No employer additional contributions may be refunded.*

Subd. 2. [DEFERRED ANNUITY.] *If an employee described in subdivi-*

sion 1 had at least five years of allowable service credit, the employee may elect to receive, in lieu of the refund, a deferred annuity under section 353.34, subdivision 3, notwithstanding the length of service requirements contained in that subdivision. An employee eligible for a deferred annuity who has previously received a refund of employee contributions may reinstate his or her eligibility for a deferred annuity by repaying the amount refunded, including any interest received, to the association.

Subd. 3. [DEADLINE.] Refunds must be paid or options exercised and repayments of refunds made before July 1, 1987.

#### Sec. 6. [PURCHASE OF PRIOR SERVICE CREDIT BY CERTAIN EMPLOYEES.]

Notwithstanding the limitations in Minnesota Statutes, section 353.36, subdivision 2, or any other law, a person who was employed by the Becker county highway department from May, 1952, to June, 1954, and who does not have the required number of years of allowable service credit to qualify for early retirement under section 356.70, subdivision 1, solely because of prior public service for which salary deductions were not taken out for the association, and who otherwise meets the requirements of section 353.36, subdivision 2, may, by paying before December 31, 1986, an amount calculated in accordance with section 353.36, subdivision 2, purchase the period of prior public service necessary to bring the person's total allowable service to the minimum required for retirement under section 356.70, subdivision 1, although the person's public service did not terminate before July 1, 1982.

#### Sec. 7. [PURCHASE OF PRIOR SERVICE CREDIT.]

Notwithstanding any provision of law to the contrary, a person who was employed as a public health nurse by the suburban Hennepin county public health nursing service from June, 1957, to February, 1961, and who is currently employed by the city of Bloomington as a health administrator, may purchase prior service credit from the public employees retirement association for the period from June 10, 1957, to February 26, 1961.

#### Sec. 8. [PAYMENT.]

The provisions of Laws 1982, chapter 578, article II, section 2, govern the amount and manner of payment for the purchase of prior service credit. Payment may be made either by the city of Bloomington or by the person entitled to purchase prior service.

#### Sec. 9. [PAYMENT OF VOLUNTARY ASSESSMENTS.]

Subdivision 1. Notwithstanding Minnesota Statutes, section 353.01, subdivision 16, or any other law, the person described in subdivision 2 may pay the public employees retirement association voluntary assessments. The amount of the payment is governed by section 353.27, subdivision 2.

Subd. 2. A member of the public employees retirement association who is currently employed by the Hennepin county medical center who was absent from employment due to injury between December 3, 1982, and February 7, 1983, and who did not have the required deductions made from income received between December 3, 1982, and February 7, 1983, may pay the voluntary assessments.

*Subd. 3. Payment of employee contributions must be made by the member, and the current employer of the person must pay the employer and additional employer contribution required by section 353.27, subdivisions 3 and 3a. All employee, employer, and employer additional contributions must include interest at the rate of six percent a year, compounded annually, from December 3, 1982. Payments must be completed by July 1, 1986.*

Sec. 10. [EFFECTIVE DATE.]

*Sections 2 and 5 to 9 are effective the day following final enactment. Section 1 is effective July 1, 1986. Section 3 is effective on approval by the Buhl city council. Section 4 is effective on approval by the Eveleth city council. Both local approvals must comply with Minnesota Statutes, section 645.021."*

Delete the title and insert:

"A bill for an act relating to retirement; public plans generally; extending the time for termination of service to qualify for early retirement without reduction of annuities; amending Minnesota Statutes 1985 Supplement, section 356.70, subdivision 1; and Laws 1985, First Special Session chapter 7, section 31, subdivision 2."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, D.M. from the Committee on Governmental Operations, to which was referred

S.F. No. 707: A bill for an act relating to retirement; Minnesota state retirement system unclassified plan; including certain state university administrators and faculty; directing a transfer of funds; amending Minnesota Statutes 1984, section 352D.02, 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. [62E.081] [HEALTH INSURANCE FOR RETIRED TEACHERS.]

*Subdivision 1. [TEACHERS ELIGIBLE FOR HEALTH INSURANCE.] A teacher who retired before May 1, 1974, from the basic plan of the Minneapolis teachers retirement fund association and who is not currently eligible for the health insurance benefits of the federal Medicare Program of the Social Security Act is entitled to have health insurance premiums paid and to receive the benefits of a number two qualified plan offered by the Minnesota comprehensive health association under sections 62E.01 to 62E.17. The premium payments must be made through contributions from employed teachers in special school district No. 1 and from special school district No. 1 in the manner described in subdivision 2. To qualify for a benefit under this subdivision a retiree shall permit the fund to verify with the Social Security Administration that the retiree does not qualify for Medicare. The permission must be granted on a form prescribed by the fund.*

*Subd. 2. [DETERMINATION OF PREMIUM.] Before June 30 of each*

year, the writing carrier for the Minnesota comprehensive health association under section 62E.13 shall notify the school district of the total premium payment for the following school year required for coverage of the eligible teachers enrolled under subdivision 1 in the comprehensive health insurance plan. The school district shall remit the required premium payment on a monthly basis thereafter to the writing carrier. The employer contribution to the required premium payment must be one-half of the total premium payment and must be paid from the school district's general fund. The school district shall calculate the percentage of total annual payroll for teachers necessary to raise one-half of the total premium payment. The school district shall withhold the appropriate amount from each teacher's paychecks.

Sec. 2. Minnesota Statutes 1984, section 62E.14, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATE, CONTENTS.] The comprehensive health insurance plan shall be open for enrollment by eligible persons. An eligible person shall enroll by submission of a certificate of eligibility to the writing carrier. The certificate shall provide the following:

- (a) Name, address, age, and length of time at residence of the applicant;
- (b) Name, address, and age of spouse and children if any, if they are to be insured;
- (c) Evidence of rejection, a requirement of restrictive riders, a rate up, or a pre-existing conditions limitation on a qualified plan, the effect of which is to substantially reduce coverage from that received by a person considered a standard risk, by at least one association members within six months of the date of the certificate, or other eligibility requirements adopted by rule by the commissioner which are not inconsistent with this chapter and which evidence that a person is unable to obtain coverage substantially similar to that which may be obtained by a person who is considered a standard risk; ~~and~~
- (d) Evidence that the applicant meets the eligibility requirements of section 1, subdivision 1, of this act; and
- (e) A designation of the coverage desired.

An eligible person may not purchase more than one policy from the state plan. Upon ceasing to be a resident of Minnesota a person is no longer eligible to purchase or renew coverage under the state plan.

Sec. 3. Minnesota Statutes 1985 Supplement, section 136C.50, subdivision 7, is amended to read:

Subd. 7. [STAFF.] The council may employ an executive director and other staff needed to carry out its duties. The executive director shall serve in the unclassified service and may be paid an allowance not to exceed \$2,000 annually for miscellaneous expenses in connection with duties of the office. The council may contract with professional, technical, and clerical consultants and interns needed to carry out its functions.

Sec. 4. Minnesota Statutes 1984, section 352.12, subdivision 2, is amended to read:

Subd. 2. [SURVIVING SPOUSE BENEFIT.] If an employee or former employee who has attained the age of at least 55 50 years and has credit for

not less than ten years allowable service or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, his or her surviving spouse may elect to receive, in lieu of the refund with interest provided in subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee could have qualified for had he or she terminated service on the date of death. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The annuity shall be computed as provided in section 352.115, subdivisions 1, 2, and 3, and section 352.116, subdivisions 1 and 3. *Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity payable under this subdivision.* The annuity shall cease with the last payment received by the surviving spouse in his or her lifetime. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the benefits paid and payable to the surviving spouse shall be paid to the deceased employee's last designated beneficiary or, if none, to the surviving children of the deceased spouse in equal shares or, if none, to the surviving parents of the deceased spouse or, if none, to the representative of the estate of such deceased spouse. Any employee may request in writing that this subdivision not apply and that payment be made only to his designated beneficiary as otherwise provided by this chapter.

Sec. 5. Minnesota Statutes 1984, section 353.32, subdivision 1a, is amended to read:

Subd. 1a. [SURVIVING SPOUSE OPTIONAL ANNUITY.] If a member or former member who has attained the age of at least 55 50 years and has credit for not less than ten years of allowable service, or who has credit for not less than 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to section 353.31, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for had the member terminated service on the date of death. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The annuity shall be computed as provided in sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions subdivision 1, 1a, 1b and 1c. *Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.* No payment shall accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of the deceased member. Any member may specify in writing that this subdivision shall not apply and that payment shall be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 6. Minnesota Statutes 1985 Supplement, section 353.657, subdivi-



sion 2a, is amended to read:

Subd. 2a. If a member who has attained the age of at least 55 50 years and has credit for not less than ten years allowable service dies before public service has terminated, or if an employee who has filed a valid application for an annuity or disability benefit prior to termination of public service dies before the annuity or benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, in lieu of a refund with interest provided in section 353.32, subdivision 1, or survivor benefits otherwise payable pursuant to subdivisions 1 and 2, an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, subdivisions 2 and 3, and 353.30, subdivision 3. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.* No payment shall accrue beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse shall be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member. Any member may request in writing that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 7. Minnesota Statutes 1984, section 354.05, subdivision 26, is amended to read:

Subd. 26. [POST RETIREMENT INVESTMENT FUND ANNUITY.] "Post retirement investment fund annuity" means the payments made by the fund to an annuitant after retirement in accordance with the provisions of section 354.63. It also means that the payments made by the fund shall never be an amount less than the amount originally determined on the date of retirement ~~or as adjusted on each succeeding January 1, 1974 whichever is later but not including the adjustments provided in section 11A.18.~~

Sec. 8. Minnesota Statutes 1984, section 354.44, subdivision 4, is amended to read:

Subd. 4. [TIME AND MANNER OF PAYMENTS.] A member may make application to the board for a retirement annuity any time after the member has satisfied the age and service requirements of this chapter for retirement except that no application for retirement may be made more than 60 days before termination of teaching service. The annuity payment shall begin to accrue after the termination of teaching service, or after the application for retirement has been filed with the board, whichever is later, as follows:

(a) on the sixteenth day of the month of termination or filing if the termination or filing occurs on or before the fifteenth day of the month or

(b) on the first day of the month following the month of termination or filing if the termination or filing occurs on or after the sixteenth day of the

month but in no event shall an annuity begin to accrue more than one month prior to the date of final salary receipt.

*If an application for retirement is filed with the board during the 90-day period immediately following the termination of teaching service, the annuity may begin to accrue as if the application for retirement had been filed with the board on the date teaching service terminated. In no event may an annuity begin to accrue more than one month before the date of final salary receipt.*

Sec. 9. Minnesota Statutes 1984, section 354.46, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE DESIGNATED BENEFICIARY BENEFIT.] The surviving spouse of any member or former member who has attained the age of at least 55 50 years and has credit for at least ten years of allowable service ~~or who has credit for at least 30 years of allowable service~~ ~~irrespective of age~~ shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. If the surviving spouse does not elect to receive a surviving spouse benefit provided pursuant to subdivision 1, if applicable, or does not elect to receive a refund of accumulated member contributions provided pursuant to sections 354.47, subdivision 1, or 354.62, subdivision 5, clause (3), whichever is applicable, the surviving spouse shall be entitled to receive, upon written application on a form prescribed by the executive director, a benefit equal to the second portion of a 100 percent joint and survivor annuity as provided pursuant to section 354.45 and computed pursuant to section 354.44, subdivisions 2, 6 or 7, whichever is applicable. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 354.44, subdivisions 6 and 7, and 354.60 apply to a deferred annuity payable under this section.* If the member was a participant in the variable annuity division, the applicable portion of the benefit shall be computed pursuant to section 354.62, subdivision 5, clause (1). The benefit shall be payable for life.

Sec. 10. Minnesota Statutes 1985 Supplement, section 354.55, subdivision 11, is amended to read:

Subd. 11. Any person covered under section 354.44, subdivisions 6 and 7, who ceases to render teaching service may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision shall be governed pursuant to section 354.44, subdivision 1, or 354.60.

The amount of the deferred retirement annuity shall be determined by section 354.44, subdivisions 6 and 7, and augmented as provided herein. The required reserves related to that portion of the annuity which had accrued at the time the member ceased to render teaching service shall be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose shall be five percent commencing July 1, 1971, until January 1, 1981, and three percent thereafter. If a person has

more than one period of uninterrupted service; *a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period shall be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity.* If a person does not render teaching service in any one or more consecutive fiscal years and then resumes teaching service, the formula percentages used from date of resumption will be those applicable to new members. The mortality table and interest assumption contained therein used to compute the annuity shall be determined by the law in effect at the time of the member's retirement. A period of uninterrupted service for the purposes of this subdivision shall mean a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

The provisions of this subdivision shall not apply to variable account accumulations as defined in section 354.05, subdivision 23.

In no case shall the annuity payable herein be less than the amount of annuity payable pursuant to section 354.44, subdivisions 6 and 7.

The requirements and provisions for retirement prior to age 65 contained in section 354.44, subdivision 6, clause (2) shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

Sec. 11. Minnesota Statutes 1984, section 354A.35, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE TO RETIRE; SURVIVING SPOUSE OPTIONAL ANNUITY.] The surviving spouse of any coordinated member who has attained the age of at least ~~55~~ 50 years and has credit for at least ~~20~~ ten years of service ~~or has credit for at least 30 years of service regardless of age~~ shall be entitled to joint and survivor annuity coverage in the event of death of the member prior to retirement. *The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service.* The member's surviving spouse shall be paid a joint and survivor annuity as provided in section 354A.32 and computed pursuant to section 354A.31. *Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity payable under this section.* The benefits shall be payable for life.

Sec. 12. Minnesota Statutes 1985 Supplement, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST ASSUMPTIONS.] For funds governed by chapters 3A, 352, 352B, 352C, 353, 354 (*except the variable annuity fund, which is governed by section 354.62*), and 490, a preretirement interest assumption of eight percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year must

be used. For funds governed by chapter 354A, preretirement and postretirement assumptions of eight percent and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.065 multiplied by the salary for the preceding year, but the payment of postretirement adjustments to retirees shall be based on the methods specified in the bylaws of the fund as approved by the legislature. For all other funds, a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.035 multiplied by the salary for the preceding year must be used.

### Sec. 13. [OPTION TO CHOOSE PLAN.]

*Subdivision 1. Each legislative employee who while being employed by the legislature exercised an option to retain coverage in the state employees retirement fund has an option to choose future coverage in the unclassified plan and to transfer to the unclassified plan prior service credit accrued in the state employees retirement fund.*

*For an employee who elects to transfer service credit, the executive director of the fund shall transfer to the unclassified plan accumulated employee and equal employer contributions with interest at six percent a year compounded annually, based on fiscal year balances. The employee must complete the application for the transfer before July 1, 1987.*

*Subd. 2. The legislative body for which the employee is employed has the option to pay to the employee's account in the unclassified plan an amount equal to the difference between the employer contribution that would have been deposited in the employee's account had the employee been a member of the plan and the employer contribution that was contributed to the state employees retirement fund on behalf of the employee during the period the employee retained coverage in the state employees retirement fund. The legislative body must exercise its option before July 1, 1987.*

### Sec. 14. [INCREASE IN CERTAIN ANNUITIES.]

*A former member of the public employees retirement association, the state patrol retirement fund, the state retirement system, or the teachers retirement association who terminated employment before July 1, 1973, and was at least 55 years of age with at least ten years of service at the time of termination, and who deferred receipt of an annuity until after June 30, 1973, must be paid the annuity increase granted to pre-1973 retirees by Laws 1973, chapter 653, sections 32 and 34; chapter 728, section 25, subdivisions 13 and 14; chapter 753, sections 2 and 36; and chapter 755, section 5, less any augmentation of benefits during the time the annuity was deferred, commencing with the first annuity payment made after the effective date of this section.*

### Sec. 15. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective on approval by the governing board of special school district No. 1 and compliance with Minnesota Statutes, section 645.021. Sections 4 to 6, 9, and 11 are effective the day following final enactment. Increases under sections 4, 5, 6, 9, and 11 must be made retroactive to July 1, 1985. Sections 3, 8, 10, and 12 to 14 are effective July 1, 1986.*

Delete the title and insert:

"A bill for an act relating to retirement; public plans generally; providing health insurance benefits for certain retired teachers; changing eligibility requirements for surviving spouse benefits; amending Minnesota Statutes 1984, sections 62E.14, subdivision 1; 352.12, subdivision 2; 353.32, subdivision 1a; 354.05, subdivision 26; 354.44, subdivision 4; 354.46, subdivision 2; and 354A.35, subdivision 2; Minnesota Statutes 1985 Supplement, sections 136C.50, subdivision 7; 353.657, subdivision 2a; 354.55, subdivision 11; and 356.215, subdivision 4d; proposing coding for new law in Minnesota Statutes, chapter 62E."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Pehler from the Committee on Education, to which were referred the following appointments as reported in the Journal for February 5, 1986:

**MINNESOTA HIGHER EDUCATION COORDINATING BOARD**

Mona J. Hintzman

**STATE BOARD FOR COMMUNITY COLLEGES**

James B. Collier, Jr.

**STATE UNIVERSITY BOARD**

Elizabeth A. Pegues

Bernard Alvin Miller

**COUNCIL ON QUALITY EDUCATION**

Carl A. Swenson

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which were referred the following appointments as reported in the Journal for February 10, 1986:

**STATE BOARD FOR COMMUNITY COLLEGES**

Pierre Mattei

**MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY**

John Amundson

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which were referred the following appointments as reported in the Journal for February 17, 1986:

**STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION**

Douglas D. Knowlton

John O'Connor

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which were referred the following appointments as reported in the Journal for February 20, 1986:

**STATE BOARD OF EDUCATION**

Dr. Erling O. Johnson  
James Hoese

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which was referred the following appointment as reported in the Journal for February 24, 1986:

**MINNESOTA HIGHER EDUCATION COORDINATING BOARD**

Thomas Auth

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Pehler from the Committee on Education, to which was referred the following appointment as reported in the Journal for March 6, 1986:

**STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION**

Julia E. Templin

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

**SECOND READING OF SENATE BILLS**

S.F. Nos. 1945, 2014, 1966, 2227, 1928, 2040, 1395, 1727, 2129, 2206, 2235, 1862, 1993, 1648, 1517 and 707 were read the second time.

**SECOND READING OF HOUSE BILLS**

H.F. Nos. 1773 and 229 were read the second time.

**MOTIONS AND RESOLUTIONS**

Mr. Peterson, C.C. moved that the name of Mr. Pehler be added as a

co-author to S.F. No. 1855. The motion prevailed.

Mr. Lessard moved that the names of Messrs. Berg, Stumpf and DeCramer be added as co-authors to S.F. No. 1892. The motion prevailed.

### SPECIAL ORDER

S.F. No. 2057: A bill for an act relating to public indebtedness; providing for the power of municipalities to enter into repurchase and reverse repurchase agreements with qualified dealers; providing for the safekeeping of investments by qualified dealers; amending Minnesota Statutes 1984, section 475.66, subdivision 2; and Minnesota Statutes 1985 Supplement, sections 475.66, subdivision 1; and 475.76, subdivision 1.

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:

Adkins	Frederickson	Lantry	Pehler	Samuelson
Belanger	Freeman	Lessard	Peterson, C.C.	Schmitz
Benson	Johnson, D.E.	Luther	Peterson, D.C.	Spear
Chmielewski	Johnson, D.J.	McQuaid	Peterson, D.L.	Storm
Davis	Jude	Mehrkens	Petty	Stumpf
DeCramer	Kamrath	Merriam	Pogemiller	Waldorf
Dicklich	Knutson	Moe, D.M.	Purfeerst	Wegscheid
Diessner	Kroening	Moe, R.D.	Ramstad	Willet
Dieterich	Kronebusch	Novak	Reichgott	
Frank	Langseth	Olson	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1701: A bill for an act relating to town powers; authorizing the establishment of a perpetual care program for certain cemeteries; amending Minnesota Statutes 1985 Supplement, section 365.10.

Mr. Renneke moved to amend S.F. No. 1701 as follows:

Page 3, line 11, delete everything after the first "town" and insert "*Before establishing a perpetual care program, the town board must make the determination that sufficient funds are available from burial plot sales, gifts, and private assistance to administer and maintain the cemetery.*"

Page 3, line 12, delete everything before "Cemetery"

The motion prevailed. So the amendment was adopted.

S.F. No. 1701 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:

Adkins	Frank	Lantry	Peterson, C. C.	Samuelson
Anderson	Frederickson	Lessard	Peterson, D. C.	Schmitz
Belanger	Freeman	Luther	Peterson, D. L.	Spear
Benson	Gustafson	McQuaid	Peterson, R. W.	Storm
Bertram	Jude	Mehrkens	Petty	Stumpf
Chmielewski	Kamrath	Merriam	Pogemiller	Waldorf
Davis	Knaak	Moe, D. M.	Purfeerst	Wegscheid
DeCramer	Kroening	Moe, R. D.	Ramstad	Willet
Diessner	Kronebusch	Novak	Reichgott	
Dieterich	Langseth	Pehler	Renneke	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2079: A bill for an act relating to human services; creating a service for the blind and visually handicapped in the department of jobs and training; providing for appeals; providing a penalty; amending Minnesota Statutes 1985 Supplement, sections 13.46, subdivision 2; 248.07, subdivisions 1, 2, 3, 4, 5, 7, 12, 14, 14a, and 15; proposing coding for new law in Minnesota Statutes, chapters 13 and 248; repealing Minnesota Statutes 1985 Supplement, section 248.08.

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 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Novak	Renneke
Anderson	Dieterich	Kronebusch	Olson	Samuelson
Belanger	Frank	Langseth	Pehler	Schmitz
Benson	Frederick	Lantry	Peterson, C. C.	Spear
Berg	Frederickson	Lessard	Peterson, D. C.	Storm
Bertram	Freeman	Luther	Peterson, D. L.	Stumpf
Brataas	Gustafson	McQuaid	Peterson, R. W.	Taylor
Chmielewski	Hughes	Mehrkens	Petty	Waldorf
Dahl	Jude	Merriam	Pogemiller	Wegscheid
Davis	Kamrath	Moe, D. M.	Purfeerst	Willet
DeCramer	Knaak	Moe, R. D.	Ramstad	
Dicklich	Knutson	Nelson	Reichgott	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1698: A bill for an act relating to education; allowing school boards to join any association of school districts; amending Minnesota Statutes 1984, section 123.33, subdivision 10; repealing Minnesota Statutes 1985 Supplement, section 123.33, subdivision 14.

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:



Adkins	Diessner	Knutson	Nelson	Ramstad
Anderson	Dieterich	Kroening	Novak	Reichgott
Belanger	Frank	Kronebusch	Olson	Renneke
Benson	Frederick	Langseth	Pehler	Samuelson
Berg	Frederickson	Lantry	Peterson, C.C.	Schmitz
Bertram	Freeman	Lessard	Peterson, D.C.	Spear
Chmielewski	Gustafson	Luther	Peterson, D.L.	Storm
Dahl	Hughes	McQuaid	Peterson, R.W.	Stumpf
Davis	Jude	Mehrkens	Petty	Taylor
DeCramer	Kamrath	Merriam	Pogemiller	Waldorf
Dicklich	Knaak	Moe, R. D.	Purfeerst	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2233: A bill for an act relating to education; adding post-secondary vocational technical education representation on the ESV computer and UFARS advisory councils; amending Minnesota Statutes 1984, sections 121.901, subdivision 1; and 121.934, subdivisions 1 and 2.

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:

Adkins	Diessner	Kamrath	Nelson	Reichgott
Anderson	Dieterich	Knaak	Novak	Renneke
Belanger	Frank	Kroening	Olson	Samuelson
Benson	Frederick	Kronebusch	Pehler	Schmitz
Berg	Frederickson	Lantry	Peterson, C.C.	Spear
Bertram	Freeman	Lessard	Peterson, D.C.	Storm
Brataas	Gustafson	Luther	Peterson, D.L.	Stumpf
Dahl	Hughes	McQuaid	Peterson, R.W.	Taylor
Davis	Isackson	Mehrkens	Pogemiller	Waldorf
DeCramer	Johnson, D.E.	Merriam	Purfeerst	Wegscheid
Dicklich	Jude	Moe, R. D.	Ramstad	Willet

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1897: A bill for an act relating to courts; allowing a person 20 days to remove a cause from conciliation court; allowing service by mail when a cause is removed to county court; amending Minnesota Statutes 1984, section 487.30, by adding a subdivision.

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:

Adkins	Diessner	Kamrath	Moe, R. D.	Ramstad
Anderson	Dieterich	Knaak	Nelson	Reichgott
Belanger	Frank	Kroening	Novak	Renneke
Benson	Frederick	Kronebusch	Olson	Schmitz
Berg	Frederickson	Lantry	Pehler	Spear
Bertram	Freeman	Lessard	Peterson, C. C.	Storm
Brataas	Gustafson	Luther	Peterson, D. C.	Taylor
Dahl	Hughes	McQuaid	Peterson, D. L.	Waldorf
Davis	Isackson	Mehrkens	Peterson, R. W.	Willet
DeCramer	Johnson, D. E.	Merriam	Pogemiller	
Dicklich	Jude	Moe, D. M.	Purfeerst	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1980: A bill for an act relating to human services; providing for exhaustion of benefits from other programs before payment of adoption subsidies; amending Minnesota Statutes 1984, section 259.40, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 259.

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:

Adkins	Diessner	Kamrath	Moe, R. D.	Purfeerst
Anderson	Dieterich	Knaak	Nelson	Ramstad
Belanger	Frank	Kroening	Novak	Reichgott
Benson	Frederick	Kronebusch	Olson	Renneke
Berg	Frederickson	Lantry	Pehler	Schmitz
Bertram	Freeman	Lessard	Peterson, C. C.	Spear
Brataas	Gustafson	Luther	Peterson, D. C.	Taylor
Chmielewski	Hughes	McQuaid	Peterson, D. L.	Waldorf
Dahl	Isackson	Mehrkens	Peterson, R. W.	Willet
Davis	Johnson, D. E.	Merriam	Petty	
Dicklich	Jude	Moe, D. M.	Pogemiller	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2087: A bill for an act relating to county courts; specifying the prosecuting attorney for certain offenses; amending Minnesota Statutes 1984, section 487.25, subdivision 10.

Mr. Pehler moved to amend S.F. No. 2087, as follows:

Page 1, line 10, after the first "law" insert "*and except for statutory or home rule charter cities or townships under 2,500 population that do not appoint an attorney for criminal matters*"

Page 1, lines 13 and 15, before "*statutory*" insert "*township or*"

Page 1, lines 21 and 23, delete "*municipal*" and insert "*local*"

The motion did not prevail. So the amendment was not adopted.

S.F. No. 2087 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 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kamrath	Nelson	Reichgott
Anderson	Dieterich	Knaak	Novak	Renneke
Belanger	Frank	Kroening	Olson	Samuelson
Benson	Frederick	Kronebusch	Pehler	Schmitz
Berg	Frederickson	Langseth	Peterson, C. C.	Spear
Berglin	Freeman	Lantry	Peterson, D. C.	Storm
Bernhagen	Gustafson	Lessard	Peterson, D. L.	Stumpf
Bertram	Hughes	Luther	Peterson, R. W.	Taylor
Dahl	Isackson	Mehrkens	Petty	Waldorf
Davis	Johnson, D. E.	Merriam	Pogemiller	Willet
DeCramer	Johnson, D. J.	Moe, D. M.	Purfeerst	
Dicklich	Jude	Moe, R. D.	Ramstad	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1774: A bill for an act relating to state departments and agencies; providing for inspections of certain facilities and imposition of fines; amending Minnesota Statutes 1984, sections 144.55, subdivision 4; and 245.805.

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:

Adkins	Dicklich	Jude	Moe, R. D.	Ramstad
Anderson	Diessner	Kamrath	Nelson	Reichgott
Belanger	Dieterich	Knaak	Novak	Renneke
Benson	Frank	Kroening	Olson	Samuelson
Berg	Frederick	Kronebusch	Pehler	Sieloff
Berglin	Frederickson	Langseth	Peterson, C. C.	Spear
Bernhagen	Freeman	Lantry	Peterson, D. C.	Storm
Bertram	Gustafson	Luther	Peterson, D. L.	Stumpf
Chmielewski	Hughes	McQuaid	Peterson, R. W.	Taylor
Dahl	Isackson	Mehrkens	Petty	Waldorf
Davis	Johnson, D. E.	Merriam	Pogemiller	Willet
DeCramer	Johnson, D. J.	Moe, D. M.	Purfeerst	

So the bill passed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Willet moved that the following members be excused for a Conference Committee on H.F. No. 2009 from 8:00 to 9:30 p.m.:

Messrs. Willet, Kroening, Luther, Samuelson and Nelson. The motion prevailed.

### SPECIAL ORDER

S.F. No. 1869: A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring

the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

Mr. Sieloff moved to amend S.F. No. 1869 as follows:

Page 4, after line 10, insert:

*"The ex parte rules may prohibit only ex parte communications by commission members with a party relating to a material issue during a pending contested case proceeding. A contested case is pending from the time the commission refers the matter to the office of administrative hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later."*

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 35 and nays 17, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Gustafson	Lessard	Ramstad
Anderson	Davis	Isackson	McQuaid	Renneke
Belanger	DeCramer	Johnson, D.E.	Mehrkens	Sieloff
Benson	Diessner	Kamrath	Merriam	Storm
Berg	Frank	Knaak	Olson	Stumpf
Bernhagen	Frederick	Knutson	Petty	Taylor
Bertram	Frederickson	Kronebusch	Purfeerst	Waldorf

Those who voted in the negative were:

Berglin	Hughes	Moe, D. M.	Peterson, D.C.	Spear
Dahl	Johnson, D.J.	Moe, R. D.	Peterson, R.W.	
Dicklich	Jude	Novak	Pogemiller	
Dieterich	Lantry	Peterson, C.C.	Reichgott	

The motion prevailed. So the amendment was adopted.

S.F. No. 1869 was then progressed.

### SPECIAL ORDER

S.F. No. 1839: A bill for an act relating to elections; recodifying and clarifying the laws on election contests; amending Minnesota Statutes 1984, sections 209.01; 209.02; 209.03; 209.05; 209.06; 209.07; 209.09; 209.10; and 209.12; proposing coding for new law in Minnesota Statutes, chapter 209; repealing Minnesota Statutes 1984, sections 209.02, subdivisions 2, 3, 4, 4a, 5, 6, 7, and 8; 209.04; and 209.11.

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:

Adkins	DeCramer	Johnson, D.E.	Merriam	Ramstad
Anderson	Dicklich	Johnson, D.J.	Moe, R. D.	Reichgott
Belanger	Diessner	Jude	Novak	Renneke
Benson	Dieterich	Kamrath	Olson	Schmitz
Berg	Frank	Knaak	Peterson, C.C.	Sieloff
Berglin	Frederick	Knutson	Peterson, D.C.	Spear
Bernhagen	Frederickson	Kronebusch	Peterson, D.L.	Storm
Bertram	Freeman	Laidig	Peterson, R.W.	Stumpf
Brataas	Gustafson	Lantry	Petty	Taylor
Dahl	Hughes	Lessard	Pogemiller	Waldorf
Davis	Isackson	McQuaid	Purfeerst	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2069: A bill for an act relating to elections; providing for postponement of precinct caucuses in case of inclement weather; amending Minnesota Statutes 1984, section 202A.14; subdivision 1.

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 2; as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Johnson, D.J.	Merriam	Ramstad
Anderson	Diessner	Jude	Moe, D. M.	Reichgott
Belanger	Dieterich	Kamrath	Moe, R. D.	Renneke
Benson	Frank	Knaak	Olson	Schmitz
Berg	Frederick	Knutson	Peterson, C.C.	Sieloff
Berglin	Frederickson	Kronebusch	Peterson, D.C.	Spear
Bernhagen	Freeman	Laidig	Peterson, D.L.	Storm
Bertram	Gustafson	Lantry	Peterson, R.W.	Stumpf
Dahl	Hughes	Lessard	Petty	Waldorf
Davis	Isackson	McQuaid	Pogemiller	
DeCramer	Johnson, D.E.	Mehrkins	Purfeerst	

Mrs. Brataas and Mr. Novak voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

The question recurred on S.F. No. 1963.

S.F. No. 1963: A bill for an act relating to metropolitan government; changing the treatment of current value credits and modifying the cost allocation system of the metropolitan waste control commission; providing for a reserve fund for the commission; authorizing appointment of advisory committees by the commission; authorizing an implementation period for transition to a new cost allocation system; amending Minnesota Statutes 1984, sections 473.511, subdivision 4; and 473.517, subdivisions 1, 2, 3, and 9; repealing Minnesota Statutes 1984, section 473.517, subdivisions 4, 5, and 7.

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:

Adkins	DeCramer	Johnson, D.E.	Mehrkens	Pogemiller
Anderson	Dicklich	Johnson, D.J.	Merriam	Purfeerst
Belanger	Diessner	Jude	Moe, D. M.	Ramstad
Benson	Dieterich	Kamrath	Moe, R. D.	Reichgott
Berg	Frank	Knaak	Novak	Renneke
Berglin	Frederick	Knutson	Olson	Schmitz
Bernhagen	Frederickson	Kronebusch	Peterson, C.C.	Sieloff
Bertram	Freeman	Laidig	Peterson, D.C.	Spear
Brataas	Gustafson	Lantry	Peterson, D.L.	Storm
Dahl	Hughes	Lessard	Peterson, R.W.	Stumpf
Davis	Isackson	McQuaid	Petty	Waldorf

So the bill, as amended, passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the proceedings on H.F. No. 671. The Sergeant at Arms was instructed to bring in the absent members.

Pursuant to Rule 22, Mr. Moe, R.D. moved that he be excused from voting on all questions pertaining to H.F. No. 671. The motion prevailed.

Mr. Petty moved that H.F. No. 671 be taken from the table. The motion prevailed.

H.F. No. 671: A bill for an act relating to financial institutions; authorizing interstate acquisition and formation of banks between this state and certain states on a reciprocal basis; proposing coding for new law in Minnesota Statutes, chapter 48.

Mr. Petty moved to amend H.F. No. 671, as amended pursuant to Rule 49, adopted by the Senate February 27, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 607.)

Page 3, line 17, after "South Dakota," insert "and"

Page 3, line 18, delete everything after "Wisconsin"

Page 3, line 19, delete everything before the period

The motion prevailed. So the amendment was adopted.

Mr. Petty then moved to amend the Petty amendment to H. F. No. 671, adopted by the Senate March 6, 1986, as follows:

In the amendment to page 3, after line 26:

Subdivision 9, line 5, after "other" insert "out-of-state"

The motion prevailed. So the amendment was adopted.

H.F. No. 671 was read the third time, as amended, and placed on its final passage.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 34 and nays 31, as follows:

Those who voted in the affirmative were:

Anderson	Isackson	Mehrkens	Petty	Solon
Brataas	Johnson, D.E.	Merriam	Pogemiller	Spear
Diessner	Kamrath	Moe, D. M.	Purfeerst	Storm
Dieterich	Knutson	Nelson	Ramstad	Taylor
Frank	Lessard	Olson	Reichgott	Waldorf
Freeman	Luther	Pehler	Schmitz	Wegscheid
Gustafson	McQuaid	Peterson, D.L.	Steloff	

Those who voted in the negative were:

Adkins	Chmielewski	Hughes	Langseth	Samuelson
Belanger	Dahl	Johnson, D.J.	Lantry	Stumpf
Benson	Davis	Jude	Novak	Willet
Berg	DeCramer	Knaak	Peterson, C.C.	
Berglin	Dicklich	Kroening	Peterson, D.C.	
Bernhagen	Frederick	Kronebusch	Peterson, R.W.	
Bertram	Frederickson	Laidig	Renneke	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1595: A bill for an act relating to agriculture; providing a milk marketing and price stabilization plan; declaring state policy relating to milk; creating a milk stabilization board; authorizing the board to prescribe milk stabilization plans and maximum and minimum prices for marketing milk; requiring licenses for persons involved in milk marketing; prescribing milk marketing violations; authorizing enforcement of disruptive trade practices; authorizing entry, inspection, and investigation of milk marketing practices; requiring records and reports; providing remedies and penalties for milk marketing violations; authorizing local advisory boards; authorizing assessments on milk processors; authorizing a referendum on continuance of stabilized prices; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1984, chapter 32A.

### CALL OF THE SENATE

Mr. Peterson, C.C. imposed a call of the Senate for the balance of the proceedings on S.F. No. 1595. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 1595 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 32 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Langseth	Novak	Schmitz
Berglin	Diessner	Lantry	Pehler	Solon
Bertram	Frank	Lessard	Peterson, C.C.	Stumpf
Chmielewski	Hughes	Luther	Pogemiller	Willet
Dahl	Johnson, D.J.	Merriam	Purfeerst	
Davis	Knaak	Moe, R. D.	Reichgott	
DeCramer	Kroening	Nelson	Samuelson	

Those who voted in the negative were:

Anderson	Frederick	Knutson	Peterson, D.L.	Storm
Belanger	Frederickson	Kronebusch	Peterson, R.W.	Taylor
Benson	Gustafson	Laidig	Petty	Waldorf
Berg	Isackson	McQuaid	Ramstad	Wegscheid
Bernhagen	Johnson, D.E.	Mehrkens	Renneke	
Brataas	Jude	Olson	Sieloff	
Dieterich	Kamrath	Peterson, D.C.	Spear	

So the bill failed to pass.

### MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Messages From the House and First Reading of House Bills. The motion prevailed.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 397, 2185, 2324, 2394, 1744, 1797 and 1911.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 10, 1986

### FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 397: A bill for an act proposing an amendment to the Minnesota Constitution, article I, adding a section to provide that the right to keep and bear arms shall not be abridged; appropriating money.

Mr. Kamrath moved that H.F. No. 397 be laid on the table. The motion did not prevail.

Referred to the Committee on Judiciary.

H.F. No. 2185: A bill for an act relating to state government; providing for the purchase, use, administration, or disposal of certain fees, services, and property within the jurisdiction of the commissioner of administration; amending Minnesota Statutes 1984, sections 16B.07, subdivisions 3 and 4; 16B.08, subdivision 4; 16B.09, subdivision 1; and Minnesota Statutes 1985 Supplement, sections 16B.29; 16B.42, subdivision 4; and 16B.48, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2137, now on General Orders.

H.F. No. 2324: A bill for an act relating to education; prohibiting the state board from authorizing a school board to transfer money from the debt redemption fund except under conditions; allowing modifications in the levy for debt service for independent district No. 750; amending Minnesota Stat-



utes 1984, section 475.61, subdivision 4; Minnesota Statutes 1985 Supplement, section 121.9121, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1970, now on General Orders.

H.F. No. 2394: A bill for an act relating to veterans; requiring the POW-MIA flag to be flown on the capitol.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2235, now on General Orders.

H.F. No. 1744: A bill for an act relating to education; making changes to the definition of a school; providing for the admission into evidence of certain attendance records; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 634.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1798, now on General Orders.

H.F. No. 1797: A bill for an act relating to courts; amending the law that requires the supreme court to determine whether vacant judicial offices are necessary; providing for termination of certain public defender systems; amending Minnesota Statutes 1985 Supplement, section 2.722, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 611.

Referred to the Committee on Judiciary.

H.F. No. 1911: A bill for an act relating to natural resources; authorizing watershed management organizations to establish taxing districts within minor watershed units of watersheds; amending Minnesota Statutes 1984, sections 473.878, by adding a subdivision; 473.882, subdivision 3; and 473.883, subdivisions 2, 3, 6, and 7; Minnesota Statutes 1985 Supplement, section 473.882, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1948, now on General Orders.

### MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Reichgott moved that S.F. No. 1753, No. 21 on General Orders, be stricken and re-referred to the Committee on Judiciary. The motion prevailed.

### MEMBERS EXCUSED

Mr. Bernhagen was excused from the Session of today from 10:30 a.m. to 8:00 p.m. Mrs. Brataas was excused from the Session of today from 10:30 a.m. to 12:00 noon. Mr. Gustafson was excused from the Session of today from 10:30 a.m. to 12:00 noon. Mrs. Kronebusch was excused from the Session of today from 10:30 to 11:15 a.m. and from 12:45 to 1:15 p.m. Mr. Kroening was excused from the Session of today from 10:30 to 11:23 a.m. Mr. Schmitz was excused from the Session of today from 10:30 to 11:30 a.m. Mr. Frederickson was excused from the Session of today from 10:30 to 11:30 a.m. Mr. Diessner was excused from the Session of today from 11:45 a.m. to

12:45 p.m. Mr. Knaak was excused from the Session of today from 12:00 noon to 12:15 p.m. and from 1:00 to 1:30 p.m. Mr. Ramstad was excused from the Session of today from 12:30 to 1:30 p.m. Mrs. McQuaid was excused from the Session of today from 12:45 to 1:30 p.m. Ms. Olson was excused from the Session of today from 12:45 to 1:30 p.m. Mr. Vega was excused from this evening's Session. Mr. Bertram was excused from the Session of today from 7:00 to 7:36 p.m. Mr. Solon was excused from the Session of today from 7:00 to 9:00 p.m. Mr. Dahl was excused from the Session of today from 7:20 to 7:45 p.m. Mr. Laidig was excused from the Session of today from 7:00 to 8:50 p.m. Ms. Berglin was excused from the Session of today from 7:00 to 8:00 p.m. Messrs. Pehler, Chmielewski, Langseth, Wegscheid and Frank were excused from this evening's Session from 9:00 to 10:00 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:30 a.m., Tuesday, March 11, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**EIGHTY-THIRD DAY**

St. Paul, Minnesota, Tuesday, March 11, 1986

The Senate met at 10:30 a.m. and was called to order by the President.

**CALL OF THE SENATE**

Mr. Pehler imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Michael Tegeder.

The roll was called, and the following Senators answered to their names:

Adkins	Dieterich	Kroening	Olson	Sieloff
Anderson	Frank	Kronebusch	Pehler	Solon
Belanger	Frederick	Laidig	Peterson, C.C.	Spear
Benson	Frederickson	Langseth	Peterson, D.C.	Storm
Berg	Freeman	Lantry	Peterson, D.L.	Stumpf
Berglin	Gustafson	Lessard	Peterson, R.W.	Taylor
Bernhagen	Hughes	Luther	Petty	Vega
Bertram	Isackson	McQuaid	Pogemiller	Waldorf
Brataas	Johnson, D.E.	Mehrkeis	Purförst	Wegscheid
Chmielewski	Johnson, D.J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D.M.	Reichgott	
DeCramer	Kamrath	Moe, R.D.	Renneke	
Dicklich	Knaak	Nelson	Samuelson	
Diessner	Knutson	Novak	Schmitz	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the adoption by the House of the following Senate Concurrent Resolution, AS AMENDED by the House.

Senate Concurrent Resolution No. 19: A Senate concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

Senate Concurrent Resolution No. 19 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 10, 1986

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 19 be laid on the table. The motion prevailed.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Willet from the Committee on Finance, to which was referred

S.F. No. 2222: A bill for an act relating to education; vocational; specifying use of appropriation for firefighter training programs in AVTT's; amending Laws 1985, First Special Session chapter 11, section 4, subdivision 3.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1990: A bill for an act relating to traffic regulations; requiring increased insurance coverage upon conviction of certain alcohol- and drug-related crimes; authorizing the commissioner to cancel certain reinstated licenses if insurance is not maintained; amending Minnesota Statutes 1984, section 169.121, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 171.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 2196: A bill for an act relating to the city of Sartell; authorizing the establishment of a redevelopment district.

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 1984, section 273.73, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) “Redevelopment district” means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the district, exists:

(1) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are

structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density; obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) Less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities or other improvements, but due to unusual terrain or soil deficiencies requiring substantial filling, grading or other physical preparation for use at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the redevelopment district which, when added to the estimated cost of preparing that land for development, excluding costs directly related to roads as defined in section 160.01 and local improvements as described in section 429.021, subdivision 1, clauses 1 to 7; 11 and 12, and section 430.01, if any, exceeds its anticipated fair market value after completion of said preparation; provided that no parcel shall be included within a redevelopment district pursuant to this paragraph (3) unless the authority has concluded an agreement or agreements for the development of at least 50 percent of the acreage having the unusual soil or terrain deficiencies, which agreement provides recourse for the authority should the development not be completed; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way; or

(5) The property consists of vacant, unused, underused, inappropriately used or infrequently used railyards, rail storage facilities or excessive or vacated railroad rights-of-way; or

(6) *The district consists of an existing or proposed industrial park no greater in size than 250 acres, which contains a sewage lagoon contaminated with polychlorinated biphenyls.*

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Parcel" shall mean a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment."

Amend the title as follows:

Page 1, delete lines 2 and 3 and insert "relating to establishing a new qualification for designation as a redevelopment district for tax increment financing purposes; amending Minnesota Statutes 1984, section 273.73, subdivision 10."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 2205: A bill for an act relating to Washington county; permitting the county to finance water systems on behalf of cities and towns in the county by the issuance of county general obligation bonds.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1515: A bill for an act relating to Ramsey county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement; providing for an appointed county abstract clerk; proposing coding for new law in Minnesota Statutes, chapter 383A; repealing Minnesota Statutes 1984, section 383A.38.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 2127: A bill for an act relating to the city of Cologne; exempting certain general obligation bonds and tax levies from debt and levy limitations.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 2105: A bill for an act relating to local government; permitting the establishment of special service districts in the cities of Cambridge and Lindstrom; providing taxing and other powers to the cities of Cambridge and Lindstrom.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

H.F. No. 2329: A bill for an act relating to Dakota county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 2081: A bill for an act relating to partnerships; revising the Uniform Limited Partnership Act; stating duties and powers of limited partners and partnerships; amending Minnesota Statutes 1984, sections 322A.01; 322A.02; 322A.05; 322A.11; 322A.12; 322A.14; 322A.15; 322A.18;

322A.24; 322A.26; 322A.27; 322A.31; 322A.32; 322A.39; 322A.40; 322A.41; 322A.45; 322A.47; 322A.49; 322A.52; 322A.58; 322A.63; and 322A.70.

Reports the same back with the recommendation that the bill be amended as follows:

Page 18, after line 12, insert:

“Sec. 23. Minnesota Statutes 1984, section 322A.65, is amended to read:  
322A.65 [WINDING UP.]

(a) Except as provided in the partnership agreement, the general partners who have not wrongfully dissolved a limited partnership or, if none, the limited partners, may wind up the limited partnership's affairs; but the district court may wind up the limited partnership's affairs upon application of any partner, his legal representative, or assignee.

(b) *Where a limited partnership has by its own terms terminated, or it has been dissolved or otherwise terminated, the general partners or any general partner last acting in that capacity has authority, without court approval, to execute necessary or appropriate instruments of conveyance of real estate and mortgage satisfactions.*”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after “322A.63;” insert “322A.65;”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 1772: A bill for an act relating to courts; increasing fees to be collected; clarifying existing fee statutes; increasing the penalty assessment imposed on persons convicted of crimes; clarifying the purposes for which it may be used; amending Minnesota Statutes 1984, section 176.451, subdivision 3; 487.31, subdivisions 1 and 4; 487.33; 514.70; 525.031; and 525.033; Minnesota Statutes 1985 Supplement, sections 357.021, subdivision 2; and 609.101.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 4, delete “\$25” and insert “\$30”

Page 3, lines 11 to 22, reinstate the stricken language

Page 4, lines 8 and 9, reinstate the stricken language

Page 5, after line 5, insert:

“Sec. 7. Minnesota Statutes 1984, section 501.125, subdivision 1, is amended to read:

Subdivision 1. [GENERAL PROPERTIES AND INVESTMENTS.] (a) In acquiring, investing, reinvesting, exchanging and managing property, a

trustee is authorized to acquire every kind of property, real, personal or mixed, and every kind of investment, specifically including, but not by way of limitation, bonds, debentures and other individual or corporate obligations, mutual funds, and corporate stocks, ~~which an ordinarily prudent person of discretion and intelligence, who is a trustee of the property of others, would acquire as such trustee.~~ A trustee, in determining the prudence of a particular investment, shall consider the role that the proposed investment or investment course of action plays within the overall portfolio of assets. In applying the total asset management approach, a trustee shall exercise the judgment and care under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds. If the trustee has special skills or expertise or if the trustee holds itself out as having special skills or expertise, the trustee is under a duty to use those skills or expertise.

(b) Except as may be provided to the contrary in the instrument, the following are among the factors that should be considered by a trustee in applying the total asset management approach:

- (1) the probable income as well as the probable safety of the capital;
- (2) marketability of investments;
- (3) length of the term of investments;
- (4) duration of the trust;
- (5) liquidity needs;
- (6) requirements of the beneficiary or beneficiaries;
- (7) other assets of the beneficiary or beneficiaries, including earning capacity; and
- (8) effect of investments in increasing or diminishing liability for taxes.

Sec. 8. Minnesota Statutes 1984, section 501.125, is amended by adding a subdivision to read:

*Subd. 1a. [INVESTMENT IN CERTAIN GROWTH ENTERPRISES.] Subject to the standards of subdivision 1, a trustee is authorized to invest in new, unproven, untried, or other enterprises with a potential for significant growth whether producing a current return, either by investing directly or by investing as a limited partner or otherwise in one or more commingled funds which in turn invest primarily in those enterprises. The aggregate amount of investments held by a trustee under the authority of this subdivision valued at cost may not exceed ten percent of the net fair market value of the trust corpus, including investments made under the authority of this section valued at fair market value, immediately after the investment is made. Any investment that would have been authorized by this subdivision if it had been in effect at the time the investment was made is authorized by this subdivision.*

Sec. 9. Minnesota Statutes 1985 Supplement, section 501.125, subdivision 6, is amended to read:

*Subd. 6. [INVESTMENT COMPANIES.] (a) In the absence of an express*



prohibition in the trust instrument, whenever the instrument directs, requires, authorizes, or permits investment in obligations of the United States or obligations, the payment of the principal of and interest on which is unconditionally guaranteed by the United States, the trustee may invest in and hold those obligations either directly or in the form of securities of, or other interests in, an acquire and retain securities of any open-end or closed-end management type investment company (1) or investment trust registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose investments are limited to these obligations and repurchase agreements fully collateralized by these obligations, if the repurchase agreements are entered into only with those primary reporting dealers that report to the Federal Reserve Bank of New York and with the 100 largest United States commercial banks.

(b) Nothing in this subdivision shall be construed to alter the degree of care and judgment required of trustees by subdivision 1.

Sec. 10. Minnesota Statutes 1984, section 501.66, is amended by adding a subdivision to read:

*Subd. 6a. The trustee may invest and reinvest trust assets in new, unproven, untried, or other enterprises with a potential for significant growth whether producing a current return, either by investing directly or by investing as a limited partner or otherwise in one or more commingled funds which in turn invest primarily in those enterprises; provided that the aggregate amount of investments held by a trustee under the authority of this subdivision valued at cost may not exceed ten percent of the net fair market value of the trust corpus, including investments made under the authority of this section valued at fair market value, immediately after the investment is made.*

Sec. 11. Minnesota Statutes 1984, section 501.66, subdivision 28, is amended to read:

Subd. 28. The trustee may employ attorneys, accountants, investment advisors, agents or other persons, even if they are associated with the trustee, to advise or assist the trustee in the performance of his duties; to act without independent investigation upon their recommendations; and instead of acting personally, to employ one or more agents to perform any act of administration, whether or not discretionary; *except that:*

*(1) the trustee may not delegate all of the trustee's duties; and*

*(2) the employment does not relieve the trustee of liability for the discretionary acts of a person, which if done by the trustee, would result in liability to the trustee, or of the duty to select and retain a person with reasonable care.*

Page 5, line 36, reinstate the stricken language

Page 6, lines 1 and 2, reinstate the stricken language

Page 6, lines 2 to 6, delete the new language

Page 7, after line 3, insert:

“Sec. 16. [SCOPE OF APPLICATION.]

*(a) Nothing in sections 7 to 11 invalidates:*

(1) any instrument or property relationship that is executed and irrevocable as of the effective date of this act; or

(2) any action commenced prior to the effective date of this act, provided that the instrument, property relationship, or action otherwise complies with the provisions of Minnesota Statutes, chapter 501, in effect when the action was commenced.

(b) Sections 7 to 11 apply to all instruments, property relationships, and proceedings existing on or after the effective date of this act."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees;"

Page 1, line 6, delete "section" and insert "sections"

Page 1, line 8, after "487.33" insert ", subdivisions 1 and 2"

Page 1, line 8, after the first semicolon, insert "501.125, subdivision 1, and by adding a subdivision; 501.66, subdivision 28, and by adding a subdivision;"

Page 1, line 10, after the semicolon, insert "501.125, subdivision 6;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 2098: A bill for an act relating to public safety; creating the crimes of aggravated unlicensed operation of a motor vehicle in the first, second, third, and fourth degrees; providing for the seizure, impoundment, and forfeiture of a motor vehicle operated by a driver whose license or operating privilege is suspended or revoked; prescribing penalties for persons who operate unregistered motor vehicles on streets or highways; requiring mandatory imprisonment and other sanctions for persons convicted of driving while under the influence of alcohol or a controlled substance for a third time; amending Minnesota Statutes 1984, sections 168.09, subdivision 1; 168.10, subdivision 4; 169.121, by adding a subdivision; and 171.241; proposing coding for new law in Minnesota Statutes, chapter 171; repealing Minnesota Statutes 1984, section 171.24; Minnesota Statutes 1985 Supplement, section 169.129.

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 1984, section 168.041, is amended to read:

168.041 [IMPOUNDING REGISTRATION PLATES AND CERTIFICATES.]

Subdivision 1. When any person is convicted of driving a motor vehicle after the suspension or revocation of the ~~drivers~~ driver's license or driving

privileges of such person, the court shall require the registration plates and registration certificates of any motor vehicle involved in such violation owned by such person or registered in his name to be surrendered to the court. Upon surrender thereof the court shall issue a receipt therefor.

If the violator is not the owner of such motor vehicle, the court shall require the registration plates and the registration certificate of any motor vehicle used by the violator, with the permission of the owner who had knowledge of the fact that the violator's drivers license had been revoked or suspended prior to the commission of the offense, to be surrendered to the court.

Subd. 2. If any person is convicted of violating any law or municipal ordinance, except parking laws or ordinances, regulating the operation of motor vehicles on the streets or highways, and the record of ~~such~~ the person so convicted shows a previous conviction for driving after suspension or revocation of his driver's license or driving privileges, the court may direct the commissioner of public safety to suspend the driver's license of ~~such~~ the person for not exceeding one year. The court may also require the registration plates and registration certificates of any motor vehicles owned by the violator or registered in his name to be surrendered to the court.

Subd. 3. *Except as otherwise provided in subdivision 3a*, if a person is convicted of any offense which makes mandatory the revocation of the ~~drivers~~ driver's license of such person, or is convicted of driving a motor vehicle without having a valid driver's license in force, the court may require the registration plates and registration certificates of any motor vehicle owned by such person or any motor vehicles registered in his name to be surrendered to the court.

*Subd. 3a. If a person's driver's license or driving privileges are revoked pursuant to a third violation of section 169.121 or 169.123 within five years, or a fourth or subsequent violation of section 169.121 or 169.123 within ten years, the court shall require the registration plates and registration certificates of any motor vehicle involved in the violation and owned by or registered in the name of the violator, including vehicles registered jointly in the name of the violator and the violator's spouse, to be surrendered to the court. An impoundment order must be issued under this subdivision when the person appears in court on any criminal charge or civil driver's license matter arising out of the incident resulting in the most recent license revocation. If no criminal charge or civil license matter is initiated in court, the attorney general may initiate a registration plate and certificate impoundment proceeding, requesting an impoundment order under this subdivision. This proceeding shall be brought in municipal or county court in the jurisdiction where the violation of section 169.121 or 169.123 occurred.*

Subd. 4. *Except as provided in subdivision 6 or subdivision 7, the court shall retain custody of the surrendered plates and certificates. Any registration plates surrendered to the court pursuant to this section must be destroyed by the court. Any registration certificates surrendered to the court must be forwarded to the registrar of motor vehicles by the court. Except as provided in subdivision 5a, 6, or 7, no new registration plates may be issued to the person, violator, or owner until such time as the ~~drivers~~ driver's license of the person, violator, or owner has been reissued or reinstated.*

Subd. 5. At the time of ordering the surrender of the registration plates and registration certificates of a *the person, violator, or owner*, the court shall notify the registrar of motor vehicles of that fact. ~~Except as provided in subdivision 6 or subdivision 7, no new or duplicate registration plates or new registration certificates shall be issued to such violator or owner until his plates and certificates are returned to him by the court. The registration plates must be destroyed by the court. When the registration plates are destroyed, the court shall notify the registrar of motor vehicles of that fact.~~

*Subd. 5a. If the driver's license revocation which is the basis for a registration plate and certificate impoundment order is rescinded, upon application to the registrar of motor vehicles, the person whose registration plates and certificates have been impounded must receive new plates and the certificate for the impounded vehicle at no cost. The application must include a copy of the order rescinding the driver's license revocation.*

Subd. 6. Any such *person, violator, or owner* may apply to the registrar of motor vehicles court which ordered the surrender of registration plates and certificates for new registration plates which shall bear a special series number which may be readily identified by traffic law enforcement officers. A fee of \$5 shall accompany the application. ~~The registrar of motor vehicles shall forthwith notify the court of such application. The court may return the registration certificate of such violator or owner to the registrar of motor vehicles, together with its consent to the issuance of such registration plates to such violator or owner. Thereupon the registrar of motor vehicles shall issue such new registration plates. The court may authorize the issuance of special plates if (1) a member of the person's, violator's, or owner's household has a valid driver's license, or (2) the person, violator, or owner has a limited license issued pursuant to section 171.30. If the court authorizes the issuance of special plates, it shall notify the registrar of motor vehicles and the registrar must issue the special plates upon payment of a \$100 fee for each vehicle for which special plates are requested. Until the driver's license of such person, violator, or owner is reinstated or reissued, any new registration plates issued to him or to an owner whose plates have been impounded ordered surrendered shall bear a special series number.~~

Subd. 7. If ~~an~~ *the owner* wishes to sell a motor vehicle during the time its registration plates and registration certificate are ~~impounded~~ *have been ordered surrendered* or during the time its registration plates bear a special series number, he may apply to the court which ~~impounded~~ *ordered the surrender of* such plates and certificate, for consent to transfer title to the motor vehicle. If the court is satisfied that the proposed sale is in good faith and for a valid consideration, that the owner will thereby be deprived of the custody and control of the motor vehicle, and that the sale is not for the purpose of circumventing the provisions of this section, it may certify its consent to the registrar of motor vehicles and ~~return the impounded registration plates and certificates.~~ *If during* ~~The registrar shall then transfer the registration certificate to the new owner upon proper application and shall issue new registration plates to the new owner. After the time the registration plates and certificate of registration are impounded have been surrendered to the court pursuant to this section, if the title to said motor vehicle is transferred by the foreclosure of a chattel mortgage, the cancelation of a conditional sales contract, a sale upon execution, or by decree or order of a court of competent jurisdiction, the court shall order the license plates and registration certificate surrendered to the new owner and notify the registrar of motor vehicles of such action. The registrar of motor vehicles shall then transfer the registra-~~

tion plates and registration certificates to the new owner and shall issue new registration plates to the new owner.

Subd. 8. Nothing contained in this section is intended to change or modify any provision of this chapter, with respect to the taxation of motor vehicles or the time within which the taxes thereon shall ~~shall~~ must be paid.

Subd. 9. Any person who fails to surrender any impounded registration plates or registration certificates to the court upon demand pursuant to this section or who operates any motor vehicle on a street or highway at a time when a court has ordered the surrender of its registration plates and registration certificate is guilty of a misdemeanor.

Sec. 2. Minnesota Statutes 1985 Supplement, section 169.121, subdivision 1, is amended to read:

Subdivision 1. [CRIME.] It is a misdemeanor for any person to drive, operate or be in physical control of any motor vehicle within this state or upon the ice of any boundary water of this state:

- (a) when the person is under the influence of alcohol;
- (b) when the person is under the influence of a controlled substance, as defined in section 152.01, subdivision 4;
- (c) when the person is under the influence of a combination of any two or more of the elements named in clauses (a) and (b), and (f);
- (d) when the person's alcohol concentration is 0.10 or more; or
- (e) when the person's alcohol concentration as measured within two hours of the time of driving is 0.10 or more; or
- (f) when the person is under the influence of any substance that affects the nervous system, brain, or muscles of the person so as to substantially impair the person's ability to drive or operate the motor vehicle in the manner that an ordinary, prudent, and cautious person using reasonable care would drive or operate under like conditions.

Sec. 3. Minnesota Statutes 1984, section 169.121, subdivision 2, is amended to read:

Subd. 2. [EVIDENCE.] Upon the trial of any prosecution arising out of acts alleged to have been committed by any person arrested for driving, operating, or being in physical control of a motor vehicle in violation of subdivision 1, the court may admit evidence of the amount of alcohol or a controlled or other substance in the person's blood, breath, or urine as shown by an analysis of those items.

For the purposes of this subdivision:

- (a) evidence that there was at the time an alcohol concentration of 0.05 or less is prima facie evidence that the person was not under the influence of alcohol;
- (b) evidence that there was at the time an alcohol concentration of more than 0.05 and less than 0.10 is relevant evidence in indicating whether or not the person was under the influence of alcohol.

Evidence of the refusal to take a test is admissible into evidence in a pros-

ecution under this section or an ordinance in conformity with it.

If proven by a preponderance of the evidence, it shall be an affirmative defense to a violation of subdivision 1, clause (e), that the defendant consumed a sufficient quantity of alcohol after the time of actual driving, operating, or physical control of a motor vehicle and before the administration of the evidentiary test to cause the defendant's alcohol concentration to exceed 0.10. Provided, that this evidence may not be admitted unless notice is given to the prosecution prior to the omnibus or pretrial hearing in the matter.

The foregoing provisions do not limit the introduction of any other competent evidence bearing upon the question whether or not the person was ~~under the influence of alcohol or a controlled substance~~ violated this section, including tests obtained more than two hours after the alleged violation and results obtained from partial tests on an infrared breath-testing instrument. A result from a partial test is the measurement obtained by analyzing one adequate breath sample, as defined in section 169.123, subdivision 2b, paragraph (b).

Sec. 4. Minnesota Statutes 1984, section 169.121, is amended by adding a subdivision to read:

*Subd. 3a. [HABITUAL OFFENDER PENALTIES.] A person convicted of violating this section or an ordinance in conformity with it within ten years of two or more prior convictions under this section, section 169.129, an ordinance in conformity with either of them, or a statute or ordinance from another state in conformity with either of them, must be sentenced, subject to the maximum sentence authorized by subdivision 3, to compulsory attendance at a chemical dependency program approved by the commissioner of public safety, and either or both of the following:*

- (1) to a minimum term of imprisonment of not less than 30 days; or*
- (2) to payment of a fine of not less than \$1,000.*

Sec. 5. Minnesota Statutes 1984, section 169.121, subdivision 6, is amended to read:

*Subd. 6. [PRELIMINARY SCREENING TEST.] When a peace officer has reason to believe from the manner in which a person is driving, operating, controlling, or acting upon departure from a motor vehicle, or has driven, operated, or controlled a motor vehicle, that the driver may be violating or has violated subdivision 1, he may require the driver to provide a sample of his breath for a preliminary screening test using a device approved by the commissioner of public safety for this purpose. The results of this preliminary screening test shall be used for the purpose of deciding whether an arrest should be made and whether to require the tests authorized in section 169.123, but shall not be used in any court action except to prove that a test was properly required of a person pursuant to section 169.123, subdivision 2. Following the screening test additional tests may be required of the driver pursuant to the provisions of section 169.123.*

The driver who refuses to furnish a sample of his breath is subject to the provisions of section 169.123 unless, in compliance with section 169.123, he submits to a blood, breath or urine test to determine the presence of alcohol or a controlled or other substance in violation of subdivision 1.

Sec. 6. Minnesota Statutes 1985 Supplement, section 169.123, subdivision 2, is amended to read:

Subd. 2. [IMPLIED CONSENT; CONDITIONS; ELECTION AS TO TYPE OF TEST.] (a) Any person who drives, operates, or is in physical control of a motor vehicle within this state or upon the ice of any boundary water of this state consents, subject to the provisions of this section and section 169.121, to a chemical test of his blood, breath, or urine for the purpose of determining the presence of alcohol or a controlled *or other* substance in violation of section 169.121, subdivision 1. The test shall be administered at the direction of a peace officer. The test may be required of a person when an officer has probable cause to believe the person was driving, operating, or in physical control of a motor vehicle in violation of section 169.121 and one of the following conditions exist: (1) the person has been lawfully placed under arrest for violation of section 169.121, or an ordinance in conformity with it; or (2) the person has been involved in a motor vehicle accident or collision resulting in property damage, personal injury, or death; or (3) the person has refused to take the screening test provided for by section 169.121, subdivision 6; or (4) the screening test was administered and recorded an alcohol concentration of 0.10 or more.

(b) At the time a test is requested, the person shall be informed:

(1) that Minnesota law requires the person to take a test to determine if the person is under the influence of alcohol or a controlled *or other* substance;

(2) that if testing is refused, the person's right to drive will be revoked for a minimum period of one year or, if the person is under the age of 18 years, for a period of one year or until he or she reaches the age of 18 years, whichever is greater;

(3) that if a test is taken and the results indicate that the person is under the influence of alcohol or a controlled *or other* substance, the person will be subject to criminal penalties and the person's right to drive may be revoked for a minimum period of 90 days or, if the person is under the age of 18 years, for a period of six months or until he or she reaches the age of 18 years, whichever is greater;

(4) that after submitting to testing, the person has the right to consult with an attorney and to have additional tests made by a person of his own choosing; and

(5) that if he refuses to take a test, the refusal will be offered into evidence against him at trial.

(c) The peace officer who requires a test pursuant to this subdivision may direct whether the test shall be of blood, breath, or urine. However, if the officer directs that the test shall be of a person's blood or urine, the person may choose whether the test shall be of his blood or urine.

Sec. 7. Minnesota Statutes 1984, section 169.123, subdivision 2a, is amended to read:

Subd. 2a. [REQUIREMENT OF URINE TEST.] Notwithstanding subdivision 2, if there are reasonable and probable grounds to believe there is impairment by a controlled *or other* substance which is not subject to testing by a blood or breath test, a urine test may be required even after a blood or

breath test has been administered.

Sec. 8. Minnesota Statutes 1984, section 169.123, subdivision 3, is amended to read:

Subd. 3. [MANNER OF MAKING TEST; ADDITIONAL TESTS.] Only a physician, medical technician, physician's trained mobile intensive care paramedic, registered nurse, medical technologist or laboratory assistant acting at the request of a peace officer may withdraw blood for the purpose of determining the presence of alcohol or a controlled or other substance in violation of section 169.121, subdivision 1. This limitation does not apply to the taking of a breath or urine sample. The person tested has the right to have a person of his own choosing administer a chemical test or tests in addition to any administered at the direction of a peace officer; provided, that the additional test sample on behalf of the person is obtained at the place where the person is in custody, after the test administered at the direction of a peace officer, and at no expense to the state. The failure or inability to obtain an additional test or tests by a person shall not preclude the admission in evidence of the test taken at the direction of a peace officer unless the additional test was prevented or denied by the peace officer. The physician, medical technician, physician's trained mobile intensive care paramedic, medical technologist, laboratory assistant or registered nurse drawing blood at the request of a peace officer for the purpose of determining alcohol concentration shall in no manner be liable in any civil or criminal action except for negligence in drawing the blood. The person administering a breath test shall be fully trained in the administration of breath tests pursuant to training given by the commissioner of public safety.

Sec. 9. Minnesota Statutes 1984, section 169.123, subdivision 4, is amended to read:

Subd. 4. [REFUSAL; REVOCATION OF LICENSE.] If a person refuses to permit a test, none shall be given, but the peace officer shall report the refusal to the commissioner of public safety and the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred. A refusal to submit to an alcohol concentration test does not constitute a violation of section 609.50, unless the refusal was accompanied by force or violence or the threat of force or violence. If a person submits to a test and the test results indicate an alcohol concentration of 0.10 or more, the results of the test shall be reported to the commissioner of public safety and to the authority having responsibility for prosecution of misdemeanor offenses for the jurisdiction in which the acts occurred.

Upon certification by the peace officer that there existed probable cause to believe the person had been driving, operating, or in physical control of a motor vehicle while under the influence of alcohol or a controlled or other substance and that the person refused to submit to a test, the commissioner of public safety shall revoke the person's license or permit to drive, or his nonresident operating privilege, for a period of one year. If the person refusing to submit to testing is under the age of 18 years, the commissioner shall revoke the person's license or permit to drive, or his or her nonresident operating privilege, for a period of one year or until the person reaches the age of 18 years, whichever is greater. Upon certification by the peace officer that there existed probable cause to believe the person had been driving,



operating or in physical control of a motor vehicle while under the influence of alcohol or a controlled *or other* substance and that the person submitted to a test and the test results indicate an alcohol concentration of 0.10 or more, the commissioner of public safety shall revoke the person's license or permit to drive, or his nonresident operating privilege, for a period of 90 days or, if the person is under the age of 18 years, for a period of six months or until he or she reaches the age of 18 years, whichever is greater.

If the person is a resident without a license or permit to operate a motor vehicle in this state, the commissioner of public safety shall deny to the person the issuance of a license or permit for the same period after the date of the alleged violation as provided herein for revocation, subject to review as hereinafter provided.

Sec. 10. Minnesota Statutes 1984, section 169.123, subdivision 6, is amended to read:

Subd. 6. [HEARING.] A hearing under this section shall be before a municipal or county judge, in any county in the judicial district where the alleged offense occurred. The hearing shall be to the court and may be conducted at the same time and in the same manner as hearings upon pre-trial motions in the criminal prosecution under section 169.121, if any. The hearing shall be recorded. The commissioner of public safety shall appear and be represented by the attorney general or through the prosecuting authority for the jurisdiction involved.

The hearing shall be held at the earliest practicable date, and in any event no later than 60 days following the filing of the petition for review. The judicial district administrator shall establish procedures to ensure efficient compliance with the provisions of this subdivision. To accomplish this, the administrator may, whenever possible, consolidate and transfer review hearings among the county courts within the judicial district.

The scope of the hearing shall be limited to the issues of:

(1) whether the peace officer had probable cause to believe the person was driving, operating, or in physical control of a motor vehicle while under the influence of alcohol or a controlled *or other* substance, and whether the person was lawfully placed under arrest for violation of section 169.121, or the person was involved in a motor vehicle accident or collision resulting in property damage, personal injury or death, or the person refused to take a screening test provided for by section 169.121, subdivision 6, or the screening test was administered and recorded an alcohol concentration of 0.10 or more; and

(2) whether at the time of the request for the test the peace officer informed the person of his rights and the consequences of taking or refusing the test as required by subdivision 2; and

(3) either (a) whether the person refused to permit the test, or (b) whether a test was taken and the test results indicated an alcohol concentration of 0.10 or more at the time of testing, and whether the testing method used was valid and reliable, and whether the test results were accurately evaluated.

It shall be an affirmative defense for the petitioner to prove that, at the time of the refusal, his refusal to permit the test was based upon reasonable

grounds.

Certified or otherwise authenticated copies of laboratory or medical personnel reports, records, documents, licenses and certificates shall be admissible as substantive evidence.

The court shall order either that the revocation be rescinded or sustained and forward the order to the commissioner of public safety. The court shall file its order within 14 days following the hearing. If the revocation is sustained, the court shall also forward the person's driver's license or permit to the commissioner of public safety for his further action if the license or permit is not already in the commissioner's possession.

Sec. 11. Minnesota Statutes 1984, section 361.12, subdivision 1, is amended to read:

Subdivision 1. No person shall operate or be in actual physical control of any watercraft while under the influence of alcohol; ~~as provided in section 169.121, subdivision 4~~ or a controlled *or other* substance, ~~as defined in section 152.01, subdivision 4 as provided in section 169.121, subdivision 1~~. No owner or other person having charge or control of any watercraft shall knowingly authorize or permit any person who is under the influence of alcohol; *or a controlled or other substance* to operate such watercraft.

Sec. 12. [EFFECTIVE DATE.]

*This act is effective August 1, 1986, and applies to crimes committed on or after that date.*

Delete the title and insert:

"A bill for an act relating to public safety; providing for the mandatory surrender of registration plates and certificates on motor vehicles operated by repeat DWI offenders; clarifying the evidentiary use of partial alcohol concentration breath tests; imposing mandatory minimum penalties on habitual DWI offenders; expanding the crime of driving a motor vehicle while under the influence of alcohol or certain substances; amending Minnesota Statutes 1984, sections 168.041; 169.121, subdivisions 2 and 6, and by adding a subdivision; 169.123, subdivisions 2a, 3, 4, and 6; and 361.12, subdivision 1; Minnesota Statutes 1985 Supplement, sections 169.121, subdivision 1; and 169.123, subdivision 2."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 2122: A bill for an act relating to corporations; regulating control share acquisitions; providing for solicitations of proxies and meetings of shareholders; amending Minnesota Statutes 1985 Supplement, sections 302A.449, subdivision 7; and 302A.671, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, after line 26, insert:

"Sec. 3. Minnesota Statutes 1984, section 302A.751, is amended to read:

**302A.751 [INVOLUNTARY DISSOLUTION JUDICIAL INTERVENTION; EQUITABLE REMEDIES OR DISSOLUTION.]**

Subdivision 1. [WHEN PERMITTED.] A court may grant any equitable relief it deems just and reasonable in the circumstances or may dissolve a corporation and liquidate its assets and business:

- (a) In a supervised voluntary dissolution pursuant to section 302A.741;
- (b) In an action by a shareholder when it is established that:

(1) the directors or the persons having the authority otherwise vested in the board are deadlocked in the management of the corporate affairs and the shareholders are unable to break the deadlock;

(2) the directors or those in control of the corporation have acted fraudulently, illegally, or in a manner unfairly prejudicial toward one or more shareholders in their capacities as shareholders, directors, or officers, or as employees of a closely held corporation;

(3) the shareholders of the corporation are so divided in voting power that, for a period that includes the time when two consecutive regular meetings were held, they have failed to elect successors to directors whose terms have expired or would have expired upon the election and qualification of their successors;

(4) the corporate assets are being misapplied or wasted; or

(5) the period of duration as provided in the articles has expired and has not been extended as provided in section 302A.801;

- (c) In an action by a creditor when:

(1) the claim of the creditor has been reduced to judgment and an execution thereon has been returned unsatisfied; or

(2) the corporation has admitted in writing that the claim of the creditor is due and owing and it is established that the corporation is unable to pay its debts in the ordinary course of business; or

(d) In an action by the attorney general to dissolve the corporation in accordance with section 302A.757 when it is established that a decree of dissolution is appropriate.

Subd. 2. [BUY-OUT ON MOTION.] In an action under subdivision 1, clause (b), involving a closely held corporation at the time the action is commenced and in which one or more of the circumstances described in that clause is established, the court may, upon motion of a corporation or a shareholder or beneficial owner of shares of the corporation, order the sale by a plaintiff or a defendant of all shares of the corporation held by the plaintiff or defendant to either the corporation or the moving shareholders, whichever is specified in the motion, if the court determines in its discretion that an order would be fair and equitable to all parties under all of the circumstances of the case.

The purchase price of any shares so sold shall be the fair value of the shares as of the date of the commencement of the action or as of another date found equitable by the court, provided that, if the shares in question are then subject to sale and purchase pursuant to the bylaws of the corporation, a

shareholder control agreement, the terms of the shares, or otherwise, the court shall order the sale for the price and on the terms set forth in them, unless the court determines that the price or terms are unreasonable under all the circumstances of the case.

Within five days after the entry of the order, the corporation shall provide each selling shareholder or beneficial owner with the information it is required to provide under section 302A.473, subdivision 5, paragraph (a).

If the parties are unable to agree on fair value within 40 days of entry of the order, the court shall determine the fair value of the shares under the provisions of section 302A.473, subdivision 7, and may allow interest or costs as provided in section 302A.473, subdivisions 1 and 8.

The purchase price shall be paid in one or more installments as agreed on by the parties, or, if no agreement can be reached within 40 days of entry of the order, as ordered by the court. Upon entry of an order for the sale of shares under this subdivision and provided that the corporation or the moving shareholders post a bond in adequate amount with sufficient sureties or otherwise satisfy the court that the full purchase price of the shares, plus such additional costs, expenses, and fees as may be awarded, will be paid when due and payable, the selling shareholders shall no longer have any rights or status as shareholders, officers, or directors, except the right to receive the fair value of their shares plus such other amounts as might be awarded.

Subd. 3. [CONDITION OF CORPORATION.] In determining whether to order equitable relief, dissolution, or a buy-out, the court shall take into consideration the financial condition of the corporation but shall not refuse to order equitable relief, dissolution, or a buy-out solely on the ground that the corporation has accumulated or current operating profits.

Subd. 3a. [CONSIDERATIONS IN GRANTING RELIEF INVOLVING CLOSELY HELD CORPORATIONS.] In determining whether to order equitable relief, dissolution, or a buy-out, the court shall take into consideration the duty which all shareholders in a closely held corporation owe one another to act in an honest, fair, and reasonable manner in the operation of the corporation and the reasonable expectations of the shareholders as they exist at the inception and develop during the course of the shareholders' relationship with the corporation and with each other.

Subd. 3b. [DISSOLUTION AS REMEDY.] *In deciding whether to order dissolution, the court shall consider whether lesser relief suggested by one or more parties, such as any form of equitable relief, a buy-out, or a partial liquidation, would be adequate to permanently relieve the circumstances established under subdivision 1, clause (b) or (c). Lesser relief may be ordered in any case where it would be appropriate under all the facts and circumstances of the case.*

Subd. 4. [EXPENSES.] If the court finds that a party to a proceeding brought under this section has acted arbitrarily, vexatiously, or otherwise not in good faith, it may in its discretion award reasonable expenses, including attorneys' fees and disbursements, to any of the other parties.

Subd. 5. [VENUE; PARTIES.] Proceedings under this section shall be brought in a court within the county in which the registered office of the corporation is located. It is not necessary to make shareholders parties to the

action or proceeding unless relief is sought against them personally."

Amend the title as follows:

Page 1, line 4, after "amending" insert "Minnesota Statutes 1984, section 302A.751;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2023 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2023	2032				

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2236 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2236	2052				

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2407 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2407	2271				

Pursuant to Rule 49, the Committee on Rules and Administration recom-

mends that H.F. No. 2407 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2407 and insert the language after the enacting clause of S.F. No. 2271, the first engrossment; further, delete the title of H.F. No. 2407 and insert the title of S.F. No. 2271, the first engrossment.

And when so amended H.F. No. 2407 will be identical to S.F. No. 2271, and further recommends that H.F. No. 2407 be given its second reading and substituted for S.F. No. 2271, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1911 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1911	1948				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1911 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1911 and insert the language after the enacting clause of S.F. No. 1948, the first engrossment; further, delete the title of H.F. No. 1911 and insert the title of S.F. No. 1948, the first engrossment.

And when so amended H.F. No. 1911 will be identical to S.F. No. 1948, and further recommends that H.F. No. 1911 be given its second reading and substituted for S.F. No. 1948, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2394 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2394	2235				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2394 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2394 and insert the language after the enacting clause of S.F. No. 2235, the first engrossment; further, delete the title of H.F. No. 2394 and insert the title of S.F. No. 2235, the first engrossment.

And when so amended H.F. No. 2394 will be identical to S.F. No. 2235, and further recommends that H.F. No. 2394 be given its second reading and substituted for S.F. No. 2235, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1744 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1744	1798				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1744 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1744 and insert the language after the enacting clause of S.F. No. 1798, the first engrossment; further, delete the title of H.F. No. 1744 and insert the title of S.F. No. 1798, the first engrossment.

And when so amended H.F. No. 1744 will be identical to S.F. No. 1798, and further recommends that H.F. No. 1744 be given its second reading and substituted for S.F. No. 1798, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2185 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2185	2137				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2185 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2185 and

insert the language after the enacting clause of S.F. No. 2137, the first engrossment; further, delete the title of H.F. No. 2185 and insert the title of S.F. No. 2137, the first engrossment.

And when so amended H.F. No. 2185 will be identical to S.F. No. 2137, and further recommends that H.F. No. 2185 be given its second reading and substituted for S.F. No. 2137, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2324 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2324	1970				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2324 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2324 and insert the language after the enacting clause of S.F. No. 1970, the first engrossment; further, delete the title of H.F. No. 2324 and insert the title of S.F. No. 1970, the first engrossment.

And when so amended H.F. No. 2324 will be identical to S.F. No. 1970, and further recommends that H.F. No. 2324 be given its second reading and substituted for S.F. No. 1970, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1950 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1950	1727				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1950 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1950 and insert the language after the enacting clause of S.F. No. 1727, the first



engrossment; further, delete the title of H.F. No. 1950 and insert the title of S.F. No. 1727, the first engrossment.

And when so amended H.F. No. 1950 will be identical to S.F. No. 1727, and further recommends that H.F. No. 1950 be given its second reading and substituted for S.F. No. 1727, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1635 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1635	1517				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1635 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1635 and insert the language after the enacting clause of S.F. No. 1517, the first engrossment; further, delete the title of H.F. No. 1635 and insert the title of S.F. No. 1517, the first engrossment.

And when so amended H.F. No. 1635 will be identical to S.F. No. 1517, and further recommends that H.F. No. 1635 be given its second reading and substituted for S.F. No. 1517, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2216 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2216	2252				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2216 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2216 and insert the language after the enacting clause of S.F. No. 2252, the first engrossment; further, delete the title of H.F. No. 2216 and insert the title of

S.F. No. 2252, the first engrossment.

And when so amended H.F. No. 2216 will be identical to S.F. No. 2252, and further recommends that H.F. No. 2216 be given its second reading and substituted for S.F. No. 2252, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1984 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1984	1854				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1984 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1984 and insert the language after the enacting clause of S.F. No. 1854, the first engrossment; further, delete the title of H.F. No. 1984 and insert the title of S.F. No. 1854, the first engrossment.

And when so amended H.F. No. 1984 will be identical to S.F. No. 1854, and further recommends that H.F. No. 1984 be given its second reading and substituted for S.F. No. 1854, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 651 for comparison with companion Senate File, reports the following House File was found not identical with 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.
651	1395				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 651 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 651 and insert the language after the enacting clause of S.F. No. 1395, the first engrossment; further, delete the title of H.F. No. 651 and insert the title of S.F. No. 1395, the first engrossment.

And when so amended H.F. No. 651 will be identical to S.F. No. 1395, and further recommends that H.F. No. 651 be given its second reading and substituted for S.F. No. 1395, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2017 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2017	1862				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2017 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2017 and insert the language after the enacting clause of S.F. No. 1862, the first engrossment; further, delete the title of H.F. No. 2017 and insert the title of S.F. No. 1862, the first engrossment.

And when so amended H.F. No. 2017 will be identical to S.F. No. 1862, and further recommends that H.F. No. 2017 be given its second reading and substituted for S.F. No. 1862, 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. 2222, 1990, 2196, 2205, 1515, 2127, 2105, 2081, 2098 and 2122 were read the second time.

## **SECOND READING OF HOUSE BILLS**

H.F. Nos. 2329, 1772, 2023, 2236, 2407, 1911, 2394, 1744, 2185, 2324, 1950, 1635, 2216, 1984, 651 and 2017 were read the second time.

## **MOTIONS AND RESOLUTIONS**

Mr. Frederickson moved that the name of Mr. Bernhagen be added as a co-author to S.F. No. 1621. The motion prevailed.

Mr. Davis moved that the name of Mr. Moe, R.D. be added as a co-author to S.F. No. 2178. The motion prevailed.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 19 be taken from the table. The motion prevailed.

Senate Concurrent Resolution No. 19: A Senate concurrent resolution designating the "Red Ribbon" to commemorate Minnesota citizens who are still missing in action or are being held against their will in Asian countries.

Mr. Lessard moved that the Senate concur in the amendments by the House to Senate Concurrent Resolution No. 19 and that the resolution be adopted, as amended. The motion prevailed. So the resolution, as amended, was adopted.

Ms. Berglin moved that S.F. No. 1919 be taken from the table. The motion prevailed.

S.F. No. 1919: A bill for an act relating to mental health; extending the patients' bill of rights to cover people receiving out-patient mental health treatment; defining a minimum grievance procedure for health care facilities; including in the patients' bill of rights the right of access to protection and advocacy services; amending Minnesota Statutes 1984, section 144.651, subdivisions 2, 4, 20, and by adding a subdivision.

### CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 1919 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1919: A bill for an act relating to mental health; extending the patients' bill of rights to cover people receiving out-patient mental health treatment and minors receiving residential chemical dependency or mental health treatment; defining a minimum grievance procedure for health care facilities; including in the patients' bill of rights the right of access to protection and advocacy services; requiring the reporting of certain information by residential treatment programs for mentally ill, chemically dependent, and emotionally disturbed minors; amending Minnesota Statutes 1984, section 144.651, subdivisions 2, 4, 20, and by adding subdivisions; proposing coding for new law as Minnesota Statutes, chapter 253C.

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 1, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Moe, D. M.	Reichgott
Anderson	Diessner	Kroening	Moe, R. D.	Renneke
Belanger	Frederickson	Kronebusch	Novak	Samuelson
Benson	Freeman	Laidig	Olson	Schmitz
Berg	Gustafson	Langseth	Pehler	Sicloff
Berglin	Hughes	Lantry	Peterson, C.C.	Solon
Bernhagen	Isackson	Lessard	Peterson, D.C.	Spear
Bertram	Johnson, D.E.	Luther	Peterson, D.L.	Storm
Brataas	Johnson, D.J.	McQuaid	Pogemiller	Stumpf
Chmielewski	Jude	Mehrkens	Purfeerst	Waldorf
DeCramer	Kamrath	Merriam	Ramstad	Wegscheid

Mr. Willet voted in the negative.

So the bill, as amended, was repassed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED****SUSPENSION OF RULES**

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R. D. moved that the Senate take up the Consent Calendar and that the rules of the Senate be so far suspended as to waive the lie-over requirement. The motion prevailed.

**CONSENT CALENDAR**

H.F. No. 2317: A bill for an act relating to corporations; providing for the resignation of registered agents of foreign corporations; amending Minnesota Statutes 1984, section 303.10, by adding a subdivision.

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 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kronebusch	Novak	Samuelson
Anderson	Frederickson	Laidig	Olson	Schmitz
Belanger	Freeman	Langseth	Pehler	Sieloff
Benson	Gustafson	Lantry	Peterson, C. C.	Solon
Berg	Hughes	Lessard	Peterson, D. C.	Spear
Berglin	Isackson	Luther	Peterson, D. L.	Storm
Bernhagen	Johnson, D. E.	McQuaid	Peterson, R. W.	Stumpf
Bertram	Johnson, D. J.	Mehrkens	Pogemiller	Waldorf
Chmielewski	Jude	Merriam	Purfeerst	Wegscheid
DeCramer	Kamrath	Moe, D. M.	Ramstad	Willet
Dicklich	Knaak	Moe, R. D.	Reichgott	
Diessner	Kroening	Nelson	Renneke	

So the bill passed and its title was agreed to.

S.F. No. 2186: A bill for an act relating to the environment; amending Minnesota Statutes 1985 Supplement, section 116.48, 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kroening	Olson	Sieloff
Anderson	Frederickson	Kronebusch	Pehler	Solon
Belanger	Freeman	Laidig	Peterson, C. C.	Spear
Benson	Gustafson	Lantry	Peterson, D. C.	Storm
Berg	Hughes	Lessard	Peterson, D. L.	Stumpf
Berglin	Isackson	Luther	Peterson, R. W.	Vega
Bernhagen	Johnson, D. E.	McQuaid	Pogemiller	Waldorf
Bertram	Johnson, D. J.	Mehrkens	Purfeerst	Wegscheid
Chmielewski	Jude	Merriam	Ramstad	Willet
DeCramer	Kamrath	Moe, R. D.	Renneke	
Dicklich	Knaak	Nelson	Samuelson	
Diessner	Knutson	Novak	Schmitz	

So the bill passed and its title was agreed to.

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Langseth moved that the following members be excused for a Conference Committee on H.F. No. 1599 at 11:00 a.m.

Messrs. Langseth, Davis, Berg, DeCramer and Stumpf. The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Stumpf moved that S.F. No. 2268 be withdrawn from the Committee on Veterans and General Legislation and returned to its author. The motion prevailed.

**SPECIAL ORDER**

S.F. No. 1721: A bill for an act relating to human services; providing for health and dental coverage as child support; regulating withholding for purposes of child support; amending Minnesota Statutes 1984, section 518C.02, subdivision 3; Minnesota Statutes 1985 Supplement, section 518.611, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.551, subdivision 8.

Ms. Berglin moved to amend S.F. No. 1721 as follows:

Page 3, after line 24, insert:

“Sec. 2. [518.581] [SPOUSAL AND PENSION BENEFIT.]

*Subdivision 1. [AWARD OF BENEFIT.] If a current or former public employee's marriage is dissolved, the court may order the employee, the public retirement plan, or both, to pay amounts as part of the division of vested pension rights which the court may make under section 518.58, or as an award of maintenance in the form of a percentage, periodic, or other payments or in the form of a fixed dollar amount. The court may, as part of the order, award a spouse all or part of any survivor benefit. Under no circumstances may the pension fund be required to pay more than the equivalent of one surviving spouse benefit, regardless of the number of spouses or former spouses who may be sharing in a portion of the total benefit.*

*Subd. 2. [PAYMENT OF FUNDS BY RETIREMENT PLAN.] In any case where the court has ordered that a spouse has an interest in a public pension plan, the court may order the public retirement plan to withhold payment of any refund upon termination of employment or lump sum distribution to the extent of the spouse's interest in the plan.*

*Subd. 3. [NOTICE TO FORMER SPOUSE.] A former spouse must be notified by a public retirement system of any application by the employee for a refund of retirement benefits if the former spouse has filed with the employee's pension fund:*

*(1) a copy of the court order determining that the former spouse has an interest in the pension fund;*

*(2) the name and last known address of the employee; and*

*(3) the name and address of the former spouse.*

*Subd. 4. [COMPLIANCE WITH COURT ORDERS.] Except as provided in this section, a public pension plan shall within 30 days comply with any court order, including a withholding order, issued by a court having jurisdiction over dissolution of marriage that is served on the pension plan, provided that the order or other writing states the name, last known address of the payee, and name and address of the former spouse. In the event that the court order or withholding order requires the pension plan to perform an act or pay an amount that is inconsistent with the terms of the pension plan or an election made by the plan participant, the pension plan shall, within 30 days after service of the order, either comply with the order or, in writing, notify the former spouse claiming an interest in the pension plan of the particular reasons why it is unable to comply with the order. After receiving the notice, the former spouse claiming an interest in the pension plan may commence an action against the pension plan, or move to amend the decree of dissolution to bring it into conformity with the terms of the pension plan, or do both. After commencement of an action against the pension plan or service on the pension plan of a notice of motion to amend the decree of dissolution, and pending an order of the court, the pension plan may not distribute to the plan participant or other beneficiary any benefit or portion of a benefit that is claimed by the former spouse.*

*Subd. 5. [LIMITATION.] Subdivision 1 does not apply unless the order by the court is determined to be a qualified domestic relations order.*

*Subd. 6. [PUBLIC PENSION PLAN PROCEDURES.] (a) In the case of any domestic relations order received by a public pension plan:*

*(1) the plan administrator shall promptly notify the current or former public employee and any other alternate payee of the receipt of such order and the plan's procedures for determining the qualified status of domestic relations orders; and*

*(2) within a reasonable period after receipt of the order, the plan administrator shall determine whether the order is a qualified domestic relations order and notify the current or former public employee and each alternate payee of such determination.*

*(b) Each public pension plan shall establish reasonable procedures to determine the qualified status of domestic relations orders and to administer distributions under qualified orders.*

*During any period in which the issue of whether a domestic relations order is a qualified domestic relations order is being determined by the plan administrator, by a court of competent jurisdiction, or otherwise, the plan administrator shall segregate in a separate account in the plan or in an escrow account the amounts that would have been payable to the alternate payee or payees during that period if the order had been determined to be a qualified domestic relations order.*

*If within 18 months the order or modification of an order is determined to be a qualified domestic relations order, the plan administrator shall pay the segregated amounts plus any interest to the person or persons entitled to them. If, however, within 18 months, it is determined that the order is not a qualified domestic relations order, or the issue as to whether such order is a qualified domestic relations order is not resolved, then the plan administra-*

tor shall pay the segregated amounts plus any interest to the person or persons who would have been entitled to those amounts if there had been no order. A determination after the end of the 18-month period that an order is a qualified domestic relations order must be applied prospectively only.

*Subd. 7. [DEFINITIONS.] For purposes of this section the following terms have the meanings given in this subdivision.*

*(a) "Current or former public employee" and "employee" mean an individual who has a vested interest in a public pension plan.*

*(b) "A public pension plan" is any Minnesota public pension plan or fund which provides pension or retirement coverage for public employees and which provides surviving spouse benefits, including any plan or fund enumerated in sections 356.20, subdivision 2, or 356.30, subdivision 3, any local police or firefighter's relief association, volunteer firefighters relief association, or any retirement or pension plan or fund established, maintained, or supported by the state or any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments, or from other public sources.*

*(c) The term "surviving spouse benefit" means (1) a benefit a surviving spouse may be eligible for under the laws and bylaws of the public pension plan if the employee dies before retirement, or (2) a benefit selected for or available to a surviving spouse under the laws and bylaws of the public pension plan upon the death of the employee after retirement.*

*(d) The term "alternate payee" means any spouse, former spouse, child, or other dependent of a current or former public employee who is recognized by a domestic relations order as having a right to receive all or part of the benefits payable under a public pension plan with respect to the current or former public employee.*

*(e) The term "domestic relations order" means any judgment, decree, or order, including approval of a property settlement agreement, which: (1) relates to the provision of alimony payments or marital property rights to a spouse, former spouse, child, or other dependent of a current or former public employee; and (2) is made under a state domestic relations law.*

*(f) The term "qualified domestic relations order" means a domestic relations order:*

*(1) that creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive all or a portion of the benefits payable with respect to a current or former public employee under a public pension plan; and*

*(2) that specifies:*

*(i) the name and last known mailing address, if any, of the current or former public employee and the name and mailing address of each alternate payee covered by the order;*

*(ii) the amount or percentage of the current or former public employee's benefit to be paid by the public pension plan to each alternate payee, and the manner in which the amount or percentage is to be determined;*

*(iii) the number of payments or period to which the order applies;*



(iv) each public pension plan to which the order applies;

(v) that the public pension plan is not required to provide any type or form of benefit, or any option, not otherwise provided under the plan;

(vi) that the public pension plan is not required to provide increased benefits (determined on the basis of actuarial value); and

(vii) that payment of benefits to an alternate payee is not required if the benefits are required to be paid to another alternate payee under another order previously determined to be a qualified domestic relations order.”

Page 4, after line 29, insert:

“Sec. 5. Minnesota Statutes 1984, section 518.64, is amended by adding a subdivision to read:

*Subd. 6. [PROPERTY SETTLEMENTS.] A judgment, decree, or order that constitutes a qualifying domestic relations order under section 414(p) of the Internal Revenue Code of 1954, as amended through December 31, 1985, a spousal pension benefit under section 518.581, or a qualifying order under United States Code, title 5, section 8345(j)(1), as amended through December 31, 1985, or is in substantial compliance with any of those laws, may be amended even though the portion of the judgment, decree, or order to be amended constitutes a property settlement if the amendment:*

*(1) merely requires a pension plan to pay a benefit previously awarded to a former spouse directly to that former spouse;*

*(2) makes technical changes in the judgment, decree, or order to qualify it as a qualifying domestic relations order spousal pension benefit, or qualifying order, but makes no substantive change that is adverse to either party as to the amount or duration of an award previously made in the judgment, order, or decree; or*

*(3) is an income withholding order or an amendment to an income withholding order to include a pension plan as a payor.*

*Nothing in this section grants the court jurisdiction to amend a property settlement if the amendment would substantively change the judgment, order, or decree in a manner that would be detrimental to either party or to another plan beneficiary with accrued or vested rights in the plan. Nothing in this section authorizes the court to order a plan participant or pension plan to pay a benefit before the time that the benefit would otherwise be payable under the terms of the pension plan, nor to require a plan participant to make an election for a particular time, method, or form of benefit payment.*

*For purposes of this section, “pension plan” means a public or private retirement plan, including a plan qualifying under section 401 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the civil service retirement and disability fund, and a plan or fund established under the laws of Minnesota that receives contributions from moneys derived from taxation.”*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1721 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:

Adkins	Frank	Kroening	Olson	Schmitz
Anderson	Frederick	Kronebusch	Pehler	Sieloff
Belanger	Frederickson	Laidig	Peterson, D.C.	Solon
Benson	Freeman	Lantry	Peterson, D.L.	Spear
Berglin	Gustafson	Luther	Peterson, R.W.	Storm
Bernhagen	Hughes	McQuaid	Pogemiller	Taylor
Bertram	Isackson	Mehrrens	Purfeerst	Waldorf
Brataas	Johnson, D.E.	Merriam	Ramstad	Wegscheid
Dicklich	Jude	Moe, D. M.	Reichgott	Willet
Diessner	Kamrath	Moe, R. D.	Renneke	
Dieterich	Knaak	Novak	Samuelson	

Messrs. Lessard and Vega voted in the negative.

So the bill, as amended, passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### CONFIRMATION

Mr. Schmitz moved that the reports from the Committee on Local and Urban Government, reported April 22, 1985, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Schmitz moved that the foregoing reports be now adopted. The motion prevailed.

Mr. Schmitz moved that in accordance with the reports from the Committee on Local and Urban Government, reported April 22, 1985, the Senate, having given its advice, do now consent to and confirm the appointments of:

#### METROPOLITAN COUNCIL

Mary Elizabeth Anderson, 914 Parkview, St. Paul, Ramsey County, effective January 21, 1985, for a term expiring the first Monday in January, 1989.

Leon F. Cook, 5016 - 13th Ave. S., Minneapolis, Hennepin County, effective October 17, 1984, for a term expiring the first Monday in January, 1985, and effective January 21, 1985, for a term expiring the first Monday in January, 1989.

Dirk deVries, 18600 Woolman Dr., Minnetonka, Hennepin County, effective January 21, 1985, for a term expiring the first Monday in January, 1989.

Mary M. Hauser, 616 Hall Ave., Birchwood, Washington County, effective January 21, 1985, for a term expiring the first Monday in January, 1989.

Mary Martin, 1521 Christensen Ave., West St. Paul, Dakota County, effective January 21, 1985, for a term expiring the first Monday in January, 1989.

Josephine D. Nunn, 401 Elm Creek Rd., Champlin, Hennepin County, effective January 21, 1985, for a term expiring the first Monday in January, 1989.

Dottie Rietow, 1317 Kilmer Ave., St. Louis Park, Hennepin County, effective May 3, 1984, for a term expiring the first Monday in January, 1985, and effective January 21, 1985, for a term expiring the first Monday in January, 1989.

Donald E. Stein, 11721 Evergreen Cir. N.W., Coon Rapids, Anoka County, effective June 13, 1984, for a term expiring the first Monday in January, 1987.

Charles Wiger, 2630 E. Burke Ave., North St. Paul, Ramsey County, effective January 21, 1985, for a term expiring the first Monday in January, 1989.

The motion prevailed. So the appointments were confirmed.

### CONFIRMATION

Mr. Pehler moved that the reports from the Committee on Education, reported April 23, 1985, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Pehler moved that the foregoing reports be now adopted. The motion prevailed.

Mr. Pehler moved that in accordance with the reports from the Committee on Education, reported April 23, 1985, the Senate, having given its advice, do now consent to and confirm the appointments of:

### COUNCIL ON QUALITY EDUCATION

Mary E. Berg, Box 608, Stewartville, Olmsted County, effective February 11, 1985, for a term expiring the first Monday in January, 1989.

Daren Gislason, 110 E. Lyon, Minneota, Lyon County, effective February 11, 1985, for a term expiring the first Monday in January, 1987.

Sherry Roed Munyon, 756 Winslow Ave., St. Paul, Ramsey County, effective February 11, 1985, for a term expiring the first Monday in January, 1989.

Moira Boyne Rummel, 4105 Linden Hills Blvd., Minneapolis, Hennepin County, effective February 11, 1985, for a term expiring the first Monday in January, 1988.

### MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Carol A. Blomberg, Rt. 1, Box 95A, Nashwauk, Itasca County, effective February 11, 1985, for a term expiring the first Monday in January, 1986.

Earl Herring, 109 - 14th Ave. S., Moorhead, Clay County, effective December 27, 1984, for a term expiring the first Monday in January, 1989.

Kathryn Jarvinen, 1750 Gilmore Ave., Winona, Winona County, effective February 11, 1985, for a term expiring the first Monday in January, 1989.

## STATE BOARD FOR COMMUNITY COLLEGES

Franklin W. Iossi, 815 - 10 1/2 St. S.W., Rochester, Olmsted County, effective December 27, 1984, for a term expiring the first Monday in January, 1989.

Toyse A. Kyle, 3244 Valley Ridge Dr., Eagan, Dakota County, effective January 16, 1985, for a term expiring the first Monday in January, 1989.

Rebecca L. Sawyer, 3990 Upper 71st St. E., Inver Grove Heights, Dakota County, effective December 27, 1984, for a term expiring the first Monday in January, 1987.

## STATE BOARD OF EDUCATION

Eunice Johnson, Rt. 2, Box 64, Butterfield, Watonwan County, effective February 27, 1985, for a term expiring the first Monday in January, 1987.

Marjorie Johnson, Box 224, Lake Park, Becker County, effective February 27, 1985, for a term expiring the first Monday in January, 1988.

Thomas R. Lindquist, 12393 Flag Ave. S., Savage, Scott County, effective February 27, 1985, for a term expiring the first Monday in January, 1989.

Lloyd Swenson, Rt. 3, Box 196A, Austin, Mower County, effective August 1, 1984, for a term expiring the first Monday in January, 1987.

Douglas Wallace, 5009 Wentworth Ave. S., Minneapolis, Hennepin County, effective February 27, 1985, for a term expiring the first Monday in January, 1989.

The motion prevailed. So the appointments were confirmed.

## CONFIRMATION

Mr. Spear moved that the reports from the Committee on Judiciary, reported April 24, 1985, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Spear moved that the foregoing reports be now adopted. The motion prevailed.

Mr. Spear moved that in accordance with the reports from the Committee on Judiciary, reported April 24, 1985, the Senate, having given its advice, do now consent to and confirm the appointments of:

## BOARD ON JUDICIAL STANDARDS

Hy Applebaum, 290 Woodlawn, St. Paul, Ramsey County, effective January 3, 1984, for a term expiring the first Monday in January, 1988.

Miriam Lee, 4721 Killarney Dr., Golden Valley, Hennepin County, effective February 20, 1985, for a term expiring the first Monday in January, 1989.

Janna Roderick Merrick, 230 York Ave., Elk River, Sherburne County, effective June 6, 1983, for a term expiring the first Monday in January, 1987.

Raul O. Salazar, 5620 Smetana Dr., Minnetonka, Hennepin County,

effective June 6, 1983, for a term expiring the first Monday in January, 1987.

James J. Schumacher, 2008 Indian Rd. W., Minnetonka, Hennepin County, effective February 26, 1982, for a term expiring the first Monday in January, 1986.

The motion prevailed. So the appointments were confirmed.

### CONFIRMATION

Mr. Willet moved that the report from the Committee on Finance, reported February 13, 1986, 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 Finance, reported February 13, 1986, the Senate, having given its advice, do now consent to and confirm the appointment of:

#### DEPARTMENT OF FINANCE COMMISSIONER

Peter J. Kiedrowski, 1012 W. Minnehaha Pkwy., Minneapolis, Hennepin County, effective June 3, 1985, for a term expiring the first Monday in January, 1987.

### CALL OF THE SENATE

Mr. Willet imposed a call of the Senate for the proceedings on this confirmation. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Willet to confirm the appointment of Peter J. Kiedrowski.

The roll was called, and there were yeas 43 and nays 14, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Lessard	Peterson, C. C.	Samuelson
Berg	Freeman	Luther	Peterson, D. C.	Schmitz
Berglin	Hughes	Merriam	Peterson, R. W.	Sieloff
Bertram	Johnson, D. J.	Moe, D. M.	Petty	Solon
Chmielewski	Kamrath	Moe, R. D.	Pogemiller	Spear
DeCramer	Knutson	Nelson	Purfeerst	Vega
Dicklich	Kroening	Novak	Ramstad	Willet
Diessner	Kronebusch	Olson	Reichgott	
Dieterich	Lantry	Pehler	Renneke	

Those who voted in the negative were:

Anderson	Frederick	Isackson	Laidig	Storm
Bernhagen	Frederickson	Johnson, D. E.	McQuaid	Taylor
Brataas	Gustafson	Knaak	Mehrkens	

The motion prevailed. So the appointment was confirmed.

### CONFIRMATION

Mr. Johnson, D. J. moved that the report from the Committee on Taxes and Tax Laws, reported February 26, 1986, pertaining to appointments, be taken

from the table. The motion prevailed.

Mr. Johnson, D.J. moved that the foregoing report be now adopted. The motion prevailed.

Mr. Johnson, D.J. moved that in accordance with the report from the Committee on Taxes and Tax Laws, reported February 26, 1986, the Senate, having given its advice, do now consent to and confirm the appointment of:

DEPARTMENT OF REVENUE  
COMMISSIONER

Tom Triplett, 2415 Sheridan Ave. S., Minneapolis, Hennepin County, effective October 1, 1985, for a term expiring the first Monday in January, 1987.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Johnson, D.J. moved that the report from the Committee on Taxes and Tax Laws, reported April 24, 1985, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Johnson, D.J. moved that the foregoing report be now adopted. The motion prevailed.

Mr. Johnson, D.J. moved that in accordance with the report from the Committee on Taxes and Tax Laws, reported April 24, 1985, the Senate, having given its advice, do now consent to and confirm the appointment of:

TAX COURT

Jean Stepan, 895 Osceola Ave., St. Paul, Ramsey County, effective January 7, 1985, for a term expiring the first Monday in January, 1991.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Moe, D.M. moved that the report from the Committee on Governmental Operations, reported February 13, 1986, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Moe, D.M. moved that the foregoing report be now adopted. The motion prevailed.

Mr. Moe, D.M. moved that in accordance with the report from the Committee on Governmental Operations, reported February 13, 1986, the Senate, having given its advice, do now consent to and confirm the appointments of:

STATE PLANNING AGENCY  
DIRECTOR

Lani Kawamura, 3141 Dean Ct., Minneapolis, Hennepin County, effective October 1, 1985, for a term expiring the first Monday in January, 1987.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
EXECUTIVE DIRECTOR

James M. Hacking, 79 Western Ave. N., St. Paul, Ramsey County.

effective August 12, 1985.

The motion prevailed. So the appointments were confirmed.

### CONFIRMATION

Mr. Purfeerst moved that the report from the Committee on Transportation, reported March 3, 1986, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Purfeerst moved that the foregoing report be now adopted. The motion prevailed.

Mr. Purfeerst moved that in accordance with the report from the Committee on Transportation, reported March 3, 1986, the Senate, having given its advice, do now consent to and confirm the appointment of:

#### TRANSPORTATION REGULATION BOARD CHAIRPERSON

Roger Laufenburger, Box 338, Lewiston, Winona County, effective March 11, 1985, for a term expiring the first Monday in January, 1991.

The motion prevailed. So the appointment was confirmed.

### CONFIRMATION

Mr. Dieterich moved that the report from the Committee on Public Utilities and State Regulated Industries, reported March 5, 1986, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Dieterich moved that the foregoing report be now adopted. The motion prevailed.

Mr. Dieterich moved that in accordance with the report from the Committee on Public Utilities and State Regulated Industries, reported March 5, 1986, the Senate, having given its advice, do now consent to and confirm the appointment of:

#### PUBLIC UTILITIES COMMISSION

Barbara Chapman, 1517 Centre Village, 433 S. 7th St., Minneapolis, Hennepin County, effective January 8, 1986, for a term expiring the first Monday in January, 1992.

The motion prevailed. So the appointment was confirmed.

### CONFIRMATION

Mr. Dieterich moved that the report from the Committee on Public Utilities and State Regulated Industries, reported March 6, 1986, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Dieterich moved that the foregoing report be now adopted. The motion prevailed.

Mr. Dieterich moved that in accordance with the report from the Committee on Public Utilities and State Regulated Industries, reported March 6, 1986, the Senate, having given its advice, do now consent to and confirm the appointments of:

**MINNESOTA RACING COMMISSION**

Lawrence M. Coss, R.R. 1, Box 20, Cannon Falls, Goodhue County, effective July 1, 1985, for a term expiring June 30, 1991.

Catherine L. Anderson, 10706 Minnetonka Blvd., Hopkins, Hennepin County, effective July 1, 1985, for a term expiring June 30, 1991.

Muriel W. Poehler, R.R. 1, Box 129, Royalton, Morrison County, effective July 1, 1985, for a term expiring June 30, 1991.

The motion prevailed. So the appointments were confirmed.

**CONFIRMATION**

Mr. Hughes moved that the report from the Committee on Elections and Ethics, reported March 3, 1986, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Hughes moved that the foregoing report be now adopted. The motion prevailed.

Mr. Hughes moved that in accordance with the report from the Committee on Elections and Ethics, reported March 3, 1986, the Senate, having given its advice, do now consent to and confirm the appointment of:

**STATE ETHICAL PRACTICES BOARD**

A. J. Eckstein, 411 S. State, New Ulm, Brown County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Pehler moved that the reports from the Committee on Education, reported March 10, 1986, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Pehler moved that the foregoing reports be now adopted. The motion prevailed.

Mr. Pehler moved that in accordance with the reports from the Committee on Education, reported March 10, 1986, the Senate, having given its advice, do now consent to and confirm the appointments of:

**COUNCIL ON QUALITY EDUCATION**

Carl A. Swenson, Rt. 2, Box 154, Monticello, Wright County, effective January 17, 1986, for a term expiring the first Monday in January, 1990.

**MINNESOTA HIGHER EDUCATION COORDINATING BOARD**

Thomas Auth, 763 Keller Pkwy., Little Canada, Ramsey County, effective January 17, 1986, for a term expiring the first Monday in January, 1992.

Mona J. Hintzman, 4018 - 58th Ave. N., Brooklyn Center, Hennepin County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

**MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY**

John Amundson, 2005 S. 14th St., St. Cloud, Stearns County, effective



January 17, 1986, for a term expiring the first Monday in January, 1990.

#### STATE BOARD FOR COMMUNITY COLLEGES

James B. Collier, Jr., 1101 E. Irene, Willmar, Kandiyohi County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

Pierre Mattei, 823 - 5th Ave. S.W., Grand Rapids, Itasca County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

#### STATE BOARD OF EDUCATION

Dr. Erling O. Johnson, 832 Eastwood Ln., Anoka, Anoka County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

James Hoesel, 5520 Polk Ave., Mayer, Carver County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

#### STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

Douglas D. Knowlton, 823 James Ave. S.E., East Grand Forks, Polk County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

John O'Connor, 10677 - 114th St., Stillwater, Washington County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

Julia E. Templin, Rt. 2, Box 131, Pierz, Morrison County, effective February 14, 1986, for a term expiring the first Monday in January, 1988.

#### STATE UNIVERSITY BOARD

Elizabeth A. Pegues, 27 Nord Circle Rd., North Oaks, Ramsey County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

Bernard Alvin Miller, 2418 N. Plantagenet Rd. S.W., Bemidji, Beltrami County, effective January 6, 1986, for a term expiring the first Monday in January, 1990.

The motion prevailed. So the appointments were confirmed.

#### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Willet moved that the following members be excused for a Conference Committee on H.F. No. 2009 at 1:00 p.m.:

Messrs. Willet, Kroening, Luther, Samuelson and Nelson. The motion prevailed.

#### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Johnson, D.J. moved that the following members be excused for a Conference Committee on H.F. No. 1815 at 1:00 p.m.:

Messrs. Johnson, D.J.; Novak, Ms. Berglin. Messrs. Merriam and Peterson, C.C. The motion prevailed.

#### SPECIAL ORDER

S.F. No. 1975: A bill for an act relating to venue of actions; modifying

venue in actions to recover possession of personal property; amending Minnesota Statutes 1984, section 542.06.

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:

Adkins	Davis	Isackson	McQuaid	Pogemiller
Anderson	DeCramer	Johnson, D.E.	Merriam	Ramstad
Belanger	Diessner	Jude	Olson	Reichgott
Benson	Dieterich	Kamrath	Pehler	Renneke
Berg	Frank	Kroening	Peterson, C.C.	Spear
Bernhagen	Frederickson	Kronebusch	Peterson, D.C.	Storm
Bertram	Freeman	Laidig	Peterson, D.L.	Stumpf
Brataas	Gustafson	Lantry	Peterson, R.W.	Taylor
Chmielewski	Hughes	Lessard	Petty	Waldorf

So the bill passed and its title was agreed to:

### SPECIAL ORDER

S.F. No. 2178: A bill for an act relating to environment; prohibiting certain disposal of hazardous waste; regulating release of radionuclides into groundwater; amending Minnesota Statutes 1984, section 115.01, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 115; and 116C.

Mr. Davis moved to amend S.F. No. 2178 as follows:

Page 3, after line 18, insert:

"Sec. 9. Minnesota Statutes 1984, section 115A.25, is amended by adding a subdivision to read:

*Subd. 4. [HAZARDOUS WASTE FACILITY MAY NOT BE SITED TO POLLUTE POTABLE WATER.] Notwithstanding other procedures under this chapter, a facility for storing, stabilizing, or disposing of hazardous waste may not be sited or located in a place or manner that can reasonably be expected to cause pollution or contamination of potable water."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2178 was then progressed.

### SPECIAL ORDER

H.F. No. 1950: A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148.

### SUSPENSION OF RULES

Mr. Luther 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. 1950 and that the rules of the Senate be so far suspended as to give H.F. No. 1950, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

Mr. Luther moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 36, lines 33 and 34, reinstate the stricken language

Page 36, line 34, before "bus" insert "or other"

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 2, after line 2, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 3.736, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] The state will pay compensation for injury to or loss of property or personal injury or death caused by an act or omission of any employee of the state while acting within the scope of his office or employment or peace officer who is not acting on behalf of a private employer and who is acting in good faith pursuant to section 629.40, subdivision 3, under circumstances where the state, if a private person, would be liable to the claimant, *whether arising out of a governmental or proprietary function*. Nothing in this section waives the defense of judicial or legislative immunity except to the extent provided in subdivision 8."

Page 15, line 17, delete "22" and insert "23" and delete "41" and insert "42"

Page 16, line 27, delete "22" and insert "23" and delete "41" and insert "42"

Page 17, line 29, delete "23" and insert "24"

Page 20, line 5, delete "22" and insert "23" and delete "41" and insert "42"

Page 20, line 22, delete "28" and insert "29"

Page 20, line 27, delete "26" and insert "27"

Page 27, line 36, delete "25" and insert "26"

Page 41, lines 5 and 11, delete "2" and insert "4"

Page 53, lines 32 and 35, delete "82" and insert "83"

Page 57, line 21, delete "61" and insert "62" and delete "73" and insert "74"

Page 57, line 23, delete "59, 74, and 77" and insert "60, 75, and 78"

Page 57, line 24, delete "75, 76," and insert "76, 77,"

Page 57, line 25, delete "78 to 82" and insert "79 to 83"

Page 57, line 28, delete "3 to 60 and 83" and insert "4 to 61 and 84"

Page 57, line 29, delete "74" and insert "75"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "providing for government immunity;"

Page 1, line 40, delete "subdivision" and insert "subdivisions 1 and"

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 32, after line 33, insert:

"Sec. 43. [65A.295] [HOMEOWNER'S INSURANCE COVERAGE.]

*No insurer may issue or renew a policy of homeowner's insurance insuring real property located in this state after the effective date of this section unless the insured has the option to specify the amount of coverage provided by the policy for structures other than the dwelling and for personal property. Coverage for structures other than the dwelling is the coverage provided under "Coverage B, Other Structures" in the standard homeowner's package policy. Coverage for personal property is the coverage provided under "Coverage C, Personal Property" in the standard homeowner's package policy."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 49, after line 7, insert:

"Sec. 73. [LAW ENFORCEMENT COSTS.]

*When costs are assessed against a municipality for injuries incurred or other medical expenses connected with the arrest of individuals violating Minnesota Statutes, the municipality responsible for the hiring, firing, training, and control of the law enforcement and other employees involved in the arrest is responsible for those costs."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 54, line 21, before the semicolon, insert "*and that is costly to the other party*"

Page 54, lines 22 and 23, reinstate the stricken language and delete the new language

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 57, after line 16, insert:

"Sec. 83. [FUND TRANSFERS.]

*Until June 30, 1987, the commissioner of finance may transfer from the general fund to another fund the amounts needed to pay obligations of the fund, if the commissioner determines that revenue to the other fund will be sufficient to repay the transfer by June 30, 1987. The amounts needed to make the transfers are appropriated from the general fund. The amount transferred must be repaid to the general fund by June 30, 1987, and the amount necessary to make the repayment is appropriated from the other fund."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Knaak questioned whether the amendment was germane.

The Chair ruled that the amendment was germane.

### CALL OF THE SENATE

Mr. Knaak imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Knaak appealed the decision of the Chair.

Mr. Luther withdrew his amendment.

Mr. Luther then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S. F. No. 1727.)

Page 50, line 24, delete "*sickness,*" and insert "*medical*"

Page 50, line 26, delete "*or similar insurance benefits,*"

The motion prevailed. So the amendment was adopted.

Mr. Stumpf moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 36, after line 28, insert:

“Sec. 49. Minnesota Statutes 1984, section 65B.13, is amended to read:

**65B.13 [AUTOMOBILE INSURANCE, DISCRIMINATION IN AUTOMOBILE POLICIES FORBIDDEN.]**

No insurance company, or its agent, shall refuse to issue any standard policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

- (a) between persons of the same class, or
- (b) on account of race, or
- (c) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person;
  - (1) is licensed by the department of public safety to operate a motor vehicle in this state, and
  - (2) operates only vehicles which are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person.

*For the purposes of paragraph (a), persons under 25 years of age who have not been convicted of a violation of chapter 169 or an ordinance adopted in conformity with it, other than violations relating to the standing or parking of an unattended vehicle, and who have successfully completed a course of driver's training, shall not be treated as persons of the same class as other persons under 25 years of age who are otherwise of the same class.*

Every company or agent violating any of the foregoing provisions shall be fined not more than \$100 per violation, and every officer, agent, or solicitor violating the same shall be guilty of a misdemeanor. The commissioner of commerce is authorized to treat violations of this section as an unfair insurance practice and to enforce this section using the procedures, remedies, and penalties provided in sections 72A.17 to 72A.32.

Sec. 50. Minnesota Statutes 1984, section 65B.133, subdivision 5, is amended to read:

**Subd. 5. [LIMITATION ON CHARGEABLE ACCIDENTS AND TRAFFIC VIOLATIONS.]** *No accident is chargeable to a driver if the vehicle being driven was stationary at the time of the accident, or if the vehicle collided or came in contact with a vehicle being driven by a driver who is convicted of, or forfeits bail as a result of a collision for a violation of chapter 169, or an ordinance adopted in conformity with it. No traffic violation is chargeable to a driver unless the driver is convicted of, or forfeits bail for, the offense, or the driver's license is revoked pursuant to section 169.123. No violation of section 169.14, 169.141, or any ordinance adopted in conformity with those sections is chargeable to a driver unless the driver is convicted of driving more than ten miles per hour over the applicable maximum speed limit. If a surcharge is applied because bail is forfeited and if the driver*

is later acquitted of the offense, the insurer shall rebate the surcharge. A violation of section 169.685, subdivision 5 is not chargeable."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Kamrath requested division of the Stumpf amendment as follows:

First portion:

Page 36, after line 28, insert:

"Sec. 49. Minnesota Statutes 1984, section 65B.13, is amended to read:

**65B.13 [AUTOMOBILE INSURANCE, DISCRIMINATION IN AUTOMOBILE POLICIES FORBIDDEN.]**

No insurance company, or its agent, shall refuse to issue any standard policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

(a) between persons of the same class, or

(b) on account of race, or

(c) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person;

(1) is licensed by the department of public safety to operate a motor vehicle in this state, and

(2) operates only vehicles which are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person.

*For the purposes of paragraph (a), persons under 25 years of age who have not been convicted of a violation of chapter 169 or an ordinance adopted in conformity with it, other than violations relating to the standing or parking of an unattended vehicle, and who have successfully completed a course of driver's training, shall not be treated as persons of the same class as other persons under 25 years of age who are otherwise of the same class.*

Every company or agent violating any of the foregoing provisions shall be fined not more than \$100 per violation, and every officer, agent, or solicitor violating the same shall be guilty of a misdemeanor. The commissioner of commerce is authorized to treat violations of this section as an unfair insurance practice and to enforce this section using the procedures, remedies, and penalties provided in sections 72A.17 to 72A.32."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Second portion:

Page 36, after line 28, insert:

"Sec. 50. Minnesota Statutes 1984, section 65B.133, subdivision 5, is amended to read:

Subd. 5. [LIMITATION ON CHARGEABLE ACCIDENTS AND TRAFFIC VIOLATIONS.] *No accident is chargeable to a driver if the vehicle being driven was stationary at the time of the accident, or if the vehicle collided or came in contact with a vehicle being driven by a driver who is convicted of, or forfeits bail for a violation of chapter 169, or an ordinance adopted in conformity with it. No traffic violation is chargeable to a driver unless the driver is convicted of, or forfeits bail for, the offense, or the driver's license is revoked pursuant to section 169.123. No violation of section 169.14, 169.141, or any ordinance adopted in conformity with those sections is chargeable to a driver unless the driver is convicted of driving more than ten miles per hour over the applicable maximum speed limit. If a surcharge is applied because bail is forfeited and if the driver is later acquitted of the offense, the insurer shall rebate the surcharge. A violation of section 169.685, subdivision 5 is not chargeable.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the second portion of the Stumpf amendment.

The roll was called, and there were yeas 19 and nays 35, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Lessard	Petty	Solon
Berg	DeCramer	Luther	Pogemiller	Stumpf
Bertram	Dicklich	Moe, R.D.	Purfeerst	Vega
Chmielewski	Hughes	Peterson, D.C.	Schmitz	

Those who voted in the negative were:

Anderson	Frederick	Knaak	Mehrkens	Reichgott
Belanger	Frederickson	Knutson	Nelson	Renneke
Benson	Freeman	Kronebusch	Olson	Sieloff
Bernhagen	Gustafson	Laidig	Pehler	Spear
Brataas	Isackson	Langseth	Peterson, D.L.	Storm
Dieterich	Jude	Lantry	Peterson, R.W.	Taylor
Frank	Kamrath	McQuaid	Ramstad	Waldorf

The motion did not prevail. So the second portion of the amendment was not adopted.

Mr. Stumpf withdrew the first portion of his amendment.

Mr. Petty moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 7, line 28, delete "(1)"

Page 7, line 30, before the semicolon, insert "*and includes claims under an additional or extended reporting period beyond the policy's termination for reporting claims if the additional or extended reporting period is provided in the policy without additional charge or has been purchased by the insured prior to the entry of an order of liquidation with a finding of insolvency*"

Page 7, lines 30 to 36, delete the new language



Page 8, delete lines 1 to 7.

The motion prevailed. So the amendment was adopted.

Mr. Petty then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 38, line 3, before the comma, insert "*in that class of business*"

Page 40, line 19, delete "*334.011*" and insert "*549.09*"

Page 40, line 20, after the period, insert "*The amount of the refund, plus interest, must be computed from the commencement date of the contested case hearing on the rate.*"

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 10, delete section 10

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Sieloff then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 49, after line 16, insert:

"Sec. 74. Minnesota Statutes 1984, section 541.051, is amended to read:

**541.051 [LIMITATION OF ACTION FOR DAMAGES BASED ON SERVICES OR CONSTRUCTION TO IMPROVE REAL PROPERTY.]**

Subdivision 1. Except where fraud is involved, no action by any person in contract, tort, or otherwise to recover damages for any injury to property, real or personal, or for bodily injury or wrongful death, arising out of the defective and unsafe condition of an improvement to real property, nor any action for contribution or indemnity for damages sustained on account of the injury, shall be brought against any person performing or furnishing the design, planning, supervision, materials, or observation of construction or construction of the improvement to real property or against the owner of the real property more than two years after discovery thereof, nor, in any event shall such a cause of action accrue more than ~~45~~ seven years after substantial completion of the construction. Date of substantial completion shall be determined by the date when construction is sufficiently completed so that the owner or his representative can occupy or use the improvement for the intended purpose.

Nothing in this section shall apply to actions for damages resulting from negligence in the maintenance, operation or inspection of the real property improvement against the owner or other person in possession.

Subd. 2. Notwithstanding the provisions of subdivision 1, in the case of an action which accrues during the ~~14th~~ *sixth* or ~~15th~~ *seventh* year after substantial completion of the construction, an action to recover damages may be brought within two years after the date on which the action accrued, but in no event may an action be brought more than ~~17~~ *nine* years after substantial completion of the construction.

Subd. 3. Nothing in this section shall be construed as extending the period prescribed by the laws of this state for the bringing of any action.

Subd. 4. This section shall not apply to actions based on breach of the statutory warranties set forth in section 327A.02, or to actions based on breach of an express written warranty, provided such actions shall be brought within two years of the discovery of the breach."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion did not prevail. So the amendment was not adopted.

Ms. Reichgott moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 44, after line 7, insert:

"Sec. 60. [148.975] [LIMITATION ON LIABILITY; VIOLENT BEHAVIOR OF PATIENT.]

*Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.*

*(b) "Practitioner" means a psychologist, school psychologist, nurse, chemical dependency counselor, or social worker who is licensed by the state or who performs psychotherapy within a program or facility licensed by the state or established pursuant to rules adopted under section 245.69, subdivision 2.*

*(c) "Psychotherapy" means the professional treatment, assessment, or counseling of a mental or emotional illness, symptom, or condition.*

*Subd. 2. [LIABILITY STANDARD.] No monetary liability and no cause of action may arise against a practitioner for failure to predict, warn of, or take reasonable precautions to provide protection from, a patient's violent behavior, unless the patient or other person has communicated to the practitioner a specific, serious threat of physical violence against a specific, clearly identified or identifiable potential victim.*

*Subd. 3. [DUTY TO WARN.] The duty to predict, warn of, or take reasonable precautions to provide protection from, violent behavior arises only under the limited circumstances specified in subdivision 2. The duty is discharged by the practitioner if reasonable efforts are made to communicate the threat to the potential victim.*

*Subd. 4. [DISCLOSURE OF CONFIDENCES.] No monetary liability and no cause of action, or disciplinary action by the state board of psychology or board of nursing may arise against a practitioner for disclosing con-*

*fidences to third parties in a good faith effort to discharge a duty arising under this section.*

*Subd. 5. [CONTINUITY OF CARE.] Nothing in subdivision 3 shall be construed to authorize a practitioner to terminate treatment of a patient as a direct result of a patient's violent behavior or threat of physical violence unless the patient is referred to another practitioner or appropriate health care facility.*

*Subd. 6. [EXCEPTION.] This section does not apply to a threat to commit suicide or other threats by a patient to harm the patient, or to a threat by a patient who is adjudicated mentally ill and dangerous under chapter 253B."*

Page 57, after line 26, insert:

*"Section 60 is effective August 1, 1986, and applies to causes of action arising on or after that date."*

ReNUMBER the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 21, after the second semicolon, insert "limiting civil liability of practitioners for violent acts of patients;"

Page 1, line 42, after the second semicolon, insert "148;"

Mr. Petty moved to amend the Reichgott amendment to H.F. No. 1950 as follows:

Page 1, after line 19, insert:

*"(d) "Reasonable efforts" means communicating the serious, specific threat to the potential victim and if unable to make contact with the potential victim, communicating the serious, specific threat to the law enforcement agency closest to the potential victim or the patient."*

Page 1, line 24, delete "or other person"

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Peterson, R.W. moved to amend the Reichgott amendment to H.F. No. 1950 as follows:

Page 1, line 11, before "psychologist" insert "physician,"

The motion did not prevail. So the amendment to the amendment was not adopted.

The question recurred on the adoption of the Reichgott amendment, as amended. The motion did not prevail. So the amendment, as amended, was not adopted.

Mr. Luther moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 16, line 35, delete "21" and insert "21.2"

Page 41, lines 5 and 11, delete "2" and insert "3"

The motion prevailed. So the amendment was adopted.

Mr. Luther then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 36, after line 28, insert:

"Sec. 49. Minnesota Statutes 1984, section 65B.13, is amended to read:

**65B.13 [AUTOMOBILE INSURANCE, DISCRIMINATION IN AUTOMOBILE POLICIES FORBIDDEN.]**

No insurance company, or its agent, shall refuse to issue any standard or preferred policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

(a) between persons of the same class, or

(b) on account of race, or

(c) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person;

(1) is licensed by the department of public safety to operate a motor vehicle in this state, and

(2) operates only vehicles which are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person, or

(d) on account of marital dissolution.

Every company or agent violating any of the foregoing provisions shall be fined not more than \$100 per violation, and every officer, agent, or solicitor violating the same shall be guilty of a misdemeanor. The commissioner of commerce is authorized to treat violations of this section as an unfair insurance practice and to enforce this section using the procedures, remedies, and penalties provided in sections 72A.17 to 72A.32.

**Sec. 50. [65B.1311] [COVERAGE FOR FORMER SPOUSE.]**

*Subdivision 1. [NEW POLICY ISSUED.] If the former spouse of a named insured under a policy of private passenger vehicle insurance applies within 60 days of entry of a valid decree of dissolution of the marriage and the former spouse was an insured driver under the policy for at least 12 months prior to entry of the decree, the insurer must issue a policy, upon payment of the appropriate premium, to the former spouse only on the basis of the driving record applicable to the former spouse and any person who is to be an insured, as defined in section 65B.43, under the policy to be issued, provided the person or persons to be insured meets the insurer's eligibility standards.*

*Subd. 2. [NAMED INSURED.] A named insured under a policy of private passenger vehicle insurance shall have the premium determined at the first and any subsequent renewals of the policy after entry of a valid decree of dissolution of the marriage of the named insured only on the basis of the driving record applicable to the named insured and any person who is to be*

*an insured, as defined in section 65B.43, under the policy to be renewed."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Peterson, R.W. moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 55, after line 29, insert:

"Sec. 80. Minnesota Statutes 1984, section 604.01, subdivision 1, is amended to read:

Subdivision 1. [SCOPE OF APPLICATION.] Contributory fault shall not bar recovery in an action by any person or his legal representative to recover damages for fault resulting in death or in injury to person or property; ~~if the contributory fault was not greater than the fault of the person against whom recovery is sought; but any damages allowed shall be diminished in proportion to the amount of fault attributable to the person recovering.~~ The court may, and when requested by any party shall, direct the jury to find separate special verdicts determining the amount of damages and the percentage of fault attributable to each party; ~~and the court shall then reduce the amount of damages in proportion to the amount of fault attributable to the person recovering."~~

Page 55, line 34, strike "; except that each is"

Page 55, line 35, strike everything before the period and delete the new language

Page 55, delete line 36

Page 56, delete lines 1 to 3

Page 57, line 18, delete "section" and insert "sections" and delete "is" and insert "and 604.02, subdivisions 2 and 3, are"

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 21, after the second semicolon, insert "modifying comparative fault; eliminating joint and several liability;"

Page 1, line 38, after the second semicolon, insert "604.01, subdivision 1;"

Page 1, line 45, delete "section" and insert "sections" and before the period, insert "; and 604.02, subdivisions 2 and 3"

The motion prevailed. So the amendment was adopted.

Mr. Solon moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 45, after line 25, insert:

“Sec. 61. Minnesota Statutes 1984, section 398A.04, subdivision 6, is amended to read:

Subd. 6. [INSURANCE AND INDEMNITY.] (a) The authority shall be subject to tort liability to the extent provided in chapter 466 and may procure insurance against the liability, and may indemnify and purchase and maintain insurance on behalf of any of its commissioners, officers, employees, or agents, in connection with any threatened, pending, or completed action, suit, or proceeding, as provided in chapter 466, and to the same extent and in the same manner and with the same force and effect as provided in the case of a private corporation by section ~~300.082~~ 300.083. It may also procure insurance against loss of or damage to property in the amounts, by reason of the risks, and from the insurers as it deems prudent.

(b) *A railroad leasing its tracks and right-of-way to a railroad authority created under this chapter is subject to tort liability only to the extent provided for municipalities in chapter 466 as to any claims arising out of fare-paying passenger operations carried on by the railroad authority on tracks and right-of-way leased from the railroad.*”

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 34, after the second semicolon, insert “398A.04, subdivision 6;”

The motion prevailed. So the amendment was adopted.

Mr. Taylor moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 45, after line 25, insert:

“Sec. 61. [317.201] [UNPAID DIRECTORS OR TRUSTEES; LIABILITY FOR DAMAGES.]

*A director or trustee of a nonprofit corporation or association who is not paid for services to the corporation or association is not individually liable for damages occasioned solely by reason of membership on or participation in board activities.*”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

## RECONSIDERATION

Having voted on the prevailing side, Mr. Peterson, R.W. moved that the vote whereby the Peterson, R.W. amendment to H.F. No. 1950 was adopted on March 11, 1986, be now reconsidered.

## CALL OF THE SENATE

Mr. Peterson, R.W. imposed a call of the Senate for the reconsideration

of his amendment. The Sergeant at Arms was instructed to bring in the absent members.

The motion prevailed. So the vote was reconsidered.

The question recurred on the adoption of the amendment.

The roll was called, and there were yeas 39 and nays 25, as follows:

Those who voted in the affirmative were:

Benson	Frank	Langseth	Olson	Reichgott
Berglin	Freeman	Lantry	Pehler	Samuelson
Bertram	Gustafson	Lessard	Peterson, C.C.	Schmitz
Chmielewski	Hughes	Lüther	Peterson, D.C.	Spear
Davis	Johnson, D.J.	Merriam	Peterson, R.W.	Stumpf
DeCramer	Jude	Moe, R.D.	Pogemiller	Vega
Dicklich	Kroening	Nelson	Purfeerst	Willet
Dieterich	Kronebusch	Novak	Ramstad	

Those who voted in the negative were:

Adkins	Brataas	Johnson, D.E.	McQuaid	Sieloff
Anderson	Diessner	Kamrath	Mehrkens	Storm
Belanger	Frederick	Knaak	Moe, D.M.	Taylor
Berg	Frederickson	Knutson	Peterson, D.L.	Waldorf
Bernhagen	Isackson	Laidig	Renneke	Wegscheid

The motion prevailed. So the amendment was adopted.

Mr. Chmielewski moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S. F. No. 1727.)

Page 54, before line 33, insert:

“Sec. 79. [549.23] [NONECONOMIC LOSSES; LIMITATIONS.]

*Subdivision 1. [DEFINITION.] For purposes of this section, “noneconomic loss” means all nonpecuniary harm for which damages are recoverable, including but not limited to pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.*

*Subd. 2. [LIMITATION.] In civil actions, whether based on contract or tort, the amount of damages per person for noneconomic losses may not exceed \$400,000.”*

Page 57, line 23, delete “and” and after “77” insert “and 79”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Isackson	Nelson	Storm
Anderson	Chmielewski	Johnson, D.E.	Olson	Stumpf
Belanger	Davis	Kamrath	Pehler	Taylor
Benson	DeCramer	Kronebusch	Peterson, D.L.	Wegscheid
Berg	Frederick	Laidig	Ramstad	
Bernhagen	Frederickson	Langseth	Renneke	
Bertram	Gustafson	Mehrkens	Samuelson	

Those who voted in the negative were:

Berglin	Johnson, D.J.	Luther	Peterson, R.W.	Solon
Dicklich	Jude	McQuaid	Petty	Spear
Diessner	Knaak	Merriam	Pogemiller	Vega
Dieterich	Knutson	Moe, D.M.	Purfeerst	Waldorf
Frank	Kroening	Moe, R.D.	Reichgott	
Freeman	Lantry	Novak	Schmitz	
Hughes	Lessard	Peterson, D.C.	Sieloff	

The motion did not prevail. So the amendment was not adopted.

Mr. Wegscheid moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Pages 15 to 31, delete sections 22 to 41

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 33, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Jude	Mehrrens	Taylor
Anderson	Frederick	Kamrath	Olson	Waldorf
Belanger	Frederickson	Knaak	Peterson, D.L.	Wegscheid
Benson	Gustafson	Knutson	Ramstad	
Berg	Hughes	Kronebusch	Renneke	
Bernhagen	Isackson	Laidig	Sieloff	
Brataas	Johnson, D.E.	McQuaid	Storm	

Those who voted in the negative were:

Berglin	Frank	Merriam	Peterson, D.C.	Schmitz
Bertram	Freeman	Moe, D.M.	Peterson, R.W.	Solon
Davis	Kroening	Moe, R.D.	Petty	Spear
DeCramer	Langseth	Nelson	Pogemiller	Stumpf
Dicklich	Lantry	Novak	Purfeerst	Vega
Diessner	Lessard	Pehler	Reichgott	
Dieterich	Luther	Peterson, C.C.	Samuelson	

The motion did not prevail. So the amendment was not adopted.

Mr. Wegscheid then moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 15, line 22, delete "to provide insurance"

Page 15, delete lines 23 to 29 and insert "and"

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H.F. No. 1950. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Wegscheid amendment.

The roll was called, and there were yeas 30 and nays 33, as follows:



Those who voted in the affirmative were:

Adkins	Brataas	Johnson, D.E.	Laidig	Renneke
Anderson	Chmielewski	Jude	McQuaid	Sieloff
Belanger	Frederick	Kamrath	Mehrkes	Storm
Benson	Frederickson	Knaak	Olson	Taylor
Berg	Gustafson	Knutson	Peterson, D.L.	Waldorf
Bernhagen	Isackson	Kronebusch	Ramstad	Wegscheid

Those who voted in the negative were:

Berglin	Freeman	Merriam	Peterson, D.C.	Schmitz
Bertram	Hughes	Moe, D.M.	Peterson, R.W.	Spear
Davis	Kroening	Moe, R.D.	Petty	Stumpf
DeCramer	Langseth	Nelson	Pogemiller	Vega
Dicklich	Lantry	Novak	Purfeerst	Willet
Dieterich	Lessard	Pehler	Reichgott	
Frank	Luther	Peterson, C.C.	Samuelson	

The motion did not prevail. So the amendment was not adopted.

Mr. Benson moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 34, line 21, reinstate the stricken language

Page 36, line 26, delete "*farmowners and operators*,"

The motion prevailed. So the amendment was adopted.

Mr. Waldorf moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Pages 53 and 54, delete section 77 and insert:

"Sec. 77. Minnesota Statutes 1984, section 549.20, subdivision 1, is amended to read:

Subdivision 1. *Except as provided in subdivision 4, punitive damages shall be allowed in civil actions only upon clear and convincing evidence that the acts of the defendant show a willful indifference to intentional disregard of the rights or safety of others.*

Sec. 78. Minnesota Statutes 1984, section 549.20, is amended by adding a subdivision to read:

*Subd. 4. In any civil action, whether based on contract or tort, no original complaint, crossclaim, counterclaim, or third party claim that seeks unliquidated damages may assert a claim for punitive or exemplary damages. A complaint or claim may be amended to include a claim for punitive or exemplary damages by leave of the court only after discovery is completed. The court shall grant leave to amend the complaint or claim if the parties agree or if the moving party presents evidence supporting the claim for punitive or exemplary damages, and that evidence, in relation to the requirements of this section, is sufficient to withstand a motion for a directed verdict against the moving party on the claim for punitive or exemplary damages.*

*Any amendment made pursuant to this subdivision relates back to the date*

*of the commencement of the original action for the purposes of any applicable statute of limitations."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Kamrath	Nelson	Storm
Anderson	Diessner	Knutson	Olson	Taylor
Belanger	Frederick	Kronebusch	Peterson, D.L.	Waldorf
Benson	Frederickson	Laidig	Ramstad	Wegscheid
Berg	Gustafson	Lessard	Renneke	
Bernhagen	Isackson	McQuaid	Samuelson	
Braataas	Johnson, D.E.	Mehrrens	Sieloff	

Those who voted in the negative were:

Berglin	Freeman	Luther	Peterson, R.W.	Spear
Bertram	Hughes	Merriam	Petty	Stumpf
Davis	Jude	Moe, D.M.	Pogemiller	Vega
DeCramer	Knaak	Novak	Purfeerst	Willet
Dicklich	Kroening	Pehler	Reichgott	
Dieterich	Langseth	Peterson, C.C.	Schmitz	
Frank	Lantry	Peterson, D.C.	Solon	

The motion did not prevail. So the amendment was not adopted.

Mr. Kamrath moved to amend the Peterson, R.W. amendment to H.F. No. 1950, adopted by the Senate March 11, 1986, as follows:

Page 1 of the amendment, delete lines 6 to 21

Page 2 of the amendment, delete lines 5 and 6

Page 2, line 9 of the amendment, delete "modifying comparative fault;"

Page 2 of the amendment, delete lines 11 and 12

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 35 and nays 31, as follows:

Those who voted in the affirmative were:

Adkins	Braataas	Isackson	Lessard	Renneke
Anderson	Chmielewski	Johnson, D.E.	McQuaid	Samuelson
Belanger	Diessner	Kamrath	Mehrrens	Sieloff
Benson	Frank	Knaak	Nelson	Storm
Berg	Frederick	Knutson	Olson	Taylor
Bernhagen	Frederickson	Kronebusch	Peterson, D.L.	Waldorf
Bertram	Gustafson	Laidig	Ramstad	Wegscheid

Those who voted in the negative were:

Berglin	Johnson, D.J.	Moe, D.M.	Petty	Stumpf
Davis	Jude	Moe, R.D.	Pogemiller	Vega
DeCramer	Kroening	Novak	Purfeerst	Willet
Dicklich	Langseth	Pehler	Reichgott	
Dieterich	Lantry	Peterson, C.C.	Schmitz	
Freeman	Luther	Peterson, D.C.	Solon	
Hughes	Merriam	Peterson, R.W.	Spear	

The motion prevailed. So the amendment was adopted.

Mr. Solon moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 7, after line 23, insert:

“Sec. 7. [60A.29] [NONPROFIT RISK INDEMNIFICATION TRUST ACT.]

*Subdivision 1. [TITLE.] This section may be cited as the “nonprofit risk indemnification trust act.”*

*Subd. 2. [PURPOSE.] The purpose of this section is to authorize the establishment of trust funds for the purpose of indemnifying nonprofit beneficiary organizations for financial loss due to damage, destruction, or loss of property or the imposition of legal liability, and to regulate the operation of trust funds established under this section.*

*Subd. 3. [APPROVAL OF COMMISSIONER.] No trust fund with the purpose of indemnifying multiple nonprofit beneficiary organizations shall be established without the prior approval of the commissioner of the department of commerce. The commissioner shall withhold approval of any trust fund that fails to comply with the provisions and requirements of this section.*

*Subd. 4. [ELIGIBLE BENEFICIARIES.] No organization, corporation, agency, or program shall be a beneficiary of any trust fund established under this section unless it is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 30, 1985. No trust fund established under this section shall agree to indemnify the state of Minnesota, any political subdivision of the state, or any hospital licensed pursuant to section 144.55. No trust fund established under this section shall indemnify any beneficiary for loss or damage to property permanently located outside the boundaries of this state or for legal liabilities arising from operations or activities occurring outside this state, except where those operations or activities are of a nonroutine nature; provided, however, that this restriction shall not apply to a beneficiary which is incorporated under the laws of this state and has its principal office located in this state.*

*Subd. 5. [INELIGIBLE RISKS.] No trust fund established under this section shall indemnify any beneficiary for liabilities incurred under the workers' compensation act or for benefits provided to employees pursuant to any medical, dental, life, or disability income protection plan.*

*Subd. 6. [BENEFIT SCHEDULES.] Every trust fund established under this section shall establish in its bylaws or plan of operation a schedule of benefits, to be approved by the commissioner, governing the indemnification of beneficiaries of the trust. The schedule of benefits shall include all conditions, limitations, and exclusions relevant to indemnification.*

*Subd. 7. [INDEMNIFICATION AGREEMENTS.] Every trust fund established under this section shall provide each of its beneficiaries with a written indemnification agreement specifying the rights and obligations of the trust fund and the beneficiary under the agreement. No indemnification agreement shall be issued to a beneficiary unless it has been filed with and approved by the commissioner.*

*Subd. 8. [CONTRIBUTIONS.] The trust fund shall establish contribu-*

tions required of beneficiaries necessary to fund the operations of the fund. All contributions shall be filed with and approved by the commissioner prior to use. Contributions must be based on sound actuarial principles and be adequate to fund the operation of the trust fund. Contributions may not be excessive, in relation to the benefits provided, or unfairly discriminatory.

*Subd. 9. [MULTIPLE TRUST AGREEMENTS PROHIBITED.] No trust fund established under this section shall enter into an agreement with any other trust fund whereby the risks assumed by each are pooled or shared.*

*Subd. 10. [BOARD OF TRUSTEES.] Every trust fund established under this section shall be governed by a board of no fewer than five trustees. The initial trustees need not be appointed or elected by the beneficiaries of the trust fund. During the second year following the creation of an authorized trust fund, at least one-fourth of all its trustees in office shall have been elected or appointed by the beneficiaries. After the end of the second year following the creation of an authorized trust fund, a majority of all trustees in office shall have been elected or appointed by the beneficiaries. All trustees serving during the first two years following the creation of an authorized trust fund shall be elected or appointed for one-year terms. All trustees serving thereafter shall be elected or appointed for two-year terms, provided that the trustees may be elected or appointed for one-year terms to the extent necessary in order to create staggered terms. Any trustee may be removed at any time, with or without cause, by a majority vote of the beneficiaries. The board of trustees shall meet no fewer than four times each year.*

*Subd. 11. [TRUSTEES; COMPENSATION.] No trustee shall be paid a salary or receive other compensation for service as a trustee, except that the bylaws or plan of operation may provide for reimbursement for actual expenses incurred on behalf of the trust fund and for the payment of a reasonable per diem amount for attendance at meetings of the board.*

*Subd. 12. [BYLAWS; PLAN OF OPERATION.] The trustees of each trust fund authorized under this section shall cause to be adopted a set of bylaws or plan of operation which shall govern the operation of the trust fund. All bylaws or plans of operation or amendments to them are subject to prior approval by the commissioner. The commissioner shall adopt rules governing the content and approval of bylaws or plans of operation.*

*Subd. 13. [FINANCIAL STATEMENT; REPORT ON OPERATIONS.] Every trust fund authorized under this section shall, by June 1 of every year, file with the commissioner a financial statement for the previous year's operations. The financial statement must include the opinion of a certified public accountant that the statement was prepared in conformity with generally accepted accounting principles. Also by June 1 of every year, every trust fund must file with the commissioner, on forms provided by the department, a report summarizing the trust fund's operations during the previous year.*

*Subd. 14. [FINANCIAL STANDARDS.] Every authorized trust fund shall have and maintain financial assets sufficient to satisfy all current and future financial obligations and responsibilities to beneficiaries. The commissioner shall adopt rules establishing minimum financial standards for authorized trust funds.*

*Subd. 15. [CONTRACTS; FEES.] Authorized trust funds may enter into*

*contracts with risk management service providers, actuarial consultants, or other vendors as are necessary to ensure the effective and efficient operation of the trust fund. Fees paid to vendors for services provided must not be excessive.*

*Subd. 16. [REINSURANCE.] Authorized trust funds may insure or reinsure their obligations and liabilities with insurance companies authorized to do business in Minnesota, pursuant to section 60A.06, or with companies similarly authorized in any other state of the United States.*

*Subd. 17. [INTERBENEFICIARY CAUSE OF ACTION.] No beneficiary shall have any cause of action against any other beneficiary arising solely out of the insolvency of inability of the trust fund to meet its obligations.*

*Subd. 18. [EXAMINATION.] The commissioner may examine authorized trust funds to the same extent and with the same purpose as is provided, with respect to insurance companies, by section 60A.031.*

*Subd. 19. [SECURITY DEPOSIT.] As a condition of authorization, every trust fund shall deposit with the commissioner an acceptable security of a value equal to not less than \$500,000. In the event that a trust fund fails to honor the obligations assumed by it under trust agreements issued to its beneficiaries, use of the security deposit shall revert to the commissioner for the purpose of executing the trust fund's obligations to its beneficiaries. The commissioner shall adopt rules governing the amount of security required and the acceptable forms of security.*

*Subd. 20. [RULES.] The commissioner may adopt rules to enforce and administer the requirements of this section.*

*Subd. 21. [TRUST FUNDS NOT SUBJECT TO INSURANCE REGULATIONS.] Trust funds established under this section shall not be considered insurance companies or to be in the business of insurance nor shall they be subject to regulation by the commissioner, except as provided for in this section."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Kamrath moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Page 54, after line 32, insert:

"Sec. 79. [549.22] [NONECONOMIC LOSSES; LIMITATIONS.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "noneconomic loss" means all nonpecuniary harm for which damages are recoverable, including but not limited to pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.*

*Subd. 2. [LIMITATION.] In civil actions, whether based on contract or tort, the amount of damages for noneconomic losses may not exceed*

\$500,000.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Isackson	Mehrkens	Storm
Anderson	Chmielewski	Johnson, D.E.	Olson	Stumpf
Belanger	Davis	Kamrath	Pehler	Taylor
Benson	DeCramer	Kronebusch	Peterson, D.L.	Waldorf
Berg	Frederick	Laidig	Ramstad	Wegscheid
Bernhagen	Frederickson	Langseth	Renneke	
Bertram	Gustafson	McQuaid	Samuelson	

Those who voted in the negative were:

Berglin	Johnson, D.J.	Luther	Peterson, R.W.	Solon
Dicklich	Jude	Merriam	Petty	Spear
Diessner	Knaak	Moe, D.M.	Pogemiller	Vega
Dieterich	Knutson	Moe, R.D.	Purfeerst	Willet
Frank	Kroening	Novak	Reichgott	
Freeman	Lantry	Peterson, C.C.	Schmitz	
Hughes	Lessard	Peterson, D.C.	Sieloff	

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend the seventh Luther amendment to H.F. No. 1950, adopted by the Senate March 11, 1986, as follows:

Page 1, delete line 6 of the Luther amendment and insert:

“Page 50, line 24, before “*sickness*” insert “*accident and*””

The motion prevailed. So the amendment was adopted.

Mr. Luther moved that H.F. No. 1950 be laid on the table. The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Reports of Committees and Second Reading of Senate Bills. The motion prevailed.

## REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1732: A bill for an act relating to marriage dissolution; providing a presumption for joint legal custody; providing for custody mediation; regulating support determinations; amending Minnesota Statutes 1984, sections

518.17, subdivisions 2 and 5; 518.551, subdivision 5; Minnesota Statutes 1985 Supplement, section 518.64, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 518.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for March 7, 1986, be amended to read:

“the bill be amended and when so amended the bill do pass and be referred to the Committee on Finance”. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred

S.F. No. 2114: A bill for an act relating to unemployment compensation; providing that benefits resulting from acts of God are nonchargeable to an employer's account; amending Minnesota Statutes 1984, section 268.06, subdivisions 5 and 24.

Reports the same back with the recommendation that the bill do pass. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. No. 2114 was read the second time.

## MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed 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 bills were read the first time and referred to the committees indicated.

Messrs. Benson; Peterson, R.W.; Merriam; Kroening and Mrs. Kronebusch introduced—

S.F. No. 2306: A bill for an act relating to natural resources; authorizing spending for acquiring and bettering public land and buildings for a fish hatchery; authorizing issuance of state bonds; appropriating money.

Referred to the Committee on Agriculture and Natural Resources.

Messrs. Isackson, Benson, Frederickson, Kamrath and Frederick introduced—

S.F. No. 2307: A bill for an act relating to taxation; property; extending the property eligible for agricultural homestead treatment in certain cases; amending Minnesota Statutes 1985 Supplement, section 273.124, subdivision 8.

Referred to the Committee on Taxes and Tax Laws.

Mr. Sieloff introduced—

S.F. No. 2308: A bill for an act relating to the Minnesota high school league; requiring due process on certain conference matters; establishing certain requirements for expulsion from a conference; amending Minnesota Statutes 1984, section 129.121, subdivision 1.

Referred to the Committee on Education.

Messrs. Stumpf; Bertram; Peterson, C.C. and Purfeerst introduced—

S.F. No. 2309: A resolution memorializing the President and Congress of the United States to investigate and take action to effect changes in the wheat grading and marketing process.

Referred to the Committee on Rules and Administration.

Mr. Merriam introduced—

S.F. No. 2310: A bill for an act relating to taxation; property; modifying the metropolitan revenue distribution system; phasing out certain exemptions; providing a variable contribution percentage; equalizing commercial-industrial assessed valuations; changing certain definitions; eliminating the administrative auditor's functions; amending Minnesota Statutes 1984, sections 473F.01; 473F.02, subdivision 12; 473F.06; 473F.07; 473F.08, subdivisions 2, 5, 6, 7a, and by adding a subdivision; 473F.09; 473F.13; Minnesota Statutes 1985 Supplement, section 473F.02, subdivision 3; repealing Minnesota Statutes 1984, sections 473F.02, subdivisions 6, 9, 11, 16, 18, 19, and 20; 473F.03; and 473F.12; and Minnesota Statutes 1985 Supplement, section 473F.02, subdivision 17.

Referred to the Committee on Taxes and Tax Laws.

Mr. Petty introduced—

S.F. No. 2311: A bill for an act relating to local government aids; modifying the distribution formula for cities; amending Minnesota Statutes 1984, section 477A.011, by adding subdivisions; Minnesota Statutes 1985 Supplement, sections 477A.011, subdivision 10; and 477A.013, subdivisions 2 and 3; repealing Minnesota Statutes 1985 Supplement, section 477A.011, subdivision 14.

Referred to the Committee on Local and Urban Government.

Mrs. Lantry introduced—

S.F. No. 2312: A bill for an act relating to taxation; property; providing for delayed assessment of valuation increases due to the rehabilitation of buildings; proposing coding for new law in Minnesota Statutes, chapter 273.

Referred to the Committee on Taxes and Tax Laws.

#### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Chmielewski moved that H.F. No. 2100 be taken from the table, given its second reading and placed on General Orders. The motion



prevailed.

H.F. No. 2100: A bill for an act relating to agriculture; state agricultural society; removing the time and geographical restrictions on the society's ability to impose certain restrictions on performers at the state fairgrounds; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision 1.

H.F. No. 2100 was read the second time.

Mr. Kamrath moved that H.F. No. 1776 be withdrawn from the Committee on Judiciary and placed on General Orders.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the adoption of the motion of Mr. Kamrath.

The roll was called, and there were yeas 26 and nays 36, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Kamrath	Mehrkens	Storm
Anderson	Frederick	Knaak	Olson	Taylor
Belanger	Frederickson	Knutson	Peterson, D.L.	
Benson	Gustafson	Kronebusch	Ramstad	
Berg	Isackson	Laidig	Renneke	
Bernhagen	Johnson, D.E.	McQuaid	Sieloff	

Those who voted in the negative were:

Berglin	Frank	Merriam	Petty	Stumpf
Bertram	Freeman	Moe, D.M.	Pogemiller	Vega
Chmielewski	Jude	Moe, R.D.	Purfeerst	Waldorf
Davis	Kroening	Nelson	Reichgott	Willet
DeCramer	Langseth	Pehler	Samuelson	
Dicklich	Lantry	Peterson, C.C.	Schmitz	
Diessner	Lessard	Peterson, D.C.	Solon	
Dieterich	Luther	Peterson, R.W.	Spear	

The motion did not prevail.

### MEMBERS EXCUSED

Mr. Dahl was excused from the Session of today from 10:30 a.m. to 10:00 p.m. Ms. Berglin was excused from the Session of today from 12:00 noon to 12:45 p.m. Mr. Knaak was excused from the Session of today from 12:00 noon to 12:45 p.m. Mr. Wegscheid was excused from the Session of today from 10:30 a.m. to 12:30 p.m. and from 5:20 to 7:30 p.m. Mr. Purfeerst was excused from the Session of today from 12:15 to 2:00 p.m. Mr. Gustafson was excused from the Session of today from 7:00 to 8:30 p.m.

### RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 7:00 p.m. The motion prevailed.

The hour of 7:00 p.m. having arrived, the President called the Senate to

order.

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### SPECIAL ORDER

S.F. No. 1961: A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, non-public, and protected nonpublic; clarifying issues relating to the administration of data; amending Minnesota Statutes 1984, sections 13.38, by adding a subdivision; 13.41, subdivision 4; 13.46, by adding a subdivision; 169.09, subdivision 13; 241.42, by adding subdivisions; and 259.27, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 2 and 7; 13.76; 13.82, subdivision 5; and 144.335, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 241; repealing Minnesota Statutes 1985 Supplement, section 13.89.

Ms. Berglin moved to amend S.F. No. 1961 as follows:

Page 1, after line 18, insert:

“Section 1. Minnesota Statutes 1984, section 8.31, subdivision 1, is amended to read:

Subdivision 1. [INVESTIGATE OFFENSES AGAINST THE PROVISIONS OF CERTAIN DESIGNATED SECTIONS; ASSIST IN ENFORCEMENT.] The attorney general shall investigate violations of the law of this state respecting unfair, discriminatory and other unlawful practices in business, commerce, or trade, and specifically, but not exclusively, the act against unfair discrimination and competition (sections 325D.01 to 325D.08), the unlawful trade practices act (sections 325D.09 to 325D.16), the automobile dealer’s anticomercion act (sections 325D.17 to 325D.29), the antitrust act (sections 325D.49 to 325D.66), section 325F.67 and other laws against false or fraudulent advertising, the antidiscrimination acts contained in section 325D.67, the act against monopolization of food products (section 325D.68), the *medical assistance program (chapter 256B)*, and the prevention of consumer fraud act (sections 325F.68 to 325F.70) and assist in the enforcement of those laws as in this section provided.”

Page 10, after line 29, insert:

“Sec. 14. Minnesota Statutes 1985 Supplement, section 214.10, subdivision 8, is amended to read:

Subd. 8. [SPECIAL REQUIREMENTS FOR HEALTH-RELATED LICENSING BOARDS.] In addition to the provisions of this section that apply to all examining and licensing boards, the requirements in this subdivision apply to all health-related licensing boards, except the board of veterinary medicine.

(a) If the executive secretary or consulted board member determines that a communication received alleges a violation of statute or rule that involves

sexual contact with a patient or client, the communication shall be forwarded to the designee of the attorney general for an investigation of the facts alleged in the communication. If, after an investigation it is the opinion of the executive secretary or consulted board member that there is sufficient evidence to justify disciplinary action, the board shall conduct a disciplinary conference or hearing. If, after a hearing or disciplinary conference the board determines that misconduct involving sexual contact with a patient or client occurred, the board shall take disciplinary action. Notwithstanding subdivision 2, a board may not attempt to correct improper activities or redress grievances through education, conciliation, and persuasion, unless in the opinion of the executive secretary or consulted board member there is insufficient evidence to justify disciplinary action. The board may settle a case by stipulation prior to, or during, a hearing if the stipulation provides for disciplinary action.

(b) In addition to the information required under section 214.07, subdivision 1, each board shall include in its reports to the legislature summaries of each individual case that involved possible sexual contact with a patient or client. The summary must include a description of the alleged misconduct; the general results of the investigation; the nature of board activities relating to that case; the disposition of the case; and the reasons for board decisions concerning the disposition of the case. The information disclosed under this section must not include the name or specific identifying information about any person, agency, or organization.

(c) A board member who has a direct current or former financial connection or professional relationship to a person who is the subject of board disciplinary activities must not participate in board activities relating to that case.

(d) Each health-related licensing board shall establish procedures for exchanging information with other Minnesota state boards, agencies, and departments responsible for licensing health-related occupations, facilities, and programs, and for coordinating investigations involving matters within the jurisdiction of more than one licensing body. The procedures must provide for the forwarding to other licensing bodies of all information and evidence, including the results of investigations, that are relevant to matters within that licensing body's regulatory jurisdiction. Each health-related licensing board shall have access to any data of the department of human services relating to a person subject to the jurisdiction of the licensing board. The data shall have the same classification under sections 13.01 to 13.88, the Minnesota government data practices act, in the hands of the agency receiving the data as it had in the hands of the department of human services.

(e) Each health-related licensing board shall establish procedures for exchanging information with other states regarding disciplinary actions against licensees. The procedures must provide for the collection of information from other states about disciplinary actions taken against persons who are licensed to practice in Minnesota or who have applied to be licensed in this state and the dissemination of information to other states regarding disciplinary actions taken in Minnesota.

(f) *Each health-related licensing board shall provide complaints or other information relevant to fraud or abuse of the medical assistance program to the attorney general. Information provided to the attorney general under this*

*paragraph has the same classification under sections 13.01 to 13.88 in the hands of the attorney general as it has in the hands of the health-related licensing board until a civil or criminal proceeding related to the information is begun."*

Page 11, after line 22, insert:

"Sec. 20. Minnesota Statutes 1984, section 256B.064, subdivision 1a, is amended to read:

Subd. 1a. [GROUNDS FOR MONETARY RECOVERY AND SANCTIONS AGAINST VENDORS.] The commissioner may seek monetary recovery and impose sanctions against vendors of medical care for any of the following: fraud, theft, or abuse in connection with the provision of medical care to recipients of public assistance; a pattern of presentment of false or duplicate claims or claims for services not medically necessary; a pattern of making false statements of material facts for the purpose of obtaining greater compensation than that to which the vendor is legally entitled; suspension or termination as a Medicare vendor; and refusal to grant the state agency or the attorney general access during regular business hours to examine all records necessary to disclose the extent of services provided to program recipients. No sanction may be imposed or monetary recovery obtained against any vendor of nursing home or convalescent care for providing services not medically necessary when the services provided were ordered by a licensed health professional not an employee of the vendor. The determination of services not medically necessary shall be made by the commissioner in consultation with a provider advisory committee appointed by the commissioner on the recommendation of appropriate professional organizations.

Sec. 21. Minnesota Statutes 1984, section 256B.12, is amended to read:

256B.12 [LEGAL REPRESENTATION.]

*Subdivision 1. [ATTORNEY FOR ACTION.]* The attorney general or the appropriate county attorney appearing at the direction of the attorney general shall be the attorney for the state agency, and the county attorney of the appropriate county shall be the attorney for the local agency in all matters pertaining hereto. To prosecute under this chapter or sections 609.466 and 609.52, subdivision 2, or to recover payments wrongfully made under this chapter, the attorney general or the appropriate county attorney, acting independently or at the direction of the attorney general may institute a criminal or civil action.

*Subd. 2. [ACCESS TO RECORDS.]* The attorney general and the appropriate county attorney shall be allowed access upon 24 hours notice to records of vendors, and records of recipients of medical assistance to which the commissioner has access under section 256B.27, subdivision 3, for the purpose of investigating whether a person or business entity has committed fraud or abuse of the medical assistance program or for use or potential use in a legal, administrative, or judicial proceeding.

Sec. 22. Minnesota Statutes 1984, section 256B.27, subdivision 3, is amended to read:

Subd. 3. The commissioner of human services and the attorney general, with the written consent of the recipient, on file with the local welfare

agency, shall be allowed access to all personal medical records of medical assistance recipients solely for the purposes of investigating whether or not: (a) a vendor of medical care has submitted a claim for reimbursement, a cost report or a rate application which the vendor knows to be false in whole or in part; or (b) the medical care was medically necessary. The vendor of medical care shall receive notification from the commissioner at least 24 hours before the commissioner gains access to such records. The determination of provision of services not medically necessary shall be made by the commissioner in consultation with an advisory committee of vendors as appointed by the commissioner on the recommendation of appropriate professional organizations. Notwithstanding any other law to the contrary, a vendor of medical care shall not be subject to any civil or criminal liability for providing access to medical records to the commissioner of human services pursuant to this section.

Sec. 23. Minnesota Statutes 1984, section 256B.27, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION OF COMMISSIONER TO EXAMINE RECORDS.] A person determined to be eligible for medical assistance shall be deemed to have authorized the commissioner of human services *and the attorney general* in writing to examine all personal medical records developed while receiving medical assistance for the purpose of investigating whether or not a vendor has submitted a claim for reimbursement, a cost report or a rate application which the vendor knows to be false in whole or in part, or in order to determine whether or not the medical care provided was medically necessary.

Sec. 24. Minnesota Statutes 1984, section 256B.27, subdivision 5, is amended to read:

Subd. 5. Medical records obtained by the commissioner of human services *and the attorney general* pursuant to this section are private data, as defined in section 13.02, subdivision 12.

Sec. 25. Minnesota Statutes 1984, section 256B.30, is amended to read:

256B.30 [HEALTH CARE FACILITY REPORT.]

Every facility required to be licensed under the provisions of sections 144.50 to 144.58, or 144A.02, shall provide annually to the commissioner of human services the reports as may be required under law and under rules adopted by the commissioner of human services under the Administrative Procedure Act. The rules shall provide for the submission of a full and complete financial report of a facility's operations including:

- (1) An annual statement of income and expenditures;
- (2) A complete statement of fees and charges;
- (3) The names of all persons other than mortgage companies owning any interest in the facility including stockholders with an ownership interest of ten percent or more of the facility.

The financial reports and supporting data of the facility shall be available for inspection and audit by the commissioner of human services *and the attorney general.*"

Page 11, line 35, delete “18” and insert “26”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert “expanding the powers of the attorney general to obtain certain information and to investigate and prosecute fraud of the medical assistance program;”

Page 1, line 6, after “sections” insert “8.31, subdivision 1;”

Page 1, line 9, after the second semicolon, insert “256B.064, subdivision 1a; 256B.12; 256B.27, subdivisions 3, 4, and 5; 256B.30;”

Page 1, line 13, delete the second “and”

Page 1, line 14, after the semicolon, insert “and 214.10, subdivision 8;”

The motion prevailed. So the amendment was adopted.

Ms. Peterson, D.C. moved to amend S.F. No. 1961 as follows:

Page 11, after line 30, insert:

“Sec. 19. Minnesota Statutes 1985 Supplement, section 363.01, subdivision 35, is amended to read:

Subd. 35. [HUMAN RIGHTS INVESTIGATIVE DATA.] “Human rights investigative data” means written documents issued or gathered by the department *or a local commission* for the purpose of investigating and prosecuting alleged or suspected discrimination.

Sec. 20. Minnesota Statutes 1985 Supplement, section 363.01, subdivision 36, is amended to read:

Subd. 36. [CONFIDENTIAL, PRIVATE, AND PUBLIC DATA ON INDIVIDUALS AND PROTECTED NONPUBLIC DATA NOT ON INDIVIDUALS.] “Confidential *data on individuals*,” “private *data on individuals*,” “public data on individuals,” “protected nonpublic data ~~not on individuals~~,” and any other terms concerning the availability of human rights investigative *or mediation* data have the meanings given them by section 13.02 of the ~~Minnesota government data practices act~~.

Sec. 21. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

Subd. 39. [HUMAN RIGHTS MEDIATION DATA.] “*Human rights mediation data*” means data created by a local commission for the purpose of mediating alleged or suspected discrimination.

Sec. 22. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

Subd. 40. [CLOSED MEDIATION FILE.] “*Closed mediation file*” means a file containing human rights mediation data in which a report regarding the alleged or suspected discrimination has been made or issued by a local commission.

Sec. 23. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

*Subd. 41. [OPEN MEDIATION FILE.] "Open mediation file" means a file containing human rights mediation data in which no report regarding the alleged or suspected discrimination has been made or issued by the local commission.*

Sec. 24. Minnesota Statutes 1985 Supplement, section 363.061, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO CLOSED FILES.] (a) Human rights investigative data on an individual contained in a closed case file is classified as private, with the exception of the following documents: the name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought, the part of the summary of the investigation that does not contain identifying data on an individual other than the complainant or respondent, and the commissioner's memorandum determining whether probable cause has been shown.

(b) Human rights investigative data not on an individual contained in a closed case file is classified as nonpublic.

(c) Notwithstanding this subdivision, the commissioner may make human rights investigative data contained in a closed case file inaccessible to the charging party or the respondent in order to protect medical or other security interests of the parties or third persons.

(d) Notwithstanding this subdivision, the commissioner may make human rights investigative data contained in a closed case file accessible to a party by court order, subpoena, or written agreement of the parties.

Sec. 25. [363.062] [ACCESS TO CASE FILES.]

*Subdivision 1. [GENERAL PROVISIONS.] Notwithstanding section 13.39, and except as provided in section 363.06, subdivisions 6 and 8, the availability of human rights mediation data to persons other than department employees is governed by this section.*

*Subd. 2. [ACCESS TO OPEN MEDIATION FILES.] (a) Human rights mediation data on an individual, contained in an open mediation file is classified as confidential, with the exception of the name and address of the charging party and respondent, the factual basis of the allegations, and the statute under which the action is brought. The name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought are classified as public data unless the local commission or the commissioner determines that release of the data would be detrimental to the investigative and enforcement process.*

(b) Human rights mediation data not on an individual contained in an open mediation file is classified as protected nonpublic data.

(c) Notwithstanding this subdivision, the local commission or the commissioner may make human rights mediation data contained in an open mediation file accessible to a party by court order, subpoena, or written agreement of the parties.

*Subd. 3. [ACCESS TO CLOSED MEDIATION FILES.] (a) Human rights mediation data on an individual contained in a closed mediation file is classified as private, with the exception of the following documents: the*

*name and address of the charging party and respondent, the factual basis of the allegations, the statute under which the action is brought, and the part of the report that does not contain identifying data on an individual other than the complainant or respondent.*

*(b) Human rights mediation data not on an individual contained in a closed mediation file is classified as nonpublic.*

*(c) Notwithstanding this subdivision, the local commission or the commissioner may make human rights mediation data contained in a closed mediation file inaccessible to the charging party or the respondent in order to protect medical or other security interests of the parties or third persons.*

*(d) Notwithstanding this subdivision, the local commission or the commissioner may make human rights mediation data contained in a closed mediation file accessible to a party by court order, subpoena, or written agreement of the parties.*

Sec. 26. Minnesota Statutes 1984, section 363.091, is amended to read:

363.091 [ENFORCEMENT.]

When a respondent fails or refuses to comply with a final decision of the department, the commissioner may file with the clerk of district court in the judicial district in which the hearing was held a petition requesting the court to order the respondent to comply with the order of the department. Thereupon the court shall issue an order to show cause directed to the respondent why an order directing compliance should not be issued. Notwithstanding the provisions of any law or rule of civil procedure to the contrary, the court shall ~~examine at the hearing on the order to show cause all the evidence in the record and~~ may amend the order of the department in any way the court deems just and equitable. If the ~~panel or examiner~~ *administrative law judge* has ordered an award of damages pursuant to section 363.071 and if the court ~~sustains or modifies the award~~ *deems that an order directing compliance should be issued*, it shall enter judgment on the order ~~or modified order~~ in the same manner as in the case of an order of the district court, as provided in section 546.27.

*The jurisdiction conferred upon courts in sections 14.63 to 14.69 and 363.072 to review the validity of a final decision of the department in a contested case is exclusive.*

Sec. 27. Minnesota Statutes 1984, section 363.14, subdivision 1, is amended to read:

Subdivision 1. [COURT ACTIONS, SUITS BY PRIVATE PARTIES, INTERVENTION.] A person may bring a civil action seeking redress for an unfair discriminatory practice:

(a) Directly to district court; or

(b) Notwithstanding the provisions of any law to the contrary, (1) within 45 days after the commissioner has dismissed a charge because it is frivolous or without merit, because the charging party has failed to provide required information, because the commissioner has determined that further use of department resources is not warranted, or because the commissioner has determined that there is no probable cause to credit the allegations contained



in a charge filed with the commissioner; (2) within 45 days after the commissioner has reaffirmed his determination of no probable cause if the charging party requested a reconsideration of the probable cause determination; or (3) after 45 days from the filing of a charge pursuant to section 363.06, subdivision 1 if a hearing has not been held pursuant to section 363.071 or if the commissioner has not entered into a conciliation agreement to which the charging party is a signator. The charging party shall notify the commissioner of his intention to bring a civil action, which shall be commenced within 90 days of giving the notice;

~~(e) The commissioner may dismiss, without prejudice to the charging party, any case filed with the department on or before June 30, 1978. The commissioner shall notify a charging party by regular mail sent before August 1, 1981, that he has a right to bring a civil action pursuant to this section. Upon giving this notice the commissioner shall end all proceedings in the department relating to the charge. Notwithstanding any statutory period of limitation to the contrary, an individual notified pursuant to this clause may bring a civil action relating to his charge; provided that the action is filed on or before February 1, 1982.~~

*Any person including a charging party bringing a civil action pursuant to this section shall mail by registered or certified mail a copy of the summons and complaint to the commissioner, and upon their receipt immediately upon commencement of the action. In cases in which a charge has been filed, the commissioner upon receiving the summons and complaint shall terminate all proceedings in the department relating to the charge. No charge shall be filed or reinstated with the commissioner after a civil action relating to the same unfair discriminatory practice has been brought unless the civil action has been dismissed without prejudice.*

Upon application by the complaining party to the district court at a special term and under circumstances the court deems just, the court may appoint an attorney for the person and may authorize the commencement of the action without payment of fees, costs, or security.

Upon timely application, the court may permit the department to intervene in a civil action brought pursuant to this section upon certification that the case is of general public importance.

#### Sec. 28. [363.15] [LIABILITY INSURANCE; INDEMNIFICATION.]

*The governing body of any municipality or any local commission may purchase liability insurance for or indemnify the local commission, its members, agents, and employees against tort liability to the same extent and subject to the conditions and limitations under sections 466.06 and 466.07. A municipality shall indemnify and provide defense for members, agents, and employees of a local commission as provided in section 466.07, subdivision 1a."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Reichgott moved to amend the Peterson, D.C. amendment to S.F. No. 1961, adopted by the Senate March 11, 1986, as follows:

Page 1, after line 36, insert:

“Sec. 24. Minnesota Statutes 1984, section 363.03, subdivision 8, is amended to read:

Subd. 8. [CREDIT; SEX DISCRIMINATION.] It is an unfair discriminatory practice:

(1) to discriminate in the extension of *personal or commercial credit* to a person, *or in the requirements for obtaining credit*, because of sex or marital status; *or*

(2) for a credit card issuer to refuse to issue a credit card to a woman under her current or former surname unless there is an intent to defraud or mislead, except that a credit card issuer may require that a woman requesting a card under a former surname open a separate account in that name. A credit card issuer may also require disclosure of any other names under which the credit card applicant may have a credit history.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Storm questioned whether the amendment was germane.

The Chair ruled that the amendment was not germane.

Mr. Peterson, R.W. moved to amend S.F. No. 1961 as follows:

Page 5, line 13, strike “economic security”

The motion prevailed. So the amendment was adopted.

Mrs. Brataas moved to amend S.F. No. 1961 as follows:

Pages 8 and 9, delete section 11

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

### CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on S.F. No. 1961. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the adoption of the Brataas amendment.

The roll was called, and there were yeas 25 and nays 30, as follows:

Those who voted in the affirmative were:

Belanger	Diessner	Johnson, D.E.	Laidig	Schmitz
Benson	Frederick	Kamrath	McQuaid	Sieloff
Bernhagen	Frederickson	Knaak	Olson	Solon
Brataas	Gustafson	Knutson	Peterson, D.L.	Storm
Chmielewski	Isackson	Kronebusch	Ramstad	Taylor

Those who voted in the negative were:

Adkins	DeCramer	Langseth	Pehler	Reichgott
Anderson	Dicklich	Lantry	Peterson, D.C.	Spear
Berg	Dieterich	Lessard	Peterson, R.W.	Stumpf
Berglin	Frank	Merriam	Petty	Vega
Bertram	Freeman	Moe, R.D.	Pogemiller	Waldorf
Davis	Jude	Novak	Purfeerst	Wegscheid

The motion did not prevail. So the amendment was not adopted.

S.F. No. 1961 was read the third time, as amended, and placed on its final passage.

Mr. Peterson, R.W. moved that those not voting be excused from voting. The motion prevailed.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 43 and nays 15, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Lessard	Peterson, D.C.	Spear
Berg	Frederickson	Luther	Peterson, D.L.	Storm
Berglin	Freeman	McQuaid	Peterson, R.W.	Stumpf
Bertram	Johnson, D.J.	Merriam	Petty	Taylor
Chmielewski	Jude	Moe, R.D.	Pogemiller	Vega
Davis	Knaak	Nelson	Ramstad	Waldorf
DeCramer	Kroening	Novak	Reichgott	Wegscheid
Dicklich	Langseth	Olson	Sieloff	
Dieterich	Lantry	Pehler	Solon	

Those who voted in the negative were:

Anderson	Brataas	Gustafson	Kamrath	Laidig
Benson	Diessner	Isackson	Knutson	Purfeerst
Bernhagen	Frederick	Johnson, D.E.	Kronebusch	Schmitz

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

The question recurred on S.F. No. 2178.

S.F. No. 2178: A bill for an act relating to environment; prohibiting certain disposal of hazardous waste; regulating release of radionuclides into groundwater; amending Minnesota Statutes 1984, section 115.01, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 115; and 116C.

Mr. Davis moved to amend S. F. No. 2178 as follows:

Page 1, after line 20, insert:

“Sec. 3. Minnesota Statutes 1984, section 115.01, is amended by adding a subdivision to read:

*Subd. 20. [DEPOSITORY.] “Depository” means: (a) a disposal facility or stabilization and containment facility for hazardous waste as defined in section 115A.03; and (b) a radioactive waste management facility as defined in section 116C.71, subdivision 7.”*

Page 1, line 23, delete “20” and insert “21”

Page 2, line 5, delete “21” and insert “22”

Page 2, line 29, delete “disposal systems” and insert “depositories”

Page 2, lines 34 and 35, delete “disposal system” and insert “depository”

Page 3, line 3, delete “DISPOSAL SYSTEMS” and insert “DEPOSITORY”

Page 3, line 5, delete “disposal system” and insert “depository”

Page 3, line 8, delete "system" and insert "depository"

Page 3, line 9, delete "disposal system" and insert "depository"

Page 3, line 12, delete "DISPOSAL SYSTEM" and insert "DEPOSITORY"

Page 3, line 14, delete everything after "a"

Page 3, line 15, delete everything before "can" and insert "high level radioactive waste depository"

Page 3, lines 29 and 31, delete "disposal system" and insert "radioactive waste management facility"

Page 3, line 35, delete "Disposal"

Page 3, line 36, delete "systems" and insert "Radioactive waste management facilities" and delete "spent nuclear fuel or"

Page 4, line 2, delete "disposal system" and insert "facility"

Page 4, delete lines 13 to 17 and insert:

"Subd. 2. [DISPOSAL RESTRICTED.] *The location or construction of a radioactive waste management facility for high level radioactive waste is prohibited where the average annual radionuclide concentrations in ground water before construction of the facility exceed the limits in subdivision 1.*"

Page 4, line 19, delete "Disposal systems" and insert "Radioactive waste management facilities"

The motion prevailed: So the amendment was adopted.

S.F. No. 2178 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 0, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kamrath	Moe, R.D.	Renneke
Anderson	Diessner	Knaak	Novak	Schmitz
Belanger	Dieterich	Knutson	Olson	Sieloff
Benson	Frank	Kroening	Pehler	Solon
Berg	Frederick	Kronebusch	Peterson, D.C.	Spear
Berglin	Frederickson	Laidig	Peterson, D.L.	Storm
Bernhagen	Freeman	Langseth	Peterson, R.W.	Stumpf
Bertram	Gustafson	Lantry	Petty	Taylor
Brataas	Isackson	Lessard	Pogemiller	Vega
Chmielewski	Johnson, D.E.	Luther	Purfeerst	Waldorf
Davis	Johnson, D.J.	McQuaid	Ramstad	Wegscheid
DeCramer	Jude	Mehrkens	Reichgott	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1912: A bill for an act relating to intoxicating liquor; authorizing the city of Vadnais Heights to issue up to five additional on-sale licenses.

Mr. Dicklich moved to amend S.F. No. 1912 as follows:

Page 1, after line 11, insert:

“Sec. 2. Laws 1973, chapter 663, section 1, as amended by Laws 1974, chapter 335, section 1, is amended to read:

Section 1. [ST. LOUIS COUNTY; SEASONAL TERM ON-SALE LIQUOR LICENSES.] In addition to the number of licenses permitted pursuant to ~~Minnesota Statutes, Section 340.11, Subdivision 10 by law,~~ the county board of St. Louis county may issue ~~not more than ten~~ seasonal on-sale licenses for the sale of intoxicating liquor. The fee for such licenses, which shall be valid for a specified period of not to exceed six months, shall be fixed by the county board. Not more than one license shall be issued for any one premises during any consecutive 12 month period. All other provisions of Minnesota Statutes, ~~Section 340.11, Subdivision 10 governing the issuance of licenses and of chapter 340 340A governing the issuance of licenses and the sale of intoxicating liquor~~ shall apply to a license issued pursuant to this act.

Sec. 3. [LITTLE FALLS ON-SALE LICENSES.]

*Notwithstanding Minnesota Statutes, section 340A.413, subdivision 1 or 3, or any other law, the city of Little Falls may issue one on-sale intoxicating liquor license in addition to the number now permitted by law.*

Sec. 4. [AUTHORITY TO ISSUE LIQUOR LICENSES IN CROW WING COUNTY.]

*The county of Crow Wing may issue not more than two on-sale licenses for the sale of intoxicating liquor on boats or watercraft on lakes in the county. All licenses shall permit the sale and consumption of alcoholic beverages only while the boat or watercraft is under way or moored or anchored off shore. The annual license fee shall be set by the county board in an amount not more than ten percent of the fee charged for a comparable license in the city of Breezy Point. Minnesota Statutes, chapter 340A, shall govern the issuance of licenses and the sale and purchase of alcoholic beverages under this section to the extent consistent with this section.”*

Page 1, line 15, after the period, insert “Section 2 is effective upon approval of the county board of St. Louis county and compliance with Minnesota Statutes, section 645.021. Section 3 is effective upon approval of the Little Falls city council and compliance with Minnesota Statutes, section 645.021. Section 4 is effective upon approval of the county board of Crow Wing county and compliance with Minnesota Statutes, section 645.021.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mrs. Brataas moved to amend S.F. No. 1912 as follows:

Page 1, after line 11, insert:

“Sec. 2. [MAYO CIVIC CENTER; ON-SALE LICENSE.]

*The Rochester city council may issue an on-sale intoxicating liquor license to a person, firm, or corporation which holds a contract to provide concession services at the premises known and used as the Mayo civic center. The*

*license may authorize sales of intoxicating liquor only to persons attending events at the Mayo civic center, for consumption on the licensed premises only. The city council shall fix the fee for the license. All provisions of Minnesota Statutes, chapter 340A, governing intoxicating liquor are applicable to the license except those which by their nature are inapplicable.*

Sec. 3. [REPEALER.]

*Laws 1978, chapter 677, is repealed."*

Page 1, line 15, after the period, insert "*Sections 2 and 3 are effective on approval by the Rochester city council and compliance with Minnesota Statutes, section 645.021.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "licenses" insert "; authorizing the city of Rochester to issue an on-sale license to a concessionaire at the Mayo civic center; repealing Laws 1978, chapter 677"

The motion prevailed. So the amendment was adopted.

Mr. Ramstad moved to amend S.F. No. 1912 as follows:

Page 1, after line 11, insert:

"Sec. 2. [LAKE MINNETONKA LIQUOR LICENSES.]

*Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, except where the context requires otherwise, the terms defined in this section have the meanings given them.*

*(b) "District" means the Lake Minnetonka Conservation District, a public corporation and political subdivision of the state created pursuant to Laws 1967, chapter 907, as amended by Laws 1969, chapter 272.*

*(c) "Lake" means Lake Minnetonka, Hennepin and Carver counties, Minnesota.*

*Subd. 2. [POWERS.] The district is deemed a municipality within the meaning of the liquor act, Minnesota Statutes, chapter 340A, and, subject to limitations provided in this section, has, on the lake, all powers conferred on municipalities by chapter 340A.*

*Subd. 3. [LIQUOR LICENSES.] The powers of the district under the liquor act are subject to the following conditions and limitations:*

*(a) Only intoxicating on-sale licenses, nonintoxicating malt liquor on-sale licenses, and wine on-sale licenses as defined in chapter 340A may be issued by the district.*

*(b) No more than 14 on-sale intoxicating liquor licenses may be issued by the district exclusive of licenses described in Minnesota Statutes, section 340A.413, subdivision 4.*

*(c) Except as modified by this section, the district has the powers conferred by chapter 340A on a statutory city of the third class having a population of 10,000.*

*(d) The district may regulate bottle clubs as defined in chapter 340A in the*

same manner and subject to the same conditions as is provided for cities in chapter 340A.

(e) The district may not establish, own, or operate a municipal liquor store, either on-sale or off-sale.

Subd. 4. [JURISDICTION.] The district has jurisdiction over the sale and possession of any nonintoxicating malt liquor or intoxicating liquor as defined in chapter 340A on or over the waters of the lake. Licenses granted by the district must authorize the on-sale of intoxicating liquor, nonintoxicating liquor or wine, or the approval of bottle club licenses issued by the commissioner of public safety only on boats or watercraft which are underway or moored or anchored offshore and may not authorize the on-sale of intoxicating liquor, nonintoxicating malt liquor or wine, or the operation of a bottle club on boats or watercraft while attached to land or to docks, which on-sale or operation of bottle clubs may be authorized only by license granted by the municipality having jurisdiction over the land to which the boat or dock is attached. The district may, however, impose further regulations or restrictions on any sale or possession of intoxicating liquor, nonintoxicating malt liquor or wine, or the operation of a bottle club on or over the waters of the lake."

Page 1, line 15, after the period, insert "Section 2 is effective upon approval by the board of the Lake Minnetonka conservation district and compliance with Minnesota Statutes, section 645.021."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1912 was then progressed.

### RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 9:30 p.m. The motion prevailed.

The hour of 9:30 p.m. having arrived, the President called the Senate to order.

### MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Messages From the House, First Reading of House Bills, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills. The motion prevailed.

### 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. 1793: A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

Senate File No. 1793 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 11, 1986

Mr. Chmielewski moved that the Senate do not concur in the amendments by the House to S.F. No. 1793, 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 like 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. 1848: A bill for an act relating to costs and attorney fees; providing for recovery of costs and attorney fees by prevailing parties in civil actions and contested case proceedings involving the state; amending Minnesota Statutes 1984, section 14.62, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 3.

Senate File No. 1848 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 11, 1986

### CONCURRENCE AND REPASSAGE

Mr. Willet moved that the Senate concur in the amendments by the House to S.F. No. 1848 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1848 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:

Adkins	Dieterich	Kronebusch	Olson	Schmitz
Anderson	Frank	Laidig	Pehler	Stieloff
Belanger	Frederick	Langseth	Peterson, C.C.	Spear
Benson	Frederickson	Lantry	Peterson, D.C.	Storm
Berg	Freeman	Lessard	Peterson, D.L.	Stumpf
Berglin	Gustafson	Luther	Peterson, R.W.	Taylor
Bernhagen	Hughes	McQuaid	Petty	Vega
Bertram	Isackson	Mehrkens	Pogemiller	Waldorf
Brataas	Johnson, D.E.	Merriam	Purfeerst	Willet
Dahl	Jude	Moe, D.M.	Ramstad	
Davis	Kamrath	Moe, R.D.	Reichgott	
DeCramer	Knaak	Nelson	Renneke	
Diessner	Kroening	Novak	Samuelson	

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. 1677, 1767, 1838, 2256, 1947, 2089 and 2166.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 11, 1986

**FIRST READING OF HOUSE BILLS**

The following bills were read the first time and referred to the committees indicated.

H.F. No. 1677: A bill for an act relating to libraries; changing the way the department of education provides certain information and other services; allowing mayors to appoint nonresidents to city library board under certain circumstances; updating maintenance of effort exceptions; requiring the commissioner of education to cooperatively develop a plan for automation of state agency libraries; amending Minnesota Statutes 1984, sections 121.496; 134.09, subdivision 1; 134.31, subdivisions 2 and 3; and 134.34, subdivision 5.

Mr. Davis moved that H.F. No. 1677 be laid on the table. The motion prevailed.

H.F. No. 1767: A bill for an act relating to taxation; imposing a tax on marijuana and controlled substances; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 297D.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 1838: A bill for an act relating to agriculture; defining certain kinds of milk; amending Minnesota Statutes 1984, section 32.391, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1834.

H.F. No. 2256: A bill for an act relating to partnerships; revising the Uniform Limited Partnership Act; stating duties and powers of limited partners and partnerships; amending Minnesota Statutes 1984, sections 322A.01; 322A.02; 322A.05; 322A.11; 322A.12; 322A.14; 322A.15; 322A.18; 322A.24; 322A.26; 322A.27; 322A.31; 322A.32; 322A.39; 322A.40; 322A.41; 322A.45; 322A.47; 322A.49; 322A.52; 322A.58; 322A.63; and 322A.70.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2081, now on General Orders.

H.F. No. 1947: A bill for an act relating to solid waste; prohibiting the pollution control agency from issuing solid waste processing permits to certain facilities; amending Minnesota Statutes 1984, section 116.07, by adding a subdivision.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 2089: A bill for an act relating to employment; regulating systems of sharing or pooling gratuities; defining service charges; amending Minnesota Statutes 1984, section 177.23, subdivision 9; Minnesota Statutes 1985 Supplement, section 177.24, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2231.

H.F. No. 2166: A bill for an act relating to state government; ratifying certain labor agreements and compensation and salary plans; granting authority to the legislative commission on employee relations.

Mr. Nelson moved that H.F. No. 2166 be laid on the table. The motion prevailed.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2153: A bill for an act relating to agricultural finance; renaming the agricultural resource loan guaranty board; providing powers; authorizing the board to participate in loans; appropriating money; amending Minnesota Statutes 1984, section 41A.02, subdivisions 3 and 6; Minnesota Statutes 1985 Supplement, sections 41A.01; 41A.02, subdivision 11; and 41A.05, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 41A; repealing Minnesota Statutes 1984, section 41A.06, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 9, strike “; BOARD”

Page 2, line 16, strike “; PROJECT”

Page 3, delete sections 5 and 6

Page 4, lines 33 and 34, reinstate the stricken language

Page 6, delete section 11

Re-number the sections in sequence

Amend the title as follows:

Page 1, lines 3 and 4, delete “providing powers;”

Page 1, line 5, delete “appropriating money;”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1832: A bill for an act relating to natural resources; allocating a

portion of cross country license fees issued by political subdivisions to be used for maintenance of cross country ski trails; amending Minnesota Statutes 1984, section 85.41, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 16, after "trail" insert "over one-half mile long"

Page 1, line 16, after "retain" insert "an additional" and delete "of the" and insert "from the annual and \$1 from the daily" and delete everything after "license" and insert "fees"

Page 1, line 17, delete everything before the period and delete everything after "The" and insert "additional retained money"

Page 1, line 18, delete everything before "must"

Page 1, line 19, after "maintenance" insert "and development"

Page 1, line 20, after the first "the" insert "issuing"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1599: A bill for an act relating to lakes; permitting the creation of the Pelican Lake conservation district in Otter Tail county with certain powers; providing penalties.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [378.401] [CITATION.]

Sections 378.405 to 378.57 may be cited as the lake improvement district act.

Sec. 2. [378.405] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 378.405 to 378.57.

Subd. 2. [BOARD.] "Board" means county board.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of natural resources.

Subd. 4. [DISTRICT.] "District" means a lake improvement district.

Subd. 5. [JOINT COUNTY AUTHORITY.] "Joint county authority" means a joint county authority formed by county boards under section 378.44.

Subd. 6. [PROPERTY OWNER.] "Property owner" means the owner of real property within the district or the buyer under contract for deed of property in the district.

Sec. 3. Minnesota Statutes 1984, section 378.41, is amended to read:

**378.41 [ESTABLISHMENT OF LAKE IMPROVEMENT DISTRICTS ADMINISTRATION BY COMMISSIONER.]**

Subdivision 1. [PURPOSE.] (a) In furtherance of the policy declared in section 378.31, the commissioner of ~~natural resources~~ shall coordinate and supervise a local-state program for the establishment of lake improvement districts by counties and cities, *and towns* for lakes located within their boundaries based on state guidelines and regulations and compatible with all state, regional, and local plans where ~~such~~ *the* plans exist.

(b) In administration of this program the commissioner of natural resources shall consult with and obtain advice from other state agencies on those aspects of the program for which the agencies have specific legislative authority including but not limited to the department of health and the pollution control agency.

Subd. 2. [RULES.] The commissioner of ~~natural resources, before April 1, 1979,~~ shall ~~promulgate~~ *adopt permanent and emergency rules pursuant to chapter 15* which to provide guidelines, criteria and standards for establishment of lake improvement districts by counties ~~and cities~~.

Subd. 3. In order to finance the development and implementation of programs for water and related land resources management pursuant to sections 378.31 to 378.32, the county board of any county may designate areas within the county, including bodies of water and related land areas, as lake improvement districts.

Sec. 4. Minnesota Statutes 1984, section 378.42, is amended to read:

**378.42 [CREATION INITIATION AND ESTABLISHMENT BY COUNTY BOARD.]**

Subdivision 1. [RESOLUTION OF INTENT.] The county board may ~~establish~~ *initiate the establishment of* a lake improvement district in a portion of the county ~~by adoption of an appropriate resolution under this section. The board must adopt a resolution declaring the intent of the board to establish a lake improvement district. The resolution shall must:~~

(1) specify the ~~territorial~~ boundaries of the *area district*, which ~~shall must~~ be as consistent as ~~possible~~ *practical* with natural hydrologic boundaries;

(2) ~~prescribe the type or types of water and related land resource management programs to be undertaken in the area, a statement of the means by which district;~~

(3) ~~state how the programs will be financed, and a designation of;~~

(4) ~~designate the county officer or agency who that will be responsible for supervising the programs; and~~

(5) ~~set a date for a hearing on the resolution.~~

Subd. 2. [HEARING.] ~~Before the adoption of such a resolution, The county board shall must hold a public hearing on the question of whether or not a lake improvement district shall should be established. Before the date set for the hearing, any interested person may file his objections to the formation of such the district with the county auditor. At the hearing, any inter-~~

ested person may offer objections, criticisms, or suggestions as to *about the necessity of the proposed district as outlined and to the question of whether his how the person's property will be benefited or affected by the establishment of the district.*

Subd. 3. [ESTABLISHMENT.] ~~Following th hearing, (a) The county board may establish a lake improvement district, by order, after making findings, if it appears to the board, after consideration of all testimony, determines that the:~~

(1) ~~proposed district is necessary or that the public welfare will be promoted by the establishment of the district; that the;~~

(2) ~~property to be included in the district will be benefited by the establishment thereof, and that the establishing the district; and~~

(3) ~~formation of the proposed district will not cause or contribute to long range environmental pollution, the county board, by formal order, shall declare its findings, shall establish the boundaries of the district and shall declare the district organized and give it a corporate name by which it shall be known prevent or eliminate public access, or adversely impact fish management.~~

(b) ~~The order must state the board's findings and an order establishing the district must conform to section 7.~~

Sec. 5. Minnesota Statutes 1984, section 378.43, is amended to read:

378.43 [INITIATION BY PETITION FOR CREATION AND ESTABLISHMENT BY COUNTY BOARD.]

Subdivision 1. [PETITION.] A petition signed by 51 percent of the resident owners as defined in section 112.35, subdivision 21, within the proposed lake improvement district as specified in the petition shall be filed with the county clerk and addressed to the board requesting the establishment of a lake improvement district to develop and provide a program of water and related land resources management. Governmental subdivisions, other than the state or federal governments, owning lands within the proposed district are eligible to sign the petition.

The petition shall set forth the following:

(1) The name of the proposed district;

(2) The necessity for the proposed district so that the public health or public welfare will be promoted by the establishment of the district and that the lands to be included therein will be benefited by the establishment or accomplish any of the purposes of a lake improvement district;

(3) The boundaries of the territory, which shall be as consistent as possible with natural hydrologic boundaries, to be included in the proposed district;

(4) A map of the proposed district;

(5) The number of managers proposed for the district. The managers shall not be less than three nor more than five and be selected from a list of ten nominees; and

(6) A request for the organization of the district as proposed. (a) A lake

improvement district may be initiated by a petition to the county board. The petition must state:

- (1) the name of the proposed lake improvement district;
- (2) the necessity of the proposed district to promote public health or public welfare;
- (3) the benefits to property from the establishment of the lake improvement district;
- (4) the boundaries of the proposed district which must be as consistent as possible with natural hydrologic boundaries;
- (5) a map of the proposed district;
- (6) the number, from three to five, of directors proposed for the district; and
- (7) a request for establishing the district as proposed.

(b) A petition must be signed by 26 percent of the property owners within the proposed lake improvement district described in the petition. Governmental subdivisions, other than the state or federal governments, owning lands within the proposed district are eligible to sign the petition. The petition must be filed with the county auditor and addressed to the board requesting the board to establish a lake improvement district to develop and provide a program of water and related land resources management.

Subd. 2. [HEARING.] Upon receipt of the petition, and verification of the signatures thereon by the county auditor, the county board shall, within 30 days following verification, hold a public hearing on the question of whether or not the requested lake improvement district shall be established. After receiving the petition, the county auditor must verify the signatures and notify the county board. Within 30 days after being notified of the petition, the county board must hold a public hearing on whether the requested lake improvement district should be established.

Subd. 3. [ESTABLISHMENT.] Within 30 days following the holding of a public hearing the county board by resolution shall approve or disapprove the establishment of the requested lake improvement district and give it a corporate name by which it shall be known. A resolution approving the creation of the lake improvement district may contain modifications of the area's boundaries, functions, financing, or organization from what was set forth in the petition. Within 30 days after holding the public hearing, the county board shall, by order, establish or deny the establishment of the petitioned lake improvement district. An order establishing a district must conform to section 7 and may modify the petition relating to the district's boundaries, functions, financing, or organization.

Sec. 6. Minnesota Statutes 1984, section 378.44, is amended to read:

**378.44 [JOINT ACTION ESTABLISHMENT OF A DISTRICT IN MORE THAN ONE COUNTY.]**

*Subdivision 1. [FORMATION OF JOINT COUNTY AUTHORITY.]* Where the natural hydrologic boundaries of an area a proposed district extend into more than one county, the county boards of the counties affected

may form a joint county authority and establish and maintain a lake improvement district jointly or cooperatively as provided in section 471.59, either on their own motion or pursuant to petition. The district may be initiated by the joint county authority in the same manner as a county board under section 378.42 or by petition to the affected county boards.

**Subd. 2. [PETITION TO COMMISSIONER AFTER ESTABLISHMENT DENIAL.]** *If the county board of one or more of affected counties has denied establishing a lake improvement district affecting more than one county that is initiated by petition, a petition to establish a lake improvement district conforming to section 378.43, subdivision 1, may be submitted to the commissioner of natural resources and the district may be established as provided in subdivisions 2 to 4. The petition must include a statement describing the county boards that considered the petition and their action relating to the petition.*

**Subd. 3. [HEARING BY COMMISSIONER.]** *After receiving the petition, the commissioner must refer it to the county auditor. The auditor must verify the signatures within ten days and notify the commissioner. The commissioner may, within 30 days after being notified by the auditor, hold a public hearing on whether the requested lake improvement district should be established. The commissioner, in determining whether to hold a public hearing, shall examine all facts relating to the petition, including the reasons why the establishment of the district was denied. The county boards affected by the proposed district must pay for the expenses of the hearing.*

**Subd. 4. [ESTABLISHMENT BY COMMISSIONER.]** *The commissioner shall, by order, establish or deny the establishment of the petitioned lake improvement district by 30 days after the public hearing is held or, if a hearing is not held by 30 days after the auditor verifies the signatures on the petition. The commissioner shall, by order, establish the district if the commissioner determines that the establishment of the lake improvement district in the petition would promote the public welfare and public interest, and the district would preserve, protect, and enhance the use and enjoyment of lakes. The commissioner's order establishing the district may modify the district's boundaries, functions, financing, or organization. The order establishing the district must conform to section 7.*

**Subd. 5. [VOTING OF JOINT COUNTY AUTHORITY FOR DISTRICT ESTABLISHED BY THE COMMISSIONER.]** *If a lake improvement district has been established by order of the commissioner under section 7, voting by the joint county authority on actions of the lake improvement district shall be based on proportional representation for each county according to the proportion of the population of the lake improvement district residing within each county, and not on the basis of one vote per county or one vote per county board member unless each county or each board member represents substantially the same number of persons residing within the lake improvement district.*

**Sec. 7. [378.455] [ORDER ESTABLISHING DISTRICT.]**

*An order by the commissioner, county board, or joint county authority establishing a district must state the:*

*(1) name of the district;*

(2) boundaries of the district, which must be as consistent as practical with natural hydrologic boundaries;

(3) water and related land resources management programs and services to be undertaken;

(4) manner of financing programs and services; and

(5) number, qualifications, terms of office, removal, and filling of vacancies of the board of directors.

Sec. 8. Minnesota Statutes 1984, section 378.46, is amended to read:

378.46 [PUBLICATION AND EFFECTIVE DATE.]

Upon passage of a county board resolution authorizing the creation of a lake improvement district, the county board or boards shall cause the resolution to be published once in the official newspapers and filed with the secretary of state, the pollution control agency and the commissioner of natural resources. The lake improvement district shall be deemed established 30 days after publication or at such later date as may be specified in the resolution.

Subdivision 1. [PUBLICATION OF ESTABLISHMENT ORDER.] If a lake improvement district is established, the commissioner, county board, or joint county authority issuing the order establishing the district, shall publish the order once in the official newspapers of counties where the district is located and file the order with the secretary of state, the pollution control agency, and the commissioner of natural resources.

Subd. 2. [EFFECTIVE DATE.] Establishment of the lake improvement district is effective 30 days after publication or at a later date, if specified in the establishment order.

Sec. 9. Minnesota Statutes 1984, section 378.47, is amended to read:

378.47 [REFERENDUM ON ESTABLISHMENT.]

Subdivision 1. [PETITION.] Upon receipt of a petition signed by twenty-five percent of the resident owners within the territory of the lake improvement district specified in the resolution adopted pursuant to section 378.42 prior to the effective date of its creation as specified in section 378.46, the county board or boards shall hold the creation in abeyance pending referendum vote of all qualified voters and resident owners residing within the boundaries of the proposed lake improvement district. Twenty-five percent of the property owners within the lake improvement district established by the board or a joint county authority on its own initiative under section 378.42 may petition for a referendum on establishing the district before the effective date of its establishment. After receiving the petition, the county board or joint county authority must issue an order staying the establishment until a referendum vote is taken of all qualified voters and property owners within the proposed lake improvement district.

Subd. 2. [ELECTION.] The county board or boards joint county authority shall make arrangements for the holding of conduct a special election not less than 30 nor more than 90 days in July or August after receipt of such receiving the referendum petition. The special election must be held within the boundaries of the proposed lake improvement district specified in the reso-



lution adopted pursuant to section 378.42. If a general election will be held within the time specified, the vote on creation may be held as part of the general election. The county auditor shall administer the special election.

*Subd. 3. [QUESTION SUBMITTED TO VOTERS.]* The question to be submitted and voted upon by the qualified voters and resident property owners within the territory of the proposed lake improvement district shall ~~must~~ be ~~phrased~~ stated substantially as follows:

“~~Shall~~ Should a lake improvement district be established in order to provide (description of intended water and related land resources improvements) and financed by (description of revenue sources)?”

*Subd. 4. [CERTIFICATION OF VOTE AND ESTABLISHMENT.]* ~~Upon certification of the vote by~~ The county auditor, ~~must certify the vote on the question submitted.~~ If a majority of those voting on the question favor creation of establishing the proposed lake improvement district, the lake improvement stay on establishing the district shall be deemed created is lifted. If a majority of those voting on the question do not favor establishing the proposed lake improvement district, the establishment is denied.

Sec. 10. Minnesota Statutes 1984, section 378.51, is amended to read:

#### 378.51 [BOARD OF DIRECTORS.]

*Subdivision 1. [MEMBERSHIP.]* After creation of a lake improvement district is established, the county board or boards joint county authority shall appoint persons to serve as a board of directors for the lake improvement district. The number, qualifications, terms of office, removal, and filling of vacancies of directors shall be as provided in the resolution order creating the board of directors. The initial board of directors shall must include persons owning property within the district, and at least one of whom is director must be a resident of the district.

*Subd. 2. [COMPENSATION.]* The directors shall serve without compensation but may be reimbursed for their actual expenses necessarily incurred in the performance of their duties in the manner provided for county employees.

*Subd. 3.* When directed by resolution of the county board or boards creating it, the board of directors shall have, exercise, and perform the powers and duties of the county board under section 378.31, except the power to acquire property by eminent domain.

*Subd. 3a. [POWERS.]* County boards, joint county authorities, statutory and home rule cities, and towns may, by order, delegate their powers that are specified in this section to the board of directors of a district to be exercised within the district. Programs and services undertaken must be consistent with the statewide water and related land resources plan prepared by the commissioner of natural resources, and with regional water and related resources plans. A body of water may not be improved by using authority granted under this section unless the public has access to some portion of the shoreline. County boards, joint county authorities, statutory and home rule cities, and towns may delegate their authority to a district board of directors to:

(1) acquire by gift or purchase an existing dam or control works that

affects the level of waters in the district;

(2) construct and operate water control structures that are approved by the commissioner of natural resources under section 105.42;

(3) undertake projects to change the course current or cross section of public waters that are approved by the commissioner of natural resources under section 105.42;

(4) acquire property, equipment, or other facilities, by gift or purchase to improve navigation;

(5) contract with a board of managers of a watershed district within the lake improvement district or the board of supervisors of a soil and water conservation district within the district for improvements under chapters 40 and 112;

(6) undertake research to determine the condition and development of the body of water and the water entering it and to transmit the studies to the pollution control agency and other interested authorities;

(7) develop and implement a comprehensive plan to eliminate water pollution;

(8) conduct a program of water improvement and conservation;

(9) construct a water, sewer, or water and sewer system in the manner provided by section 444.075 or other applicable laws;

(10) receive financial assistance from and participate in projects or enter into contracts with federal and state agencies for the study and treatment of pollution problems and related demonstration programs;

(11) make cooperative agreements with the United States or state government or other county or city to effectuate water and related land resource programs;

(12) maintain public beaches, public docks, and other public facilities for access to the body of water; and

(13) provide and finance a government service of the county or statutory or home rule city that is not provided throughout the county or, if the government service is provided, the service is at an increased level within the district.

Sec. 11. Minnesota Statutes 1984, section 378.52, is amended to read:

378.52 [FINANCING.]

Subdivision 1. [REVENUE.] The county board or boards in order to accomplish the purposes specified in the resolution creating a lake improvement district joint county authority may undertake projects of improvement consistent with these purposes and of the district. To finance projects and services of the district, the county board or county boards forming a joint county authority may:

(1) assess the costs of the projects upon benefited property within the district in the manner provided in under chapter 429; may;

(2) impose service charges on the users of lake improvement district serv-

ices within the ~~area, and may~~ district;

(3) levy an ad valorem tax solely on property situated within the lake improvement district, to be appropriated and expended solely on projects of special benefit to the ~~area, district;~~ or

(4) ~~may impose~~ any combination of service charges, special assessments, and taxes.

Subd. 2. [TAX EXCLUDED FROM OTHER LIMITATIONS.] The tax ~~provided for by~~ under subdivision 1 shall not be subject to ~~any is excluded from statutory limitation as to limitations on the amount of taxes levied and shall does not affect the amount or rate of taxes that may be levied for other county purposes. Such~~ A tax under subdivision 1 may be in addition to any amounts levied ~~upon~~ on all taxable property in the county for the same or similar purposes.

Subd. 3. [BUDGETING FOR OPERATIONS.] ~~Upon adoption of its annual budget,~~ The county board or ~~county boards forming the joint county authority~~ shall include appropriate provisions ~~in its budget~~ for the operation of ~~the a~~ lake improvement district.

Sec. 12. Minnesota Statutes 1984, section 378.54, is amended to read:

378.54 [ENFORCEMENT OF ORDINANCES IN DISTRICT ESTABLISHED BY COMMISSIONER.]

~~Where~~ If a lake improvement district has been established by order of the commissioner of ~~natural resources~~ under section ~~378.45~~ 378.44, ordinances and regulations adopted by ~~the joint action of the affected county boards~~ county authority may be enforced in any part of the lake improvement district by personnel of any of the affected counties.

Sec. 13. Minnesota Statutes 1984, section 378.55, is amended to read:

378.55 [EXPANSION OF THE BOUNDARIES OF A LAKE IMPROVEMENT DISTRICT.]

A county board, on its own motion or pursuant to petition, may enlarge any existing lake improvement district pursuant to the procedures specified in ~~The boundary of a district may be enlarged by complying with the procedures to establish a district under sections 378.41 to 378.46.~~

Sec. 14. Minnesota Statutes 1984, section 378.56, is amended to read:

378.56 [TERMINATION.]

Subdivision 1. [PETITION.] ~~Upon receipt of a Termination of a district may be initiated by petition requesting the termination of the district. The petition must be signed by 51~~ 26 percent of the resident property owners within the territory of the lake improvement district requesting the termination of the lake improvement district, in a district within 30 days after receiving a petition. The county board or boards shall within 30 days after receipt of such a petition, by its order ~~fix~~ joint county authority must set a time and place, for a hearing ~~thereon~~ on terminating the district.

Subd. 1a. [FINDINGS AND ORDER.] If the board or ~~boards~~ joint county authority determine that the existence of the district is no longer in the public welfare or public interest and it is not needed to accomplish the purpose of

sections 378.31 to 378.57 the board or ~~boards~~ *joint county authority* shall ~~by its~~ *make the findings and order* terminate the district ~~by order~~. Upon filing a certified copy of the findings and order with the secretary of state, pollution control agency, and commissioner of natural resources the district ~~shall cease is terminated and ceases~~ to be a political subdivision of the state.

Subd. 2. [TERMINATION OF FINANCING.] If a ~~lake improvement~~ district is terminated ~~pursuant to~~ *under* subdivision 1, ~~no~~ additional water and related land resource management programs ~~shall may not~~ be undertaken with money raised by a special tax within the district, and ~~no~~ additional special water and related land resource management taxes ~~shall may not~~ be levied within the district. ~~When~~ *If* money raised by past special tax levies within the district has been exhausted, further operation and maintenance of existing programs may be financed by appropriations from the general revenue fund of ~~the~~ *an affected* county.

Sec. 15. Minnesota Statutes 1984, section 378.57, is amended to read:

378.57 [ANNUAL MEETING OF DISTRICT.]

*Subdivision 1. [TIME.] Every lake improvement* A district ~~shall must~~ have an annual meeting. The first annual meeting shall be scheduled during the months of July or August, and ~~shall~~ be held annually ~~thereafter in that period~~ unless changed by vote of the previous annual meeting.

(+) *Subd. 2. [NOTICE.]* The annual meeting shall be preceded by written notice mailed at least ten days in advance of the meeting to all ~~resident prop-~~ *erty* owners within the district and to the pollution control agency and commissioner of natural resources.

(2) *Subd. 3. [AGENDA.]* At the annual meeting *the district property owners present shall:*

(a) (1) elect one or more directors to fill vacancies in the ~~district board-~~ *of directors;*

(b) (2) approve a budget for the ~~coming~~ *fiscal year;*

(e) (3) approve or disapprove ~~all~~ proposed projects by the district having a cost to the district in excess of \$5,000; ~~by vote of the resident owners within the district;~~ *and*

(+) (4) take up and consider ~~such~~ other business as comes before it.

Sec. 16. Minnesota Statutes 1984, section 459.20, is amended to read:

459.20 [AUTHORITY OVER PUBLIC WATERS.]

The governing body of any home rule charter or statutory city or town in the state has, with respect to any body of water situated wholly within its boundaries, all the powers to improve and regulate the use of such body of water as are conferred on county boards by sections 378.31 and 378.32, and to establish and administer lake improvement districts under sections 378.41 to 378.57. With respect to any body of water situated wholly within the contiguous boundaries of two or more home rule charter or statutory cities or towns or any combination thereof, the city councils and town boards may, under the provisions of section 471.59, jointly exercise such powers to improve and regulate the use of the body of water as are conferred on county

boards by sections 378.31 and 378.32, and to establish and administer lake improvement districts as provided under sections ~~378.41~~ 378.401 to 378.57, provided that, no home rule charter or statutory city or town may establish and administer a lake improvement district or exercise any of the powers granted in this section if a lake improvement district covering the same territory has been created by a county board under sections ~~378.41~~ 378.401 to 378.57. References in sections 378.31 to 378.35 and ~~378.41~~ 378.401 to 378.57 to the county board shall be construed to refer to the governing body of a home rule charter or statutory city or the board of supervisors of a town.

Sec. 17. [INSTRUCTION TO REVISOR.]

*The revisor of statutes shall renumber section 378.57 as 378.545.*

Sec. 18. [REPEALER.]

*Minnesota Statutes 1984, sections 378.41, subdivision 3; 378.45; 378.51, subdivision 3; and 378.53 are repealed.*

Sec. 19. [EFFECTIVE DATE.]

*This act is effective the day after final enactment."*

Delete the title and insert:

"A bill for an act relating to lakes; providing for the establishment of lake improvement districts; amending Minnesota Statutes 1984, sections 378.41; 378.42; 378.43; 378.44; 378.46; 378.47; 378.51; 378.52; 378.54; 378.55; 378.56; 378.57; and 459.20; proposing coding for new law in Minnesota Statutes, chapter 378; repealing Minnesota Statutes 1984, sections 378.41, subdivision 3; 378.45; 378.51, subdivision 3; and 378.53."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was referred

H.F. No. 2351: A bill for an act relating to state real estate; permitting the sale of the old Shakopee correctional facility to the local government units.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 15, delete everything after the period

Page 1, delete line 16

Page 1, line 17, delete everything before "Proceeds"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1959: A bill for an act relating to the family farm security program; authorizing the issuance of general obligation bonds to finance certain payments to be made by the state on family farm loan guarantees; appropriating money; amending Minnesota Statutes 1984, sections 41.51; and 41.56, subdivision 4b; Minnesota Statutes 1985 Supplement, section 41.61;

and proposing coding for new law in Minnesota Statutes, chapter 41.

Reports the same back with the recommendation that the bill be amended as follows:

Page 6, delete lines 6 to 10 and insert:

“30, 1987. The participant’s interest in a family farm loan guarantee executed before the effective date of this act may be assigned to a new participant.”

Page 6, line 16, delete “to”

Page 6, delete lines 17 and 18 and insert “and is added to”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1703: A bill for an act relating to commerce; regulating those who package soft drinks and other nonalcoholic beverages; increasing certain vending machine inspection fees; clarifying authority to inspect vending machines; clarifying rulemaking authority of commissioner of agriculture; amending Minnesota Statutes 1984, sections 28A.05; 28A.09, subdivision 1; 34.03; and 34.09; repealing Minnesota Statutes 1984, section 34.05.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 22, after the stricken “\$5” insert “at least”

Page 2, lines 29 to 36, reinstate the stricken language and delete the new language

Page 3, lines 1 to 8, reinstate the stricken language and delete the new language

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1868: A bill for an act relating to human services; streamlining food and nutrition programs in the state; establishing demonstration projects for one-stop food and commodities and to promote full participation in food assistance programs; establishing a coordinated nutrition data system; requiring the full expenditure of federal funds by agencies administering the special supplemental food program for women, infants, and children; requiring food stamps to be provided within 24 hours to persons eligible for expedited issuance; requiring the board on aging to pursue reimbursement of costs of home-delivered meals for the elderly; establishing a pilot school breakfast program; appropriating money; amending Minnesota Statutes 1984, sections 145.892, subdivision 2; 145.894; 256.975, by adding a subdivision; and 393.07, subdivision 10, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 124; 144; and 245.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 31, delete "shall" and insert "may"

Page 2, line 15, delete "by" and insert "on each"

Page 2, line 16, delete "of each year" and insert ", beginning in 1988,"

Page 3, line 10, delete "fully"

Page 3, line 11, delete "all" and insert "at least 99 percent of"

Page 3, line 20, before "at" insert "in 1986, 1987, and 1988,"

Page 5, line 3, after the period, insert "In 1986, 1987, and 1988,"

Pages 6 to 8, delete sections 10 and 11

Amend the title as follows:

Page 1, line 3, delete "establishing"

Page 1, delete line 4

Page 1, line 5, delete "commodities and to promote" and insert "promotion of"

Page 1, line 15, delete "appropriating money;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred.

S.F. No. 1734: A resolution relating to education; memorializing the President and Congress of the United States to take action to officially commend those who have assisted the educational process of this country by operating the country's school buses.

Reports the same back with the recommendation that the resolution do pass. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon.

S.F. No. 2041: A bill for an act relating to judges; providing for the manner of filling vacancies in the office of judge; proposing coding for new law as Minnesota Statutes, chapter 480B.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for March 7, 1986, be adopted, that committee recommendation being:

"the bill be amended and when so amended the bill do pass." Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1834: A bill for an act relating to agriculture; defining "milk," "skim milk," and "lowfat milk"; amending Minnesota Statutes 1984, section 32.391, subdivision 1, and by adding subdivisions.

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 1984, section 32.391, subdivision 1, is amended to read:

Subdivision 1. [MILK; SKIM MILK; LOWFAT MILK; FLUID MILK PRODUCTS; GOAT MILK.] Milk is defined as the whole, fresh, clean lacteal secretion, practically free from colostrum, obtained by the complete milking of one or more healthy cows. When prepared for market in ~~fluid final package form for beverage use~~, milk shall contain not less than ~~8.25~~ 8.7 percent milk solids-not-fat and not less than 3.25 percent of milk fat. The name “milk”, unqualified, means cow’s milk.

*Skim milk is milk from which milk fat has been removed so that its milk fat content is less than .25 percent. Skim milk in final package form for beverage use must contain at least nine percent milk solids-not-fat, for a total of at least 9.25 percent milk solids. Skim milk may be homogenized.*

*Lowfat milk is milk from which milk fat has been removed so that its milk fat content is either one or two percent, within limits of good manufacturing practices. Lowfat milk in final package form for beverage use must contain at least ten percent milk solids-not-fat. Lowfat milk may be homogenized.*

*Milk solids-not-fat may be added to fluid milk products to meet the above standards from the following sources: partially-skimmed milk, skim milk, concentrated partially-skimmed milk, concentrated skim milk, and nonfat dry milk, used alone or in any combination.*

*“Milk solids-not-fat” is the portion of a milk product that is not water and is not fat as determined by procedures outlined in Standard Methods For The Examination Of Dairy Products (fifteenth edition).*

Fluid milk products shall be taken to mean and include cream, sour cream, half and half, reconstituted half and half, concentrated milk, concentrated milk products, skim milk, nonfat milk, chocolate flavored milk, chocolate flavored drink, chocolate flavored reconstituted milk, chocolate flavored reconstituted drink, buttermilk, cultured buttermilk, cultured milk, vitamin D milk, reconstituted or recombined milk, reconstituted cream, reconstituted skim milk, homogenized milk, and any other fluid milk product made by the addition of any substance to milk or to any of the above enumerated fluid milk products, when the same is declared to be a fluid milk product by rule or regulation promulgated by the commissioner.

Goat milk is a whole, fresh, clean lacteal secretion free from colostrum, obtained by the complete milking of one or more healthy goats.

Sec. 2. [EFFECTIVE DATE.]

*This act is effective on the first day of the third month after the governor certifies by executive order published in the State Register that all states in which processors licensed in Minnesota sell milk have in effect content requirements identical to those in section 1.”*

Amend the title as follows:

Page 1, line 4, delete “, and by adding” and insert a period



Page 1, delete line 5

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1967: A bill for an act relating to agriculture; declaring state policy relating to paddy-grown rice; regulating paddy-grown rice; providing land to be sold for wild rice production; licensing wild rice producers; authorizing rules; amending Minnesota Statutes 1985 Supplement, section 92.501, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 30; repealing Minnesota Statutes 1984, section 30.49.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 and 2, delete sections 1 to 5 and insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 92.50, subdivision 1, is amended to read:

Subdivision 1. [LEASE TERMS.] The commissioner of natural resources may lease, at public or private vendue and at the prices and under the terms and conditions he or she may prescribe, any state-owned lands under his or her jurisdiction and control for the purpose of taking and removing sand, gravel, clay, rock, marl, peat, and black dirt, for storing ore, waste materials from mines, or rock and tailings from ore milling plants, for roads or railroads, or for any other uses consistent with the interests of the state. Except as otherwise provided in this subdivision, the term of the lease may not exceed ten years. Leases of lands for storage sites for ore, waste materials from mines, or rock and tailings from ore milling plants, for the removal of peat, or for the use of peat lands for agricultural purposes may not exceed a term of 25 years. Leases for the removal of peat must be approved by the executive council.

All leases must be subject to sale and leasing of the land for mineral purposes and contain a provision for cancellation *for just cause* at any time by the commissioner upon ~~three~~ *six* months' written notice. A longer notice period, not exceeding three years, may be provided in leases for storing ore, waste materials from mines or rock or tailings from ore milling plants. The commissioner may determine the terms and conditions, including the notice period, for cancellation of a lease for the removal of peat. Money received from leases under this section must be credited to the fund to which the land belongs.”

Page 3, delete section 8

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete lines 3 to 5 and insert “state land lease provisions; wild rice production on state land;”

Page 1, line 6, delete “rules;”

Page 1, line 7, delete “section” and insert “sections 92.50, subdivision 1;

and” and delete “; proposing coding” and insert a period

Page 1, delete lines 8 and 9

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2101: A bill for an act relating to state lands; authorizing an exchange of certain state lands with the city of Thomson in Carlton county.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 8, before “*The*” insert “*Notwithstanding Minnesota Statutes, section 94.343, subdivision 9,*”

Page 3, after line 15, insert:

“Sec. 3. [SALE OF STATE LAND IN LAKE OF THE WOODS COUNTY.]

*(a) The commissioner of natural resources may declare as surplus and offer for sale according to law the three parcels of land described in paragraph (b).*

*(b) The land that may be declared surplus and offered for sale is:*

*(1) the Southeast Quarter of the Southeast Quarter of Section 19, Township 160, Range 33, comprising of about 40 acres;*

*(2) the Southwest Quarter of the Southwest Quarter of Section 20, Township 160, Range 33, comprising of about 40 acres; and*

*(3) the Northwest Quarter of the Northwest Quarter of Section 29, Township 160, Range 33, comprising of about 40 acres.*

Sec. 4. [EFFECTIVE DATE.]

*Section 3 is effective the day after final enactment.”*

Amend the title as follows:

Page 1, line 4, after “county” insert “and sale of certain state land in Lake of the Woods county”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 1892: A bill for an act relating to game and fish; affording protection to crows and authorizing a season on crows; amending Minnesota Statutes 1984, sections 100.26, subdivision 2; and 100.27, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 14, insert:

"Sec. 2. Minnesota Statutes 1984, section 100.27, subdivision 6, is amended to read:

Subd. 6. All migratory game birds, ~~excepting 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. ~~Zenaida macroura shall not be taken and possessed in the state."~~

Page 1, line 17, after "Crow" insert "and mourning doves"

Page 1, after line 22, insert:

"Sec. 4. If S.F. No. 1526 is enacted during the 1986 regular session, article 1, section 2, subdivision 52, is amended to read:

Subd. 52. [UNPROTECTED BIRDS.] "Unprotected birds" means English sparrow, blackbird, ~~crow,~~ starling, magpie, cormorant, common pigeon, and great horned owl.

Sec. 5. If S.F. No. 1526 is enacted during the 1986 regular session, article 2, section 59, is amended by adding a new section to read:

Sec. 60. [97B.713] [CROWS.]

*The commissioner shall prescribe the open season for taking crows and the daily limit. A landowner or tenant may take crows causing damage to vegetation or agricultural crops at any time without limit.*

Sec. 6. If S.F. No. 1526 is enacted during the 1986 regular session, article 2, section 63, subdivision 2, is amended to read:

Subd. 2. [~~TAKING MOURNING DOVES PROHIBITED.~~] Mourning doves may ~~not be taken in the state and possessed as prescribed by the commissioner.~~

Sec. 7. [EFFECTIVE DATE.]

*This act is effective August 1, 1986, except if S.F. No. 1526 is enacted during the 1986 regular session, sections 1 to 3 are not effective."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 3, before the semicolon, insert "and mourning doves"

Page 1, line 5, after "100.27," insert "subdivision 6, and"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 1978: A bill for an act relating to crimes; limiting when felony charges brought for depriving another of custodial or parental rights may be dismissed; amending Minnesota Statutes 1984, section 609.26, subdivision 5; and Minnesota Statutes 1985 Supplement, section 609.26, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 9, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 2.722, subdivision 1, is amended to read:

Subdivision 1. [DESCRIPTION.] Effective July 1, 1959, the state is divided into ten judicial districts composed of the following named counties, respectively, in each of which districts judges shall be chosen as hereinafter specified:

1. Goodhue, Dakota, Carver, LeSueur, McLeod, Scott, and Sibley; ~~nine~~ 20 judges; and ~~four~~ permanent chambers shall be maintained in Red Wing, Hastings, Shakopee, *Gaylord, LeCenter, West St. Paul, Chaska, Burnsville, South St. Paul*, and Glencoe and one other shall be maintained at the place designated by the chief judge of the district;

2. Ramsey; ~~13~~ 24 judges; and permanent chambers shall be maintained in *New Brighton, Roseville, Maplewood, North St. Paul, White Bear Lake, and St. Paul*;

3. Wabasha, Winona, Houston, Rice, Olmsted, Dodge, Steele, Waseca, Freeborn, Mower, and Fillmore; 22 judges; and permanent chambers shall be maintained in *Faribault, Albert Lea, Austin, Rochester, Wabasha, Caledonia, Mantorville, Preston, Owatonna, Waseca, and Winona*;

4. Hennepin; ~~24~~ 41 judges; and permanent chambers shall be maintained in *Minneapolis*, and at other northern, southern, and western suburban locations throughout the county as a majority of the judges designate;

5. Blue Earth, Watonwan, Lyon, Redwood, Brown, Nicollet, Lincoln, Cottonwood, Murray, Nobles, Pipestone, Rock, Faribault, Martin, and Jackson; ~~five~~ 21 judges; and permanent chambers shall be maintained in *Marshall, Windom, Fairmont, New Ulm, St. Peter, St. James, Blue Earth, Jackson, Pipestone, Worthington, Slayton, Redwood Falls, and Mankato*;

6. Carlton, St. Louis, Lake, and Cook; ~~six~~ 14 judges; and permanent chambers shall be maintained in *Duluth, Virginia, Hibbing, Two Harbors, Grand Marais, and Carlton*;

7. Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay, Becker, and Wadena; 19 judges; and permanent chambers shall be maintained in *Moorhead, Fergus Falls, Little Falls, Foley, Alexandria, Milaca, Long Prairie, Detroit Lakes, Wadena, and St. Cloud*;

8. Chippewa, Kandiyohi, Lac qui Parle, Meeker, Renville, Swift, Yellow Medicine, Big Stone, Grant, Pope, Stevens, Traverse, and Wilkin; ~~three~~ 13 judges; and permanent chambers shall be maintained in *Morris, Montevideo, Litchfield, Olivia, Wheaton, Glenwood, Breckenridge, Benson, Granite Falls, and Willmar*;

9. Norman, Polk, Marshall, Kittson, Red Lake, Roseau, Mahnomen, Pennington, Aitkin, Itasca, Crow Wing, Hubbard, Beltrami, Lake of the Woods, Clearwater, Cass and Koochiching; ~~six~~ 20 judges; and permanent chambers shall be maintained in *Crookston, Thief River Falls, Bemidji, Brainerd, Grand Rapids, Ada, Warren, Hallock, Red Lake Falls, Roseau, Mahnomen, Aitkin, Park Rapids, Baudette, Bagley, Walker, and International Falls*;

10. Anoka, Isanti, Wright, Sherburne, Kanabec, Pine, Chisago, and Washington; 24 judges; and permanent chambers shall be maintained in

Anoka, Stillwater, Buffalo, Elk River, Mora, Cambridge, Center City, Pine City, and other places designated by the chief judge of the district.

All permanent chambers designated in this section are subject to section 480.22.

Sec. 2. [480B.01] [COMMITTEE ON JUDICIAL VACANCIES.]

*Subdivision 1. [JUDICIAL VACANCIES.] When a judge of the court of appeals, or a judge of the district, county, or county municipal court dies, resigns, retires, or is removed during his term of office, the resulting vacancy must be filled by the governor in the manner provided in this section.*

*Subd. 2. [COMMITTEE ESTABLISHED; MEMBERS.] A committee on judicial vacancies is established. It shall be composed of permanent members chosen as follows:*

*(1) four members appointed by the governor to a four-year term, which shall end on the same day the governor's term of office ends;*

*(2) two members appointed by a majority of the judges of the supreme court to a four-year term, which shall end on the same day the governor's term of office ends;*

*(3) one member appointed by the speaker of the house and one member appointed by the subcommittee on committees of the committee on rules and administration of the senate, each to a four-year term, which shall end on the same day the governor's term of office ends;*

*(4) one attorney residing in each judicial district, appointed by the governor after consultation with attorney associations in the judicial district and with attorney organizations that represent minorities or women in the judicial district to a four-year term, which shall end on the same day the governor's term of office ends; and*

*(5) one district, county, or county municipal judge elected by the district, county, and county municipal judges in each district to a four-year term, which shall end on the same day the governor's term of office ends.*

*Individuals appointed or elected pursuant to clauses (4) and (5) shall be permanent members of the committee but shall participate in committee meetings and deliberations only when the committee is considering applicants to fill a vacancy on the district, county, or county municipal court in the judicial district from which those individuals were appointed or elected.*

*A member appointed pursuant to clause (1) or (4) serves at the pleasure of the governor.*

*If a vacancy occurs on the committee by reason of the death or resignation of any permanent member or by the removal of a member appointed pursuant to clauses (1) to (5), the appointing or electing authority shall appoint or elect an individual to fill the vacancy for the remainder of the unexpired term.*

*Each time a vacancy occurs on the district, county, or county municipal court, in addition to the permanent members provided in clauses (1) to (5), two residents of the judicial district shall be appointed by the governor as special members of the committee and shall serve only while the vacancy in that district is being filled. Each time a vacancy occurs in the court of*

appeals, in addition to the permanent members provided in clauses (1) and (2), two residents of the state shall be appointed by the governor as special members of the committee and shall serve only while that vacancy is being filled.

The appointing or electing authority shall ensure that the permanent members of the committee include women or members of minority races.

The governor shall designate the chairman of each committee, who shall call meetings and preside at them. A quorum of the committee is seven members when considering district, county, or county municipal court vacancies and six members when considering court of appeals vacancies.

Both permanent and special members of the committee who would otherwise be eligible to hold judicial office must not be considered or appointed to fill any judicial vacancy while they are members of the committee or for six months following the end of their membership on the committee.

Subd. 3. [RECRUITMENT PROCESS.] No later than 60 days after the appointment or election of all of the permanent committee members, the committee shall prepare and make available to the public an outline of the process the committee will follow in recruiting nominees to fill judicial vacancies.

Subd. 4. [COMMITTEE MEETINGS; NOTICE; TIME.] Within ten days after a judicial vacancy occurs or after the governor has been notified that a vacancy will occur on a specified date, the governor shall notify the chairman of the committee on judicial vacancies. The governor shall advise the chairman of the names of the persons appointed to serve as special members of the committee on judicial vacancies for the purpose of considering candidates to fill that vacancy or anticipated vacancy. The chairman shall notify the appropriate permanent and special members of the committee that a vacancy has occurred or is anticipated and shall call a meeting of the committee to consider the candidates for the vacancy. The meeting shall be held not less than 30 days nor more than 42 days after the governor provides notification of the vacancy.

Subd. 5. [NOTICE TO THE PUBLIC.] Upon receiving notice from the governor that a judicial vacancy has occurred or will occur at a definite future date, the chairman shall provide notice of the following information:

- (1) the office which is or will be vacant;
- (2) that applications from qualified persons or on behalf of qualified persons are being accepted by the committee;
- (3) that application forms may be obtained from the committee at a specified address; and
- (4) that application forms must be returned to the committee by a specified date, which shall be three days before the first meeting of the committee called by the chairman to consider candidates.

If the vacancy has occurred or will occur on the court of appeals, the notice shall be provided to the attorney associations in each judicial district and to at least one newspaper of general circulation in each county in the state. If the vacancy has occurred or will occur in the district, county, or county municipal court, notice shall be provided to attorney associations in the judicial district where the vacancy has occurred or will occur and to at

*least one newspaper of general circulation in each county in the district.*

*Subd. 6. [CANDIDATE EVALUATION.] In the case of all vacancies, the committee shall evaluate the extent to which candidates possess the following qualifications for judicial office: integrity, maturity, health, judicial temperament, diligence, legal knowledge, ability and experience, and community service. The committee shall give consideration to female candidates and to male candidates who are Blacks, Hispanics, Asians, or American Indians. If the vacancy has occurred or will occur in the district, county, or county municipal court, the committee shall solicit, in writing, recommendations from attorney associations in the judicial district and from those organizations that represent minority and women attorneys in the judicial district who have requested solicitation where the vacancy has occurred or will occur. Recommendations may be disregarded if not submitted in writing within 30 days after the attorney association or organization has received the request for recommendation. The committee may establish procedures for evaluating candidates.*

*Subd. 7. [NOMINEES TO GOVERNOR.] Within 30 days after the first meeting of the committee to consider candidates, the committee shall recommend to the governor no fewer than three and no more than five nominees for each judicial vacancy. The nominees must not be ranked in any preference order. The names of the nominees must be made public. The governor may fill the vacancy from the nominees recommended by the committee within 15 days after receiving the recommendations unless he or she rejects all the nominees and requests new nominees from the committee in writing:*

Sec. 3. Minnesota Statutes 1984, section 484.01, is amended to read:

#### 484.01 [JURISDICTION.]

*There is one trial court, which is the district court.*

*The district courts shall have court has original jurisdiction in all civil actions within their respective districts its judicial district, in all cases of crime committed or triable therein in the district, in all juvenile proceedings, in all probate proceedings, including the administration of estates of deceased persons and trust estates and guardianship and incompetency proceedings, in all special proceedings not exclusively cognizable by some other court or tribunal, and in all other cases wherein such in which the jurisdiction is especially conferred upon them it by law. They shall It also have has appellate jurisdiction in every case in which an appeal thereto to it is allowed by law from any other court, officer, or body.*

Sec. 4. Minnesota Statutes 1984, section 484.545, subdivision 1, is amended to read:

Subdivision 1. The district judges regularly assigned to hold court in each judicial district except for the second, fourth, and tenth judicial districts may by orders filed with the clerk of court and county auditor of each county in the district appoint a competent law clerk for every two district court judges of in the judicial district as of July 31, 1987. The district judges regularly assigned to hold court in the first and tenth judicial districts may by orders filed with the clerk of court and county auditor of each county in the district appoint a competent law clerk for each district court judge of in the district as of July 31, 1987. No new law clerk positions may be created in a district after July

*31, 1987, but any vacancies in those positions which existed as of July 31, 1987, may be filled. The district court administrator in each district shall make assignments of all law clerks in that district.*

*The judicial advisory service shall continue to be available to all trial court judges to assist them with research, information about current legal developments, library services, and legal forms.*

Sec. 5. Minnesota Statutes 1984, section 484.69, subdivision 1, is amended to read:

Subdivision 1. [ELECTION; TERM; REMOVAL.] ~~By July 1, 1977, the judges of the district, county, county municipal and probate courts resident in each of the judicial districts shall meet and elect from among their number a single chief judge and an assistant chief judge. The chief justice shall appoint the chief judge and assistant chief judge in each of the judicial districts from a list of three names for each position submitted by the judges of the district. The chief judge and the assistant chief judge shall serve a term of two three years beginning July 1 of the year in which they are elected. No judge may serve as chief judge or assistant chief judge for more than two consecutive two year three-year terms.~~

The seniority of judges and rotation of the position of chief judge or assistant chief judge shall not be criteria for the ~~election~~ *appointment* of the chief judge or the assistant chief judge.

A chief judge or assistant chief judge may be removed for cause as chief judge or assistant chief judge by the chief justice of the supreme court, ~~or by a majority of the judges of the judicial district.~~

Sec. 6. Minnesota Statutes 1984, section 484.70, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] The chief judge of the judicial district may appoint one or more suitable persons to act as referees. Referees shall hold office at the pleasure of the judges of the district court and shall be learned in the law, except that persons holding the office of referee on January 1, 1983, may continue to serve under the terms and conditions of their appointment. All referees are subject to the administrative authority and assignment power of the chief judge of the district as provided in section 484.69, subdivision 3, and are not limited to assignment to family, probate, juvenile or special term court. Part time referees holding office in the second judicial district pursuant to this subdivision shall cease to hold office on July 31, 1984. *No new district court referee positions may be created after July 31, 1987, but any vacancies in referee positions which existed as of July 31, 1987, may be filled.*

Sec. 7. [484.74] [REORGANIZATION PLAN.]

*The judges in each judicial district, in consultation with the district administrator, shall prepare a reorganization plan establishing an administrative structure to implement the unified trial court.*

*The reorganization plan required by this section shall set forth the criteria to be considered in the assignment of judges to particular cases or categories of cases.*

*The plan shall be filed with the state court administrator by August 1,*



1987. The state court administrator shall establish a reorganization plan for any judicial district that does not file its plan by the required date. Organization plans filed with the secretary of state pursuant to Minnesota Statutes, section 487.191, may be filed with the state court administrator to meet this requirement.

Sec. 8. [487.001] [COUNTY AND PROBATE COURT ABOLISHED.]

The probate court, which is also the county court, is abolished. The jurisdiction of the county and probate court is transferred to the district court. The judges of the county and probate court who are learned in the law are judges of the district court in which the county and probate court on which they served was located and shall continue to serve the term to which they were appointed or last elected. The county court judge not learned in the law serving on July 31, 1987, is an associate judge of the district court in the judicial district in which the county court where he served was located and shall continue to serve the term to which he was last elected. The associate judge is subject to section 487.04. Upon completion of the term to which they were serving on August 1, 1987, all judges are eligible for reelection as incumbent judges of the district court in the judicial district in which the county and probate court on which they served was located. The cases pending, the records, and the individuals employed by or serving in the county and probate courts on August 1, 1987, shall be transferred to the district court in the judicial district in which the county and probate court was located. No new courtroom bailiff or clerk positions may be created after July 31, 1987, but any vacancies in those positions which existed as of July 31, 1987, may be filled.

Sec. 9. [488A.001] [MUNICIPAL AND CONCILIATION COURTS MERGER WITH DISTRICT COURT.]

The municipal and conciliation courts of Ramsey and Hennepin counties are merged with the district courts in the second and fourth judicial districts respectively. The judges of the municipal courts of Ramsey and Hennepin counties are district judges of the second and fourth judicial districts respectively and shall continue to serve the term to which they were appointed or last elected. Upon completion of the term which they were serving on August 1, 1987, they are eligible for reelection as incumbent judges of the district court of the second and fourth judicial districts respectively. The cases pending, the records, and the individuals employed by or serving in the municipal and conciliation courts of Ramsey and Hennepin counties on August 1, 1987, are transferred to the district courts in the second and fourth judicial districts respectively. No new courtroom bailiff or clerk positions may be created after July 31, 1987, but any vacancies in those positions which existed as of July 31, 1987, may be filled.

Sec. 10. [INSTRUCTIONS TO THE STATE COURT ADMINISTRATOR.]

On or before August 1, 1987, the state court administrator shall present to the chairmen of the committees on the judiciary in the house and senate a report of the statutes in effect prior to the effective date of sections 1, 3 to 6, 8, 9, and 13 which concern the jurisdiction, administration, procedure, judges, and personnel of the district, probate, county, and municipal courts and which require amendment in order to implement the purposes of sections

1, 3 to 6, 8, 9, and 13. *The state court administrator shall consult with the revisor of statutes in the preparation of this report which must be in the form of a bill draft.*"

Page 1, line 26, delete "*contrary to*" and insert "*in violation of*"

Page 2, lines 13 and 17, reinstate the stricken language and delete the new language

Page 2, line 24, delete everything before "*clause*" and after "*(a)*" insert "*does not apply*"

Page 2, line 25, delete "*only after*" and insert "*as a result of*"

Page 2, line 26, delete everything after "*authorities*" and insert a period

Page 2, delete lines 27 and 28 and insert:

"Sec. 13. [REPEALER.]

*Minnesota Statutes 1984, section 487.191, is repealed.*

Sec. 14. [EFFECTIVE DATE.]

*(a) Section 2 is effective August 1, 1986, for judicial vacancies occurring on and after January 1, 1987. The initial permanent members of the committee shall be appointed or elected to terms which shall end on the first Monday of January 1988.*

*(b) Sections 1, 3 to 6, 8, 9, and 13 are effective August 1, 1987. Sections 7 and 10 are effective the day following enactment."*

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to courts; abolishing the county and probate court; transferring the jurisdiction, cases, records, and employees of that court to the district court; merging the municipal and conciliation courts with the district court in the second and fourth judicial districts; transferring the jurisdiction, cases, records, and employees of those courts to the district court; providing that municipal, probate and county judges learned in the law are district judges; providing that the county court judge not learned in the law is an associate judge; limiting the creation of additional referee, law clerk, courtroom bailiff, and courtroom deputy clerk positions; requiring each judicial district to prepare a reorganization plan; providing for the manner of filling judicial vacancies; limiting when felony charges brought for depriving another of custodial or parental rights may be dismissed; amending Minnesota Statutes 1984, sections 484.01; 484.545, subdivision 1; 484.69, subdivision 1; 484.70, subdivision 1; 609.26, subdivision 5; Minnesota Statutes 1985 Supplement, section 2.722, subdivision 1; and 609.26, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 484, 487, and 488A; proposing coding for new law as Minnesota Statutes, chapter 480B; repealing Minnesota Statutes 1984, section 487.191."

And when so amended the bill do pass. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 2153, 1832, 1599, 1959, 1703, 1868, 1734, 2041, 1834, 1967,

2101 and 1892 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 2351 and 1978 were read the second time.

## SPECIAL ORDER

S.F. No. 2114: A bill for an act relating to unemployment compensation; providing that benefits resulting from acts of God are nonchargeable to an employer's account; amending Minnesota Statutes 1984, section 268.06, subdivisions 5 and 24.

## SUSPENSION OF RULES

Mr. Chmielewski 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. 2114 and that the rules of the Senate be so far suspended as to give S.F. No. 2114, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

Mr. Moe, R.D. moved that S.F. No. 2114 be laid on the table. The motion prevailed.

Mr. Moe, R.D. moved that S.F. No. 2114 be taken from the table. The motion prevailed.

Mr. Chmielewski moved to amend S.F. No. 2114 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 268.0111, is amended by adding a subdivision to read:

*Subd. 3a. [DEPARTMENT.] "Department" means the department of jobs and training.*

Sec. 2. Minnesota Statutes 1984, section 268.04, subdivision 2, is amended to read:

*Subd. 2. "Base period" means the period of 52 calendar weeks immediately preceding the first day of an individual's benefit year. However, if a claimant received weekly worker's compensation for temporary total disability under the provisions of chapter 176 or under a similar law of the United States for more than seven weeks within the base period, or if a claimant, whose own serious illness caused a loss of credit weeks within the base period, received compensation due to the illness from some other source or under a law of this state other than chapter 176 or under a similar law of the United States for more than seven weeks within the base period, the claimant's base period shall be lengthened by the same number of weeks, but not to exceed 52 weeks, for which the claimant received the payments. No extended base period shall include wage credits upon which benefits were established and paid with respect to a prior valid claim first four of the last five completed calendar quarters immediately preceding the first day of an individual's benefit year; except that, if during the base period an individual received workers' compensation for temporary disability under chapter 176 or a similar law of the United States, or if an individual whose own serious*

*illness caused a loss of work for which the individual received compensation due to the illness from some other source or under a law of this state other than chapter 176 or a similar law of the United States, the individual's base period shall be lengthened to the extent stated as follows:*

*(1) if an individual was compensated, as described above, for a loss of work of seven to 13 weeks, the original base period shall be extended to include one calendar quarter preceding the original base period; or*

*(2) if an individual was compensated, as described above, for a loss of work of 14 to 26 weeks, the original base period shall be extended to include two calendar quarters preceding the original base period; or*

*(3) if an individual was compensated, as described above, for a loss of work from 27 to 39 weeks, the original base period shall be extended to include the first three calendar quarters preceding the original base period; or*

*(4) if an individual was compensated, as described above, for a loss of work from 40 to 52 weeks, the original base period shall be extended to include the first four quarters preceding the original base period.*

*In no instance shall the base period be extended to include more than four additional calendar quarters.*

*No extended base period shall include wage credits upon which a claim was established and benefits were paid with respect to that valid claim.*

Sec. 3. Minnesota Statutes 1984, section 268.04, subdivision 4, is amended to read:

Subd. 4. "Benefit year" with respect to any individual means the period of fifty-two calendar weeks beginning with the first day of the first week with respect to which the individual files a valid claim for benefits. *For individuals with a claim effective January 1, April 1, July 1, or October 1, the benefit year will be a period of 53 weeks beginning with the first week with respect to which the individual files a valid claim for benefits.*

Sec. 4. Minnesota Statutes 1984, section 268.04, subdivision 24, is amended to read:

Subd. 24. "Valid claim" with respect to any individual means a claim filed by an individual who has registered for work and who has ~~earned wage credits and established credit weeks~~ *been paid wages* during his base period sufficient to entitle him to benefits under section 268.07, subdivision 2.

Sec. 5. Minnesota Statutes 1984, section 268.04, subdivision 25, is amended to read:

Subd. 25. [WAGES.] "Wages" means all remuneration for services, including commissions and bonuses, back pay as of the date of payment, and tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer, and the cash value of all remuneration in any medium other than cash; except that, ~~such~~ *the* term shall not include:

(a) For the purpose of determining contributions payable under section 268.06, subdivision 2, that part of the remuneration which exceeds; ~~for each~~

calendar year, the greater of \$7,000 or that part of the remuneration which exceeds 60 percent of the average annual wage rounded to the nearest \$100 computed in accordance with the provisions of clause (f) \$10,700 in 1986, \$11,200 in 1987, \$11,700 in 1988, \$12,200 in 1989, \$12,700 in 1990, \$13,300 in 1991, or, for each year thereafter, 60 percent of the average annual wage rounded to the nearest \$100 computed in accordance with the provisions of clause (f); except that, for each employer that has an experience ratio of less than one-tenth of one percent, that part of the remuneration which exceeds \$8,000 in 1986, \$8,900 in 1987, \$10,000 in 1988, \$11,100 in 1989, \$12,200 in 1990, \$13,300 in 1991, or, for each year thereafter, 60 percent of the average annual wage rounded to the nearest \$100 computed in accordance with the provisions of clause (f), paid to an individual by an employer with respect to covered employment in this state, or with respect to employment under the unemployment compensation law of any other state during any calendar year paid to such individual by such covered employer or his predecessor during such calendar year; provided, that if the term "wages" as contained in the Federal Unemployment Tax Act is amended to include remuneration in excess of the amount required to be paid hereunder to an individual by an employer under the federal act for any calendar year, wages for the purposes of sections 268.03 to 268.24 shall include remuneration paid in a calendar year up to an amount equal to the dollar limitation specified in the Federal Unemployment Tax Act. For the purposes of this clause, the term "employment" shall include service constituting employment under any employment security law of another state or of the federal government;

(b) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (1) retirement or (2) sickness or accident disability or (3) medical and hospitalization expenses in connection with sickness or accident disability, or (4) death, provided the employee has not the option to receive, instead of provision for such death benefit, any part of such payment, or if such death benefit is insured, any part of the premium (or contributions to premiums) paid by his employer and has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer;

(c) The payment by an employer (without deduction from the remuneration of the employee) (1) of the tax imposed upon an employee under section 3101 of the federal Internal Revenue Code, or (2) of any payment required from an employee under a state unemployment compensation law, with respect to remuneration paid to an employee for domestic service in a private home of the employer or for agricultural labor;

(d) Any payments made to a former employee during the period of active military service in the armed forces of the United States by such employer, whether legally required or not;

(e) Any payment made to, or on behalf of, an employee or his beneficiary

(1) from or to a trust described in section 401(a) of the federal Internal Revenue Code which is exempt from tax under section 501(a) of such code at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as an employee and not as a beneficiary of the trust, or (2) under or to an annuity plan which, at the time of such payment is a plan described in section 403(a) of the federal Internal Revenue Code, or (3) under or to a bond purchase plan which, at the time of such payment, is a qualified bond purchase plan described in section 405(a) of the federal Internal Revenue Code;

(f) On or before July 1 of each year the commissioner shall determine the average annual wage paid by employers subject to sections 268.03 to 268.24 in the following manner:

(1) The sum of the total monthly employment reported for the previous calendar year shall be divided by 12 to determine the average monthly employment;

(2) The sum of the total wages reported for the previous calendar year shall be divided by the average monthly employment to determine the average annual wage.

The average annual wage determined shall be effective for the calendar year next succeeding the determination.

Sec. 6. Minnesota Statutes 1984, section 268.04, is amended by adding a subdivision to read:

*Subd. 34. [CONTRIBUTION REPORT.] "Contribution report" means the summary report of wages and employment used to determine the amount of contributions due by employers on a calendar quarter basis. An auxiliary report of wages and employment broken down by business locations, when required, is part of the contribution report.*

Sec. 7. Minnesota Statutes 1984, section 268.04, is amended by adding a subdivision to read:

*Subd. 35. [WAGE DETAIL REPORT.] "Wage detail report" means the itemized report used to record the information required by section 268.121.*

Sec. 8. Minnesota Statutes 1984, section 268.04, is amended by adding a subdivision to read:

*Subd. 36. [HIGH QUARTER.] "High quarter" means the calendar quarter in an individual's base period for which the total wage credits paid to the individual during that quarter are equal to or greater than the total wage credits paid to the individual during any other calendar quarter in the individual's base period.*

Sec. 9. Minnesota Statutes 1984, section 268.06, subdivision 2, is amended to read:

Subd. 2. [RATES.] Each employer shall pay contributions equal to two and seven-tenths percent for each calendar year prior to 1985 and 5-4/10 percent for 1985 and each subsequent calendar year of wages paid and wages overdue and delayed beyond the usual time of payment from him with respect to employment occurring during each calendar year, except as may be otherwise prescribed in subdivisions 3a and 4. ~~Each employer who has an~~

experience ratio of less than one-tenth of one percent shall pay contributions on only the first \$8,000 in wages paid and wages overdue and delayed beyond the usual time of payment to each employee with respect to employment occurring during each calendar year.

Sec. 10. Minnesota Statutes 1984, section 268.06, subdivision 3a, is amended to read:

Subd. 3a. [RATE FOR NEW EMPLOYERS.] (a) Notwithstanding the provisions of subdivision 2, each employer, who becomes subject to this law, shall pay contributions at a rate:

(a) Not exceeding 2-7/10 percent, that is the higher of (1) one percent and (2) the state's three-year benefit cost rate for the 36 consecutive month period immediately preceding July 1 of each year for each employer who becomes subject to this law prior to January 1, 1984. For purposes of this clause, the state's three-year benefit cost rate shall be computed annually and shall be derived by dividing the total dollar amount of benefits paid to claimants under this law during the 36 consecutive calendar months immediately preceding July 1 of each year by the total dollar amount of wages subject to contributions under this law during the same period. The rate so determined shall be applicable for the calendar year next succeeding each computation date.

(b) Not exceeding 2-7/10 percent, that is the higher of (1) one percent and (2) the state's four-year benefit cost rate for the 48 consecutive month period immediately preceding July 1 of each year for each employer, except employers in the construction industry, as determined by the commissioner, who becomes subject to this law subsequent to December 31, 1983 and prior to January 1, 1985. For purposes of this clause, the state's four-year benefit cost rate shall be computed and derived by dividing the total dollar amount of benefits paid to claimants under this law during the 48 consecutive calendar months immediately preceding July 1, 1983 by the total dollar amount of wages subject to contributions under this law during the same period. The rate so determined shall be applicable for the calendar year 1984.

Each construction employer described above who becomes subject to chapter 268 shall pay contributions at a rate, not exceeding 7-1/2 percent, that is the higher of (1) one percent, or (2) the state's four-year benefit cost rate for construction employers for the 48 consecutive month period immediately preceding July 1, 1983. For purposes of this clause, the state's four-year benefit cost rate shall be computed and derived by dividing the total dollar amount of benefits paid to claimants of construction employers, as determined by the commissioner, during the 48 consecutive calendar months immediately preceding July 1, 1983 by the total dollar amount of wages of construction employers subject to contributions during the same period. The rate so determined shall be applicable for the calendar year 1984.

(c) not exceeding 5-4/10 percent, that is the higher of (1) one percent and (2) the state's five-year benefit cost rate for the 60 consecutive month period immediately preceding July 1, 1984 and of each year thereafter for each employer, except employers in the construction industry, as determined by the commissioner who becomes subject to this law on January 1, 1985 and thereafter. For purposes of this clause, the state's five-year benefit cost rate shall be computed annually and shall be derived by dividing the total dollar amount of benefits paid to claimants under this law during the 60 consecutive

calendar months immediately preceding July 1, 1984 and of each year thereafter by the total dollar amount of wages subject to contributions under this law during the same period. The rate so determined shall be applicable for the calendar year next succeeding each computation date.

(b) Each construction employer described above under paragraph (a) who becomes subject to this chapter shall pay contributions at a rate, not exceeding ~~7-1/2 percent~~ the maximum contribution rate for all employers as provided under subdivision 8, that is the higher of (1) one percent, or (2) the state's five-year benefit cost rate for construction employers for the 60 consecutive month period immediately preceding July 1, 1984 and of each year thereafter. For purposes of this clause, the state's five-year benefit cost rate shall be computed annually and shall be derived by dividing the total dollar amount of benefits paid to claimants of construction employers, as determined by the commissioner, during the 60 consecutive calendar months immediately preceding July 1, 1984 and of each year thereafter by the total dollar amount of wages of construction employers subject to contributions during the same period. The rate so determined shall be applicable for the calendar year next succeeding each computation date.

Sec. 11. Minnesota Statutes 1984, section 268.06, subdivision 5, is amended to read:

Subd. 5. [BENEFITS CHARGED AS AND WHEN PAID.] Benefits paid to an individual pursuant to a valid claim shall be charged against the account of his employer as and when paid, except that benefits paid to an individual who earned base period wages for part-time employment shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer if the employer: (1) provided weekly base period part-time employment; (2) continues to provide weekly employment equal to at least 90 percent of the part-time employment provided in the base period; and (3) is an interested party because of the individual's loss of other employment. The amount of benefits so chargeable against each base period employer's account shall bear the same ratio to the total benefits paid to an individual as the base period wage credits of the individual earned from such employer bear to the total amount of base period wage credits of the individual earned from all his base period employers.

In making computations under this provision, the amount of wage credits if not a multiple of \$1, shall be computed to the nearest multiple of \$1.

Benefits shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer for unemployment (1) that is directly caused by a major natural disaster declared by the president pursuant to section 102(2) of the Disaster Relief Act of 1974 (42 United States Code 5122(2)), if the unemployed individual would have been eligible for disaster unemployment assistance with respect to that unemployment but for the individual's receipt of unemployment insurance benefits, or (2) that is directly caused by a fire, flood, or act of God where 70 percent or more of the employees employed in the affected location become unemployed as a result and the employer substantially reopens its operations in that same area within 360 days of the fire, flood, or act of God. Benefits shall be charged to the employer's account where the unemployment is caused by the willful act of the employer or a person acting on behalf of the



employer.

Sec. 12. Minnesota Statutes 1984, section 268.06, subdivision 8, is amended to read:

Subd. 8. [DETERMINATION OF CONTRIBUTION RATES.] (a) For each calendar year the commissioner shall determine the contribution rate of each employer by adding the minimum rate to the experience ratio; ~~except that if the ratio for the current calendar year increases or decreases the experience ratio for the preceding calendar year by more than one and one-half percentage points for 1982; and 2-1/2 percentage points for 1983 and each year thereafter, the increase or decrease for the current year shall be limited to one and one-half percentage points for 1982; and 2-1/2 percentage points for 1983 and each year thereafter, provided that a small business employer shall be eligible, upon application, for a reduction in the limitation to 1-1/2 percentage points for 1983 and each year thereafter.~~ "Small business employer" for the purpose of this subdivision means an employer with an annual covered payroll of \$250,000 or less, or fewer than 20 employees in three of the four quarters ending June 30, of the previous calendar year.

(b) The minimum rate for all employers that have benefits charged to their account at any time during the period described in subdivision 6 shall be one percent if the amount in the unemployment compensation fund is less than \$80,000,000 on June 30 of the preceding calendar year; or nine-tenths of one percent if the fund is more than \$80,000,000 but less than \$90,000,000; or eight-tenths of one percent if the fund is more than \$90,000,000 but less than \$110,000,000; or seven-tenths of one percent if the fund is more than \$110,000,000 but less than \$130,000,000; or six-tenths of one percent if the fund is more than \$130,000,000 but less than \$150,000,000; or five-tenths of one percent if the fund is more than \$150,000,000 but less than \$170,000,000; or three-tenths of one percent if the fund is more than \$170,000,000 but less than \$200,000,000; or one-tenth of one percent if the fund is \$200,000,000 or more; ~~provided that no employer shall have a contribution rate of more than 7.5 percent.~~

(c) *The minimum rate for all employers that have not had benefits charged to their account at any time during the period described in subdivision 6 shall be two-tenths of one percent less than the minimum rate under paragraph (b) for 1987 and each year thereafter, provided that no rate can be less than zero percent.*

(d) *The maximum rate for for all employers shall be eight and one-half percent.*

(e) *A voluntary contribution paid under subdivision 24 shall not qualify an employer for assignment of a minimum rate under paragraph (c).*

(f) For the purposes of this section the unemployment compensation fund shall not include any moneys advanced from the Federal Unemployment Account in the unemployment trust fund in accordance with Title XII of the Social Security Act, as amended. ~~No employer first assigned an experience ratio in accordance with subdivision 6, shall have his contribution rate increased or decreased by more than one and one-half percentage points for 1982; and 2-1/2 percentage points for 1983 and each year thereafter over the contribution rate assigned for the preceding calendar year in accordance with~~

~~subdivision 3a; provided that a small business employer shall be eligible, upon application, for a reduction in the limitation to 1-1/2 percentage points for 1983 and each year thereafter.~~

Sec. 13. Minnesota Statutes 1984, section 268.06, is amended by adding a subdivision to read:

*Subd. 8a. [SOLVENCY ASSESSMENT.] If the fund balance is less than \$50,000,000 on December 31, 1986, or any year thereafter, a solvency assessment will be in effect for the following calendar year. Each employer, except those making payments in lieu of contributions under subdivisions 25, 26, 27, and 28, and those assigned a minimum rate under subdivision 8, paragraph (c), shall pay a quarterly solvency assessment of ten percent multiplied by the contributions paid or due and payable for each calendar quarter in that year. Quarterly contributions and the solvency assessment payments shall be combined and will be computed notwithstanding the maximum rate established in subdivision 3a or 8, by multiplying the quarterly taxable payroll by the assigned contribution rate multiplied by 1.10.*

Sec. 14. Minnesota Statutes 1984, section 268.07, subdivision 2, is amended to read:

*Subd. 2. [WEEKLY BENEFIT AMOUNT AND DURATION.] (a) If the commissioner finds that an individual has earned 15, or more, credit weeks within the base period of employment in insured work with one or more employers, benefits shall be payable to such individual during his benefit year as follows:*

*(1) Weekly benefit amount shall be equal to 60 percent of the first \$85, 40 percent of the next \$85 and 50 percent of the remainder of the average weekly wage of such individual. The amount so computed if not a whole dollar shall be rounded down to the next lower dollar amount. To establish a benefit year for unemployment compensation insurance benefits, effective after January 1, 1987, and thereafter, an individual must have:*

*(1) wage credits in two or more calendar quarters of the individual's base period; and*

*(2) minimum total base period wage credits equal to the high quarter wages multiplied by 1.4; and*

*(3) high quarter wage credits of not less than \$1,300.*

*(b) An individual who is unable to establish a valid claim under paragraph (a), clauses (1) to (3), may establish a valid claim if the individual has:*

*(1) wage credits in at least three calendar quarters of the base period; and*

*(2) high quarter wage credits equal to at least 20 times the state minimum wage multiplied by 13; and*

*(3) combined wage credits in at least two of the remaining three calendar quarters equal to at least 20 times the state minimum wage multiplied by 13.*

*(c) If the commissioner finds that an individual has sufficient wages within the base period to establish a valid claim, the weekly benefit amount payable to the individual during the individual's benefit year shall be equal to 1/26 of the individual's high quarter wage credits, rounded to the next lower whole*

dollar.

(d) *Notwithstanding paragraph (c), the maximum weekly benefit amount of claims for benefits which establish a benefit year subsequent to July 1, 1979 1988, shall be ~~66-2/3~~ 60 percent of the average weekly wage, except as provided in clause (d) as determined under this paragraph.* On or before June 30 of each year the commissioner shall determine the average weekly wage paid by employers subject to sections 268.03 to 268.24 in the following manner:

(a) (1) The sum of the total monthly employment reported for the previous calendar year shall be divided by 12 to determine the average monthly employment.

(b) (2) The sum of the total wages reported for the previous calendar year shall be divided by the average monthly employment to determine the average annual wage.

(c) (3) The average annual wage shall be divided by 52 to determine the average weekly wage.

The maximum weekly benefit amount as so determined computed to the nearest whole dollar shall apply to claims for benefits which establish a benefit year which begins subsequent to June 30 of each year.

(d) (e) *The maximum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1982, and prior to July 1, 1983, shall be \$184. Notwithstanding paragraph (c), the maximum weekly benefit amount for claims for benefits which establish a benefit year prior to July 1, 1988, shall be \$228.*

*The maximum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1983, and prior to July 1, 1984, shall be \$191.*

*The maximum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1984, and prior to July 1, 1985, shall be \$198.*

(2) *An individual's maximum amount of regular benefits payable in a benefit year shall not exceed the lesser of (a) 26 times his weekly benefit amount or (b) 70 percent of the number of credit weeks earned by such an individual computed to the nearest whole week times his weekly benefit amount.*

(3) (f) *Each eligible individual who is unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his weekly benefit amount less that part of his earnings, including holiday pay, payable to him with respect to such week which is in excess of \$25 or \$200 for earnings from service in the national guard or a United States military reserve unit. Jury duty pay is not considered as earnings and shall not be deducted from benefits paid. Such benefit, if not a whole dollar amount shall be rounded down to the next lower dollar amount.*

(4) *The provisions of clauses (1) and (2) shall apply to claims for benefits which establish a benefit year subsequent to June 30, 1983.*

(g) *Any otherwise eligible individual shall be entitled during any benefit*

*year to a total amount of benefits equal to one-third of his total base period wage credits rounded to the next lower dollar not to exceed 26 times his weekly benefit amount.*

Sec. 15. Minnesota Statutes 1984, section 268.07, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTION.] Notwithstanding the provisions of subdivision 2, if the commissioner finds that an individual has earned ~~credit weeks wage credits~~ in seasonal employment, benefits shall be payable only if the commissioner finds that the individual has earned ~~+5 credit weeks wage credits equal to or in excess of 30 times the individual's weekly benefit amount~~ in employment which is not seasonal, in addition to any ~~credit weeks wage credits~~ in seasonal employment. For the purposes of this subdivision, "seasonal employment" means employment with a single employer in the recreation or tourist industry which is available with the employer for 15 consecutive weeks or less each calendar year.

Sec. 16. Minnesota Statutes 1984, section 268.07, subdivision 3, is amended to read:

Subd. 3. [WHEN WAGE CREDITS ARE NOT AVAILABLE.] (1) ~~No individual may receive benefits in a benefit year unless, subsequent to the beginning of the next preceding benefit year during which benefits were received, the individual performed service in insured work as defined in section 268.04, subdivision 17, and earned remuneration for the service in an amount equal to not less than the minimum wage credits required to qualify for benefits~~ *To establish a second benefit year following the expiration of an immediately preceding benefit year, an individual must have sufficient wage credits to establish a claim under the provisions of subdivision 2 and must have performed services after the establishment of the expired benefit year. The services performed must have been in insured work and the wage credits from the services must equal not less than ten times the weekly benefit amount of the second benefit year.*

(2) No employer who provided 90 percent or more of the wage credits in a claimant's base period shall be charged for benefits based upon earnings of the claimant during a subsequent base period unless the employer has employed the claimant in any part of the subsequent base period.

(3) Wages paid by an employing unit may not be used for benefit purposes by any individual who (a) individually or jointly with a spouse, parent or child owns or controls directly or indirectly 25 percent or more interest in the employing unit; or (b) is the spouse, parent or minor child of any individual who owns or controls directly or indirectly 25 percent or more interest in the employing unit; and (c) is not permanently separated from employment.

This clause is effective when the individual has been paid four times the individual's weekly benefit amount in the current benefit year.

(4) Wages paid in seasonal employment, as defined in subdivision 2a, are not available for benefit purposes during weeks in which there is no seasonal employment available with the employer.

(5) *No employer shall be charged for benefits if he is a base period employer on a second claim solely because of the transition from a base*

*period consisting of the 52-week period preceding the claim date to a base period consisting of the first four of the last five completed calendar quarters preceding the claim date.*

Sec. 17. Minnesota Statutes 1984, section 268.071, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, unless the context clearly requires otherwise:

(1) [EXTENDED BENEFIT PERIOD.] "Extended benefit period" means a period which

(a) Begins with the third week after a week for which there is a state "on" indicator; and

(b) Ends with either of the following weeks, whichever occurs later: The third week after the first week for which there is a state "off" indicator; or the 13th consecutive week of the period;

Provided, that no extended benefit period may begin before the 14th week following the end of a prior extended benefit period which was in effect with respect to this state.

(2) [STATE "ON" INDICATOR.] There is a "state 'on' indicator" for this state for a week if the commissioner determines, in accordance with the regulations of the United States secretary of labor, that for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment (not seasonally adjusted) under this law

(a) equaled or exceeded 120 percent of the average of such rates for the corresponding 13 week period ending in each of the preceding two calendar years, and

(b) equaled or exceeded five percent.

The determination of whether there has been a state "on" indicator beginning any extended benefit period may be made as provided in clauses (a) and (b) above or a "state 'on' indicator" shall exist if the rate described in clause (b) equaled or exceeded six percent irrespective of whether the percentage requirement provided by clause (a) is met or exceeded.

(3) [STATE "OFF" INDICATOR.] There is a "state 'off' indicator" for this state for a week if, for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment is less than six percent and the requirements for a "state 'on' indicator" under clause (2) of this subdivision are not satisfied.

(4) [RATE OF INSURED UNEMPLOYMENT.] "Rate of insured unemployment," for purposes of clauses (2) and (3), means the percentage derived by dividing the average weekly number of individuals filing claims for regular benefits in this state for weeks of unemployment with respect to the most recent 13 consecutive week period, as determined by the commissioner on the basis of his reports to the United States secretary of labor, by the average monthly employment covered under this law for the first four of the most recent six completed calendar quarters ending before the end of such 13 week period.

(5) [REGULAR BENEFITS.] "Regular benefits" means benefits payable

to an individual under this law or under any other state law (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) other than extended benefits and additional benefits.

(6) [EXTENDED BENEFITS.] "Extended benefits" means benefits (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) payable to an individual under the provisions of this section for weeks of unemployment in his eligibility period.

(7) [ADDITIONAL BENEFITS.] "Additional benefits" means benefits payable to exhaustees by reason of conditions of high unemployment or by reason of other special factors under the provisions of any state law.

(8) [ELIGIBILITY PERIOD.] "Eligibility period" of an individual means the period consisting of the weeks in his benefit year which begin in an extended benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such period.

(9) [EXHAUSTEE.] "Exhaustee" means an individual who, with respect to any week of unemployment in his eligibility period:

(a) Has received, prior to such week, all of the regular benefits that were available to him under this law or any other state law (including dependents' allowances and benefits payable to federal civilian employees and ex-servicemen under 5 U.S.C. chapter 85) in his current benefit year that includes such week;

Provided, that, for the purposes of this paragraph, an individual shall be deemed to have received all of the regular benefits that were available to him although as a result of a pending appeal with respect to wage credits or ~~credit~~ ~~weeks~~ that were not considered in the original monetary determination in his benefit year, he may subsequently be determined to be entitled to added regular benefits; or

(b) His benefit year having expired prior to such week, has no, or insufficient, wages and/or employment on the basis of which he could establish a new benefit year that would include such week or having established a benefit year that includes such week, he is precluded from receiving regular compensation by reason of: (i) a state law provision which meets the requirements of section 3304 (a) (7) of the Internal Revenue Code of 1954, or (ii) a disqualification determination which cancelled wage credits or totally reduced his benefit rights, or (iii) benefits are not payable by reason of a seasonal limitation in a state unemployment insurance law; and

(c) Has no right to unemployment benefits or allowances, as the case may be, under the railroad unemployment insurance act, the trade expansion act of 1962, the automotive products act of 1965 and such other federal laws as are specified in regulations issued by the United States secretary of labor; and has not received and is not seeking unemployment benefits under the unemployment compensation law of Canada; but if he is seeking such benefits and the appropriate agency finally determines that he is not entitled to benefits under such law he is considered an exhaustee.

(10) [STATE LAW.] "State law" means the unemployment insurance law of any state, approved by the United States secretary of labor under section 3304 of the Internal Revenue Code of 1954.

Sec. 18. [268.0711] [ADDITIONAL UNEMPLOYMENT COMPENSATION BENEFITS; REDUCED OPERATIONS.]

*Subdivision 1. Additional unemployment compensation benefits are authorized under this section only if the commissioner determines that:*

*(1) an employer has reduced operations at an establishment resulting in the reduction of at least 50 percent of the employer's work force and the lay-off of at least 50 employees at that establishment;*

*(2) the employer does not intend to resume operations which would lead to the reemployment of those employees at any time in the future; and*

*(3) the unemployment rate for the county in which the establishment is located was ten percent during the month of the reduction or any of the three months preceding or succeeding the reduction.*

*Subd. 2. [PAYMENT OF BENEFITS.] All benefits payable under this section are payable from the fund.*

*Subd. 3. [ELIGIBILITY CONDITIONS.] An individual is eligible to receive additional benefits under this section for any week during the individual's benefit year if the commissioner finds that:*

*(1) the individual's unemployment is the result of a reduction in operations as provided under subdivision 1;*

*(2) the individual is unemployed and meets the eligibility requirements for the receipt of unemployment benefits under section 268.08;*

*(3) the individual is not subject to a disqualification for benefits under section 268.09; for the purpose of this subdivision, the disqualifying conditions set forth in section 268.09, and the requalifying requirements thereunder, apply to the receipt of additional benefits under this section;*

*(4) the individual has exhausted all rights to regular benefits payable under section 268.07, is not entitled to receive extended benefits under section 268.071, and is not entitled to receive unemployment compensation benefits under any other state or federal law for the week in which the individual is claiming additional benefits;*

*(5) the individual has made a claim for additional benefits with respect to any week the individual is claiming benefits in accordance with the regulations as the commissioner may prescribe with respect to claims for regular benefits; and*

*(6) the individual has worked at least 26 weeks during the individual's base period in employment with an employer for whom the commissioner has determined there was a reduction in operations under subdivision 1.*

*Subd. 4. [WEEKLY BENEFIT AMOUNT.] A claimant's weekly benefit amount under this section shall be the same as the individual's weekly benefit amount payable during the individual's current benefit year under section 268.08.*

*Subd. 5. [MAXIMUM BENEFITS PAYABLE.] A claimant's maximum amount of additional benefits payable in the individual's benefit year shall be the lesser of one-sixth of total base period wage credits earned by the individual in the employ of an employer for whom the commissioner has deter-*

*mined there was a reduction in operations under subdivision 1, computed to the nearest whole week, or 13 times the individual's weekly benefit amount. Unemployment compensation benefits paid to an individual under any state or federal law other than regular benefits payable under section 268.07 shall be deducted from that individual's maximum amount of additional benefits.*

*Subd. 6. The additional benefits provided under this section shall be payable to any claimant whose unemployment is the result of a reduction in operations under subdivision 1 which has occurred on July 1, 1984, or thereafter, provided the claimant has filed a claim for additional benefits which is effective January 1, 1986, or thereafter.*

**Sec. 19. [268.0712] [ADDITIONAL UNEMPLOYMENT COMPENSATION BENEFITS; DISTRESSED AREAS.]**

*Subdivision 1. [ELIGIBILITY.] A claimant who lives in an economic development region designated pursuant to section 462.385 where the insured unemployment rate is more than 1.5 times the rate of insured unemployment in this state, as calculated under section 268.071, subdivision 1, clause (4), is eligible for additional regular unemployment benefits equal to four times the claimant's weekly benefit amount if the individual has exhausted all rights to regular benefits payable under section 268.07, is not entitled to receive extended benefits under section 268.071 or additional benefits under section 18, and is not entitled to receive unemployment compensation benefits under any other state or federal law for the week in which the individual is claiming additional benefits under this section.*

*Subd. 2. [ELIGIBILITY PERIOD.] (a) The period for which benefits are payable in an economic development region is the same as the period for which benefits are available under section 268.071; except that, for purposes of that section, the "on-indicator" is the first week after the rate of insured unemployment in the economic development region equals 1.5 times the rate of insured unemployment in this state and the "off indicator" is the first week after the rate of insured unemployment in the economic development region is less than 1.5 times the rate of insured unemployment in this state. For purposes of this subdivision, the "rate of insured unemployment in this state" is calculated in the manner provided under section 268.071, subdivision 4, clause (4); and the "rate of insured unemployment in the economic development region" is calculated in the manner provided under section 268.071, subdivision 1, clause (4), except that, the number of individual filing claims and the average monthly employment for purposes of this calculation is with respect to the particular economic development region only.*

**Sec. 20. Minnesota Statutes 1985 Supplement, section 268.08, subdivision 1, is amended to read:**

**Subdivision 1. [ELIGIBILITY CONDITIONS.]** An individual shall be eligible to receive benefits with respect to any week of unemployment only if the commissioner finds that the individual:

(1) has registered for work at and thereafter has continued to report to an employment office, or agent of the office, in accordance with rules the commissioner may adopt; except that the commissioner may by rule waive or alter either or both of the requirements of this clause as to types of cases or



situations with respect to which the commissioner finds that compliance with the requirements would be oppressive or would be inconsistent with the purposes of sections 268.03 to 268.24;

(2) has made a claim for benefits in accordance with rules as the commissioner may adopt;

(3) was able to work and was available for work, and was actively seeking work. The individual's weekly benefit amount shall be reduced one-fifth for each day the individual is unable to work or is unavailable for work. Benefits shall not be denied by application of this clause to an individual who is in training with the approval of the commissioner or in training approved pursuant to section 236 of the Trade Act of 1974, as amended.

An individual is deemed unavailable for work with respect to any week which occurs in a period when the individual is a full-time student in attendance at, or on vacation from an established school, college or university unless a majority of the ~~credit weeks~~ *wage credits* earned in the base period were for services performed during weeks in which the student was attending school as a full-time student.

An individual serving as a juror shall be considered as available for work and actively seeking work on each day the individual is on jury duty; and

(4) has been unemployed for a waiting period of one week during which the individual is otherwise eligible for benefits under sections 268.03 to 268.24. However, payment for the waiting week shall be made to the individual after the individual has qualified for and been paid benefits for four weeks of unemployment in a benefit year which period of unemployment is terminated because of the individual's return to employment. *Such payment shall be the lesser of (i) the minimum weekly benefit amount in effect at the time of payment under section 268.07, subdivision 2, paragraph (a) or (b), whichever is applicable, or (ii) the weekly benefit amount the individual is entitled to under sections 268.07 and 268.08.*

No individual is required to serve a waiting period of more than one week within the one-year period subsequent to filing a valid claim and commencing with the week within which the valid claim was filed.

Sec. 21. Minnesota Statutes 1984, section 268.09, subdivision 1, is amended to read:

Subdivision 1. [DISQUALIFYING CONDITIONS.] An individual separated from employment under clauses (1), (2), or (3) shall be disqualified for waiting week credit and benefits. For separations under clauses (1) and (2), the disqualification shall continue until ~~four~~ *eight* calendar weeks have elapsed following his separation and the individual has earned ~~four~~ *eight* times his weekly benefit amount in insured work.

(1) [VOLUNTARY LEAVE.] The individual voluntarily and without good cause attributable to the employer discontinued his employment with such employer. For the purpose of this clause, a separation from employment by reason of its temporary nature or for inability to pass a test or for inability to meet performance standards necessary for continuation of employment or based solely on a provision in a collective bargaining agreement by which an individual has vested discretionary authority in another to act in behalf of the

individual shall not be deemed voluntary.

A separation shall be for good cause attributable to the employer if it occurs as a consequence of sexual harassment. Sexual harassment means unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other conduct or communication of a sexual nature when: (1) the employee's submission to such conduct or communication is made a term or condition of the employment, (2) the employee's submission to or rejection of such conduct or communication is the basis for decisions affecting employment, or (3) such conduct or communication has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment and the employer knows or should know of the existence of the harassment and fails to take timely and appropriate action.

(2) [DISCHARGE FOR MISCONDUCT.] The individual was discharged for misconduct, not amounting to gross misconduct connected with his work or for misconduct which interferes with and adversely affects his employment.

An individual shall not be disqualified under clauses (1) and (2) of this subdivision under any of the following conditions:

(a) The individual voluntarily discontinued his employment to accept work offering substantially better conditions of work or substantially higher wages or both;

(b) The individual is separated from employment due to his own serious illness provided that such individual has made reasonable efforts to retain his employment;

An individual who is separated from his employment due to his illness of chemical dependency which has been professionally diagnosed or for which he has voluntarily submitted to treatment and who fails to make consistent efforts to maintain the treatment he knows or has been professionally advised is necessary to control that illness has not made reasonable efforts to retain his employment.

(c) The individual accepts work from a base period employer which involves a change in his location of work so that said work would not have been deemed to be suitable work under the provisions of subdivision 2 and within a period of 13 weeks from the commencement of said work voluntarily discontinues his employment due to reasons which would have caused the work to be unsuitable under the provision of said subdivision 2;

(d) The individual left employment because he had reached mandatory retirement age and was 65 years of age or older;

(e) The individual is terminated by his employer because he gave notice of intention to terminate employment within 30 days. This exception shall be effective only through the calendar week which includes the date of intended termination, provided that this exception shall not result in the payment of benefits for any week for which he receives his normal wage or salary which is equal to or greater than his weekly benefit amount;

(f) The individual is separated from employment due to the completion of an apprenticeship program, or segment thereof, approved pursuant to chapter

178;

(g) The individual voluntarily leaves part-time employment with a base period employer while continuing full-time employment if the individual attempted to return to part-time employment after being separated from the full-time employment, and if substantially the same part-time employment with the base period employer was not available for the individual.

(3) [DISCHARGE FOR GROSS MISCONDUCT.] The individual was discharged for gross misconduct connected with his work or gross misconduct which interferes with and adversely affects his employment. For a separation under this clause, the commissioner shall impose a total disqualification for the benefit year and cancel all of the wage credits from the last employer from whom he was discharged for gross misconduct connected with his work.

For the purpose of this clause "gross misconduct" is defined as misconduct involving assault and battery or the malicious destruction of property or arson or sabotage or embezzlement or any other act, including theft, the commission of which amounts to a felony or gross misdemeanor. For an employee of a health care facility, gross misconduct also includes misconduct involving an act of patient or resident abuse as defined in section 626.557, subdivision 2, clause (d).

If an individual is convicted of a felony or gross misdemeanor for the same act or acts of misconduct for which the individual was discharged, the misconduct is conclusively presumed to be gross misconduct if it was connected with his work.

(4) [LIMITED OR NO CHARGE OF BENEFITS.] Benefits paid subsequent to an individual's separation under any of the foregoing clauses, excepting clauses (2)(c) and (2)(e), shall not be used as a factor in determining the future contribution rate of the employer from whose employment such individual separated.

Benefits paid subsequent to an individual's failure, without good cause, to accept an offer of suitable re-employment shall not be used as a factor in determining the future contribution rate of the employer whose offer of re-employment he failed to accept or whose offer of re-employment was refused solely due to the distance of the available work from his residence, the individual's own serious illness or his other employment at the time of the offer.

(5) An individual who was employed by an employer shall not be disqualified for benefits under this subdivision for any acts or omissions occurring after his separation from employment with the employer.

(6) [DISCIPLINARY SUSPENSIONS.] An individual shall be disqualified for waiting week credit and benefits for the duration of any disciplinary suspension of 30 days or less resulting from his own misconduct. Disciplinary suspensions of more than 30 days shall constitute a discharge from employment.

Sec. 22. Minnesota Statutes 1984, section 268.09, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO APPLY FOR OR ACCEPT SUITABLE WORK OR RE-EMPLOYMENT.] An individual shall be disqualified for waiting

week credit and benefits during the week of occurrence and until ~~four~~ eight calendar weeks have elapsed following his refusal or failure and he has earned ~~four~~ eight times his weekly benefit amount in insured work if the commissioner finds that he has failed, without good cause, either to apply for available, suitable work of which he was advised by the employment office, or the commissioner or to accept suitable work when offered him, or to return to his customary self-employment (if any) when so directed by the commissioner, or to accept a base period employer's offer of re-employment offering substantially the same or better hourly wages and conditions of work as were previously provided by that employer in his base period.

(a) In determining whether or not any work is suitable for an individual, the commissioner shall consider the degree of risk involved to his health, safety, and morals, his physical fitness and prior training, his experience, his length of unemployment and prospects of securing local work in his customary occupation, and the distance of the available work from his residence, *and how the offered work's wage compares with the wage the individual received during the high quarter of the individual's base period. With respect to the work's wage, the work shall be deemed suitable if it is otherwise suitable considering the above factors and the wage rate offered to the claimant is equal to 100 percent of the claimant's average weekly wage during the high quarter of the claimant's base period, if the work is offered during the first four weeks following a valid claim for benefits; equal to at least 85 percent of the claimant's average weekly wage during the high quarter of the claimant's base period, if the work is offered during weeks five through eight following a valid claim for benefits; equal to at least 75 percent of the claimant's average weekly wage during the high quarter of the claimant's base period, if the work is offered during weeks nine through 12 following a valid claim for benefits; or equal to at least 70 percent of the claimant's average weekly wage during the high quarter of the claimant's base period, if the work is offered after 12 weeks of benefits have been received.*

(b) Notwithstanding any other provisions of sections 268.03 to 268.24, no work shall be deemed suitable, and benefits shall not be denied thereunder to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

(1) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

(2) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality;

(3) if as a condition of being employed the individual would be required to join a union or to resign from or refrain from joining any bona fide labor organization;

(4) if the individual is in training with the approval of the commissioner.

Sec. 23. Minnesota Statutes 1984, section 268.10, subdivision 1, is amended to read:

Subdivision 1. [FILING.] (a) Claims for benefits shall be made in accordance with such regulations as the commissioner may prescribe. Each employer shall post and maintain printed statements of such regulations in

places readily accessible to individuals in his service and shall make available to each such individual at the time he becomes unemployed, a printed statement of such regulations. Such printed statements shall be supplied by the commissioner to each employer without cost to him.

(4) (b) Any employer upon separation of an employee from his employment for any reason which may result in disqualification for benefits under section 268.09, shall furnish to such employee a separation notice which shall provide the employer's name, address, and employer account number as registered with the department, the employee's name and social security account number, the inclusive dates of his employment, and the reason for the separation. A copy of such separation notice shall be filed with the commissioner within seven days of such separation. The commissioner shall require each individual filing a claim for benefits to establish a benefit year to furnish the reason for separation from all employers in his base period.

(2) Upon the filing, by an individual, of a claim for benefits, the commissioner shall give notice to all such base period employers of the filing of such claim and request each such base period employer, within seven days after the mailing of such notice, to furnish the following information:

(a) The total wage credits earned in the base period;

(b) The number of credit weeks which end within the base period;

(c) The week ending dates for each calendar week within the base period in which the individual earned less than the amount required to make a credit week and the amount of earnings in each such week;

(d) The reason for the separation or separations of such individual from the employ of the employer in the base period; and

(e) Such employer's protest, if any, relating to the ineligibility or disqualification of such individual.

(3) If any base period employer, after the notice of filing of a claim and the request for wage and separation information has been duly mailed to his last known address, fails to file information as provided by items (a) through (e) of clause 2 of this subdivision within seven days, the commissioner shall:

(a) Determine the validity of an individual's claim based on the claimant's statements or any other available information. An employer shall be liable for a late filing fee of not less than \$5 nor more than \$25, as the commissioner may determine, to be paid to the department of economic security and credited to the contingent fund if he has failed without good cause to submit the wage and separation information as required in clause 2 of this subdivision within seven days after the request has been duly mailed to his last known address.

(c) Upon establishment of a benefit year, the commissioner shall give notice to the last employer for whom the individual worked and all base period employers. The employer so notified shall have seven days after the mailing of the notice to file a protest to monetary entitlement or raise an issue of ineligibility or disqualification.

(d) If, upon review of the wage information on file with the department, it is found that an employer failed to provide wage information for the claim-

ant, the commissioner shall accept a claimant certification as to the wages earned, based upon the claimant's records, and issue a monetary determination of validity certification. This determination may be modified based upon corrected information subsequently received from the employer or other sources. The employer who failed to report the individual's wages or filed an erroneous report may be penalized in accordance with section 268.16 or 268.18. In the absence of fraud, if a redetermination of validity of claim based on an employer's late or erroneous report subsequently cancels or reduces the amount of benefits to which a claimant was entitled under the initial determination, the claimant shall not be required to make repayment to the fund of any benefits paid to him prior to such redetermination; and

(b) (e) The commissioner shall determine any issue of disqualification raised by ~~clause (1) under paragraph (c)~~ or by an employer's late report. If an employer fails to file a separation notice within the time limits prescribed in ~~clause (1) paragraph (b)~~, any relief from benefit charges provided by section 268.09, subdivision 1, clause (4), shall apply to weeks of unemployment beginning after the filing of the late report.

Sec. 24. Minnesota Statutes 1984, section 268.10, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF CLAIMS; DETERMINATION; APPEAL.] (1) An official, designated by the commissioner, shall promptly examine each claim for benefits filed to establish a benefit year pursuant to this section, and, on the basis of the facts found, shall determine whether or not such claims are valid, and if valid, the weekly benefit amount payable, the maximum benefit amount payable during the benefit year, and the date the benefit year terminates, and this determination shall be known as the determination of validity. Notice of the determination of validity or any redetermination as provided for in clause (4) shall be promptly given the claimant and all other interested parties. ~~If within the time limits for filing a protest an employer notifies the department that an individual's weekly benefit amount as determined under section 268.07 exceeds the individual's weekly wages earned with the employer, the individual's weekly benefit amount shall be the lesser of (1) the weekly benefit amount as determined under section 268.07, or (2) the weekly benefit amount which is 50 percent of the quotient derived by dividing the total wage credits earned in the individual's base period credit weeks from all employers in insured work by the number of base period credit weeks.~~ If within the time specified for the filing of ~~wage and separation information~~ a protest as provided in subdivision 1, ~~clause (2) paragraph (c)~~, the employer makes an allegation of disqualification or raises an issue of the chargeability to his account of benefits that may be paid on such claim, if the claim is valid, the issue thereby raised shall be promptly determined by said official and a notification of the determination delivered or mailed to the claimant and the employer. If an initial determination or an appeal tribunal decision or the commissioner's decision awards benefits, the benefits shall be paid promptly regardless of the pendency of any appeal period or any appeal or other proceeding which may thereafter be taken. Except as provided in clause (6), if an appeal tribunal decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an appeal decision awarding benefits, any benefits paid under the award of such initial determination or appeal

tribunal decision shall be deemed erroneous payments.

(2) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, an official of the department or any interested party or parties raises an issue of claimant's eligibility for benefits for any week or weeks in accordance with the requirements of the provisions of sections 268.03 to 268.24 or any official of the department or any interested party or parties or benefit year employer raises an issue of disqualification in accordance with the regulations of the commissioner, a determination shall be made thereon and a written notice thereof shall be given to the claimant and such other interested party or parties or benefit year employer. A determination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(3) A determination issued pursuant to clauses (1) and (2) shall be final unless an appeal therefrom is filed by a claimant or employer within 15 days after the mailing of the notice of the determination to his last known address or personal delivery of the notice. Every notice of determination shall contain a prominent statement indicating in clear language the method of appealing the determination, the time within which such an appeal must be made, and the consequences of not appealing the determination. A timely appeal from a determination of validity in which the issue is whether an employing unit is an employer within the meaning of this chapter or whether services performed for an employer constitute employment within the meaning of this chapter shall be subject to the provisions of section 268.12, subdivision 13.

(4) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, the commissioner on his own motion may reconsider a determination of validity made thereon and make a redetermination thereof if he finds that an error in computation or identity or the crediting of wage credits has occurred in connection therewith or if the determination was made as a result of a nondisclosure or misrepresentation of a material fact. A determination or redetermination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(5) However, the commissioner may in his discretion refer any disputed claims directly to a referee for hearing and determination in accordance with the procedure outlined in subdivision 3 and the effect and status of such determination in such a case shall be the same as though the matter had been determined upon an appeal to the tribunal from an initial determination.

(6) If a referee's decision affirms an initial determination awarding benefits or the commissioner affirms an appeal tribunal decision awarding benefits, the decision, if finally reversed, shall not result in a disqualification and benefits paid shall neither be deemed overpaid nor shall they be considered in determining any individual employer's future contribution rate under section 268.06.

Sec. 25. Minnesota Statutes 1984, section 268.12, subdivision 8, is amended to read:

Subd. 8. [RECORDS; REPORTS.] (1) Each employing unit shall keep true and accurate work records for such periods of time and containing such

information as the commissioner may prescribe. Such records shall be open to inspection, audit, and verification, and be subject to being copied by any authorized representative of the commissioner at any reasonable time and as often as may be necessary. The commissioner, appeal referee, or any other duly authorized representative of the commissioner, may require from any employing unit any sworn or unsworn reports, with respect to persons employed by it, which the commissioner, appeal referee, or any other duly authorized representative of the commissioner deems necessary for the effective administration of sections 268.03 to 268.24, ~~provided that quarterly contribution and wage report forms shall include the employee's name, social security number, and total wages paid to the employee.~~

(2) The commissioner may cause to be made such summaries, compilations, photographs, duplications, or reproductions of any records, reports, or transcripts thereof as he may deem advisable for the effective and economical preservation of the information contained therein, and such summaries, compilations, photographs, duplications or reproductions, duly authenticated, shall be admissible in any proceeding under sections 268.03 to 268.24, if the original record or records would have been admissible therein. Notwithstanding any restrictions contained in section 16B.50, except restrictions as to quantity, the commissioner is hereby authorized to duplicate, on equipment furnished by the federal government or purchased with funds furnished for that purpose by the federal government, records, reports, summaries, compilations, instructions, determinations, or any other written matter pertaining to the administration of the Minnesota economic security law.

(3) Notwithstanding any inconsistent provisions elsewhere, the commissioner may provide for the destruction or disposition of any records, reports, transcripts, or reproductions thereof, or other papers in his custody, which are more than two years old, the preservation of which is no longer necessary for the establishment of contribution liability or benefit rights or for any purpose necessary to the proper administration of sections 268.03 to 268.24, including any required audit thereof, provided, that the commissioner may provide for the destruction or disposition of any record, report, or transcript, or other paper in his custody which has been photographed, duplicated, or reproduced in the manner provided in clause (2).

(4) Notwithstanding the provisions of the Minnesota State Archives Act the commissioner shall with the approval of the legislative auditor destroy all benefit checks and benefit check authorization cards that are more than two years old and no person shall make any demand, bring any suit or other proceeding to recover from the state of Minnesota any sum alleged to be due him on any claim for benefits after the expiration of two years from the date of filing such claim.

Sec. 26. Minnesota Statutes 1984, section 268.121, is amended to read:

268.121 [WAGE REPORTING.]

Beginning on April 1, 1984, each employer subject to this chapter shall provide the commissioner with a quarterly report of *the wages*, as defined in ~~section 268.04, subdivision 25~~, paid to each employee of that employer covered by this chapter. ~~The commissioner shall provide the legislature with his recommendations for statutory changes to fully implement this section no~~



later than January 1, 1983. The report must include the employee's name, social security number, and the total wages paid to the employee. The report is due and must be filed at the same time as the contribution report in accordance with rules established by the commissioner for filing of quarterly contribution reports. For the purpose of this section, "wages paid" includes wages actually or constructively paid and wages overdue and delayed beyond the usual time of payment.

Sec. 27. Minnesota Statutes 1984, section 268.16, subdivision 2, is amended to read:

Subd. 2. [REPORTS; DELINQUENCIES; PENALTIES.] (H) (a) Any employer who knowingly fails to make and submit to the department of economic security any contribution report of wages paid by or due from him for insured work in the manner and at the time such the report is required by regulations rules prescribed by the commissioner shall pay to the department of economic security for the contingent account a penalty in the amount of one and one-half percent of contributions accrued during the period for which such the report is required, for each month from and after such the due date until such the report is properly made and submitted to the department of economic security. In no case shall the amount of the penalty imposed hereby be less than \$5 per month. The maximum penalty imposed hereby shall be \$25 or the amount determined at the rate of 1-1/2 percent per month, whichever is greater. Any employing unit which fails to make and submit to the commissioner any report, other than one of wages paid or payable for insured work, as and when required by the regulations of the commissioner, shall be subject to a penalty in the sum of \$10 payable to the department of economic security for the contingent account. All such penalties shall be in addition to interest and any other penalties provided for by sections 268.03 to 268.24 and shall be collected as provided by section 268.161.

(2) (b) If any employing unit required by sections 268.03 to 268.24 to make and submit contribution reports shall fail to do so within the time prescribed by these sections or by regulations under the authority thereof, or shall make, willfully or otherwise, an incorrect, false or fraudulent contribution report, he shall, on the written demand of the commissioner, make such contribution report, or corrected report, within ten days after the mailing of such written demand and at the same time pay the whole contribution, or additional contribution, due on the basis thereof. If such employer shall fail within that time to make such report, or corrected report, the commissioner shall make for him a report, or corrected report, from his own knowledge and from such information as he can obtain through testimony, or otherwise, and assess a contribution on the basis thereof, which contribution, plus penalties and interest which thereafter accrued (less any payments theretofore made) shall be paid within ten days after the commissioner has mailed to such employer a written notice of the amount thereof and demand for its payment. Any such contribution report or assessment made by the commissioner on account of the failure of the employer to make a report or corrected report shall be prima facie correct and valid, and the employer shall have the burden of establishing its incorrectness or invalidity in any action or proceeding in respect thereto. Whenever such delinquent employer shall file a report or corrected report, the commissioner may, if he finds it substantially correct, substitute it for the commissioner's report.

(c) Any employer who fails to file the wage detail report required by section 268.121 shall pay to the department for the contingent account a penalty of one-half of one percent of total wages paid and wages due but not paid during the period for each month the report is delinquent. The penalty shall not be assessed if the wage detail report is properly made and filed within 30 days after a demand for the report is mailed to the employer's address of record. In no case shall the amount of the penalty, if assessed, be less than \$25. Penalties due under this subdivision may be waived where good cause for late filing is found by the commissioner.

(d) Any employer who files the wage detail report required by section 268.121, but knowingly fails to include any of the required information or knowingly enters erroneous information, shall be subject to a penalty of \$25 for each individual for whom the information is missing or erroneous.

(e) Any employing unit which fails to make and submit to the commissioner any report, other than a contribution report or wage detail report, as and when required by rule, shall be subject to a penalty in the sum of \$50 payable to the department for the contingent account.

(f) The penalties provided for in paragraphs (a), (c), (d), and (e) are in addition to interest and any other penalties imposed by sections 268.03 to 268.24 and shall be collected as provided by section 268.161.

Sec. 28. Minnesota Statutes 1984, section 268.16, is amended by adding a subdivision to read:

*Subd. 2a. [COSTS.] Any employing unit which fails to make and submit reports or pay any contributions or reimbursement when due is liable to the department for any recording fees, sheriff fees, or litigation costs incurred in obtaining the reports or collecting the amounts due.*

*If any check or money order, in payment of any amount due under sections 268.03 to 268.24, is not honored when presented for payment, the employing unit will be assessed a fee of \$20 which shall be in addition to any other fees required under sections 268.03 to 268.24. The fee shall be assessed regardless of the amount of the check or money order or the reason for nonpayment with the exception of processing errors made by a financial institution.*

*Costs due under this subdivision shall be paid to the department and credited to the administration fund.*

Sec. 29. [REVISOR'S INSTRUCTION.]

*The revisor of statutes shall change all references in chapter 268 to the "department of economic security" to the "department of jobs and training."*

Sec. 30. [268.86] [LOAN.]

*Up to \$20,000,000 is appropriated and authorized as a loan from the general fund to the commissioner of jobs and training for transfer to the unemployment compensation fund established under section 268.05 for the purpose of paying unemployment benefits due during the period from November 10, 1986, through January 1, 1987, to the extent there are insufficient funds in the unemployment compensation fund for the payment of benefits. The commissioner may transfer to the unemployment compensa-*

tion fund and spend only amounts from this loan as are necessary to pay all unemployment benefits due during the period from November 10, 1986, through January 1, 1987, without requiring an advance from the secretary of the treasury of the United States under section 1201 of the Social Security Act, as amended. Amounts transferred from this loan are repayable to the general fund immediately after January 1, 1987, from contributions obtained by the commissioner pursuant to section 268.06. The amounts necessary to make the repayment are appropriated from the unemployment compensation fund for transfer to the general fund. These appropriations are available until June 30, 1987.

Sec. 31. [REPEALER.]

Minnesota Statutes 1984, section 268.04, subdivisions 8, 29, and 30, are repealed.

Sec. 32. [EFFECTIVE DATE.]

Section 11 is effective January 1, 1986. Sections 1, 6, 7, 18, 19, 25, 26, 27, 28, 29, and 30 are effective the day following final enactment. Sections 21 and 22 are effective July 1, 1986. Sections 2, 3, 4, 5, 8, 9, 10, 12, 13, 15, 16, 17, 23, 24, and 31 are effective January 1, 1987. That portion of section 20 relating to the striking of "credit weeks" and addition of "wage credits" is effective January 1, 1987; that portion of section 20 relating to the payment for the waiting week is effective July 1, 1986. Section 14, subdivision 2, except paragraph (b), is effective January 1, 1987; section 14, subdivision 2, paragraph (b), is effective January 1, 1988."

Delete the title and insert:

"A bill for an act relating to unemployment compensation; regulating benefits and contribution rates; appropriating money; amending Minnesota Statutes 1984, sections 268.04, subdivisions 2, 4, 24, and 25, and by adding subdivisions; 268.06, subdivisions 2, 3a, 5, and 8, and by adding a subdivision; 268.07, subdivisions 2, 2a, and 3; 268.071, subdivision 1; 268.09, subdivisions 1 and 2; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.16, subdivision 2, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 268.0111, by adding a subdivision; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivisions 8, 29, and 30."

The motion prevailed. So the amendment was adopted.

Mr. Chmielewski then moved to amend the Chmielewski amendment to S.F. No. 2114, adopted by the Senate March 11, 1986, as follows:

Page 11, line 12, before "eight" insert "seven and one-half percent for 1987 and thereafter; except that, an employer who has had a contribution rate of at least seven and one-half percent for each of the last five calendar years shall be subject to a maximum rate of"

Page 11, line 16, before the period, insert " , nor avoidance of the higher maximum rate under paragraph (d) "

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Wegscheid moved to amend S.F. No. 2114 as follows:

Delete everything after the enacting clause and insert:

“ARTICLE I

UNEMPLOYMENT COMPENSATION

Section 1. Minnesota Statutes 1984, section 268.03, is amended to read:

268.03 [DECLARATION OF PUBLIC POLICY.]

As a guide to the interpretation and application of sections 268.03 to 268.24, the public policy of this state is declared to be as follows: Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burdens. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgment the public good and the general welfare of the citizens of this state will be promoted by providing, under the police powers of the state for the compulsory setting aside of unemployment reserves to be used for the benefit of persons unemployed through no fault of their own establishment of an unemployment insurance fund. *The reserves of the unemployment insurance fund are to be used to provide a temporary replacement of a portion of lost wages to individuals with a permanent attachment to the work force, who become involuntarily unemployed through no fault of their own, and who are actively seeking, and are willing and available to accept, suitable reemployment.*

Sec. 2. Minnesota Statutes 1984, section 268.04, subdivision 25, is amended to read:

Subd. 25. [WAGES.] “Wages” means all remuneration for services, including commissions and bonuses, back pay as of the date of payment, and tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer, and the cash value of all remuneration in any medium other than cash, except that such term shall not include:

(a) For the purpose of determining contributions payable under section 268.06, subdivision 2, that part of the remuneration which exceeds, for each calendar year, the greater of \$7,000 or that part of the remuneration which exceeds 60 percent of the average annual wage rounded to the nearest \$100 computed in accordance with the provisions of clause (A) (i) \$11,400 for calendar year 1987 and \$12,000 for calendar year 1988 and all calendar years thereafter, for each employer that has an experience ratio of one-tenth of one percent or more, or (ii) \$10,000 for calendar year 1987, and \$12,000 for calendar year 1988 and thereafter, for each employer that has an experience ratio of less than one-tenth of one percent, paid to an individual by an employer with respect to covered employment in this state, or with respect to employment under the unemployment compensation law of any other state during any calendar year paid to such individual by such covered employer or his predecessor during such calendar year; provided, that if the

term "wages" as contained in the Federal Unemployment Tax Act is amended to include remuneration in excess of the amount required to be paid hereunder to an individual by an employer under the federal act for any calendar year, wages for the purposes of sections 268.03 to 268.24 shall include remuneration paid in a calendar year up to an amount equal to the dollar limitation specified in the Federal Unemployment Tax Act. For the purposes of this clause, the term "employment" shall include service constituting employment under any employment security law of another state or of the federal government;

(b) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (1) retirement or (2) sickness or accident disability or (3) medical and hospitalization expenses in connection with sickness or accident disability, or (4) death, provided the employee has not the option to receive, instead of provision for such death benefit, any part of such payment, or if such death benefit is insured, any part of the premium (or contributions to premiums) paid by his employer and has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer;

(c) The payment by an employer (without deduction from the remuneration of the employee) (1) of the tax imposed upon an employee under section 3101 of the federal Internal Revenue Code, or (2) of any payment required from an employee under a state unemployment compensation law, with respect to remuneration paid to an employee for domestic service in a private home of the employer or for agricultural labor;

(d) Any payments made to a former employee during the period of active military service in the armed forces of the United States by such employer, whether legally required or not;

(e) Any payment made to, or on behalf of, an employee or his beneficiary (1) from or to a trust described in section 401(a) of the federal Internal Revenue Code which is exempt from tax under section 501(a) of such code at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as an employee and not as a beneficiary of the trust, or (2) under or to an annuity plan which, at the time of such payment is a plan described in section 403(a) of the federal Internal Revenue Code, or (3) under or to a bond purchase plan which, at the time of such payment, is a qualified bond purchase plan described in section 405(a) of the federal Internal Revenue Code;

(f) On or before July 1 of each year the commissioner shall determine the average annual wage paid by employers subject to sections 268.03 to 268.24 in the following manner:

(1) The sum of the total monthly employment reported for the previous calendar year shall be divided by 12 to determine the average monthly employment;

(2) The sum of the total wages reported for the previous calendar year shall be divided by the average monthly employment to determine the average annual wage.

The average annual wage determined shall be effective for the calendar year next succeeding the determination. The value of any meals and lodgings furnished by or on behalf of the employer, if at the time of such furnishings it is reasonable to believe that the employee will be able to exclude such items from income under United States Code, title 26, section 119.

Sec. 3. Minnesota Statutes 1984, section 268.04, subdivision 29, is amended to read:

Subd. 29. "Credit week" is any week for which wages or back pay, actually or constructively paid, wages overdue and delayed beyond the usual time of payment, and back pay by or from one or more employers to an employee for insured work equal or exceed 30 percent of the average weekly wage times the adult minimum wage in effect under section 177.24, subdivision 1, on December 31 of the year two years before the year in which the claim is made. The product shall be computed to the nearest whole dollar. ~~On or before June 30 of each year the commissioner shall determine the average weekly wage paid by employers subject to sections 268.03 to 268.24 in the following manner:~~

(a) The sum of the total monthly employment reported for the previous calendar year shall be divided by 12 to determine the average monthly employment;

(b) The sum of the total wages reported for the previous calendar year shall be divided by the average monthly employment to determine the average annual wage; and

(c) The average annual wage shall be divided by 52 to determine the average weekly wage.

The average weekly wage as so determined computed to the nearest whole dollar shall apply to claims for benefits which establish a benefit year which begins subsequent to December 31 of the year of the computation.

Sec. 4. Minnesota Statutes 1984, section 268.06, subdivision 5, is amended to read:

Subd. 5. [BENEFITS CHARGED AS AND WHEN PAID.] Benefits paid to an individual pursuant to a valid claim shall be charged against the account of his employer as and when paid, except that benefits paid to an individual who earned base period wages for part-time employment shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer if the employer: (1) provided weekly base period part-time employment; (2), continues to provide weekly employment equal to at least 90 percent of the part-time employment provided in the base period; and (3) is an interested party because of the individual's loss of other employment; or (2) provided weekly employment in the base period on an on-call as needed basis, continues to employ the individual on the same basis and provides employment substantially equal to the employment provided in the base period, and is an interested party because of the individual's loss of other employment.

The amount of benefits so chargeable against each base period employer's account shall bear the same ratio to the total benefits paid to an individual as the base period wage credits of the individual earned from such employer bear to the total amount of base period wage credits of the individual earned from all his base period employers.

In making computations under this provision, the amount of wage credits if not a multiple of \$1, shall be computed to the nearest multiple of \$1.

Benefits shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer for unemployment that is directly caused by a major natural disaster declared by the president pursuant to section 102(2) of the Disaster Relief Act of 1974 (42 United States Code 5122(2)), if the unemployed individual would have been eligible for disaster unemployment assistance with respect to that unemployment but for the individual's receipt of unemployment insurance benefits.

Sec. 5. Minnesota Statutes 1984, section 268.06, subdivision 8, is amended to read:

Subd. 8. [DETERMINATION OF CONTRIBUTION RATES.] For each calendar year the commissioner shall determine the contribution rate of each employer by adding the minimum rate to the experience ratio, ~~except that if the ratio for the current calendar year increases or decreases the experience ratio for the preceding calendar year by more than one and one-half percentage points for 1982; and 2-1/2 percentage points for 1983 and each year thereafter, the increase or decrease for the current year shall be limited to one and one-half percentage points for 1982; and 2-1/2 percentage points for 1983 and each year thereafter, provided that a small business employer shall be eligible, upon application, for a reduction in the limitation to 1-1/2 percentage points for 1983 and each year thereafter. "Small business employer" for the purpose of this subdivision means an employer with an annual covered payroll of \$250,000 or less, or fewer than 20 employees in three of the four quarters ending June 30, of the previous calendar year.~~

The minimum rate for all employers *that have had benefits charged to their account at any time during the period described in subdivision 6* shall be one percent if the amount in the unemployment compensation fund is less than \$80,000,000 on June 30 of the preceding calendar year; or nine-tenths of one percent if the fund is more than \$80,000,000 but less than \$90,000,000; or eight-tenths of one percent if the fund is more than \$90,000,000 but less than \$110,000,000; or seven-tenths of one percent if the fund is more than \$110,000,000 but less than \$130,000,000; or six-tenths of one percent if the fund is more than \$130,000,000 but less than \$150,000,000; or five-tenths of one percent if the fund is more than \$150,000,000 but less than \$170,000,000; or three-tenths of one percent if the fund is more than \$170,000,000 but less than \$200,000,000; or one-tenth of one percent if the fund is \$200,000,000 or more; provided that no employer shall have a contribution rate of more than 7.5 percent.

*The minimum rate for all employers that have not had benefits charged to their account at any time during the period described in subdivision 6 shall be eight-tenths of one percent for calendar year 1987 and seven-tenths of one percent for calendar year 1988 and thereafter.*

For the purposes of this section the unemployment compensation fund shall not include any moneys advanced from the Federal Unemployment Account in the unemployment trust fund in accordance with Title XII of the Social Security Act, as amended. ~~No employer first assigned an experience ratio in accordance with subdivision 6, shall have his contribution rate increased or decreased by more than one and one-half percentage points for 1982; and 2-1/2 percentage points for 1983 and each year thereafter over the contribution rate assigned for the preceding calendar year in accordance with subdivision 3a, provided that a small business employer shall be eligible, upon application, for a reduction in the limitation to 1-1/2 percentage points for 1983 and each year thereafter.~~

Sec. 6. [268.062] [STANDBY SOLVENCY SURTAX.]

*If the balance in the unemployment compensation fund as calculated on April 1 of a year is less than 12.5 percent of benefits paid out in the previous year, a ten percent surtax is imposed on employers payable to the unemployment compensation fund. The surtax is imposed on the experience portion of the employer's contributions for the calendar year preceding the April 1 calculation. The surtax shall be assessed on the July 1 next following the April 1 calculation and is due March 1 of the year following its imposition. The surtax imposed by this subdivision is not a part of the employer's contribution rate for the purpose of the maximum tax limitation of section 268.06, subdivision 8. An employer's surtax under this section and contribution rate under section 268.06, subdivision 8, shall not in the aggregate exceed 8.15 percent.*

Sec. 7. Minnesota Statutes 1984, section 268.07, subdivision 2, is amended to read:

Subd. 2. [WEEKLY BENEFIT AMOUNT AND DURATION.] If the commissioner finds that an individual has earned ~~15, 18 or more,~~ credit weeks within the base period of employment in insured work with one or more employers *for claims establishing a benefit year prior to July 1, 1988, or 20 or more credit weeks for claims establishing a benefit year subsequent to June 30, 1988,* benefits shall be payable to such individual during his benefit year as follows:

(1) *The weekly benefit amount shall be equal to 60 percent of the first \$85, 40 percent of the next \$85 and 50 percent of the remainder of the average weekly wage of such individual.*

*(a) for claims which establish a benefit year prior to July 1, 1987, the individual's total base period wage credits multiplied by 1.0 percent; or*

*(b) for claims which establish a benefit year subsequent to June 30, 1987, the individual's total base period wage credits multiplied by 1.1 percent if it is the individual's first claim during the five-year period immediately preceding the claim filing, or 1.0 percent for subsequent claims filed within that five-year period.*

The amount so computed *under this paragraph*, if not a whole dollar, shall be rounded down to the next lower dollar amount. ~~The maximum weekly benefit amount of claims for benefits which establish a benefit year subsequent to July 1, 1979 shall be 66-2/3 percent of the average weekly wage, except as provided in clause (d).~~



On or before June 30 of each year the commissioner shall determine the average weekly wage paid by employers subject to sections 268.03 to 268.24 in the following manner:

(a) The sum of the total monthly employment reported for the previous calendar year shall be divided by 12 to determine the average monthly employment.

(b) The sum of the total wages reported for the previous calendar year shall be divided by the average monthly employment to determine the average annual wage.

(c) The average annual wage shall be divided by 52 to determine the average weekly wage.

The maximum weekly benefit amount as so determined computed to the nearest whole dollar shall apply to claims for benefits which establish a benefit year which begins subsequent to June 30 of each year.

(d) The maximum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1982, and prior to July 1, 1983, shall be \$184.

The maximum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1983, and prior to July 1, 1984, shall be \$191.

The maximum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1984, and prior to July 1, 1985, shall be \$198.

(2) An individual's maximum amount of regular benefits payable in a benefit year shall not exceed the lesser of (a) 26 times his weekly benefit amount or (b) ~~70~~ 66-2/3 percent of the number of credit weeks earned by such an individual computed to the nearest whole week times his weekly benefit amount; *except that, the maximum number of weeks of benefits that can be received as calculated under this paragraph shall be increased by one for each full year, excluding the first five years, of continuous employment the individual has worked with the same employer, subject to a maximum of eight additional weeks. For purposes of this paragraph, "continuous employment" means an individual has 26 or more credit weeks in a calendar year with the same employer with credit being given for leaves of absence for health reasons.*

(3) Each eligible individual who is unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his weekly benefit amount less that part of his earnings, including holiday pay, payable to him with respect to such week which is in excess of \$25 or \$200 for earnings from service in the national guard or a United States military reserve unit. *In addition, one-fourth of the individual's earnings up to the amount of the individual's benefit shall not apply to reduce the individual's benefit. Jury duty pay is not considered as earnings and shall not be deducted from benefits paid. Such benefit, if not a whole dollar amount shall be rounded down to the next lower dollar amount.*

(4) The provisions of clauses (1) and (2) shall apply to claims for benefits which establish a benefit year subsequent to June 30, 1983. *The minimum*

*weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1986, shall be \$68. The maximum weekly benefit amount for claims for benefits that establish a benefit year subsequent to June 30, 1986, shall be \$228.*

Sec. 8. Minnesota Statutes 1984, section 268.07, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTION.] Notwithstanding the provisions of subdivision 2, if the commissioner finds that an individual has earned credit weeks in seasonal employment, benefits shall be payable only if the commissioner finds that the individual has earned ~~45~~ 18 credit weeks in employment which is not seasonal, in addition to any credit weeks in seasonal employment. For the purposes of this subdivision, "seasonal employment" means employment with a single employer in the recreation or tourist industry which is available with the employer for ~~45~~ 18 consecutive weeks or less each calendar year.

Sec. 9. [268.073] [ADDITIONAL UNEMPLOYMENT COMPENSATION BENEFITS.]

*Subdivision 1. Additional unemployment compensation benefits are authorized under this section only if the commissioner determines that:*

*(1) an employer has reduced operations at an establishment resulting in the reduction of at least 50 percent of the employer's work force and the lay-off of at least 50 employees at that establishment;*

*(2) the employer does not intend to resume operations which would lead to the reemployment of those employees at any time in the future; and*

*(3) the unemployment rate for the county in which the establishment is located was ten percent during the month of the reduction or any of the three months preceding or succeeding the reduction.*

Subd. 2. [PAYMENT OF BENEFITS.] *All benefits payable under this section are payable from the fund.*

Subd. 3. [ELIGIBILITY CONDITIONS.] *An individual is eligible to receive additional benefits under this section for any week during the individual's benefit year if the commissioner finds that:*

*(1) the individual's unemployment is the result of a reduction in operations as provided under subdivision 1;*

*(2) the individual is unemployed and meets the eligibility requirements for the receipt of unemployment benefits under section 268.08;*

*(3) the individual is not subject to a disqualification for benefits under section 268.09; for the purpose of this subdivision, the disqualifying conditions set forth in section 268.09, and the requalifying requirements thereunder, apply to the receipt of additional benefits under this section;*

*(4) the individual has exhausted all rights to regular benefits payable under section 268.07, is not entitled to receive extended benefits under section 268.071, and is not entitled to receive unemployment compensation benefits under any other state or federal law for the week in which the individual is claiming additional benefits;*

(5) the individual has made a claim for additional benefits with respect to any week the individual is claiming benefits in accordance with the regulations as the commissioner may prescribe with respect to claims for regular benefits; and

(6) the individual has worked at least 26 weeks during the individual's base period in employment with an employer for whom the commissioner has determined there was a reduction in operations under subdivision 1.

*Subd. 4. [WEEKLY BENEFIT AMOUNT.] A claimant's weekly benefit amount under this section shall be the same as the individual's weekly benefit amount payable during the individual's current benefit year under section 268.08.*

*Subd. 5. [MAXIMUM BENEFITS PAYABLE.] A claimant's maximum amount of additional benefits payable in the individual's benefit year shall be six times the individual's weekly benefit amount. Unemployment compensation benefits paid to an individual under any state or federal law other than regular benefits payable under section 268.07 shall be deducted from that individual's maximum amount of additional benefits.*

*Subd. 6. The additional benefits provided under this section shall be payable to any claimant who meets the eligibility conditions under subdivision 3 whose unemployment occurred on July 1, 1984, or thereafter, provided the claimant has filed a claim for additional benefits which is effective January 1, 1986, or thereafter.*

Sec. 10. Minnesota Statutes 1985 Supplement, section 268.08, subdivision 1, is amended to read:

**Subdivision 1. [ELIGIBILITY CONDITIONS.]** An individual shall be eligible to receive benefits with respect to any week of unemployment only if the commissioner finds that the individual:

(1) has registered for work at and thereafter has continued to report to an employment office, or agent of the office, in accordance with rules the commissioner may adopt; except that the commissioner may by rule waive or alter either or both of the requirements of this clause as to types of cases or situations with respect to which the commissioner finds that compliance with the requirements would be oppressive or would be inconsistent with the purposes of sections 268.03 to 268.24;

(2) has made a claim for benefits in accordance with rules as the commissioner may adopt;

(3) was able to work and was available for work, and was actively seeking work. The individual's weekly benefit amount shall be reduced one-fifth for each day the individual is unable to work or is unavailable for work. Benefits shall not be denied by application of this clause to an individual who is in training with the approval of the commissioner or in training approved pursuant to section 236 of the Trade Act of 1974, as amended.

An individual is deemed unavailable for work with respect to any week which occurs in a period when the individual is a full-time student in attendance at, or on vacation from an established school, college or university unless a majority of the credit weeks earned in the base period were for services performed during weeks in which the student was attending school

as a full-time student.

An individual serving as a juror shall be considered as available for work and actively seeking work on each day the individual is on jury duty; and

(4) has been unemployed for a waiting period of one week during which the individual is otherwise eligible for benefits under sections 268.03 to 268.24. However, payment for the waiting week shall be made to the individual as follows: *ten percent of the amount of the individual's weekly benefit amount otherwise payable shall be paid to the individual after the individual has qualified for and been paid benefits for four weeks of unemployment in a benefit year which period of unemployment is terminated because of the individual's return to employment; the remaining 90 percent of the individual's weekly benefit amount shall be paid to the individual after the last week for which the individual has qualified for and been paid benefits.* No individual is required to serve a waiting period of more than one week within the one-year period subsequent to filing a valid claim and commencing with the week within which the valid claim was filed.

Sec. 11. Minnesota Statutes 1984, section 268.08, subdivision 3, is amended to read:

Subd. 3. [NOT ELIGIBLE.] An individual shall not be eligible to receive benefits for any week with respect to which he is receiving, has received, or has filed a claim for remuneration in an amount equal to or in excess of his weekly benefit amount in the form of

(1) termination, severance, or dismissal payment or wages in lieu of notice whether legally required or not; provided that if a termination, severance, or dismissal payment is made in a lump sum, the employer may allocate such lump sum payment over a period equal to the lump sum divided by the employee's regular pay while employed by such employer; provided any such payment shall be applied for a period immediately following the last day of work but not to exceed 28 calendar days; or

(2) vacation allowance paid directly by the employer for a period of requested vacation, including vacation periods assigned by the employer under the provisions of a collective bargaining agreement, or uniform vacation shutdown; or

(3) compensation for loss of wages under the workers' compensation law of this state or any other state or under a similar law of the United States, or under other insurance or fund established and paid for by the employer except that this does not apply to an individual who is receiving temporary partial compensation pursuant to section 176.101, subdivision 3k; or

(4) 50 percent of the pension payments from any fund, annuity or insurance maintained or contributed to by a base period employer including the armed forces of the United States if the employee contributed to the fund, annuity or insurance and all of the pension payments if the employee did not contribute to the fund, annuity or insurance; or

(5) 50 percent of a primary insurance benefit under title II of the Social Security Act as amended, or similar old age benefits under any act of congress or this state or any other state.

Provided, that if such remuneration is less than the benefits which would

otherwise be due under sections 268.03 to 268.24, he shall be entitled to receive for such week, if otherwise eligible, benefits reduced by the amount of such remuneration; provided, further, that if the appropriate agency of such other state or the federal government finally determines that he is not entitled to such benefits, this provision shall not apply. If the computation of reduced benefits, required by this subdivision, is not a whole dollar amount, it shall be rounded down to the next lower dollar amount.

*If an individual's benefit is reduced because of the receipt of a pension from the employer that the individual left due to the reasons described in clause (b), the individual's benefit year shall be extended by the number of weeks necessary for the individual to receive the benefit which would have been paid in the benefit year except for that reduction if the following conditions are satisfied:*

*(a) the individual is ineligible for benefits solely due to the lapse of the benefit year;*

*(b) the individual is unemployed due to the closing of a place of employment or is otherwise permanently laid off and not due to a voluntary decision of the individual to retire; and*

*(c) the individual had not attained mandatory retirement age at the time the individual became unemployed.*

Sec. 12. Minnesota Statutes 1984, section 268.09, subdivision 1, is amended to read:

Subdivision 1. [DISQUALIFYING CONDITIONS.] An individual separated from employment under clauses (1), (2), or (3) shall be disqualified for waiting week credit and benefits. For separations under clauses (1) and (2), the disqualification shall continue until ~~four~~ eight calendar weeks have elapsed following his separation and the individual has earned ~~four~~ eight times his weekly benefit amount in insured work.

(1) [VOLUNTARY LEAVE.] The individual voluntarily and without good cause attributable to the employer discontinued his employment with such employer. For the purpose of this clause, a separation from employment by reason of its temporary nature or for inability to pass a test or for inability to meet performance standards necessary for continuation of employment or based solely on a provision in a collective bargaining agreement by which an individual has vested discretionary authority in another to act in behalf of the individual shall not be deemed voluntary.

A separation shall be for good cause attributable to the employer if it occurs as a consequence of sexual harassment. Sexual harassment means unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other conduct or communication of a sexual nature when: (1) the employee's submission to such conduct or communication is made a term or condition of the employment, (2) the employee's submission to or rejection of such conduct or communication is the basis for decisions affecting employment, or (3) such conduct or communication has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment and the employer knows or should know of the existence of the harassment and fails to take timely and appropriate action.

(2) [DISCHARGE FOR MISCONDUCT.] The individual was discharged for misconduct, not amounting to gross misconduct connected with his work or for misconduct which interferes with and adversely affects his employment.

An individual shall not be disqualified under clauses (1) and (2) of this subdivision under any of the following conditions:

(a) The individual voluntarily discontinued his employment to accept work offering substantially better conditions of work or substantially higher wages or both;

(b) The individual is separated from employment due to his own serious illness provided that such individual has made reasonable efforts to retain his employment;

An individual who is separated from his employment due to his illness of chemical dependency which has been professionally diagnosed or for which he has voluntarily submitted to treatment and who fails to make consistent efforts to maintain the treatment he knows or has been professionally advised is necessary to control that illness has not made reasonable efforts to retain his employment.

(c) The individual accepts work from a base period employer which involves a change in his location of work so that said work would not have been deemed to be suitable work under the provisions of subdivision 2 and within a period of 13 weeks from the commencement of said work voluntarily discontinues his employment due to reasons which would have caused the work to be unsuitable under the provision of said subdivision 2;

(d) The individual left employment because he had reached mandatory retirement age and was 65 years of age or older;

(e) The individual is terminated by his employer because he gave notice of intention to terminate employment within 30 days. This exception shall be effective only through the calendar week which includes the date of intended termination, provided that this exception shall not result in the payment of benefits for any week for which he receives his normal wage or salary which is equal to or greater than his weekly benefit amount;

(f) The individual is separated from employment due to the completion of an apprenticeship program, or segment thereof, approved pursuant to chapter 178;

(g) The individual voluntarily leaves part-time employment with a base period employer while continuing full-time employment if the individual attempted to return to part-time employment after being separated from the full-time employment, and if substantially the same part-time employment

with the base period employer was not available for the individual.

(3) [DISCHARGE FOR GROSS MISCONDUCT.] The individual was discharged for gross misconduct connected with his work or gross misconduct which interferes with and adversely affects his employment. For a separation under this clause, the commissioner shall impose a total disqualification for the benefit year and cancel all of the wage credits from the last employer from whom he was discharged for gross misconduct connected with his work.

For the purpose of this clause "gross misconduct" is defined as misconduct involving assault and battery or the malicious destruction of property or arson or sabotage or embezzlement or any other act, including theft, the commission of which amounts to a felony or gross misdemeanor. For an employee of a health care facility, gross misconduct also includes misconduct involving an act of patient or resident abuse as defined in section 626.557, subdivision 2, clause (d).

If an individual is convicted of a felony or gross misdemeanor for the same act or acts of misconduct for which the individual was discharged, the misconduct is conclusively presumed to be gross misconduct if it was connected with his work.

(4) [LIMITED OR NO CHARGE OF BENEFITS.] Benefits paid subsequent to an individual's separation under any of the foregoing clauses, excepting clauses (2)(c) and (2)(e), shall not be used as a factor in determining the future contribution rate of the employer from whose employment such individual separated.

Benefits paid subsequent to an individual's failure, without good cause, to accept an offer of suitable re-employment shall not be used as a factor in determining the future contribution rate of the employer whose offer of re-employment he failed to accept or whose offer of re-employment was refused solely due to the distance of the available work from his residence, the individual's own serious illness or his other employment at the time of the offer.

(5) An individual who was employed by an employer shall not be disqualified for benefits under this subdivision for any acts or omissions occurring after his separation from employment with the employer.

(6) [DISCIPLINARY SUSPENSIONS.] An individual shall be disqualified for waiting week credit and benefits for the duration of any disciplinary suspension of 30 days or less resulting from his own misconduct. Disciplinary suspensions of more than 30 days shall constitute a discharge from employment.

Sec. 13. Minnesota Statutes 1984, section 268.09, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO APPLY FOR OR ACCEPT SUITABLE WORK OR RE-EMPLOYMENT.] An individual shall be disqualified for waiting week credit and benefits during the week of occurrence and until ~~four~~ eight calendar weeks have elapsed following his refusal or failure and he has earned ~~four~~ eight times his weekly benefit amount in insured work if the commissioner finds that he has failed, without good cause, either to apply for available, suitable work of which he was advised by the employment office,

or the commissioner or to accept suitable work when offered him, or to return to his customary self-employment (if any) when so directed by the commissioner, or to accept a base period employer's offer of re-employment offering substantially the same or better hourly wages and conditions of work as were previously provided by that employer in his base period.

(a) In determining whether or not any work is suitable for an individual, the commissioner shall consider the degree of risk involved to his health, safety, and morals, his physical fitness and prior training, his experience, his length of unemployment and prospects of securing local work in his customary occupation, and the distance of the available work from his residence.

(b) Notwithstanding any other provisions of sections 268.03 to 268.24, no work shall be deemed suitable, and benefits shall not be denied thereunder to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

(1) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

(2) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality;

(3) if as a condition of being employed the individual would be required to join a union or to resign from or refrain from joining any bona fide labor organization;

(4) if the individual is in training with the approval of the commissioner.

*(c) Except as otherwise provided in paragraph (b), work is suitable if it meets the requirements of paragraph (a) and pays 75 percent or more of the individual's gross weekly wages.*

#### Sec. 14. [UNEMPLOYMENT BENEFIT BORROWINGS.]

*The commissioner of jobs and training must determine on October 1, 1986, whether there will be sufficient funds in the unemployment compensation fund established under section 268.05, subdivision 5, for the payment of unemployment benefits from November 10, 1986, to January 1, 1987.*

*If the commissioner determines there is a possibility that there will be insufficient money in the fund to pay those benefits the commissioner must notify the commissioner of finance immediately. The commissioner of finance must, upon receiving notice, arrange for short term borrowing an amount necessary to cover the insufficiency as calculated by the commissioner of jobs and training and deposit the money in the unemployment compensation fund.*

*The commissioner of jobs and training must spend only amounts from the borrowing as are necessary to pay all unemployment benefits due from November 1, 1986, to January 1, 1987, without requiring an advance from the secretary of the treasury of the United States under section 1201 of the social security act, as amended.*

*The loan is repayable immediately subsequent to January 1, 1987, from employers contributions made to the commissioner pursuant to section 268.06. Interest on the loan shall be paid from funds available to the com-*



*missioner of jobs and training to the extent it does not violate federal law or regulations otherwise the interest shall be paid from the general fund.*

Sec. 15. Minnesota Statutes 1984, section 16A.671, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; ADVISORY RECOMMENDATION.] To ensure that cash is available when needed to pay warrants drawn on the general fund under appropriations and allotments and for transfers under section 14, the governor may authorize the commissioner (1) to issue certificates of indebtedness in anticipation of the collection of taxes levied for and other revenues appropriated to the general fund for expenditure during each biennium; and (2) to issue additional certificates to refund outstanding certificates and interest on them, under the Constitution, article XI, section 6.

Sec. 16. [REEMPLOYMENT BENEFIT STUDY.]

*The commissioner of the department of jobs and training shall study the feasibility and public policy implication of providing partial weekly benefits to individuals that return to work prior to the time their benefit eligibility ceases. The commissioner shall report the results of the study along with any recommendations to each house of the legislature by January 1, 1987.*

Sec. 17. [QUARTERLY QUALIFYING STUDY.]

*The commissioner of the department of jobs and training shall make a detailed study of quarterly qualifying statutes in other states and shall present that study, along with a proposal for its implementation, to the legislature no later than January 1, 1987. The proposal shall be as revenue- and benefit-neutral as practicable with reference to the laws in effect as of January 1, 1987, as is reasonably possible. The report shall include a detailed explication of the need for adoption of this system, including pertinent citations of federal laws, and a timetable for its implementation.*

Sec. 18. [EFFECTIVE DATE.]

*Sections 1, 4, 9, 10, 11, 12, 13, 14, 15, 16, and 17 are effective the day following final enactment. Sections 2, 3, 7, and 8 are effective July 1, 1986. Sections 5 and 6 are effective January 1, 1987.*

## ARTICLE 2

### TRANSFER OF AUTHORITY TO OFFICE OF ADMINISTRATIVE HEARINGS

Section 1. [TRANSFER FROM DEPARTMENT OF JOBS AND TRAINING.]

Subdivision 1. [PURPOSE.] *It is the purpose and intent of this article to transfer all unemployment compensation hearing responsibilities and related functions except for appeal hearings before the commissioner or an authorized representative from the department of jobs and training to the office of administrative hearings.*

Subd. 2. [PERSONNEL; EQUIPMENT.] *All unemployment insurance referees at the department of jobs and training are transferred to the office of administrative hearings pursuant to Minnesota Statutes, section 15.039, except as otherwise provided by this article. Notwithstanding any laws to the*

*contrary, all unemployment insurance referees employed by the department of jobs and training at the time of this transfer are eligible for appointment as unemployment judges within the office of administrative hearings, and shall be appointed as such on transfer. Notwithstanding the provisions of section 15.039, or any other provision of this article, the chief administrative law judge, in consultation with the commissioner of employee relations, shall appoint supervisory unemployment insurance judges. Referees transferred pursuant to this section fulfilling supervisory functions with the department of jobs and training at the time of transfer may be considered for appointment as supervisory unemployment insurance judges. All personnel and positions at the department of jobs and training presently providing support to the hearing related functions transferred pursuant to this article, including those involved in the scheduling of hearings, processing, and mailing of hearing notices, preparation and serving of referees' decisions or correspondence, travel coordination, accounting, and answering of telephones are transferred to the office of administrative hearings pursuant to Minnesota Statutes, section 15.039.*

*All equipment and supplies used solely by the transferred personnel in the performance of their duties are transferred to the office of administrative hearings.*

*Subd. 3. [COOPERATION.] Commencing with the passage and signing of this act, the commissioner, the commissioners of administration, finance, and employee relations, and the chief administrative law judge shall cooperate in assuring a smooth transfer of the referees and related personnel and equipment in order to carry out the purposes of this article. The commissioner shall provide office space at the department of jobs and training for the chief administrative law judge to use prior to the transfer in order to complete a review of the existing hearing system and personnel prior to the effective date of the transfer. The commissioner of administration, after consultation with the commissioner of jobs and training, the commissioner of finance, and the chief administrative law judge, shall determine the appropriate location of office space for the transferred personnel. The commissioner shall continue to provide space for the conduct of hearings in the same facilities and locations which are presently utilized for that purpose.*

*Subd. 4. [RULES.] The chief administrative law judge may make emergency rules for the purpose of adopting procedural rules for unemployment compensation hearings. The rules shall not conflict with any provisions of chapter 268 and shall comply with any applicable federal laws, rules, or regulations.*

*Subd. 5. [TIMELINESS.] To satisfy United States Department of Labor funding requirements the office of administrative hearings shall meet or exceed timeliness standards under federal regulation in the conduct of unemployment compensation hearings.*

Sec. 2. Minnesota Statutes 1984, section 14.03, subdivision 2, is amended to read:

Subd. 2. [CONTESTED CASE PROCEDURE.] The contested case procedures of the administrative procedure act provided in sections 14.57 to 14.70 do not apply to (a) the Minnesota municipal board, (b) the commissioner of corrections, (c) the unemployment insurance program and, *except*

for those hearings held by an unemployment insurance judge of the office of administrative hearings, (d) the social security disability determination program in the department of ~~economic security~~ jobs and training, ~~(d)~~ (e) the director of mediation services, ~~(e)~~ (f) the workers' compensation division in the department of labor and industry, ~~(f)~~ (g) the workers' compensation court of appeals, ~~(g)~~ (h) the board of pardons, or ~~(h)~~ (i) the public employment relations board.

Sec. 3. Minnesota Statutes 1985 Supplement, section 14.48, is amended to read:

14.48 [CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS; CHIEF ADMINISTRATIVE LAW JUDGE APPOINTED; OTHER ADMINISTRATIVE LAW JUDGES APPOINTED.]

A state office of administrative hearings is created. The office shall be under the direction of a chief administrative law judge who shall be learned in the law and appointed by the governor, with the advice and consent of the senate, for a term ending on June 30 of the sixth calendar year after appointment. Senate confirmation of the chief administrative law judge shall be as provided by section 15.066. The chief administrative law judge shall appoint additional administrative law judges and compensation judges to serve in his office as necessary to fulfill the duties prescribed in sections 14.48 to 14.56. The chief administrative law judge may delegate to a subordinate employee the exercise of a specified statutory power or duty as deemed advisable, subject to the control of the chief administrative law judge. Every delegation must be by written order filed with the secretary of state. All administrative law judges, *unemployment insurance judges*, and compensation judges shall be in the classified service except that the chief administrative law judge shall be in the unclassified service, but may be removed from his position only for cause. All administrative law judges shall have demonstrated knowledge of administrative procedures and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner. All workers' compensation judges shall be learned in the law, shall have demonstrated knowledge of workers' compensation laws and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner.

Sec. 4. Minnesota Statutes 1985 Supplement, section 14.51, is amended to read:

14.51 [PROCEDURAL RULES FOR HEARINGS.]

The chief administrative law judge shall adopt rules to govern the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings, contested case hearings, and workers' compensation hearings and *unemployment compensation hearings*, and to govern the conduct of voluntary mediation sessions for rulemaking and contested cases other than those within the jurisdiction of the bureau of mediation services. ~~Temporary~~ Emergency rulemaking authority is granted to the chief administrative law judge for the purpose of ~~implementing Laws 1981, chapter 346, sections 2 to 6, 103 to 122, 127 to 135, and 141~~ the adoption of procedural rules for unemployment compensation hearings. The procedural rules for hearings shall be binding upon all agencies and shall supersede any

other agency procedural rules with which they may be in conflict. The procedural rules for hearings shall include in addition to normal procedural matters provisions relating to recessing and reconvening new hearings when the proposed final rule of an agency is substantially different from that which was proposed at the public hearing. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief administrative law judge to determine whether or not a new hearing is required because of substantial changes or failure of the agency to meet the requirements of sections 14.13 to 14.18. Upon his own initiative or upon written request of an interested party, the chief administrative law judge may issue a subpoena for the attendance of a witness or the production of books, papers, records or other documents as are material to the matter being heard. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 5. Minnesota Statutes 1984, section 14.53, is amended to read:

14.53 [COSTS ASSESSED.]

In consultation with the commissioner of ~~administration~~ *finance* the chief administrative law judge shall assess agencies the cost of services rendered to them in the conduct of hearings. All agencies shall include in their budgets provisions for such assessments.

Sec. 6. Minnesota Statutes 1984, section 43A.18, subdivision 4, is amended to read:

Subd. 4. [PLANS NOT ESTABLISHED BUT APPROVED BY COMMISSIONER.] Notwithstanding any other law to the contrary, total compensation for employees listed in this subdivision shall be set by appointing authorities within the limits of compensation plans that have been approved by the commissioner before becoming effective.

(a) Total compensation for employees who are not covered by a collective bargaining agreement in the offices of the governor, attorney general, secretary of state, state auditor and state treasurer shall be determined by the governor, attorney general, secretary of state, state auditor and state treasurer, respectively.

(b) Total compensation for unclassified positions pursuant to section 43A.08, subdivision 1, clause (h), in the higher education coordinating board, and in the state board of vocational technical education shall be determined by the state university board and the state board for community colleges, the higher education coordinating board, and the state board of vocational technical education, respectively.

(c) Total compensation for classified administrative law judges *and unemployment insurance judges* in the office of administrative hearings shall be determined by the chief administrative law judge.

Sec. 7. Minnesota Statutes 1984, section 179A.10, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIONS.] The commissioner of employee relations shall meet and negotiate with the exclusive representative of each of the units specified in this section. The units provided in this section are the only appropriate units for executive branch state employees. The following

employees shall be excluded from any appropriate unit:

(1) the positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of employee relations in accordance with section 43A.18, subdivision 3, and so designated in the official state compensation schedules;

(2) unclassified positions in the state university system and the community college system defined as managerial by their respective boards;

(3) positions of physician employees compensated under section 43A.17, subdivision 4;

(4) positions of all unclassified employees appointed by a constitutional officer;

(5) positions in the bureau of mediation services and the public employment relations board;

(6) positions of employees whose classification is pilot or chief pilot;

(7) administrative law judge, *unemployment insurance judge*, and compensation judge positions in the office of administrative hearings; and

(8) positions of all confidential employees.

Sec. 8. Minnesota Statutes 1984, section 268.06, subdivision 18, is amended to read:

Subd. 18. [NOTICE TO EMPLOYER.] The commissioner shall at least twice each year notify each employer of the benefits as determined by the department which have been charged to his account subsequent to the last notice. Unless reviewed in the manner hereinafter provided, charges set forth in such notice, or as modified by a redetermination, a decision of a ~~referee~~ *an unemployment insurance judge*, or the commissioner, shall be final and shall be used in determining the contribution rates for all years in which the charges occur within the employer's experience period and shall not be subject to collateral attack by way of review of a rate determination, application for adjustment or refund, or otherwise.

Sec. 9. Minnesota Statutes 1984, section 268.06, subdivision 19, is amended to read:

Subd. 19. [NOTICE OF RATE.] The commissioner shall mail to each employer notice of his rate of contributions as determined for any calendar year pursuant to this section. Such notice shall contain the contribution rate, factors used in determining the individual employer's experience rating, and such other information as the commissioner may prescribe. Unless reviewed in the manner hereinafter provided, the rate as determined or as modified by a redetermination, a decision of a ~~referee~~ *an unemployment insurance judge*, or the commissioner shall be final except for fraud and shall be the rate upon which contributions shall be computed for the calendar year for which such rate was determined, and shall not be subject to collateral attack for any errors, clerical or otherwise, whether by way of claim for adjustment or refund, or otherwise. If the legislature changes any of the factors used to determine the contribution rate of any employer for any year subsequent to the original mailing of such notice for the year, the earlier notice shall be void. The notice based on the new factors shall be deemed to be the only

notice of rate of contributions for that year and shall be subject to the same finality, redetermination and review procedures as provided above.

Sec. 10. Minnesota Statutes 1984, section 268.06, subdivision 20, is amended to read:

Subd. 20. [PROTEST, REVIEW, REDETERMINATION, APPEAL.] A review of the charges made to an employer's account as set forth in the notice of charges referred to in subdivision 18 and a review of an employer's contribution rate as set forth in the notice of his rate for any calendar year as provided in subdivision 19, may be had by the employer if he files with the commissioner a written protest setting forth his reasons therefor within 30 days from the date of the mailing of the notice of charges or contribution rate to him. The date shall appear on the notice. Upon receipt of the protest, the commissioner shall refer the matter to an official designated by him to review the charges appearing on the notice appealed from or the computations of the protesting employer's rate, as the case may be, to determine whether or not there has been any clerical error or error in computation in either case. The official shall either affirm or make a redetermination rectifying the charges or rate as the case may be, and a notice of the affirmation or redetermination shall immediately be mailed to the employer. If the employer is not satisfied with the affirmation or redetermination, he may appeal by filing a notice with the department within ten days after the date of mailing appearing upon the redetermination. Upon the receipt of the appeal, the commissioner shall refer the matter to a ~~referee~~ *the office of administrative hearings* for a hearing and after opportunity for a fair hearing, the ~~referee~~ *unemployment insurance judge* shall affirm, modify or set aside the original determination with its affirmation or the redetermination, as appears just and proper. The commissioner may at any time upon his own motion correct any clerical error of the department resulting in charges against an employer's account or any error in the computation of an employer's contribution rate. The ~~referee~~ *unemployment insurance judge* may order the consolidation of two or more appeals whenever, in his judgment, consolidation will not be prejudicial to any interested party. At any hearing a written report of any employee of the department which has been authenticated shall be admissible in evidence. Appeals from the decision of the ~~referee~~ *unemployment insurance judge* shall be provided by section 268.10, subdivision 5.

Sec. 11. Minnesota Statutes 1984, section 268.10, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF CLAIMS; DETERMINATION; APPEAL.] (1) An official, designated by the commissioner, shall promptly examine each claim for benefits filed to establish a benefit year pursuant to this section, and, on the basis of the facts found, shall determine whether or not such claims are valid, and if valid, the weekly benefit amount payable, the maximum benefit amount payable during the benefit year, and the date the benefit year terminates, and this determination shall be known as the determination of validity. Notice of the determination of validity or any redetermination as provided for in clause (4) shall be promptly given the claimant and all other interested parties. If within the time limits for filing a protest an employer notifies the department that an individual's weekly benefit amount as determined under section 268.07 exceeds the individual's weekly wages earned with the employer, the individual's weekly benefit

amount shall be the lesser of (1) the weekly benefit amount as determined under section 268.07, or (2) the weekly benefit amount which is 50 percent of the quotient derived by dividing the total wage credits earned in the individual's base period credit weeks from all employers in insured work by the number of base period credit weeks. If within the time specified for the filing of wage and separation information as provided in subdivision 1, clause (2), the employer makes an allegation of disqualification or raises an issue of the chargeability to his account of benefits that may be paid on such claim, if the claim is valid, the issue thereby raised shall be promptly determined by said official and a notification of the determination delivered or mailed to the claimant and the employer. If an initial determination or an ~~appeal tribunal~~ *unemployment insurance judge* decision or the commissioner's decision awards benefits, the benefits shall be paid promptly regardless of the pendency of any appeal period or any appeal or other proceeding which may thereafter be taken. Except as provided in clause (6), if an ~~appeal tribunal~~ *unemployment insurance judge* decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an ~~appeal~~ *unemployment insurance judge* decision awarding benefits, any benefits paid under the award of such initial determination or ~~appeal tribunal~~ *unemployment insurance judge* decision shall be deemed erroneous payments.

(2) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, an official of the department or any interested party or parties raises an issue of claimant's eligibility for benefits for any week or weeks in accordance with the requirements of the provisions of sections 268.03 to 268.24 or any official of the department or any interested party or parties or benefit year employer raises an issue of disqualification in accordance with the regulations of the commissioner, a determination shall be made thereon and a written notice thereof shall be given to the claimant and such other interested party or parties or benefit year employer. A determination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(3) A determination issued pursuant to clauses (1) and (2) shall be final unless an appeal therefrom is filed by a claimant or employer within 15 days after the mailing of the notice of the determination to his last known address or personal delivery of the notice. Every notice of determination shall contain a prominent statement indicating in clear language the method of appealing the determination, the time within which such an appeal must be made, and the consequences of not appealing the determination. A timely appeal from a determination of validity in which the issue is whether an employing unit is an employer within the meaning of this chapter or whether services performed for an employer constitute employment within the meaning of this chapter shall be subject to the provisions of section 268.12, subdivision 13.

(4) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, the commissioner on his own motion may reconsider a determination of validity made thereon and make a redetermination thereof if he finds that an error in computation or identity or the crediting of wage credits has occurred in connection therewith or if the determination was made as a result of a nondisclosure or misrepresentation of a

material fact. A determination or redetermination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(5) However, the commissioner may in his discretion refer any disputed claims directly to ~~a referee~~ *the office of administrative hearings* for hearing and determination in accordance with the procedure outlined in subdivision 3 and the effect and status of such determination in such a case shall be the same as though the matter had been determined upon an appeal to the ~~tribunal~~ *unemployment insurance judge* from an initial determination.

(6) If ~~a referee's~~ *an unemployment insurance judge's* decision affirms an initial determination awarding benefits or the commissioner affirms an ~~appeal tribunal~~ *unemployment insurance judge* decision awarding benefits, the decision, if finally reversed, shall not result in a disqualification and benefits paid shall neither be deemed overpaid nor shall they be considered in determining any individual employer's future contribution rate under section 268.06.

Sec. 12. Minnesota Statutes 1984, section 268.10, subdivision 3, is amended to read:

Subd. 3. [APPEAL; HEARING.] *Upon receipt of an appeal from an initial determination made under subdivision 2, the commissioner shall immediately forward the appeal and all necessary documents to the chief administrative law judge for assignment of an unemployment insurance judge to hear the case and the scheduling of a date, time, and place for the hearing. Unless an appeal is withdrawn, the date for hearing before a referee an unemployment insurance judge shall be set and notice of the hearing shall be mailed to the last known address of all interested parties at least ten days prior to the date set for the hearing. The notice shall be mailed by the office of administrative hearings. The hearing may be conducted by means of a conference telephone call except that the appellant may request that the hearing be conducted in person. The hearing shall be a trial de novo, and, upon the evidence presented, the referee unemployment insurance judge shall affirm, modify, or set aside the initial determination. Where the same or substantially similar evidence is relevant and material to the issues in appeals by more than one individual or in appeals by one individual with respect to two or more weeks of unemployment, the appeals may be consolidated into one hearing pursuant to the procedural rules adopted by the chief administrative law judge. The referee unemployment insurance judge shall exclude from any consolidated hearing the appeal of an individual who may be prejudiced because of the consolidation. A referee An unemployment insurance judge shall not hear any appeal in which the referee unemployment insurance judge has a direct interest. The parties and the commissioner shall be notified of the referee's unemployment insurance judge's decision and the reason for it. The referee's unemployment insurance judge's decision is deemed to be the final decision unless a further appeal is initiated pursuant to subdivision 5.*

Sec. 13. Minnesota Statutes 1984, section 268.10, subdivision 4, is amended to read:

Subd. 4. [REFEREES TRANSCRIPTS; REVIEW OF DECISIONS.] ~~In order to assure the prompt disposition of all claims for benefits, the commissioner shall appoint one or more impartial referees. The commissioner shall~~



by rule adopt a procedure by which referees hear and decide disputed claims, subject to appeal to the commissioner. No person shall participate on behalf of the commissioner in any case in which that person is an interested party. The commissioner may designate alternates to serve in the absence or disqualification of a referee. The department shall cause a transcript to be prepared of all cases heard by an unemployment insurance judge from which an appeal is made to the commissioner. There shall be no charges, fees, transcript costs, or other cost imposed upon the employee in prosecuting an appeal. All decisions of referees unemployment insurance judges shall be made available to the public in accordance with rules the commissioner may prescribe, except that names of interested parties may be deleted.

Sec. 14. Minnesota Statutes 1984, section 268.10, subdivision 5, is amended to read:

Subd. 5. [REVIEW BY COMMISSIONER.] Within 30 days after mailing or personal delivery of the notice of a referee's unemployment insurance judge's decision to the claimant or employer at the last known address, a party may file, with the commissioner, a notice of appeal from the decision and obtain a review of it by the commissioner or an authorized representative. The commissioner within the same period of time may on the commissioner's own motion order a review of a decision. Upon review, the commissioner or authorized representative may affirm, modify, or set aside any finding of fact or decision, or both, of the referee on the basis of the evidence previously submitted in the case, or remand the matter back to the referee for the taking of additional evidence and new findings and decision based on all of the evidence before the referee. The notice of appeal must set forth the issues raised on appeal. The notice of the decision of the unemployment compensation judge must explain how an appeal may be filed. On an appeal taken under this subdivision, the commissioner or authorized representative is limited to the issues raised by the parties in the notice of the appeal from the unemployment insurance judge's decision. The commissioner or authorized representative, on the basis of evidence previously submitted, may affirm the decision of the unemployment insurance judge, may remand the case for further proceedings, or may modify or reverse the decision if the unemployment insurance judge's decision is in error of law, violates the procedures of chapter 268, is unsupported by substantial evidence in view of the record as a whole when the issue in dispute involves a question of fact, or is arbitrary or capricious. Notice of all hearings on review shall be given to all interested parties in the same manner as provided for by subdivision 3. Upon the motion of a party, the commissioner or authorized representative may remove to himself or herself or transfer to another referee unemployment insurance judge the proceedings on any claim pending before a referee unemployment insurance judge. Any proceedings removed to the commissioner or authorized representative shall be heard upon notice in accordance with the requirements of subdivision 3. The department of economic security shall mail to all interested parties and the chief administrative law judge a notice of the filing of and a copy of the findings and decision of the commissioner or his representative.

Sec. 15. Minnesota Statutes 1984, section 268.10, subdivision 6, is amended to read:

Subd. 6. [COMMISSIONER.] The manner in which disputed claims are

presented, the reports required from the claimant and from employers, and the conduct of ~~hearings and~~ appeals shall be in accordance with the rules adopted by the commissioner for ~~determining the rights of the parties, whether or not the regulations.~~ *Rules relating to the conduct of hearings before unemployment insurance judges shall be adopted by the chief administrative law judge. The rules of the commissioner and the chief administrative law judge need not conform to common law or statutory rules of evidence and other technical rules of procedure. A full and complete record shall be kept of all proceedings in connection with a disputed claim. All testimony at any hearing shall be recorded, but need not be transcribed unless the disputed claim is further appealed.*

Sec. 16. Minnesota Statutes 1984, section 268.10, subdivision 9, is amended to read:

Subd. 9. [REPRESENTATION BY ATTORNEY.] In any proceeding under these sections before ~~a referee an unemployment insurance judge~~ or the commissioner, a party may be represented by an agent or attorney, but no individual claiming benefits shall be charged fees of any kind in a proceeding before ~~a referee an unemployment insurance judge~~, the commissioner, commissioner's representatives, or by any court or any officers thereof. Any individual claiming benefits in any proceedings before the commissioner or his representatives or a court may be represented by counsel or other duly authorized agent, except that said agent in any court proceedings under these sections, must be an attorney at law; but no counsel shall either charge or receive for the services more than an amount approved by the commissioner and no fees shall be collected from an individual claiming benefits by any agent unless he is an attorney at law.

Sec. 17. Minnesota Statutes 1984, section 268.12, subdivision 8, is amended to read:

Subd. 8. [RECORDS; REPORTS.] (1) Each employing unit shall keep true and accurate work records for such periods of time and containing such information as the commissioner may prescribe. Such records shall be open to inspection, audit, and verification, and be subject to being copied by any authorized representative of the commissioner at any reasonable time and as often as may be necessary. The commissioner, ~~appeal referee unemployment insurance judge~~, or any other duly authorized representative of the commissioner, may require from any employing unit any sworn or unsworn reports, with respect to persons employed by it, which the commissioner, ~~appeal referee unemployment insurance judge~~, or any other duly authorized representative of the commissioner deems necessary for the effective administration of sections 268.03 to 268.24, provided that quarterly contribution and wage report forms shall include the employee's name, social security number, and total wages paid to the employee.

(2) The commissioner may cause to be made such summaries, compilations, photographs, duplications, or reproductions of any records, reports, or transcripts thereof as he may deem advisable for the effective and economical preservation of the information contained therein, and such summaries, compilations, photographs, duplications or reproductions, duly authenticated, shall be admissible in any proceeding under sections 268.03 to 268.24, if the original record or records would have been admissible therein.

Notwithstanding any restrictions contained in section 16B.50, except restrictions as to quantity, the commissioner is hereby authorized to duplicate, on equipment furnished by the federal government or purchased with funds furnished for that purpose by the federal government, records, reports, summaries, compilations, instructions, determinations, or any other written matter pertaining to the administration of the Minnesota economic security law.

(3) Notwithstanding any inconsistent provisions elsewhere, the commissioner may provide for the destruction or disposition of any records, reports, transcripts, or reproductions thereof, or other papers in his custody, which are more than two years old, the preservation of which is no longer necessary for the establishment of contribution liability or benefit rights or for any purpose necessary to the proper administration of sections 268.03 to 268.24, including any required audit thereof, provided, that the commissioner may provide for the destruction or disposition of any record, report, or transcript, or other paper in his custody which has been photographed, duplicated, or reproduced in the manner provided in clause (2).

(4) Notwithstanding the provisions of the Minnesota State Archives Act the commissioner shall with the approval of the legislative auditor destroy all benefit checks and benefit check authorization cards that are more than two years old and no person shall make any demand, bring any suit or other proceeding to recover from the state of Minnesota any sum alleged to be due him on any claim for benefits after the expiration of two years from the date of filing such claim.

Sec. 18. Minnesota Statutes 1984, section 268.12, subdivision 9, is amended to read:

Subd. 9. [TESTIMONIAL POWERS.] (1) In the discharge of the duties imposed by sections 268.03 to 268.24, the commissioner, ~~appeal referee~~ *unemployment insurance judge*, or any duly authorized representative of the commissioner, shall have power to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed necessary as evidence in connection with a disputed claim or the administration of these sections;

(2) Witnesses, other than interested parties or officers and employees of an employing unit which is an interested party, subpoenaed pursuant to this subdivision or sections 268.03 to 268.24, shall be allowed fees the same as witness fees in civil actions in district court, which fees need not be paid in advance of the time of giving of testimony, and such fees of witnesses so subpoenaed shall be deemed part of the expense of administering these sections;

(3) In case of contumacy by, or refusal to obey, a subpoena issued to any person, any court of this state within the jurisdiction of which the inquiry is carried on or within the jurisdiction of which such person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the commissioner, or ~~referee~~ *unemployment insurance judge*, or any duly authorized representative of the commissioner, shall have jurisdiction to issue to such person an order requiring such person to appear before the commissioner, ~~the chairman of an appeal tribunal,~~ *referee unemployment*

*insurance judge*, or any duly authorized representative of the commissioner, there to produce evidence if so ordered or there to give testimony relative to the matter under investigation or in question; and any failure to obey such order of the court may be punished by the court as a contempt thereof.

Sec. 19. Minnesota Statutes 1984, section 268.12, subdivision 10, is amended to read:

Subd. 10. [SELF-INCRIMINATION.] No person shall be excused from attending and testifying or from producing books, papers, correspondence, memoranda, and other records before the commissioner, ~~the chairman of an appeal tribunal, referee~~ *unemployment insurance judge*, or any duly authorized representative of the commissioner, or in obedience to the subpoena of any of them in any cause or proceeding before the commissioner, ~~an appeal tribunal, referee~~ *unemployment insurance judge*, or any duly authorized representative of the commissioner on the grounds that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

Sec. 20. Minnesota Statutes 1984, section 268.12, subdivision 13, is amended to read:

Subd. 13. [DETERMINATIONS.] (1) An official, designated by the commissioner, upon his own motion or upon application of an employing unit, shall determine if an employing unit is an employer within the meaning of this chapter or as to whether services performed for it constitute employment within the meaning of this chapter, and shall notify the employing unit of the determination. The determination shall be final unless the employing unit, within 30 days after the mailing of notice of the determination to the employing unit's last known address, files a written appeal from it.

(2) ~~The commissioner shall designate one or more referees to conduct hearings on appeals~~ Upon receipt of an appeal under clause (1), the commissioner shall refer the matter to the office of administrative hearings for a hearing. The employer unit and any claimant whose filed claim for benefits may be affected by a determination issued under clause (1) shall be interested parties to an appeal. ~~The referee unemployment insurance judge~~ shall fix a time and place within this state for the hearing and give interested parties written notice of it, by mail, not less than ten days prior to the time of the hearing. In the discharge of the duties imposed by this subdivision, ~~the referee unemployment insurance judge~~ may administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed necessary as evidence in connection with the subject matter of the hearing. The written report of any employee of the department of economic security, made in the regular course of the performance of the employee's duties, shall be competent evidence of the facts contained in it and shall be prima facie correct, unless refuted by

other credible evidence.

(3) Upon the conclusion of the hearing, the ~~referee~~ *unemployment insurance judge* shall serve upon the interested parties by mail findings of fact and decision. The decision of the ~~referee~~ *unemployment insurance judge*, together with his findings of fact and reasons in support of them, is final unless an interested party, within 30 days after the mailing of a copy of it to the interested parties' last known addresses, files an appeal with the commissioner and serves a copy of the appeal on the chief administrative law judge, or unless the commissioner, within 30 days after mailing of the decision, on his own motion orders the matter certified to him for review. Appeal from and review by the commissioner of the decision of the ~~referee~~ *unemployment insurance judge* shall be in the manner provided by rule. The commissioner may without further hearing affirm, modify, or set aside the findings of fact or decision, or both, of the ~~referee~~ *unemployment insurance judge* on the basis of the evidence previously submitted in the case, or direct the taking of additional evidence. The commissioner may disregard the findings of fact of the ~~referee~~ *unemployment insurance judge* and examine the testimony taken and make any findings of fact as the evidence taken before the ~~referee~~ *unemployment insurance judge* may, in the judgment of the commissioner, require, and make any decision as the facts found by him require. The commissioner shall notify the employing unit and the chief administrative law judge of his findings and decision by mail, mailed to the interested parties' last known addresses. The decision of the commissioner is final unless judicial review of it is sought as provided by this subdivision. Any interested party to a proceeding before the commissioner may obtain a transcript of the testimony taken before the ~~referee~~ *unemployment insurance judge* upon payment to the commissioner of the cost of the transcript at the rate of ten cents per 100 words.

(4) The court of appeals may, by writ of certiorari to the commissioner, review all questions of law and fact presented by the record in accordance with chapter 14. The commissioner shall not be required to certify the record to the court unless the party commencing the proceedings for review pays to the commissioner the cost of certification of the record at the rate of ten cents per 100 words less any amount previously paid by the party for a transcript. The commissioner shall, upon receipt of the payment, prepare and certify to the court a true and correct typewritten copy of all matters contained in the record. The costs collected by the commissioner shall be deposited in the economic security administration fund provided for in section 268.15.

(5) A final decision of the commissioner or referee, in the absence of appeal, is conclusive for all the purposes of sections 268.03 to 268.24 except as otherwise provided, and, together with the records therein made, shall be admissible in any subsequent judicial proceeding involving liability for contributions. A final decision of the commissioner or referee may be introduced in any proceeding involving a claim for benefits.

(6) In the event a final decision of the commissioner or ~~referee~~ *unemployment insurance judge* determines the amount of contributions due under sections 268.03 to 268.24, then, if the amount, together with interest and penalties, is not paid within 30 days after the decision, the provisions of section 268.161 shall apply. The commissioner shall proceed thereunder, substituting a certified copy of the final decision in place of the contribution report.

Sec. 21. Minnesota Statutes 1984, section 268.18, subdivision 1, is amended to read:

Subdivision 1. [ERRONEOUS PAYMENTS.] Any claimant for benefits who, by reason of his own mistake or through the error of any individual engaged in the administration of sections 268.03 to 268.24 or because of a determination or redetermination issued pursuant to section 268.10, subdivision 2, has received any sum as benefits to which he was not entitled under these sections, shall promptly return such benefits in cash to the nearest office of the Minnesota department of economic security. If such claimant fails to return such benefits, the department of economic security shall, as soon as it discovers such erroneous payment, determine the amount thereof and notify said individual to return the same. Unless the claimant files a written appeal with the department of economic security within 15 days after the mailing of the notice of determination to his last known address or personal delivery of the notice, the determination shall become final. If the claimant files an appeal with the department in writing within the time aforesaid the matter shall be set for hearing before a referee of the department ~~an unemployment insurance judge of the office of administrative hearings~~ and heard as other benefit matters are heard in accordance with section 268.10 with the same rights of review as outlined for benefit cases in that section. The commissioner of the department of economic security is hereby authorized to deduct from any future benefits payable to the claimant under these sections in either the current or any subsequent benefit year an amount equivalent to the overpayment determined or the overpayment may be collected without interest by civil action in the name of the commissioner. If a claimant has been overpaid benefits under the law of another state and that state certifies to the department the facts involved and that the individual is liable under its law to repay the benefits and requests the department to recover the overpayment, the commissioner is authorized to deduct from future benefits payable to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined by that state. Benefits paid for weeks more than three years prior to the discovery of error are not erroneous payments.

Sec. 22. Minnesota Statutes 1984, section 268.18, subdivision 2, is amended to read:

Subd. 2. [FRAUD.] Any claimant who files a claim for or receives benefits by knowingly and willfully misrepresenting or misstating any material fact or by knowingly and willfully failing to disclose any material fact which would make him ineligible for benefits under sections 268.03 to 268.24 is guilty of fraud. After the discovery of facts by the commissioner indicating fraud in claiming or obtaining benefits under sections 268.03 to 268.24, he is hereby authorized to make a determination that the claimant was ineligible for each week with reference to which benefits were claimed or obtained by fraud for the amount as was in excess of what the claimant would have been entitled to had he not made the fraudulent statements or failed to disclose any material facts. The commissioner also may disqualify an individual from benefits for one to 52 weeks in which the claimant is otherwise eligible for benefits following the week in which the fraud was determined. A disqualification imposed for fraud shall not be removed by subsequent insured work or the expiration of a benefit year but shall not apply to any week more than

104 weeks after the week in which the fraud was determined. The claimant shall promptly repay in cash to the department of economic security any benefits fraudulently obtained. Unless the claimant files a written appeal with the department of economic security within 15 days after the mailing of the notice of determination to his last known address or personal delivery of the notice, the determination shall become final. If the claimant appeals from the determination within the time above specified the matter shall be referred to a referee an unemployment insurance judge for a hearing as in other benefit cases and thereafter the procedure for review shall be the same as set forth in section 268.10. The commissioner is hereby authorized to deduct from future benefits payable to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined or the overpayment may be collected without interest by civil action in the name of the commissioner. If a claimant has been overpaid benefits under the law of another state and that state certifies to the department the facts involved and that the individual is liable to repay the benefits and requests the department to recover the overpayment, the commissioner is authorized to deduct from future benefits payable to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined by that state. A determination of fraud may be made at any time.

Sec. 23. [EFFECTIVE DATE.]

*This article is effective October 1, 1986.*"

Delete the title and insert:

"A bill for an act relating to employment; regulating the administration of the unemployment compensation law; providing for the amount of benefits; regulating benefit eligibility; providing for employer contributions; transferring certain hearing functions and personnel to the office of administrative hearings; amending Minnesota Statutes 1984, sections 14.03, subdivision 2; 14.53; 16A.671, subdivision 1; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 25 and 29; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.08, subdivision 3; 268.09, subdivisions 1 and 2; 268.10, subdivisions 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.48; 14.51; and 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268."

Mr. Wegscheid then moved to amend the Wegscheid amendment to S.F. No. 2114, adopted by the Senate March 11, 1986, as follows:

Page 8, line 14, strike "equal to"

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Wegscheid then moved to amend the Wegscheid amendment to S.F. No. 2114, adopted by the Senate March 11, 1986, as follows:

Page 10, line 23, before "18" insert "at least"

Page 10, line 23, after "seasonal" insert "for claims establishing a benefit year prior to July 1, 1988, or at least 20 credit weeks in employment which is not seasonal for claims establishing a benefit year subsequent to June 30, 1988"

### CALL OF THE SENATE

Mr. Wegscheid imposed a call of the Senate for the balance of the proceedings on S.F. No. 2114. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Kamrath	McQuaid	Schmitz
Belanger	Frederick	Knaak	Mehrrens	Sieloff
Benson	Frederickson	Knutson	Olson	Storm
Berg	Gustafson	Kronebusch	Peterson, D.L.	Stumpf
Bernhagen	Isackson	Laidig	Purfeerst	Taylor
Bertram	Johnson, D.E.	Langseth	Ramstad	Wegscheid
Brataas	Jude	Lessard	Renneke	

Those who voted in the negative were:

Adkins	Dieterich	Luther	Peterson, C.C.	Solon
Berglin	Frank	Merriam	Peterson, D.C.	Spear
Chmielewski	Freeman	Moe, D.M.	Peterson, R.W.	Vega
Dahl	Hughes	Moe, R.D.	Petty	Waldorf
Davis	Johnson, D.J.	Nelson	Pogemiller	Willett
Dicklich	Kroening	Novak	Reichgott	
Diessner	Lantry	Pehler	Samuelson	

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Petty moved to amend the Wegscheid amendment to S.F. No. 2114, adopted by the Senate March 11, 1986, as follows:

Page 1, after line 32, insert:

“Sec. 2. Minnesota Statutes 1984, section 268.04, subdivision 24, is amended to read:

Subd. 24. “Valid claim” with respect to any individual means a claim filed by an individual who has registered for work and who has earned wage credits and established credit weeks *or alternative credit weeks* during his base period sufficient to entitle him to benefits under section 268.07, subdivision 2.”

Page 5, after line 5, insert:

“Sec. 5. Minnesota Statutes 1984, section 268.04, is amended by adding a subdivision to read:

*Subd. 29a. [ALTERNATIVE CREDIT WEEK.] “Alternative credit week” means any week for which wages or back pay, actually or constructively paid, wages overdue and delayed beyond the usual time of payment, and back pay by or from one or more employers to an employee for insured work equal or exceed 20 times the state minimum wage in effect on the date the employee makes a claim for benefits.*

Sec. 6. Minnesota Statutes 1984, section 268.04, subdivision 30, is amended to read:

Subd. 30. “Average weekly wage” means the quotient derived by divid-



ing the total wage credits earned by an individual from all employers in insured work in the base period by the number of credit weeks or alternative credit weeks."

Page 7, line 12, after the comma, insert "or failing that, 24 or more alternative credit weeks"

Page 10, line 14, before the period, insert "for claims based on credit weeks or \$40 for claims based on alternative credit weeks"

Page 10, line 21, after "weeks" insert "or alternative credit weeks"

Page 10, line 23, before "18" insert "at least"

Page 10, lines 23 and 24, after "weeks" insert "or alternative credit weeks"

Page 10, after line 28, insert:

"Sec. 12. Minnesota Statutes 1984, section 268.071, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, unless the context clearly requires otherwise:

(1) [EXTENDED BENEFIT PERIOD.] "Extended benefit period" means a period which

(a) Begins with the third week after a week for which there is a state "on" indicator; and

(b) Ends with either of the following weeks, whichever occurs later: The third week after the first week for which there is a state "off" indicator; or the 13th consecutive week of the period;

Provided, that no extended benefit period may begin before the 14th week following the end of a prior extended benefit period which was in effect with respect to this state.

(2) [STATE "ON" INDICATOR.] There is a "state 'on' indicator" for this state for a week if the commissioner determines, in accordance with the regulations of the United States secretary of labor, that for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment (not seasonally adjusted) under this law

(a) equaled or exceeded 120 percent of the average of such rates for the corresponding 13 week period ending in each of the preceding two calendar years, and

(b) equaled or exceeded five percent.

The determination of whether there has been a state "on" indicator beginning any extended benefit period may be made as provided in clauses (a) and (b) above or a "state 'on' indicator" shall exist if the rate described in clause (b) equaled or exceeded six percent irrespective of whether the percentage requirement provided by clause (a) is met or exceeded.

(3) [STATE "OFF" INDICATOR.] There is a "state 'off' indicator" for this state for a week if, for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment is less than six

percent and the requirements for a "state 'on' indicator" under clause (2) of this subdivision are not satisfied.

(4) [RATE OF INSURED UNEMPLOYMENT.] "Rate of insured unemployment," for purposes of clauses (2) and (3), means the percentage derived by dividing the average weekly number of individuals filing claims for regular benefits in this state for weeks of unemployment with respect to the most recent 13 consecutive week period, as determined by the commissioner on the basis of his reports to the United States secretary of labor, by the average monthly employment covered under this law for the first four of the most recent six completed calendar quarters ending before the end of such 13 week period.

(5) [REGULAR BENEFITS.] "Regular benefits" means benefits payable to an individual under this law or under any other state law (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) other than extended benefits and additional benefits.

(6) [EXTENDED BENEFITS.] "Extended benefits" means benefits (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) payable to an individual under the provisions of this section for weeks of unemployment in his eligibility period.

(7) [ADDITIONAL BENEFITS.] "Additional benefits" means benefits payable to exhaustees by reason of conditions of high unemployment or by reason of other special factors under the provisions of any state law.

(8) [ELIGIBILITY PERIOD.] "Eligibility period" of an individual means the period consisting of the weeks in his benefit year which begin in an extended benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such period.

(9) [EXHAUSTEE.] "Exhaustee" means an individual who, with respect to any week of unemployment in his eligibility period:

(a) Has received, prior to such week, all of the regular benefits that were available to him under this law or any other state law (including dependents' allowances and benefits payable to federal civilian employees and ex-servicemen under 5 U.S.C. chapter 85) in his current benefit year that includes such week;

Provided, that, for the purposes of this paragraph, an individual shall be deemed to have received all of the regular benefits that were available to him although as a result of a pending appeal with respect to wage credits or, credit weeks, or *alternative credit weeks* that were not considered in the original monetary determination in his benefit year, he may subsequently be determined to be entitled to added regular benefits; or

(b) His benefit year having expired prior to such week, has no, or insufficient, wages and/or employment on the basis of which he could establish a new benefit year that would include such week or having established a benefit year that includes such week, he is precluded from receiving regular compensation by reason of: (i) a state law provision which meets the requirements of section 3304 (a) (7) of the Internal Revenue Code of 1954, or (ii) a disqualification determination which cancelled wage credits or totally reduced his benefit rights, or (iii) benefits are not payable by reason of a

seasonal limitation in a state unemployment insurance law; and

(c) Has no right to unemployment benefits or allowances, as the case may be, under the railroad unemployment insurance act, the trade expansion act of 1962, the automotive products act of 1965 and such other federal laws as are specified in regulations issued by the United States secretary of labor; and has not received and is not seeking unemployment benefits under the unemployment compensation law of Canada; but if he is seeking such benefits and the appropriate agency finally determines that he is not entitled to benefits under such law he is considered an exhaustee.

(10) [STATE LAW.] "State law" means the unemployment insurance law of any state, approved by the United States secretary of labor under section 3304 of the Internal Revenue Code of 1954."

Page 13, line 12, after "weeks" insert "*or alternative credit weeks*"

Page 20, after line 6, insert:

"Sec. 18. Minnesota Statutes 1984, section 268.09, is amended by adding a subdivision to read:

*Subd. 2a. An individual who has qualified for benefits under the alternative credit week requirement, as provided under section 268.07, subdivision 2, and who is disqualified for benefits under subdivisions 1 and 2 of this section, other than for gross misconduct, shall be disqualified for waiting week credit and benefits. The disqualification shall continue until eight weeks have elapsed following the separation or refusal of suitable work or reemployment and until the individual has worked for a minimum of 20 hours in each of eight weeks in insured work.*

Sec. 19. Minnesota Statutes 1984, section 268.10, subdivision 1, is amended to read:

Subdivision 1. [FILING.] Claims for benefits shall be made in accordance with such regulations as the commissioner may prescribe. Each employer shall post and maintain printed statements of such regulations in places readily accessible to individuals in his service and shall make available to each such individual at the time he becomes unemployed, a printed statement of such regulations. Such printed statements shall be supplied by the commissioner to each employer without cost to him.

(1) Any employer upon separation of an employee from his employment for any reason which may result in disqualification for benefits under section 268.09, shall furnish to such employee a separation notice which shall provide the employer's name, address, and employer account number as registered with the department, the employee's name and social security account number, the inclusive dates of his employment, and the reason for the separation. A copy of such separation notice shall be filed with the commissioner within seven days of such separation. The commissioner shall require each individual filing a claim for benefits to establish a benefit year to furnish the reason for separation from all employers in his base period.

(2) Upon the filing, by an individual, of a claim for benefits, the commissioner shall give notice to all such base period employers of the filing of such claim and request each such base period employer, within seven days after the mailing of such notice, to furnish the following information:

- (a) The total wage credits earned in the base period;
  - (b) The number of credit weeks *or alternative credit weeks* which end within the base period;
  - (c) The week ending dates for each calendar week within the base period in which the individual earned less than the amount required to make a credit week and the amount of earnings in each such week;
  - (d) The reason for the separation or separations of such individual from the employ of the employer in the base period; and
  - (e) Such employer's protest, if any, relating to the ineligibility or disqualification of such individual.
- (3) If any base period employer, after the notice of filing of a claim and the request for wage and separation information has been duly mailed to his last known address, fails to file information as provided by items (a) through (e) of clause 2 of this subdivision within seven days, the commissioner shall:

(a) Determine the validity of an individual's claim based on the claimant's statements or any other available information. An employer shall be liable for a late filing fee of not less than \$5 nor more than \$25, as the commissioner may determine, to be paid to the department of economic security and credited to the contingent fund if he has failed without good cause to submit the wage and separation information as required in clause 2 of this subdivision within seven days after the request has been duly mailed to his last known address. In the absence of fraud, if a redetermination of validity of claim based on an employer's late report subsequently cancels or reduces the amount of benefits to which a claimant was entitled under the initial determination, the claimant shall not be required to make repayment to the fund of any benefits paid to him prior to such redetermination; and

(b) Determine any issue of disqualification raised by clause (1) or by an employer's late report. If an employer fails to file a separation notice within the time limits prescribed in clause (1), any relief from benefit charges provided by section 268.09, subdivision 1, clause (4), shall apply to weeks of unemployment beginning after the filing of the late report.

Sec. 20. Minnesota Statutes 1984, section 268.10, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF CLAIMS; DETERMINATION; APPEAL.] (1) An official, designated by the commissioner, shall promptly examine each claim for benefits filed to establish a benefit year pursuant to this section, and, on the basis of the facts found, shall determine whether or not such claims are valid, and if valid, the weekly benefit amount payable, the maximum benefit amount payable during the benefit year, and the date the benefit year terminates, and this determination shall be known as the determination of validity. Notice of the determination of validity or any redetermination as provided for in clause (4) shall be promptly given the claimant and all other interested parties. If within the time limits for filing a protest an employer notifies the department that an individual's weekly benefit amount as determined under section 268.07 exceeds the individual's weekly wages earned with the employer, the individual's weekly benefit amount shall be the lesser of (1) the weekly benefit amount as determined

under section 268.07, or (2) the weekly benefit amount which is 50 percent of the quotient derived by dividing the total wage credits earned in the individual's base period credit weeks or *alternative credit weeks* from all employers in insured work by the number of base period credit weeks or *alternative credit weeks*. If within the time specified for the filing of wage and separation information as provided in subdivision 1, clause (2), the employer makes an allegation of disqualification or raises an issue of the chargeability to his account of benefits that may be paid on such claim, if the claim is valid, the issue thereby raised shall be promptly determined by said official and a notification of the determination delivered or mailed to the claimant and the employer. If an initial determination or an appeal tribunal decision or the commissioner's decision awards benefits, the benefits shall be paid promptly regardless of the pendency of any appeal period or any appeal or other proceeding which may thereafter be taken. Except as provided in clause (6), if an appeal tribunal decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an appeal decision awarding benefits, any benefits paid under the award of such initial determination or appeal tribunal decision shall be deemed erroneous payments.

(2) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, an official of the department or any interested party or parties raises an issue of claimant's eligibility for benefits for any week or weeks in accordance with the requirements of the provisions of sections 268.03 to 268.24 or any official of the department or any interested party or parties or benefit year employer raises an issue of disqualification in accordance with the regulations of the commissioner, a determination shall be made thereon and a written notice thereof shall be given to the claimant and such other interested party or parties or benefit year employer. A determination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(3) A determination issued pursuant to clauses (1) and (2) shall be final unless an appeal therefrom is filed by a claimant or employer within 15 days after the mailing of the notice of the determination to his last known address or personal delivery of the notice. Every notice of determination shall contain a prominent statement indicating in clear language the method of appealing the determination, the time within which such an appeal must be made, and the consequences of not appealing the determination. A timely appeal from a determination of validity in which the issue is whether an employing unit is an employer within the meaning of this chapter or whether services performed for an employer constitute employment within the meaning of this chapter shall be subject to the provisions of section 268.12, subdivision 13.

(4) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, the commissioner on his own motion may reconsider a determination of validity made thereon and make a redetermination thereof if he finds that an error in computation or identity or the crediting of wage credits has occurred in connection therewith or if the determination was made as a result of a nondisclosure or misrepresentation of a material fact. A determination or redetermination issued under this clause which denies benefits for weeks for which the claimant has previously been

paid benefits is an overpayment of those benefits subject to section 268.18.

(5) However, the commissioner may in his discretion refer any disputed claims directly to a referee for hearing and determination in accordance with the procedure outlined in subdivision 3 and the effect and status of such determination in such a case shall be the same as though the matter had been determined upon an appeal to the tribunal from an initial determination.

(6) If a referee's decision affirms an initial determination awarding benefits or the commissioner affirms an appeal tribunal decision awarding benefits, the decision, if finally reversed, shall not result in a disqualification and benefits paid shall neither be deemed overpaid nor shall they be considered in determining any individual employer's future contribution rate under section 268.06."

Page 21, delete lines 29 to 32 and insert:

*"Sections 1, 13, 14, 15, 16, 17, 21, 22, 23, and 24 are effective the day following final enactment. Sections 2, 4, 5, 6, 10, 11, 12, 18, 19, and 20 are effective July 1, 1986. Sections 3, 8, and 9 are effective January 1, 1987."*

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Bernhagen moved to amend the Wegscheid amendment to S.F. No. 2114, adopted by the Senate March 11, 1986, as follows:

Page 5, line 36, after "unemployment" insert "(1)"

Page 6, line 6, before the period, insert "*or (2) that is directly caused by a fire, flood, or act of God where 70 percent or more of the employees employed in the affected location become unemployed as a result and the employer substantially reopens its operations in that same area within 360 days of the fire, flood, or act of God. Benefits shall be charged to the employer's account where the unemployment is caused by the willful act of the employer or a person acting on behalf of the employer*"

Page 21, line 29, delete "4"

Page 21, line 31, after the period, insert "*Section 7 is effective retroactively to January 1, 1986.*"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Wegscheid amendment, as amended.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Kamrath	McQuaid	Schmitz
Belanger	Frederick	Knaak	Mehrrens	Sieloff
Benson	Frederickson	Knutson	Olson	Storm
Berg	Gustafson	Kronebusch	Peterson, D.L.	Stumpf
Bernhagen	Isackson	Laidig	Purfeerst	Taylor
Bertram	Johnson, D.E.	Langseth	Ramstad	Wegscheid
Brataas	Jude	Lessard	Renneke	

Those who voted in the negative were:

Adkins	Dieterich	Luther	Peterson, C.C.	Solon
Berglin	Frank	Merriam	Peterson, D.C.	Spear
Chmielewski	Freeman	Moe, D.M.	Peterson, R.W.	Vega
Dahl	Hughes	Moe, R.D.	Petty	Waldorf
Davis	Johnson, D.J.	Nelson	Pogemiller	Willet
Dicklich	Kroening	Novak	Reichgott	
Diessner	Lantry	Pehler	Samuelson	

The motion prevailed. So the Wegscheid amendment, as amended, was adopted.

S.F. No. 2114 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 34 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Kamrath	McQuaid	Schmitz
Belanger	Frederick	Knaak	Mehrkens	Sieloff
Benson	Frederickson	Knutson	Olson	Storm
Berg	Gustafson	Kronebusch	Peterson, D.L.	Stumpf
Bernhagen	Isackson	Laidig	Purfeerst	Taylor
Bertram	Johnson, D.E.	Langseth	Ramstad	Wegscheid
Brataas	Jude	Lessard	Renneke	

Those who voted in the negative were:

Adkins	Dieterich	Luther	Peterson, C.C.	Solon
Berglin	Frank	Merriam	Peterson, D.C.	Spear
Chmielewski	Freeman	Moe, D.M.	Peterson, R.W.	Vega
Dahl	Hughes	Moe, R.D.	Petty	Waldorf
Davis	Johnson, D.J.	Nelson	Pogemiller	Willet
Dicklich	Kroening	Novak	Reichgott	
Diessner	Lantry	Pehler	Samuelson	

So the bill, as amended, passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Luther moved that H.F. No. 1950 be taken from the table. The motion prevailed.

## CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H.F. No. 1950. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 1950: A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148.

Mr. Luther moved that H.F. No. 1950 be laid on the table. The motion prevailed.

### SPECIAL ORDER

The question recurred on S.F. No. 1912.

S.F. No. 1912: A bill for an act relating to intoxicating liquor; authorizing the city of Vadnais Heights to issue up to five additional on-sale licenses.

Mr. Johnson, D.E. moved to amend S.F. No. 1912 as follows:

Page 1, after line 11, insert:

“Sec. 2. [POPE COUNTY; SEASONAL ON-SALE LICENSE.]

*In addition to any other licenses authorized by law the county board of Pope county may issue one seasonal on-sale intoxicating liquor license to a resort located on Lake Minnewaska. The fee for the license, which shall be valid for a specified period not exceeding six months, shall be set by the county board. All other provisions of Minnesota Statutes, chapter 340A governing the issuance of licenses and the sale of intoxicating liquor shall apply to a license issued pursuant to this section.”*

Page 1, line 14, after “council” insert “. Section 2 is effective upon approval by the Pope county board.” and delete “and” and insert “Both sections are effective upon”

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Waldorf moved to amend S.F. No. 1912 as follows:

Page 1, after line 6, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 340A.312, is amended to read:

340A.312 [JOINT PURCHASES; VOLUME PRICES.]

Subdivision 1. [JOINT PURCHASES.] The joint purchase by two or more licensed retailers of up to ~~300, 1.75 liter or smaller~~, bottles of distilled spirits or wine for resale to the public is lawful.

Subd. 2. [VOLUME PRICES.] A variable volume price offered by a wholesaler to a licensed retailer on sales of distilled spirits or wine ~~may not be for a quantity of more than 300 one-liter or smaller bottles is lawful.”~~

Page 1, line 13, delete “1” and insert “2”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert “eliminating the restrictions for joint purchases and volume discounts;”

Page 1, line 4, before the period, insert “; amending Minnesota Statutes 1985 Supplement, section 340A.312”

Mr. Dieterich questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

S.F. No. 1912 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:

Adkins	Dicklich	Knaak	Olson	Renneke
Anderson	Diessner	Knutson	Pehler	Samuelson
Belanger	Frank	Kronebusch	Peterson, D.C.	Schmitz
Benson	Frederickson	Laidig	Peterson, D.L.	Sieloff
Berg	Gustafson	Lantry	Peterson, R.W.	Spear
Bernhagen	Hughes	Luther	Petty	Storm
Bertram	Isackson	McQuaid	Pogemiller	Stumpf
Dahl	Johnson, D.E.	Mehrkens	Purfeerst	Taylor
Davis	Jude	Moe, R.D.	Ramstad	Waldorf
DeCramer	Kamrath	Novak	Reichgott	Willet

Messrs. Chmielewski and Dieterich voted in the negative.

So the bill, as amended, passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Luther moved that H.F. No. 1950 be taken from the table. The motion prevailed.

H.F. No. 1950: A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148.

Mr. Luther moved to amend the Peterson, R.W. amendment to H.F. No. 1950, adopted by the Senate March 11, 1986, as follows:

Page 1 of the amendment, delete lines 22 to 25

Page 2 of the amendment, delete lines 1 to 4, 8 to 10, and 13 and 14

Mr. Sieloff moved that H.F. No. 1950 be laid on the table.

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H.F. No. 1950. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Sieloff.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 27 and nays 36, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Kamrath	Mehrkens	Storm
Anderson	Frederick	Knaak	Olson	Taylor
Belanger	Frederickson	Knutson	Peterson, D.L.	Waldorf
Benson	Gustafson	Kronebusch	Ramstad	
Bernhagen	Isackson	Laidig	Renneke	
Brataas	Johnson, D.E.	McQuaid	Sieloff	

Those who voted in the negative were:

Berglin	Frank	Luther	Peterson, D.C.	Spear
Bertram	Freeman	Merriam	Peterson, R.W.	Stumpf
Dahl	Hughes	Moe, D.M.	Petty	Wegscheid
Davis	Jude	Moe, R.D.	Pogemiller	Willet
DeCramer	Kroening	Nelson	Purfeerst	
Dicklich	Langseth	Novak	Reichgott	
Diessner	Lantry	Pehler	Samuelson	
Dieterich	Lessard	Peterson, C.C.	Schmitz	

The motion did not prevail.

The question recurred on the adoption of the Luther amendment to the Peterson, R.W. amendment.

The roll was called, and there were yeas 33 and nays 32, as follows:

Those who voted in the affirmative were:

Berglin	Freeman	Luther	Peterson, D.C.	Solon
Dahl	Hughes	Moe, D.M.	Peterson, R.W.	Spear
DeCramer	Jude	Moe, R.D.	Petty	Stumpf
Dicklich	Kroening	Nelson	Pogemiller	Vega
Diessner	Langseth	Novak	Purfeerst	Willet
Dieterich	Lantry	Pehler	Reichgott	
Frank	Lessard	Peterson, C.C.	Schmitz	

Those who voted in the negative were:

Adkins	Brataas	Johnson, D.E.	Mehrrens	Storm
Anderson	Chmielewski	Kamrath	Olson	Taylor
Belanger	Davis	Knaak	Peterson, D.L.	Waldorf
Benson	Frederick	Knutson	Ramstad	Wegscheid
Berg	Frederickson	Kronebusch	Renneke	
Bernhagen	Gustafson	Laidig	Samuelson	
Bertram	Isackson	McQuaid	Sieloff	

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Kamrath moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Pages 55 and 56, delete sections 80 and 81 and insert:

“Sec. 80. Minnesota Statutes 1984, section 604.02, is amended to read:

**604.02 [APPORTIONMENT OF DAMAGES.]**

Subdivision 1: When two or more persons are jointly liable, contributions to awards shall be in proportion to the percentage of fault attributable to each, except that each *person whose percentage of fault is greater than 50 percent* is jointly and severally liable for the whole award.

Subd. 2. Upon motion made not later than one year after judgment is entered, the court shall determine whether all or part of a party's equitable share of the obligation is uncollectible from that party and shall reallocate any uncollectible amount among the other parties *whose percentage of fault is greater than 50 percent*, including a claimant at fault, according to their respective percentages of fault. A party whose liability is reallocated is nonetheless subject to contribution and to any continuing liability to the claimant on the judgment.

Subd. 3. In the case of a claim arising from the manufacture, sale, use or

consumption of a product, an amount uncollectible from any person in the chain of manufacture and distribution shall be reallocated among all other persons in the chain of manufacture and distribution whose percentage of fault is greater than 50 percent but not among the claimant or others at fault who are not in the chain of manufacture or distribution of the product. ~~Provided, however, that a person whose fault is less than that of a claimant is liable to the claimant only for that portion of the judgment which represents the percentage of fault attributable to him.~~

*Subd. 4. [DEFINITION.] For purposes of this section, "person" includes a municipality as defined in section 466.01."*

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 36, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Kamrath	Mehrkens	Sieloff
Anderson	Davis	Knaak	Olson	Storm
Belanger	Frederickson	Kronebusch	Peterson, D.L.	Taylor
Benson	Gustafson	Laidig	Ramstad	
Bernhagen	Isackson	Lessard	Renneke	
Brataas	Johnson, D.E.	McQuaid	Samuelson	

Those who voted in the negative were:

Berg	Frederick	Luther	Peterson, R.W.	Stumpf
Berglin	Freeman	Merriam	Petty	Vega
Bertram	Hughes	Moe, D.M.	Pogemiller	Waldorf
Dahl	Jude	Moe, R.D.	Purfeerst	Willet
DeCramer	Knutson	Nelson	Reichgott	
Dicklich	Kroening	Novak	Schmitz	
Dieterich	Langseth	Pehler	Solon	
Frank	Lantry	Peterson, C.C.	Spear	

The motion did not prevail. So the amendment was not adopted.

Mr. Benson moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S. F. No. 1727.)

Page 31, after line 27, insert:

**"Sec. 42. [621.21] [ACTIVATION OF MARKET ASSISTANCE PLAN AND JOINT UNDERWRITING ASSOCIATION.]**

*At any time the commissioner of commerce deems it necessary to provide assistance with respect to the placement of general liability insurance coverage on Minnesota risks for a class of business, the commissioner shall prepare a written petition, requesting that a hearing be held to determine whether activation of the market assistance plan and the joint underwriting association is necessary. A hearing must be held in accordance with section 43. The commissioner by order shall deactivate a market assistance program and the joint underwriting association at any time the commissioner finds that the market assistance program and the joint underwriting association are not necessary.*

## Sec. 43. [621.22] [HEARING.]

*Subdivision 1. [ADMINISTRATIVE LAW JUDGE.] The commissioner shall forward a copy of the petition to activate the market assistance plan and the joint underwriting association with respect to a class of business to the chief administrative law judge. The chief administrative law judge shall, within three business days of receipt of the copy of the petition, set a hearing date, assign an administrative law judge to hear the matter, and notify the commissioner of the hearing date and the administrative law judge assigned to hear the matter. The hearing date must be no less than 60 days nor more than 90 days from the date of receipt of the petition by the chief administrative law judge.*

*Subd. 2. [NOTICE.] The commissioner of commerce shall publish notice of the hearing in the state register at least 30 days before the hearing date. The notice should be that used for rulemaking under chapter 14. Approval by the administrative law judge of the notice prior to publication is not required.*

*Subd. 3. [CONTESTED CASE; REPORT.] The hearing and all matters after the hearing are a contested case under chapter 14. Within 45 days from the commencement of the hearing and within 15 days of the completion of the hearing the administrative law judge shall submit a report to the commissioner of commerce. The parties, or the administrative law judge, if the parties do not agree, shall adjust all time requirements under the contested case procedure to conform with the 45-day requirement.*

*Subd. 4. [DECISION.] The commissioner shall make a decision within ten days of the receipt of the administrative law judge's report.*

*Subd. 5. [WAIVER OR MODIFICATION.] If all parties to the proceeding agree, any of the requirements of this section may be waived or modified."*

Renumber the sections in sequence

Correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 38 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Jude	Merriam	Schmitz
Anderson	Davis	Kamrath	Olson	Sietoff
Belanger	DeCramer	Knaak	Peterson, D.L.	Storm
Benson	Frederick	Knutson	Petty	Taylor
Berg	Frederickson	Kronebusch	Purfeerst	Waldorf
Bernhagen	Gustafson	Laidig	Ramstad	Wegscheid
Brataas	Isackson	McQuaid	Renneke	
Chmielewski	Johnson, D.E.	Mehrkens	Samuelson	

Those who voted in the negative were:

Berglin	Freeman	Luther	Peterson, C.C.	Spear
Bertram	Hughes	Moe, D.M.	Peterson, D.C.	Stumpf
Dicklich	Kroening	Moe, R.D.	Peterson, R.W.	Willet
Diessner	Langseth	Nelson	Pogemiller	
Dietrich	Lantry	Novak	Reichgott	
Frank	Lessard	Pehler	Solon	

The motion prevailed. So the amendment was adopted.

**RECONSIDERATION**

Having voted on the prevailing side, Mr. Pehler moved that the vote whereby the second Kamrath amendment to H.F. No. 1950 was adopted on March 11, 1986, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 34 and nays 24, as follows:

Those who voted in the affirmative were:

Berglin	Freeman	Luther	Peterson, D.C.	Solon
Bertram	Hughes	Merriam	Peterson, R.W.	Spear
Dahl	Jude	Moe, D.M.	Petty	Stumpf
Dicklich	Kroening	Moe, R.D.	Pogemiller	Waldorf
Diessner	Langseth	Novak	Purfeerst	Wegscheid
Dieterich	Lantry	Pehler	Reichgott	Willet
Frank	Lessard	Peterson, C.C.	Schmitz	

Those who voted in the negative were:

Anderson	DeCramer	Johnson, D.E.	McQuaid	Samuelson
Belanger	Frederick	Kamrath	Mehrrens	Sieloff
Bernhagen	Frederickson	Knutson	Peterson, D.L.	Storm
Brataas	Gustafson	Kronebusch	Ramstad	Taylor
Davis	Isackson	Laidig	Renneke	

The motion prevailed. So the vote was reconsidered.

The question recurred on the adoption of the second Kamrath amendment.

The roll was called, and there were yeas 33 and nays 33, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Kamrath	Mehrrens	Sieloff
Anderson	DeCramer	Knaak	Olson	Storm
Belanger	Frederick	Knutson	Pehler	Taylor
Benson	Frederickson	Kronebusch	Peterson, D.L.	Waldorf
Bernhagen	Gustafson	Laidig	Ramstad	Wegscheid
Brataas	Isackson	Langseth	Renneke	
Chmielewski	Johnson, D.E.	McQuaid	Samuelson	

Those who voted in the negative were:

Berg	Frank	Lessard	Peterson, D.C.	Solon
Berglin	Freeman	Luther	Peterson, R.W.	Spear
Bertram	Hughes	Merriam	Petty	Stumpf
Dahl	Johnson, D.J.	Moe, D.M.	Pogemiller	Vega
Dicklich	Jude	Moe, R.D.	Purfeerst	Willet
Diessner	Kroening	Novak	Reichgott	
Dieterich	Lantry	Peterson, C.C.	Schmitz	

The motion did not prevail. So the amendment was not adopted.

Mr. Sieloff moved to amend H.F. No. 1950, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1727.)

Pages 55 and 56, delete sections 80 and 81 and insert:

“Sec. 80. Minnesota Statutes 1984, section 604.02, is amended to read:

604.02 [APPORTIONMENT OF DAMAGES.]

Subdivision 1. When two or more persons are jointly liable, contributions to awards shall be in proportion to the percentage of fault attributable to each, except that each is jointly and severally liable for the whole award.

Subd. 2. Upon motion made not later than one year after judgment is entered, the court shall determine whether all or part of a party's equitable share of the obligation is uncollectible from that party and shall reallocate any uncollectible amount among the other parties, including a claimant at fault, according to their respective percentages of fault. A party whose liability is reallocated is nonetheless subject to contribution and to any continuing liability to the claimant on the judgment.

Subd. 3. In the case of a claim arising from the manufacture, sale, use or consumption of a product, an amount uncollectible from any person in the chain of manufacture and distribution shall be reallocated among all other persons in the chain of manufacture and distribution but not among the claimant or others at fault who are not in the chain of manufacture or distribution of the product. Provided, however, that a person whose fault is less than that of a claimant is liable to the claimant only for that portion of the judgment which represents the percentage of fault attributable to him. [DEFINITION.] For purposes of this section, "person" includes a municipality as defined in section 466.01."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 41, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Johnson, D.E.	Mehrkens	Storm
Anderson	Chmielewski	Kamrath	Olson	Taylor
Belanger	Frederick	Knutson	Peterson, D.L.	
Benson	Frederickson	Kronebusch	Ramstad	
Berg	Gustafson	Laidig	Renneke	
Bernhagen	Isackson	McQuaid	Sieloff	

Those who voted in the negative were:

Berglin	Freeman	Luther	Peterson, R.W.	Stumpf
Bertram	Hughes	Merriam	Petty	Vega
Dahl	Johnson, D.J.	Moe, D.M.	Pogemiller	Waldorf
Davis	Jude	Moe, R.D.	Purfeerst	Wegscheid
DeCramer	Knaak	Nelson	Reichgott	Willet
Dicklich	Kroening	Novak	Samuelson	
Diessner	Langseth	Pehler	Schmitz	
Dieterich	Lantry	Peterson, C.C.	Solon	
Frank	Lessard	Peterson, D.C.	Spear	

The motion did not prevail. So the amendment was not adopted.

H.F. No. 1950 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 8, as follows:

Those who voted in the affirmative were:

Benson	Frank	Kroening	Novak	Renneke
Berg	Frederick	Kronebusch	Olson	Samuelson
Berglin	Frederickson	Laidig	Pehler	Schmitz
Bernhagen	Freeman	Langseth	Peterson, C.C.	Sieloff
Bertram	Hughes	Lantry	Peterson, D.C.	Solon
Brataas	Isackson	Lessard	Peterson, D.L.	Spear
Dahl	Johnson, D.E.	Luther	Peterson, R.W.	Stumpf
Davis	Johnson, D.J.	McQuaid	Petty	Taylor
DeCramer	Jude	Merriam	Pogemiller	Vega
Dicklich	Kamrath	Moe, D.M.	Purfearst	Wegscheid
Diessner	Knaak	Moe, R.D.	Ramstad	Willet
Dieterich	Knutson	Nelson	Reichgott	

Those who voted in the negative were:

Adkins	Belanger	Gustafson	Storm	Waldorf
Anderson	Chmielewski	Mehrken		

So the bill, as amended, passed and its title was agreed to.

### MEMBERS EXCUSED

Mr. Freeman was excused from the Session of today from 7:00 to 8:15 p.m. Mr. Gustafson was excused from the Session of today from 7:00 to 8:15 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Wednesday, March 12, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-FOURTH DAY

St. Paul, Minnesota, Wednesday, March 12, 1986

The Senate met at 10:00 a.m. and was called to order by the President.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Roger Carroll.

The roll was called, and the following Senators answered to their names:

Adkins	Diessner	Knutson	Novak	Schmitz
Anderson	Dieterich	Kroening	Olson	Sieloff
Belanger	Frank	Kronebusch	Pehler	Solon
Benson	Frederick	Laidig	Peterson, C.C.	Spear
Berg	Frederickson	Langseth	Peterson, D.C.	Storm
Berglin	Freeman	Lantry	Peterson, D.L.	Stumpf
Bernhagen	Gustafson	Lessard	Peterson, R.W.	Taylor
Bertram	Hughes	Luther	Petty	Vega
Brataas	Isackson	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Purfearer	Wegscheid
Dahl	Johnson, D.J.	Merriam	Ramstad	Willet
Davis	Jude	Moe, D.M.	Reichgott	
DeCramer	Kamrath	Moe, R.D.	Renneke	
Dicklich	Knaak	Nelson	Samuelson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

### 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. 15: A House concurrent resolution establishing days of remembrance of the victims of the Holocaust.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 11, 1986

Mr. Moe, R.D. moved that House Concurrent Resolution No. 15 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. 1958, 2130, 1863, 1990, 2080, 2195, 2405 and 1875.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 11, 1986

### FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 1958: A bill for an act relating to crime victims; providing increased protections and rights to victims of crime; providing new procedures for enforcing restitution orders; establishing local victim-witness assistance programs; making a variety of changes to the crime victims reparations act; increasing the membership of the crime victim and witness advisory council; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.135, by adding a subdivision; 611A.03, subdivision 1; 611A.04, subdivision 2; 611A.06; 611A.53, subdivision 1, and by adding a subdivision; 611A.57, by adding a subdivision; and 611A.61; and Minnesota Statutes 1985 Supplement, sections 609.101; 611A.52; 611A.53, subdivision 2; 611A.54; 611A.56, subdivision 1; 611A.71, subdivisions 1 and 2; and 631.046; proposing coding for new law in Minnesota Statutes, chapter 611A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1953, now on General Orders.

H.F. No. 2130: A bill for an act relating to public safety; regulating transportation of firearms and bows; amending Minnesota Statutes 1984, section 100.29, subdivision 5.

Referred to the Committee on Agriculture and Natural Resources.

H.F. No. 1863: A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing protection for crime victims against adverse employer actions; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 611A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1770.

H.F. No. 1990: A bill for an act relating to local government; authorizing home rule charter or statutory cities to establish economic development districts; granting powers to cities and authorities; amending Minnesota Statutes 1984, sections 116D.04, subdivision 1a; 117.521, subdivision 3; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2 and 8; 273.86, subdivision 1; 355.11, subdivision 5; 462C.02, subdivisions 6 and 9; 471.88, subdivisions 1, 9, and 11; 474.02, subdivision 3; and 474.16, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.75, subdivision 4; 353.01, subdivi-

sion 2a; 395.08; 462C.12, subdivision 2; and 472B.04; proposing coding for new law in Minnesota Statutes, chapter 458; and proposing coding for new law as Minnesota Statutes, chapter 458C.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 2080: A bill for an act relating to agriculture; declaring state policy relating to paddy-grown rice; amending Minnesota Statutes 1985 Supplement, sections 92.50, subdivision 1; 92.501, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 30.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1967.

H.F. No. 2195: A bill for an act relating to the city of McIntosh; authorizing the city to issue bonds in excess of its net debt limitations.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1998, now on General Orders.

H.F. No. 2405: A bill for an act relating to elections in the city of Minneapolis; changing the time of election of certain board members; extending certain terms.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1985, now on General Orders.

H.F. No. 1875: A bill for an act relating to health; creating a public corporation to provide health care services, education, and research; providing for governance of St. Paul Ramsey Medical Center and creation of a physicians and dentists subsidiary; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1710, now on General Orders.

## REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Spear from the Committee on Judiciary, to which was referred

S.F. No. 1770: A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing a court procedure to freeze bank funds of persons charged with certain crimes; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 12, insert:

"Section 1. Minnesota Statutes 1984, section 260.155, is amended by

adding a subdivision to read:

*Subd. 1a. [RIGHT TO PARTICIPATE IN PROCEEDINGS.] A child who is the subject of a petition, and the parents, guardian, or custodian of the child, and any grandparent of the child with whom the child has resided within the past two years, have the right to participate in all proceedings on a petition.*

Sec. 2. Minnesota Statutes 1984, section 260.155, is amended by adding a subdivision to read:

*Subd. 1b. [EFFECTIVE ASSISTANCE OF COUNSEL.] Any party who has a right to participate in proceedings on a petition, as provided under subdivision 1a, has the right to effective assistance of counsel at all stages of the court proceedings. If a party who is not otherwise entitled to appointed counsel as provided under subdivision 1c or 1d wants the assistance of counsel but cannot afford it, the court may appoint counsel to assist the party. Payment for appointed counsel is governed by section 260.251, subdivision 4.*

Sec. 3. Minnesota Statutes 1984, section 260.155, is amended by adding a subdivision to read:

*Subd. 1c. [CHILD'S RIGHT TO BE REPRESENTED BY COUNSEL AT COURT PROCEEDINGS.] (a) [DEFINITIONS.] For the purposes of this subdivision:*

*(1) "counsel" means an attorney acting as adversary counsel who shall advance and protect the legal rights of the child, and who may not act as guardian ad litem for the child in the same proceeding; and*

*(2) "totality of circumstances" includes but is not limited to the child's age, maturity, intelligence, education, experience, and ability to comprehend, and the presence and competence of the child's parents, guardian, or guardian ad litem.*

*(b) [RIGHT TO COUNSEL.] A child who is subject to the court's jurisdiction under section 260.111, except cases involving a minor traffic offense as defined in section 260.193, subdivision 1, has the right to be represented by counsel at every stage of the court proceedings. If the child wants to be represented by counsel but cannot afford it, the child is entitled to have counsel appointed by the court to represent the child. Payment for appointed counsel is governed by section 260.251, subdivision 4.*

*(c) [ADVISORY OF RIGHT TO COUNSEL.] A child who is subject to the court's jurisdiction under section 260.111 in cases involving delinquency, dependency, or neglect shall be advised of the right to counsel by an attorney who is not employed by or acting as an agent of the county attorney or the court at the start of the child's first court proceeding. In all other cases where a child has the right to be represented by counsel under this subdivision, the child must be advised by the court on the record of the right to counsel at the start of the child's first court proceeding.*

*(d) [WAIVER OF RIGHT TO COUNSEL.] A child may waive the right to counsel only after having been advised of this right in the manner provided in paragraph (c). If the child chooses to waive the right to counsel, the attorney who advised the child under paragraph (c), if applicable under that para-*

*graph, shall inform the court of the child's waiver at the child's first court hearing. The court may accept the child's waiver only if the waiver is made voluntarily and intelligently. In determining whether a child has voluntarily and intelligently waived the right to counsel the court shall look at the totality of circumstances. If the court accepts a child's waiver of the right to counsel, the court shall advise the child on the record of the right to counsel at the beginning of each subsequent stage of the court proceedings at which the child is not represented by counsel. If the court accepts the child's waiver, it shall state on the record the findings and conclusions that form the basis for its decision to accept the waiver.*

Sec. 4. Minnesota Statutes 1984, section 260.155, is amended by adding a subdivision to read:

*Subd. 1d. [PARENT'S, GUARDIAN'S, OR CUSTODIAN'S RIGHT TO BE REPRESENTED BY COUNSEL AT COURT PROCEEDINGS.] The parent, guardian, or custodian of a child who is subject to the court's jurisdiction under section 260.111 in cases involving dependency, neglect, neglected and in foster care, termination of parental rights, and review of out-of-home placement has the right to be represented by counsel at all stages of the court proceedings. If the parent, guardian, or custodian wants to be represented by counsel but cannot afford it, such person is entitled to have counsel appointed by the court to represent the person. Payment for appointed counsel is governed by section 260.251, subdivision 4.*

Sec. 5. Minnesota Statutes 1984, section 260.251, subdivision 4, is amended to read:

*Subd. 4. [ATTORNEYS FEES.] In proceedings in which the court has appointed counsel pursuant to section 260.155, ~~subdivision 2, for a minor unable to employ counsel,~~ the court may inquire into the ability of the child and the child's parents, grandparents, guardian, or custodian to pay for ~~such~~ the counsel's services and, after giving the parents a reasonable opportunity to be heard, may order the child or the child's parents, grandparents, guardian, or custodian to pay attorneys fees in whole or in part."*

Page 3, line 6, strike "make and"

Page 3, line 7, after "returns" insert a comma

Page 3, line 9, after "who" insert "attempts to evade the tax by (i)" and strike "fails" and insert "failing"

Page 3, line 9, strike "or" and strike "make and" and insert a comma

Page 3, line 10, strike "quarterly" and after "return" insert a comma

Page 3, line 11, delete "makes or files" and insert "(ii) willfully preparing or filing" and delete "quarterly" and delete "or" and strike "attempts to evade"

Page 3, line 12, strike "or defeat the tax"

Page 5, line 2, before "Proceeds" insert "(a)"

Page 5, line 8, strike "(a)" and insert "(1)"

Page 5, line 15, strike "(b)" and insert "(2)"

Page 5, line 22, strike "(c)" and insert "(3)"

Page 5, line 28, strike "(d)" and insert "(4)"

Page 5, delete lines 33 to 36 and insert:

*"(b) Any property acquired during or after the commission of the designated offense shall be presumed to be proceeds derived from or traced to the commission of a designated offense and subject to forfeiture under paragraph (a)."*

Page 6, delete line 1

Page 6, line 2, delete "proceeds."

Pages 6 and 7, delete section 3 and insert:

"Sec. 8. [REPEALER.]

*Minnesota Statutes 1984, sections 260.155, subdivision 2, and 609.405, are repealed."*

Page 7, line 31, delete "3" and insert "7"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "providing for the right to counsel in juvenile proceedings in certain instances;"

Page 1, line 6, delete everything after the semicolon

Page 1, line 7, delete everything before "amending" and insert "repealing the crime of criminal syndicalism;"

Page 1, line 7, after "amending" insert "Minnesota Statutes 1984, sections 260.155, by adding subdivisions; 260.251, subdivision 4; and"

Page 1, line 9, delete "proposing"

Page 1, delete line 10 and insert "repealing Minnesota Statutes 1984, sections 260.155, subdivision 2; and 609.405."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 2256: A bill for an act relating to taxation; property; requiring the state and local units of government to provide notification of tax liability being assumed by certain lessees or users of public property; amending Minnesota Statutes 1984, section 272.01, 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. [CITY OF MINNEAPOLIS; PROPERTY TAX FORGIVENESS.]

*Notwithstanding any other law to the contrary, the city of Minneapolis, by*

resolution or ordinance of the city council, may forgive liability for the tax imposed by section 272.01, subdivision 2, relating to property leased by the Minneapolis community development agency during the years 1981 to 1984, situated in the city of Minneapolis, county of Hennepin, state of Minnesota, described as: all of tracts A, B, and C, Registered Land Survey No. 410, and all of block 2, subdivision of block 39, St. Anthony Falls, except those parts of lots 19 and 20 upon which the structure identified as 11 - 13 Second Street Southeast is situated.

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.*

Amend the title as follows:

Page 1, delete lines 2 to 6 and insert "relating to the city of Minneapolis; authorizing forgiveness of certain property taxes."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was referred

S.F. No. 164: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 14, insert:

"Rodney P. Kephart, P.O. Box 252, Stanley, North Dakota 58784 \_\_\_\_\_ \$400.

Everett Oolman, Rte. 1, Box 98AH, Fulda, Minnesota 56131 \_\_\_\_\_ \$400.

Lyle F. Redmond, 4434-41st Avenue South, Minneapolis, Minnesota 55406 \_\_\_\_\_ \$275.

Loren C. Smith, Sr., 5521-79th Street, Sacramento, California 95820 \_\_\_\_\_ \$400."

Page 1, delete lines 17 and 18 and insert:

"Edward Beckett (beneficiary), 1294 West Front Street, Lincroft, New Jersey 07738 \_\_\_\_\_ \$80."

Page 1, after line 22, insert:

"Viola Leipzig (beneficiary), 5257 Lost Creek Road, Shingle Springs, California 95682 \_\_\_\_\_ \$80."

Page 2, after line 2, insert:

"Lillian McGee (beneficiary), 1940 Peosta, Helena, Montana 59601 \_\_\_\_\_ \$80."

Page 2, after line 4, insert:

"Lucille Ripplinger (beneficiary), 912-9th Street, Cloquet, Minnesota

55720\_\_\_\_\_ \$80.

*James L. Westphal, 3852 Minuteman Lane, Lexington, Minnesota*  
55112\_\_\_\_\_ \$157.50.

*Eleanor Wong (beneficiary), 556 Broadway, Helena, Montana*  
59601\_\_\_\_\_ \$80."

Page 2, line 5, after "[VIETNAM SERVICE.]" insert "*Roy J. Alder, Box 222, Audubon, Minnesota 56511\_\_\_\_\_ \$300.*"

Page 2, after line 6, insert:

*"William R. Barnes, 1049-1/2 South Norton Avenue, Los Angeles, California 90019\_\_\_\_\_ \$600."*

Page 2, after line 8, insert:

*"Thomas L. Blake, 622 South 10th Street, #4, Moorhead, Minnesota 56560\_\_\_\_\_ \$300."*

Page 2, after line 12, insert:

*"Clifton Curtis, Jr., 925-30th Avenue South, #102, Minneapolis, Minnesota 55406\_\_\_\_\_ \$300."*

*Anthony T. Fronk, 832 Case Avenue, Apartment-Up, St. Paul, Minnesota 55106\_\_\_\_\_ \$105."*

Page 2, after line 14, insert:

*"Harley J. Goodman, 2832 Chicago Avenue South, #102, Minneapolis, Minnesota 55407\_\_\_\_\_ \$300."*

*Donald N. Grattan, Route 3, Box 335, Brainerd, Minnesota 56401\_\_\_\_\_ \$600.*

*Julie Ann Harris, P.O. Box 354, Pinewood, Minnesota 56664\_\_\_\_\_ \$100.*

*Albertha Hill (beneficiary), 103 DeAnn Street, Crystal Springs, Mississippi 39083\_\_\_\_\_ \$1,000.*

*Joseph F. Holstein, Schley Route, Cass Lake, Minnesota 56633\_\_\_\_\_ \$100."*

Page 2, after line 16, insert:

*"Donald H. Hutchins, 1205 Main Prairie Road, St. Cloud, Minnesota 56301\_\_\_\_\_ \$300."*

Page 2, after line 18, insert:

*"Jon F. Jennings, 1260 Oakview Drive, #4, St. Charles, Minnesota 55972\_\_\_\_\_ \$195."*

Page 2, after line 22, insert:

*"Randall A. LaKosky, P.O. Box 1188, Virginia, Minnesota 55792\_\_\_\_\_ \$255."*

*Ronald F. Lawrence, 1200 East 18th Street, Hastings, Minnesota 55033\_\_\_\_\_ \$180."*

Page 2, after line 26, insert:

"James A. Martin, 2118 Senate Drive, Bismarck, North Dakota 58501\_\_\_\_\_ \$100.

Robert D. McMahon, c/o Johnson Accounting Service, 780 East 7th Street, St. Paul, Minnesota 55106\_\_\_\_\_ \$285.

Bruce D. McPhee, P.O. Box 75634, St. Paul, Minnesota 55175\_\_\_\_\_ \$225.

David H. Mueller, 1712 West 82nd Street, Inver Grove Heights, Minnesota 55075\_\_\_\_\_ \$600."

Page 2, after line 28, insert:

"Wayne R. Naplin, Star Rt., Box 63, Chesaw-Oroville, Washington 98844\_\_\_\_\_ \$600."

Page 2, after line 31, insert:

"Harold B. Oen, 2821 Idaho Avenue North, Crystal, Minnesota 55427\_\_\_\_\_ \$210."

Page 2, after line 33, insert:

"William A. Olson, 103-17th Street, Cloquet, Minnesota 55720\_\_\_\_\_ \$165."

Page 2, after line 35, insert:

"Richard A. Pedersen, 6120 Oxboro Avenue North, #222, Stillwater, Minnesota 55082\_\_\_\_\_ \$195.

Alton A. Peterson, 17527 Cherry Drive, Eden Prairie, Minnesota 55344\_\_\_\_\_ \$300.

Lyall B. Peterson, Box 182, Anoka, Minnesota 55303\_\_\_\_\_ \$105.

Steven M. Peterson, 9408 Elliot Avenue South, Bloomington, Minnesota 55420\_\_\_\_\_ \$100."

Page 3, after line 5, insert:

"William E. Tolrud, RR 2, Deer River, Minnesota 56636\_\_\_\_\_ \$105.

## Sec. 2. [OTHER GENERAL FUND CLAIMS.]

*Subdivision 1. The sums set forth in this section are appropriated from the general fund to the persons named in this section in full and final payment of claims against the state. This appropriation is available until June 30, 1987.*

*Subd. 2. Steven R. Hamberg, c/o Paulette Calderon, Freeborn County Department of Court Services, Courthouse, Albert Lea, Minnesota 56007, for medical expenses incurred while claimant was doing court-ordered community service restitution\_\_\_\_\_ \$276.95.*

*Subd. 3. Rufus L. Hare, 1819 Plymouth Avenue North, Minneapolis, Minnesota 55411, for an injury received while doing his assigned tasks at Minnesota correctional facility-Stillwater, which resulted in a permanent partial disability of his right hand\_\_\_\_\_ \$2,142.00.*

*Subd. 4. Dudley L. Johnson, 911 Oakland Park Road, P. O. Box 716,*



Thief River Falls, Minnesota 56701, to replace the prosthetic arm he has been using since he lost his right arm while doing his assigned tasks at the Minnesota correctional facility-Red Wing, in 1955. This appropriation is to the commissioner of corrections to pay the necessary expenses related to replacing the arm and maintaining it in proper working order, to remain available until expended and without prejudice to future claims for future medical and prosthetic expenses\_\_\_\_\_ \$10,000.00.

Subd. 5. Robert Letourneau, No. 119469, Minnesota Correctional Facility-St. Cloud, Box B, St. Cloud, Minnesota 55301, for an injury received while doing his assigned tasks at Minnesota Correctional Facility-St. Cloud, which resulted in a permanent partial disability of his left thumb\_\_\_\_\_ \$1,000.00.

Subd. 6. Richard Love, c/o Lynnette Gagne, Restitution Coordinator, St. Louis County Division, Courthouse, Duluth, Minnesota 55802, for medical expenses for an injury claimant received while doing court-ordered community service restitution\_\_\_\_\_ \$34.95.

Subd. 7. Overgaard, Oscar T., Route 2, Luverne, Minnesota 56156, indemnity for cattle destroyed to prevent the spread of brucellosis\_\_\_\_\_ \$5,000.00.

Subd. 8. RAM, a Scott County Juvenile, c/o Dennis Miller, Scott County Probation Officer, Suite 207, Courthouse, Shakopee, Minnesota 55379, for medical expenses for an injury claimant received while doing court-ordered community service restitution\_\_\_\_\_ \$22.00.

Subd. 9. Rodgers, Johnnie B., No. 111113, Minnesota Correctional Facility-Stillwater, Box 55, Stillwater, Minnesota 55082, for a pair of shoes that were medically necessary because of an injury received while doing his assigned tasks at Minnesota Correctional Facility-Stillwater\_\_\_\_\_ \$32.00.

Subd. 10. Todd County Wetlands Hearings Unit, c/o Robert Mostad, Chairman, Route 2, Box 49, Osakis, Minnesota 56360, for legal fees incurred in the state's appeal of the Hearings Unit's decision\_\_\_\_\_ \$16,566.82.

Subd. 11. Triebwasser, Amidon W., Box 172, Cotton, Minnesota 55724, indemnity for bison destroyed to prevent the spread of tuberculosis\_\_\_\_\_ \$3,040.00.

Subd. 12. Brad D. Ward, 6300 Morgan Avenue South, Richfield, Minnesota 55423, for medical expenses for an injury claimant received when attacked by another inmate at Minnesota correctional facility-Stillwater. This appropriation is to the commissioner of corrections to pay the necessary expenses to complete facial surgery when it is performed\_\_\_\_\_ \$2,000.00.

Subd. 13. City of Wayzata, 600 Rice Street, Wayzata, Minnesota 55391, for unemployment compensation benefits paid as ordered by a referee, whose order was finally reversed on appeal\_\_\_\_\_ \$4,775.00.

### Sec. 3. [TRUNK HIGHWAY FUND CLAIMS.]

Subdivision 1. The sums set forth in this section are appropriated from the

*trunk highway fund to the commissioner of transportation for payment to the persons named in this section in full and final payment of claims against the state. This appropriation is available until June 30, 1987.*

*Subd. 2. Township of Breitung, Box 56, Soudan, Minnesota 55782, as a refund of amounts paid for reconveyance of land that had been conveyed to the state for one dollar \_\_\_\_\_\$500.00.*

*Subd. 3. City of Chisago City, 29246 Old Towne Road, Chisago City, Minnesota 55013, for costs incurred in acquiring land to build a frontage road north of U.S. highway 8 \_\_\_\_\_\$110,000.00.*

*Subd. 4. Culdrum Township, Swanville Township, City of Swanville, Route 2, Box 130, Little Falls, Minnesota 56345, for repairs to town and city roads necessitated by excess traffic caused by the closure of a state highway for construction \_\_\_\_\_\$3,470.56.*

#### Sec. 4. [GAME AND FISH FUND CLAIM.]

*Subdivision 1. The sum set forth in this section is appropriated from the game and fish fund to the Commissioner of Natural Resources for payment to the person named in this section in full and final payment of claims against the state. This appropriation is available until June 30, 1987.*

*Subd. 2. Morey's Fish Company, P.O. Box 248, Motley, Minnesota 56466, for loss of value to a commercial fish warehouse and processing plant due to the elimination of commercial fishing on Lake of the Woods \_\_\_\_\_\$27,500.00."*

Page 3, line 6, delete "2" and insert "5"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1814: A bill for an act relating to health and human services; establishing a task force on long-term care planning; requiring the commissioner of health to monitor transitional care; authorizing use of swing beds by patients transferred from hospitals located outside of the patient's community; modifying the preadmission screening program; establishing requirements for medical assistance rate appeals procedures for intermediate care facilities; requiring a study of geographic groupings of nursing homes; amending Minnesota Statutes 1985 Supplement, sections 144.562, subdivision 3; 144.563; 256B.091, subdivisions 2, 4, 5, and 8; and 256B.501, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 144A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 17, delete everything after the period

Page 3, delete lines 18 and 19

Page 4, line 36, delete the new language and after the period, insert "Under appropriate circumstances, the screening may be conducted by one member of the screening team in consultation with the other member."

Page 9, after line 27, insert:

“Sec. 8. Minnesota Statutes 1985 Supplement, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing home and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a of this section, the commissioner may authorize continued medical assistance payments to a nursing home which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by subdivision 1, paragraph (a), for (i) residents who resided in the nursing home before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. *Nursing homes seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant.* In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing home under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing home.”

Page 11, line 10, delete “8” and insert “9”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the semicolon, insert “changing financial statement certification requirements for nursing homes that are phasing out of the medical assistance program;”

Page 1, line 14, after the first semicolon, insert “256B.48, subdivision 1b;”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 1584: A bill for an act relating to taxation; providing that nonresident entertainers are exempt from the income tax; amending Minnesota Statutes 1984, section 290.92, subdivision 4a; and Minnesota Statutes 1985 Supplement, sections 290.01, subdivision 20b; and 290.17, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 to 3, delete section 1

Page 4, line 14, reinstate the stricken language

Page 4, line 15, strike everything after “for”

Page 4, line 16, strike everything before the period and insert “a perform-

*ance within this state is not assignable to Minnesota”*

Page 4, strike lines 17 to 36

Page 5, lines 1 to 4, strike the old language

Page 8, lines 18 to 30, strike the old language

Page 8, after line 35, insert:

“Sec. 4. [290.965] [TAX ON COMPENSATION PAID TO NONRESIDENT ATHLETES AND ENTERTAINERS.]

*Subdivision 1. [IMPOSITION.] In lieu of any other tax imposed under this chapter on income from compensation for an athletic or entertainment performance in this state by an athlete or entertainer who is a nonresident, there is imposed a tax of one percent on the gross amount of that compensation.*

*Subd. 2. [WITHHOLDING.] Any employer, as defined in section 290.92, who hires or enters into a contract with any nonresident athlete or entertainer to provide an athlete or entertainment performance in this state must withhold an amount equal to one percent of the amount of any payment to the nonresident athlete or entertainer for that performance.*

*Subd. 3. [DEPOSIT OF WITHHELD FUNDS.] An employer who withholds from payments pursuant to subdivision 2 shall transmit the amount withheld to the commissioner of revenue within two business days of making the payment, together with the information required by the commissioner as necessary for the administration of this section. The provisions of section 290.92, subdivision 6a, shall apply to this section.”*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after “nonresident” and insert “athletes and”

Page 1, line 3, after the semicolon, insert “imposing an alternative tax on their income;”

Page 1, line 5, delete “sections” and insert “section”

Page 1, line 6, delete “290.01, subdivision 20b; and” and before the period, insert “; proposing coding for new law in Minnesota Statutes, chapter 290”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 2280: A bill for an act relating to taxation; imposing levy limits on certain towns and cities; altering provisions governing distribution of certain taconite tax proceeds; reducing the taconite railroad gross earnings tax rate; reducing occupation and royalty tax rates; providing for the deduction of taconite production taxes and transportation costs; amending Minnesota Statutes 1984, sections 275.125, subdivision 9; 275.50, subdivision 2; 275.51, subdivision 3f; 298.225, by adding a subdivision; and 298.24, sub-

division 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; 298.03; 298.225, subdivision 1; 298.28, subdivision 1; and 299.01, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 6, line 12, delete "12" and insert "13"

Page 6, line 21, before "The valuation" insert "*Subdivision 1. [GENERAL RULES.]*"

Page 7, line 30, delete the new language

Page 7, delete lines 31 to 33

Page 7, after line 34, insert:

*"Subd. 2. [SPECIAL TRANSPORTATION COSTS.] If the ore is not transported using the Great Lakes Seaway system, the commissioner must allow, as a deduction in computing the valuation of the ore, the reasonable cost of transportation of the ore to its destination. This subdivision does not affect the valuation of ore shipped using the Great Lakes Seaway system."*

Page 8, line 22, delete "1988" and insert "1987"

Page 8, line 23, delete "1987" and insert "1986"

Page 8, line 36, delete "1987" and insert "1986"

Page 9, line 18, reinstate the stricken "1987" and delete the new language

Page 17, line 31, delete "12" and insert "13"

Page 17, line 34, delete "1988" and insert "1987" and delete ", except that the increase in the" and insert a period

Page 17, delete lines 35 and 36

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 2054: A bill for an act relating to taxation; sales; clarifying the application of the exemption for certain fundraising activities to certain school organizations; amending Minnesota Statutes 1985 Supplement, section 297A.256.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, after line 3, insert:

"Sec. 2. Minnesota Statutes 1984, section 309.501, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meanings given them.

"Registered combined charitable organization" means an organization

(1) which is tax exempt under section 501(c)3 of the Internal Revenue Code of 1954, as amended through December 31, 1980 (hereinafter "Internal Revenue Code"), and to which contributions are deductible under section 170 of the Internal Revenue Code;

(2) which secures funds for distribution to ten or more charitable agencies in a single, annual consolidated effort;

(3) which is governed by a voluntary board of directors which represents the broad interests of the public;

(4) which distributes at least 70 percent of its total collected income and revenue to the designated agencies it supports and expends no more than 30 percent of its total income and revenue for management and general costs and fund raising costs; *provided that until January 1, 1990, an organization shall also be deemed to have met the requirement in this clause if it has been incorporated for no more than 12 years, has operated as a registered combined charitable organization for no more than two years, distributes 68 percent of its total income and revenue to the designated agencies it supports, expends no more than 32 percent of its total income and revenue for management, general costs, and fund raising costs, and distributes at least 85 percent of its payroll deduction income to the designated agencies it supports;*

(5) and each designated agency supported by the recipient institution devotes substantially all of its activities directly to providing health, welfare, social, or other human services to individuals;

(6) and each designated agency supported by the recipient institution provides health, welfare, social, or other human services, in the community and surrounding area in which the recipient institution's fund drive takes place; and

(7) which has been registered with the commissioner of commerce in accordance with this section.

"Charitable agency" means a governmental agency or an organization (1) which is tax exempt under section 501(c)3 of the Internal Revenue Code; (2) to which contributions are deductible under section 170 of the Internal Revenue Code; and (3) which is in compliance with the provisions of this chapter."

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "defining registered combined charitable organization;"

Page 1, line 4, after "amending" insert "Minnesota Statutes 1984, section 309.501, subdivision 1; and"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1744: A bill for an act relating to motor vehicles; providing for

special license plates for Vietnam era veterans; amending Minnesota Statutes 1984, section 168.12, 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 1984, section 168.12, subdivision 2c, is amended to read:

Subd. 2c. [NATIONAL GUARD; VIETNAM VETERANS; PRISONERS OF WAR; SPECIAL LICENSE PLATE.] The registrar shall issue special license plates to any applicant who is a regularly enlisted or commissioned member of the Minnesota national guard, other than an inactive or retired member, and any applicant who has served in the active military service in any branch of the armed forces of the United States, any applicant who served in the active military service in any branch of the armed forces of the United States in Southeast Asia after July 1, 1961, and before July 1, 1978, and any applicant who was a prisoner of war, if the applicant is an owner or joint owner of a passenger automobile, station wagon, or van or pickup truck included within the definition of a passenger automobile upon payment of a fee of \$10, payment of the registration tax required by law, and compliance with other laws of this state relating to registration and licensing of motor vehicles and drivers. The adjutant general shall design these special plates subject to the approval of the registrar. No applicant shall be issued more than two sets of plates for vehicles owned or jointly owned by the applicant. The adjutant general shall estimate the number of special plates that will be required and submit the estimate to the registrar.

Special plates issued under this subdivision based on a person's status as a member of the Minnesota national guard may only be used during the period that the owner or joint owner of the vehicle is an active member of the Minnesota national guard as specified in this subdivision. When the person to whom the special plates were issued is no longer an active member of the Minnesota national guard, the special plates must be removed from the vehicle and returned to the registrar. Upon return of the special plates, the owner or purchaser of the vehicle is entitled to receive regular plates for the vehicle without cost for the remainder of the registration period for which the special plates were issued. ~~While the person is an active member of the Minnesota national guard,~~ Plates issued pursuant to this subdivision may be transferred to another motor vehicle owned or jointly owned by that person upon payment of a fee of \$5. *Special plates issued based on a person's status as a member of the Minnesota national guard may be transferred only while the person is an active member.*

All fees collected under the provisions of this subdivision shall be paid into the state treasury and credited to the highway user tax distribution fund.

The registrar may adopt rules under the Administrative Procedure Act to govern the issuance and use of the special plates authorized by this subdivision.

Sec. 2. [REPEALER.]

*Minnesota Statutes 1984, section 168.125, subdivision 1, is repealed.”*

Amend the title as follows:

Page 1, line 3, before the semicolon, insert “, national guard members, and former prisoners of war”

Page 1, line 4, delete “by adding a”

Page 1, line 5, before the period, insert “2c; repealing Minnesota Statutes 1984, section 168.125, subdivision 1”

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 631: A bill for an act relating to hazardous substances; requiring hazardous substance notification report forms to be filed with a fire department by every employer; providing for duties of fire departments and duties of the commissioner of public safety; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 299F.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [299F.091] [CITATION.]

*Sections 1 to 9 may be cited as the “community emergency response hazardous substances protection act.”*

Sec. 2. [299F.092] [DEFINITIONS.]

*Subdivision 1. [SCOPE.] The terms used in sections 1 to 9 have the meanings given them in this section.*

*Subd. 2. [CLASSIFIED INFORMATION.] “Classified information” means information, data, or both that, for security reasons, has been given a special security classification such as “secret,” “confidential,” “private,” or “nonpublic,” by federal statute or rule and that, when so classified, is subject to handling, use, and storage in accordance with established standards to prevent unauthorized use or disclosure.*

*Subd. 3. [COMMISSIONER.] “Commissioner” means the commissioner of public safety.*

*Subd. 4. [EMERGENCY RESPONSE PERSONNEL.] “Emergency response personnel” means personnel employed or authorized by the federal government, the state, or a political subdivision to provide fire suppression, police protection, emergency medical services, or emergency activities relating to health and safety.*

*Subd. 5. [EMPLOYER.] “Employer” means an employer as defined in section 182.651, subdivision 7. For the purposes of sections 1 to 9, “employer” also means a partnership or a self-employed person, whether or not the partnership or person has other employees. “Employer” does not mean a farm that is a “small business.”*

*Subd. 6. [FIRE DEPARTMENT.] “Fire department” means a regularly*



organized fire department, fire protection district, or fire company as defined in the uniform fire code adopted under section 299F.011, regularly charged with the responsibility of providing fire protection to the state or a political subdivision.

*Subd. 7. [HAZARD CATEGORY.] "Hazard category" means a list or description of hazardous substances, as developed by rule by the commissioner of public safety, including human reproductive hazards, flammable substances, human carcinogens, explosives, corrosives, and reactive agents, that present similar hazards in an emergency, or individual hazardous substances of special concern to emergency response personnel.*

*Subd. 8. [HAZARDOUS SUBSTANCE.] "Hazardous substance" means a substance or mixture as defined in section 182.651, subdivisions 14, 17, and 18, except that sections 1 to 9 do not apply to any hazardous substance while it is being transported in interstate or intrastate commerce.*

*Subd. 9. [HAZARDOUS SUBSTANCE NOTIFICATION ADVISORY COMMITTEE.] "Hazardous substance notification advisory committee" is the committee established under section 7.*

*Subd. 10. [HAZARDOUS SUBSTANCE NOTIFICATION REPORT.] "Hazardous substance notification report" means a written record submitted to a fire department, for each workplace, that contains the information required in section 4.*

*Subd. 11. [LOCAL FIRE DEPARTMENT.] "Local fire department" means the fire department that would normally respond to a fire at a given workplace.*

*Subd. 12. [MATERIAL SAFETY DATA SHEET.] "Material safety data sheet" means a completed form recognized by the occupational safety and health administration, equivalent manufacturer's literature, or another form containing substantially the same information pertaining to a specific hazardous substance or a mixture containing one or more hazardous substances.*

*Subd. 13. [NONPUBLIC DATA.] "Nonpublic data" has the meaning given it in section 13.02, subdivision 9.*

*Subd. 14. [SIGNIFICANT CHANGE.] "Significant change" means a change in the reportable quantity of a hazardous substance that places the substance in a different quantity range as specified on the hazardous substance notification report form.*

*Subd. 15. [SMALL BUSINESS.] "Small business" means a business entity organized for profit, including any individual, partnership, corporation, joint venture, association, or cooperative that has 20 or fewer full-time employees, or equivalent full-time employees during the preceding fiscal year or not more than \$1,000,000 in annual gross revenue in the preceding fiscal year, and that is not an affiliate or subsidiary of a business having more than 20 full-time or equivalent full-time employees and more than \$1,000,000 in annual gross revenues. For the purposes of this subdivision, "equivalent full-time employees" means part-time employees' work time combined to total 2,000 hours or the equivalent of one full-time employee.*

*Subd. 16. [WORK AREA.] "Work area" means a defined space in a*

workplace where hazardous chemicals are stored, produced, or used and where employees are present.

*Subd. 17. [WORKPLACE.] "Workplace" means an establishment at one geographical location containing one or more work areas.*

**Sec. 3. [299F.093] [POWERS AND DUTIES OF COMMISSIONER.]**

*Subdivision 1. [DUTIES.] (a) The commissioner shall:*

*(1) adopt rules no later than July 1, 1987, with the advice of the hazardous substance notification advisory committee, establishing the form and content of the hazardous substance notification report form, as required by section 4, and describing one or more hazard categories with specified ranges of quantities in each hazard category, representing increments of substantially increased risk;*

*(2) print and provide to individual fire departments the requested number of hazardous substance notification reports, which must be made available to a fire department no more than 90 days following its request, for the fire department to mail or otherwise make available to employers in the jurisdiction;*

*(3) report to the legislature, as needed, on the effectiveness of sections 1 to 9 and recommend amendments to sections 1 to 9 that are considered necessary;*

*(4) appoint a hazardous substance notification advisory committee as required in section 7;*

*(5) adopt rules to implement sections 1 to 9, compatible with the Minnesota Uniform Fire Code so as to not limit the authority of local fire officials under that code; and*

*(6) in consultation with the hazardous substance notification advisory committee, adopt rules that are based on the most recent standard 704, adopted by the National Fire Protection Association, and that allow a fire department to require employers within its jurisdiction to post signs conforming to standard 704, and indicating the presence of hazardous substances. If the signs are required, a fire department shall supply the signs or provide information to assist an employer to obtain them.*

*(b) The commissioner shall adopt criteria and guidelines, with the concurrence of the hazardous substance notification advisory committee, for the disbursement of funds pursuant to section 11, subdivision 1. These criteria and guidelines are exempt from the Minnesota administrative procedure act.*

*Subd. 2. [INVESTIGATION POWERS.] The commissioner shall, at the request of a local fire department, investigate suspected violations of sections 1 to 9.*

**Sec. 4. [299F.094] [REPORT REQUIRED; CONTENTS.]**

*Subdivision 1. [EMPLOYER'S DUTY.] Except as provided in section 6, subdivision 2, an employer who receives a hazardous substance notification report shall submit to the local fire department a completed hazardous substance notification report form containing the information and in the manner required by this section and the rules of the commissioner, within two months*

after receiving a hazardous substance notification report. As an alternative, an employer may, at the discretion of the local fire department, arrange with the local fire department for a date certain upon which that department may conduct an inspection of that employer's workplace in order for the employer to provide the information, or essentially the same information, as contained in the report form to the local fire department.

Subd. 2. [CONTENTS OF FORM.] The hazardous substance notification report must be completed on a form developed by the commissioner of public safety and contain the following information: (1) the range of maximum combined quantities of all hazardous substances contained in each designated hazard category that may reasonably be expected to be present in the workplace during normal operations; (2) the street address and any other special identifier of the workplace; and (3) the employer's name and street address with the telephone numbers of responsible persons in charge of the workplace who can be reached at all times.

Subd. 3. [UPDATED INFORMATION.] If, after review of the hazardous substance notification report of an employer, a local fire department requires additional information, then the employer:

(1) shall provide, at the request of that fire department, a material safety data sheet, or any requested portion of it, for any hazardous substance contained in any designated hazard category covered by the hazardous substance notification report; and

(2) shall respond as soon as possible, but in no case later than 30 days, to a request by a local fire department for clarification of any information previously submitted or to a request for additional information under sections 1 to 9.

Subd. 4. [PROMPT NOTIFICATION OF CHANGES.] An employer shall promptly notify the local fire department of significant changes in the information provided under this section, but not later than 30 days after each significant change.

Subd. 5. [INSPECTIONS; EMERGENCY PLANS.] At the request of the local fire department, an employer shall permit the local fire department inspection and cooperate in the preparation of fire and emergency plans.

Sec. 5. [299F.095] [POWERS AND DUTIES OF FIRE DEPARTMENTS.]

To the extent feasible, given the amount of funds and training available, the local fire department shall:

(1) mail or otherwise distribute hazardous substance notification report forms to employers within the jurisdiction of the fire department except for those employers for whom an inspection has been arranged or employers from whom a hazardous substance notification is considered not necessary by the fire department;

(2) retain and evaluate each hazardous substance notification report and notification of significant change submitted by each employer until the employer's workplace ceases to exist or the fire department determines retention of the hazardous substance notification report is no longer necessary;

(3) develop for fire department use appropriate fire and emergency procedures for the hazardous substance risks of each workplace based on the information received;

(4) investigate suspected violations of sections 1 to 9, and issue appropriate orders for compliance; and

(5) provide available material safety data sheets and hazardous substance notification reports at the request of other emergency response personnel.

Data collected under sections 1 to 9 is nonpublic data within the meaning of section 13.02, subdivision 9.

Sec. 6. [299F.096] [DUTY TO SAFEGUARD PRIVATE INFORMATION.]

Subdivision 1. [NONPUBLIC DATA.] Before a fire department and emergency response personnel may have access to information received under section 4, the department shall establish security procedures to prevent unauthorized use or disclosure of nonpublic data. Nonpublic data must be made available in an emergency to emergency response personnel. No liability results under sections 1 to 9 with respect to disclosure of nonpublic data if emergency response personnel, in response to an emergency, reasonably determine that the use or disclosure of the data is necessary to expedite medical services or to protect persons from imminent danger. As soon as practicable after disclosure of nonpublic data is made by emergency response personnel, the circumstances necessitating the disclosure and the actual or estimated extent of the disclosure must be described in writing by the personnel and provided to the employer.

Subd. 2. [CLASSIFIED INFORMATION.] When the notification required in section 4 involves classified information, the employer shall, without revealing the classified information, attempt to provide the local fire department with that information necessary to protect the department, emergency response personnel, and the public in an emergency. The employer is also responsible for requesting changes in the classification of classified information or declassification of that material when it is considered necessary by a local fire department in advance of an emergency to protect emergency response personnel or the public. An employer is not required to reveal classified information, except in an emergency, without prior governmental approval, and in an emergency, an employer shall disclose to emergency response personnel appropriate elements of classified information that are reasonably necessary to protect human life. An employer may choose to make classified information available to the local fire department or emergency response personnel if necessary for emergency preplanning purposes. In those cases, classified information (1) may be made available to a local fire department or emergency response personnel only after it has been demonstrated that the personnel intended to have access to the classified information meet access requirements applicable to the facilities and to personnel having access to classified information, and (2) must be protected from disclosure by the local fire department and emergency response personnel in accordance with applicable rules and statutes.

Sec. 7. [299F.097] [HAZARDOUS SUBSTANCE NOTIFICATION

## ADVISORY COMMITTEE.]

*The hazardous substance notification advisory committee is created. The committee shall consist of 11 members to be appointed by the commissioner of public safety to advise on the development of rules to implement and enforce sections 1 to 9 and to assist in the development of amendments to the hazardous substance notification report. The advisory committee shall consist of representation from fire chiefs; professional firefighters; volunteer firefighters; fire marshals; law enforcement personnel; emergency medical personnel; an independent health professional with training in toxicology; and four representatives from business and industry, at least one of whom shall represent small business. The committee must be appointed, serve, and be compensated in the manner provided in section 15.059, and shall serve at the pleasure of the commissioner.*

## Sec. 8. [299F.098] [PENALTIES.]

*(a) An employer who violates a provision of sections 1 to 9 or a rule or order adopted or made under the authority of those sections, that is determined by rule not to be a violation of a serious nature, may be assessed a fine not to exceed \$1,000.*

*(b) An employer who violates a provision of sections 1 to 9 or a rule or order adopted or made under the authority of those sections, that is determined by rule to be of a serious nature, must be assessed a fine not to exceed \$1,000 for each violation.*

*(c) An employer who is convicted of knowingly making a false statement, representation, or certification in an application, record, report, plan, or other document filed or required to be maintained under sections 1 to 9 is guilty of a gross misdemeanor.*

*(d) An employer who is convicted of willfully or repeatedly violating the requirements of sections 1 to 9 or a rule or order adopted or made under those sections is guilty of a gross misdemeanor.*

*(e) The penalties provided by this section may be imposed in an action in the name of the state brought in the district court of the county in which the violation is alleged to have occurred or the district court where the commissioner has an office. Fines imposed under sections 1 to 9 must be paid to the commissioner of public safety and deposited in the general fund.*

*(f) No employer may be convicted for violating sections 1 to 9 or a rule or order made or issued under those sections unless the employer was notified of the violation in writing and given a reasonable time to comply.*

## Sec. 9. [299F.099] [LOCAL ORDINANCES.]

*Sections 1 to 9 preempt and supersede any local ordinance or rule concerning the subject matter of those sections.*

## Sec. 10. [HAZARDOUS SUBSTANCES TRAINING COURSES.]

*The state board of vocational technical education shall provide courses in hazardous substances. The commissioner of public safety, with the concurrence of the director of the state board of vocational education and with the advice of the hazardous substance notification advisory committee, shall certify the courses eligible for reimbursement. Among the courses eligible*

for reimbursement are in-service training and refresher courses. The state board shall develop policies for tuition subsidies in hazardous substance courses. The subsidies shall only be applied to fire service personnel commencing and successfully completing training regarding the hazardous substances requirements.

Sec. 11. [ALLOCATION.]

*Subdivision 1. \$15,000 shall be allocated from the state board of vocational technical education for the fiscal year ending June 30, 1987, to the commissioner of public safety to otherwise administer the provisions of sections 1 to 9.*

*Subd. 2. Any unencumbered balances remaining in the first fiscal year of any of these appropriations do not cancel but are available for the second year.*

*Subd. 3. For the purposes of this section, the definitions in section 2 apply."*

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2256 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2256	2081				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2256 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2256 and insert the language after the enacting clause of S.F. No. 2081, the first engrossment; further, delete the title of H.F. No. 2256 and insert the title of S.F. No. 2081, the first engrossment.

And when so amended H.F. No. 2256 will be identical to S.F. No. 2081, and further recommends that H.F. No. 2256 be given its second reading and substituted for S.F. No. 2081, 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. 1770, 2256, 164, 1814, 1584, 2280, 2054, 1744 and 631 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. No. 2256 was read the second time.

**MOTIONS AND RESOLUTIONS**

Ms. Berglin moved that S.F. No. 1934, No. 45 on Special Orders, be stricken and returned to its author. The motion prevailed.

Ms. Peterson, D.C. moved that S.F. No. 1755, No. 50 on Special Orders, be stricken and re-referred to the Committee on Judiciary. The motion prevailed.

Mr. Dicklich moved that S.F. No. 2100, No. 65 on Special Orders, be stricken and re-referred to the Committee on Public Utilities and State Regulated Industries. The motion prevailed.

**SPECIAL ORDER**

S.F. No. 2243: A bill for an act relating to public safety; restricting local requirements for stairways to be enclosed in certain buildings; requiring local governing bodies to consider certain facts before enacting ordinances affecting housing; defining the term "stories"; amending Minnesota Statutes 1984, section 299F.011, subdivision 4, and by adding subdivisions; and Minnesota Statutes 1985 Supplement, section 16B.61, subdivision 3.

Mr. Bertram moved to amend S.F. No. 2243 as follows:

Page 2, line 19, delete "*Notwithstanding any*" and insert "*No*" and delete "*, a local unit*" and insert "*or any appendix chapter of the code*"

Page 2, line 20, delete "*of government*" and delete "*not*"

Page 2, line 21, delete "*For*"

Page 2, delete lines 22 and 23

Page 3, line 20, delete "*Notwithstanding any provision of*"

Page 3, line 21, delete "*, a state agency or local unit of government may*" and insert "*shall*"

The motion prevailed. So the amendment was adopted.

Mr. Frank moved to amend S.F. No. 2243, as follows:

Page 3, after line 25, insert:

"Sec. 5. Minnesota Statutes 1984, section 504.18, subdivision 1, is amended to read:

Subdivision 1. In every lease or license of residential premises, whether in writing or parol, the lessor or licensor covenants:

(a) That the premises and all common areas are fit for the use intended by the parties.

(b) To keep the premises in reasonable repair during the term of the lease or license, except when the disrepair has been caused by the willful, malicious, or irresponsible conduct of the lessee or licensee or a person under his direction or control.

(c) To maintain the premises in compliance with the applicable health and safety laws of the state and of the local units of government where the premises are located during the term of the lease or license, except when violation

of the health and safety laws has been caused by the willful, malicious, or irresponsible conduct of the lessee or licensee or a person under his direction or control.

*(d) To maintain a temperature of not less than 65 degrees Fahrenheit in all habitable rooms, bathrooms, and water closets when the outside temperature falls below 60 degrees Fahrenheit for a 24-hour period, where the lessor or licensor has control of the thermostat or heat source. Room temperature is to be measured at a point three feet above the floor and three feet from any outside wall or window. Gas and electric cooking appliances are not to be included as sources of measurable heat. Nothing in this paragraph prohibits a statutory or home rule charter city from adopting rental property heating requirements requiring a higher minimum temperature than that required by this paragraph.*

The parties to a lease or license of residential premises may not waive or modify the covenants imposed by this section.

Sec. 6. Minnesota Statutes 1984, section 504.18, subdivision 6, is amended to read:

Subd. 6. The provisions of this section apply only to leases or licenses of residential premises concluded or renewed on or after June 15, 1971, *except that subdivision 1, paragraph (d), applies only to leases or licenses of residential premises concluded or renewed on or after June 1, 1986.* For the purposes of this section estates at will shall be deemed to be renewed at the commencement of each rental period."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2243 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 5, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Laidig	Pehler	Solon
Belanger	Dieterich	Langseth	Peterson, C.C.	Spear
Berg	Frank	Lantry	Peterson, D.C.	Storm
Berglin	Frederickson	Lessard	Peterson, D.L.	Stumpf
Bernhagen	Freeman	Luther	Petty	Taylor
Bertram	Hughes	McQuaid	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Jude	Nelson	Renneke	
Davis	Kroening	Novak	Schmitz	
DeCramer	Kronebusch	Olson	Sieloff	

Those who voted in the negative were:

Anderson	Benson	Isackson	Kamrath	Knaak
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So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 912: A bill for an act relating to human services; providing state



hospital revolving fund for chemical dependency; creating a consolidated fund for payment of chemical dependency treatment; appropriating money to counties for treatment; providing for client eligibility, vendor eligibility, and state collections; providing for American Indian special funding; removing chemical dependency treatment from medical assistance, general assistance medical care, and general assistance funding; amending Minnesota Statutes 1984, sections 246.04; 246.18; 246.50, by adding a subdivision; 246.51, subdivision 1; 256B.70; and 256E.08, subdivision 7; amending Minnesota Statutes 1985 Supplement, sections 246.23; 246.54; 256B.02, subdivision 8; and 256D.03, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 246; and proposing coding for new law as Minnesota Statutes, chapter 254B.

Ms. Berglin moved to amend S.F. No. 912 as follows:

Page 2, line 19, delete "*hospital*" and insert "*regional treatment center*"

Page 3, lines 3 and 5, delete "*state hospital*" and insert "*regional treatment center*"

Page 3, line 6, delete "*state hospitals*" and insert "*regional treatment centers*"

Page 3, line 11, strike "STATE HOSPITALS" and insert "REGIONAL TREATMENT CENTERS"

Page 3, line 13, strike "*state hospital*" and insert "*regional treatment center*"

Page 3, line 24, delete "*hospital*" and insert "*regional treatment center*"

Page 3, line 28, delete "*state hospitals*" and insert "*regional treatment centers*" and delete "*state hospital*" and insert "*regional treatment center*"

Page 3, lines 32 and 33, strike "*state hospitals*" and insert "*regional treatment centers*"

Page 4, line 11, delete "*state hospital*" and insert "*regional treatment center*"

Page 4, line 30, strike "*state hospital*" and insert "*regional treatment center*"

Page 5, lines 10 and 16, strike "*state hospital*" and insert "*regional treatment center*"

Page 6, line 21, delete "*hospital*" and insert "*regional treatment center*"

Page 6, line 34, delete "*state hospital*" and insert "*regional treatment center*"

Page 7, line 3, delete "*health and*"

Page 12, line 20, delete "*may*" and insert "*shall*"

Page 16, line 10, delete "*subdivision 3*" and insert "*subdivisions 3, 4, and 5*"

Page 26, line 23, delete "*state hospital*" and insert "*regional treatment center*"

Page 27, line 14, delete "*state hospital*" and insert "*regional treatment*"

center”

Amend the title as follows:

Page 1, line 2, delete “state hospital” and insert “regional treatment center”

The motion prevailed. So the amendment was adopted.

Mr. Samuelson moved to amend S.F. No. 912 as follows:

Page 2, line 26, after “provide” insert “technical assistance and”

Page 3, line 31, after “based” insert “, state administered”

Page 10, line 34, delete “care” and insert “and appropriate treatment”

Page 12, line 27, delete “needed to implement this”

Page 12, line 33, after the period, insert “The commissioner shall submit a detailed plan of the proposed pilot project to the chair of the health and human services subcommittees of the senate finance committee and the chair of the human services division of the house appropriations committee for review prior to the implementation of the pilot project.”

Page 14, line 12, delete “determined” and insert “approved”

The motion prevailed. So the amendment was adopted.

S.F. No. 912 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kroening	Otson	Renneke
Anderson	Frederick	Kronebusch	Pehler	Schmitz
Benson	Freeman	Laidig	Peterson, C.C.	Sieloff
Berglin	Gustafson	Lantry	Peterson, D.C.	Solon
Bernhagen	Hughes	Lessard	Peterson, D.L.	Spear
Brataas	Isackson	Luther	Peterson, R.W.	Storm
Dahl	Johnson, D.J.	McQuaid	Petty	Taylor
Dicklich	Jude	Mehrkens	Pogemiller	Waldorf
Diessner	Kamrath	Moe, D.M.	Ramstad	Wegscheid
Dieterich	Knaak	Novak	Reichgott	

Those who voted in the negative were:

Belanger	Chmielewski	Johnson, D.E.	Purfeerst	Samuelson
Bertram	Frederickson			

So the bill, as amended, passed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Langseth moved that the following members be excused for a Conference Committee on H.F. No. 1599 at 11:00 a.m.:

Messrs. Langseth, Stumpf, Davis, DeCramer and Berg. The motion prevailed.

### SPECIAL ORDER

S.F. No. 1849: A bill for an act relating to appropriations; designating

Anoka county as an operating agency in the administration and expenditure of an appropriation for the Mississippi Regional Park.

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:

Adkins	Dieterich	Knaak	Olson	Samuelson
Anderson	Frank	Kroening	Pehler	Schmitz
Belanger	Frederick	Kronebusch	Peterson, C. C.	Solon
Berglin	Freeman	Laidig	Peterson, D. C.	Spear
Berthagen	Gustafson	Lantry	Peterson, D. L.	Storm
Bertram	Hughes	Luther	Peterson, R. W.	Taylor
Brataas	Isackson	McQuaid	Petty	Waldorf
Chmielewski	Johnson, D.E.	Mehrrens	Purfeerst	
Dahl	Johnson, D.J.	Merriam	Ramstad	
Dicklich	Jude	Moe, D.M.	Reichgott	
Diessner	Kamrath	Nelson	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2029: A bill for an act relating to the state high school league; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

Mr. Chmielewski moved to amend S.F. No. 2029 as follows:

Page 2, line 26, after the period, insert "A pupil may receive private individualized athletic instruction or training during the school year and during the sports season from an individual who is not a member of the high school coaching staff without loss of eligibility to participate in interscholastic athletics."

The motion prevailed. So the amendment was adopted.

Mr. Sieloff moved to amend S.F. No. 2029 as follows:

Page 2, line 3, strike "may" and insert "shall" and reinstate the rest of the line

Page 2, line 3, after the reinstated "guidelines" insert "based on due process of law"

Page 2, line 4, reinstate the stricken language and delete the new language

Page 2, line 5, after "alteration" insert "or disbandment"

Page 2, line 5, after the period, insert "A high school must not be expelled from an athletic or extracurricular conference without its consent except on the affirmative vote of three-fourths of all of the other members of the athletic or extracurricular conference."

The motion did not prevail. So the amendment was not adopted.

Mr. Dicklich moved to amend S.F. No. 2029 as follows:

Page 3, after line 23, insert:

“Sec. 5. Minnesota Statutes 1984, section 129.121, is amended by adding a subdivision to read:

*Subd. 1d. [DIVISION PLACEMENT.] The high school league shall place a school in a division on the basis of its actual enrollment and not projected enrollment.”*

The motion did not prevail. So the amendment was not adopted.

### CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on S.F. No. 2029. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 2029 was read the third time, as amended, and placed on its final passage.

Mr. Merriam moved that those not voting be excused from voting. The motion prevailed.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 27 and nays 33, as follows:

Those who voted in the affirmative were:

Belanger	Frank	Moe, D.M.	Petty	Storm
Berglin	Freeman	Nelson	Pogemiller	Waldorf
Chmielewski	Gustafson	Novak	Ramstad	Wegscheid
Dahl	Jude	Olson	Reichgott	
Dicklich	McQuaid	Peterson, D.C.	Sieloff	
Dieterich	Merriam	Peterson, R.W.	Spear	

Those who voted in the negative were:

Adkins	DeCramer	Johnson, D.J.	Mehrkens	Samuelson
Anderson	Diessner	Kamrath	Moe, R.D.	Schmitz
Benson	Frederick	Knaak	Pehler	Solon
Bernhagen	Frederickson	Kroening	Peterson, C.C.	Taylor
Bertram	Hughes	Kronebusch	Peterson, D.L.	Willet
Brataas	Isackson	Laidig	Purfeerst	
Davis	Johnson, D.E.	Lantry	Renneke	

So the bill, as amended, failed to pass.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Willet moved that the following members be excused for a Conference Committee on H.F. No. 2009 at 12:00 noon:

Messrs. Willet, Kroening, Luther, Samuelson and Nelson. The motion prevailed.

### SPECIAL ORDER

S.F. No. 2206: A bill for an act relating to taxation; authorizing certain refunds of sales tax paid on agricultural electricity; amending Minnesota Statutes 1984, section 297A.35, by adding a subdivision.

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:

Adkins	Diessner	Knaak	Novak	Reichgott
Anderson	Dieterich	Kronebusch	Olson	Renneke
Belanger	Frank	Laidig	Pehler	Samuelson
Benson	Frederick	Lantry	Peterson, C.C.	Sieloff
Berglin	Frederickson	Lessard	Peterson, D.C.	Solon
Bernhagen	Gustafson	Luther	Peterson, D.L.	Spear
Bertram	Hughes	McQuaid	Peterson, R.W.	Storm
Brataas	Isackson	Mehrkens	Petty	Taylor
Chmielewski	Johnson, D.E.	Merriam	Pogemiller	Waldorf
Dahl	Jude	Moe, R.D.	Purfeerst	
Dicklich	Kamrath	Nelson	Ramstad	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 2324: A bill for an act relating to education; prohibiting the state board from authorizing a school board to transfer money from the debt redemption fund except under conditions; allowing modifications in the levy for debt service for independent district No. 750; amending Minnesota Statutes 1984, section 475.61, subdivision 4; Minnesota Statutes 1985 Supplement, section 121.9121, by adding a subdivision.

Mr. Laidig moved to amend H.F. No. 2324, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1970.)

Page 43, after line 6, insert:

“Sec. 49. [CAPITAL EXPENDITURE LEVY; INDEPENDENT SCHOOL DISTRICT NO. 832, MAHTOMEDI.]

*Independent school district No. 832, Mahtomedi, may levy in 1986 an amount up to \$250,000 for capital expenditure purposes. The proceeds of the levy may be used only to renovate Wildwood school.*

*By July 30, 1986, the school board shall hold a public hearing on the need for the proposed levy. Upon receipt, within 30 days after the hearing, of a petition objecting to the levy signed by a number of qualified voters in the district equal to the greater of 50 voters or 15 percent of the number of voters who voted in the most recent school board election, the board shall hold a referendum on the proposed levy. The referendum shall be held on the date set by the board but no later than October 1, 1986. If a valid petition is not received by the school board, within 30 days after the hearing, no referendum need be held.”*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Taylor moved to amend H.F. No. 2324, as amended pursuant to Rule

49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1970.)

Page 43, after line 21, insert:

“Sec. 50. [STATE UNIVERSITY BOARD’S AUTHORITY TO CONSTRUCT DONATED BUILDING ON STATE LAND; CONVEYANCE OF BUILDING TO STATE.]

*Notwithstanding chapters 16B and 136, the state university board may authorize the construction of a building on the campus of Mankato state university using funds donated by private sources and friends of the university. No state money may be used in the design or construction of this building. The building shall be designed to be architecturally consistent with other campus facilities. The funding plan and the building site and design shall be subject to approval of the state university board. Title to the building shall pass to the state immediately upon occupancy of the building by Mankato state university.”*

Page 44, line 17, delete “and” and insert a comma and after “42” insert “, and 50”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Pehler moved to amend H.F. No. 2324, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1970.)

Page 26, after line 27, insert:

“Sec. 32. Minnesota Statutes 1984, section 134.09, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] When public library service is established, except in any city of the first class operating under a home rule charter, the mayor of the city with the approval of the council for a city library or the board of commissioners for a county library, shall appoint a board of five, seven or nine members from among the residents of the city or county. *If the city library is a branch or a member of a regional public library system, as defined in section 134.001, the mayor, with the approval of the city council, may appoint to the city library board, residents of the county, provided that the county is participating in the regional public library system and that the majority of the members of the city library board are residents of the city.* The number of members on the board shall be determined by resolution or ordinance adopted by the council or the board of commissioners. Not more than one council member or county commissioner shall at any time be a member of the library board. The appointments shall be made before the first meeting of the library board after the end of the fiscal year.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Ramstad moved to amend H.F. No. 2324, as amended pursuant to Rule 49, adopted by the Senate, March 11, 1986, as follows:

(The text of the amended House File is identical to S. F. No. 1970.)

Page 20, after line 21, insert:

“Sec. 20. Minnesota Statutes 1985 Supplement, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

School transportation and related services for which state transportation aid is authorized are:

(1) [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] Transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend *or from the public school they actually attend for academic reasons, if approved by the commissioner*; transportation to, from, or between the schools the resident pupils attend pursuant to a program approved by the commissioner of education; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79;

(2) [OUTSIDE DISTRICT.] Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) [SECONDARY VOCATIONAL CENTERS.] Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a

district maintaining special classes;

(6) [SHARED TIME.] Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9 for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) [FARIBAULT STATE SCHOOLS.] Transportation for residents to and from the Minnesota school for the deaf or the Minnesota braille and sight-saving school;

(8) [SUMMER INSTRUCTIONAL PROGRAMS.] Services described in clauses (1) to (7) and (9) and (10) when provided in conjunction with a summer program eligible for aid and levy under sections 124A.03 and 124A.033;

(9) [COOPERATIVE ACADEMIC AND VOCATIONAL.] Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident pupils of any of these districts; ~~and~~

(10) [NONPUBLIC SUPPORT SERVICES.] Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935; *and*

(11) [COMMISSIONER APPROVAL.] *The commissioner of education is encouraged to approve attendance at a public school for academic reasons rather than extracurricular reasons when the public school is not the school the pupils could attend.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend H.F. No. 2324, as amended pursuant to Rule 49, adopted by the Senate March 11, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1970.)

Page 26, after line 27, insert:

"Sec. 32. Minnesota Statutes 1984, section 134.09, is amended by adding a subdivision to read:

*Subd. 1a. [EXCEPTION.] The mayor, with the approval of the council, may appoint a resident of the area that is taxed to support a city library to the city library board.*"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2324 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:

Adkins	Dieterich	Knaak	Nelson	Ramstad
Anderson	Frank	Kroening	Novak	Reichgott
Belanger	Frederick	Kronebusch	Olson	Renneke
Benson	Freeman	Laidig	Pehler	Sieloff
Berglin	Gustafson	Lantry	Peterson, D.C.	Spear
Bernhagen	Hughes	Lessard	Peterson, D.L.	Storm
Bertram	Isackson	McQuaid	Peterson, R.W.	Taylor
Brataas	Johnson, D.E.	Mehrkens	Petty	Waldorf
Chmielewski	Jude	Merriam	Pogemiller	
Dahl	Kamrath	Moe, R.D.	Purfeerst	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1782: A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A.

Mr. Petty moved to amend S.F. No. 1782 as follows:

Page 5, line 4, before the period, insert “, *provided that the insurer may change the premium rate on a class basis on any policy anniversary date*”

The motion prevailed. So the amendment was adopted.

S.F. No. 1782 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:

Adkins	Diessner	Jude	Novak	Reichgott
Anderson	Frank	Kamrath	Olson	Renneke
Belanger	Frederick	Knaak	Pehler	Sieloff
Benson	Frederickson	Kronebusch	Peterson, C.C.	Spear
Berglin	Freeman	Laidig	Peterson, D.C.	Storm
Bernhagen	Gustafson	Lantry	Peterson, D.L.	Taylor
Bertram	Hughes	Lessard	Peterson, R.W.	Waldorf
Brataas	Isackson	McQuaid	Petty	Wegscheid
Chmielewski	Johnson, D.E.	Mehrkens	Pogemiller	
Dahl	Johnson, D.J.	Merriam	Purfeerst	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2105: A bill for an act relating to local government; permitting the establishment of special service districts in the cities of Cambridge and Lindstrom; providing taxing and other powers to the cities of Cambridge and

Lindstrom.

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:

Adkins	Diessner	Kamrath	Merriam	Pogemiller
Anderson	Frank	Knaak	Moe, R. D.	Purfeerst
Belanger	Frederick	Kroening	Novak	Ramstad
Benson	Frederickson	Kronebusch	Olson	Reichgott
Berglin	Gustafson	Laidig	Pehler	Renneke
Bernhagen	Hughes	Lantry	Peterson, C. C.	Spear
Bertram	Isackson	Lessard	Peterson, D. C.	Storm
Brataas	Johnson, D. E.	Luther	Peterson, D. L.	Taylor
Chmielewski	Johnson, D. J.	McQuaid	Peterson, R. W.	Waldorf
Dicklich	Jude	Mehrkens	Petty	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1725: A bill for an act relating to the city of East Grand Forks; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

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 6, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kamrath	Moe, R. D.	Ramstad
Anderson	Frank	Kronebusch	Novak	Reichgott
Belanger	Frederick	Laidig	Olson	Samuelson
Bernhagen	Frederickson	Lantry	Pehler	Solon
Bertram	Gustafson	Lessard	Peterson, C. C.	Spear
Brataas	Hughes	Luther	Peterson, D. C.	Storm
Chmielewski	Johnson, D. E.	McQuaid	Peterson, D. L.	Taylor
Dahl	Johnson, D. J.	Mehrkens	Petty	Waldorf
Dicklich	Jude	Moe, D. M.	Purfeerst	

Those who voted in the negative were:

Benson	Knaak	Merriam	Peterson, R. W.	Pogemiller
Berglin				

So the bill passed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Johnson, D.J. moved that the following members be excused for a Conference Committee on H.F. No. 1815 at 1:00 p.m.:

Messrs. Johnson, D.J.; Novak; Merriam; Peterson, C.C. and Ms. Berglin. The motion prevailed.

### SPECIAL ORDER

S.F. No. 1832: A bill for an act relating to natural resources; allocating a

portion of cross country license fees issued by political subdivisions to be used for maintenance of cross country ski trails; amending Minnesota Statutes 1984, section 85.41, subdivision 5.

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:

Adkins	Frank	Kronebusch	Novak	Reichgott
Anderson	Frederick	Laidig	Olson	Renneke
Belanger	Frederickson	Lantry	Pehler	Solon
Berglin	Gustafson	Lessard	Peterson, C.C.	Spear
Bernhagen	Hughes	Luther	Peterson, D.C.	Storm
Bertram	Isackson	McQuaid	Peterson, D.L.	Waldorf
Chmielewski	Johnson, D.E.	Mehrkens	Peterson, R.W.	
Dahl	Johnson, D.J.	Merriam	Petty	
Dicklich	Jude	Moe, D.M.	Purfeerst	
Diessner	Knaak	Moe, R.D.	Ramstad	

Mr. Benson, Mrs. Brataas, Messrs. Kamrath and Taylor voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2196: A bill for an act relating to establishing a new qualification for designation as a redevelopment district for tax increment financing purposes; amending Minnesota Statutes 1984, section 273.73, subdivision 10.

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:

Adkins	Frank	Laidig	Olson	Reichgott
Anderson	Frederick	Lantry	Pehler	Solon
Belanger	Frederickson	Lessard	Peterson, C.C.	Spear
Benson	Gustafson	Luther	Peterson, D.C.	Storm
Berglin	Hughes	McQuaid	Peterson, D.L.	Taylor
Bernhagen	Johnson, D.E.	Mehrkens	Peterson, R.W.	Waldorf
Bertram	Jude	Merriam	Petty	
Brataas	Kamrath	Moe, D.M.	Pogemiller	
Dahl	Knaak	Moe, R.D.	Purfeerst	
Dicklich	Kronebusch	Novak	Ramstad	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1945: A bill for an act relating to health; providing that mosquito research and management activities are not ecologically disruptive; amending Minnesota Statutes 1985 Supplement, section 144.95, subdivisions 1, 2, 3, 7, 9, and 10.

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 1, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Knaak	Moe, R.D.	Ramstad
Anderson	Frederick	Kronebusch	Novak	Reichgott
Belanger	Frederickson	Laidig	Olson	Renneke
Benson	Freeman	Lantry	Pehler	Schmitz
Berglin	Gustafson	Lessard	Peterson, C.C.	Solon
Bernhagen	Hughes	Luther	Peterson, D.C.	Spear
Bertram	Isackson	McQuaid	Peterson, D.L.	Storm
Brataas	Johnson, D.E.	Mehrkens	Peterson, R.W.	Taylor
Dahl	Jude	Merriam	Pogemiller	Vega
Dicklich	Kamrath	Moe, D.M.	Purfeerst	Waldorf

Mr. Diessner voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1931: A bill for an act relating to human services; regulating work activities of handicapped persons in state facilities; amending Minnesota Statutes 1985 Supplement, section 246.56, subdivision 2.

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:

Adkins	Frank	Kronebusch	Pehler	Sieloff
Anderson	Frederick	Laidig	Peterson, C.C.	Solon
Belanger	Frederickson	Lantry	Peterson, D.C.	Spear
Benson	Freeman	Lessard	Peterson, D.L.	Storm
Berglin	Gustafson	Luther	Petty	Taylor
Bernhagen	Hughes	McQuaid	Pogemiller	Vega
Bertram	Isackson	Mehrkens	Purfeerst	Waldorf
Brataas	Johnson, D.E.	Merriam	Ramstad	
Dahl	Jude	Moe, D.M.	Reichgott	
Dicklich	Kamrath	Novak	Renneke	
Diessner	Knaak	Olson	Schmitz	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1711: A bill for an act relating to animals; prohibiting theft of dogs or cats for research purposes; regulating dog and cat dealers; prescribing a penalty; amending Minnesota Statutes 1984, sections 347.31; 347.32; 347.33; 347.34; 347.35; 347.37; 347.38; 347.39; and 347.40; proposing coding for new law in Minnesota Statutes, chapter 346.

Mr. Merriam moved to amend S.F. No. 1711 as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 35.71, is amended to read:

35.71 [UNCLAIMED AND UNREDEEMED ANIMALS IM-  
POUNDED; SCIENTIFIC USE OR OTHER DISPOSITION.]

Subdivision 1. [DEFINITIONS.] As used in this section, *the following terms have the meanings given them:*

(a) "Adoption" means the delivery of a dog or cat to a person 18 years of age or older to be kept as a pet or companion animal.

(b) "Cat" means any member of the felid family except those specifically raised for experimentation, teaching, or research.

(c) "Dealer" means any person who is licensed or required to be licensed under the federal Animal Welfare Act who buys or sells dogs or cats to institutions or other dealers. "Dealer" does not include a person who sells dogs or cats to individuals to be kept as pets or a nonprofit organization devoted to the placement of pets and companion animals.

(d) "Dog" means any member of the canid family except those specifically raised for experimentation, teaching, or research.

(e) "Establishment" means any public or private agency, person, society, or corporation having custody of animals which are seized under the authority of the state or any political subdivision of the state and.

(f) "Institution" means a school or college of agriculture, veterinary medicine, medicine, pharmacy, or dentistry, or an educational or scientific establishment properly concerned with investigation or instruction concerning the structure or functions of living organisms or the cause, prevention, control, or cure of diseases or abnormal conditions of human beings or animals.

Subd. 2. [APPLICATION FOR LICENSE.] An institution may apply to the board for a license to obtain animals, *other than dogs or cats*, from establishments. If, after investigation, the board finds that the institution requesting a license is a fit and proper agency to receive a license, and that the public interest will be served by granting it a license, the board may issue a license to the institution authorizing it to obtain animals under this section.

Subd. 3. [STRAY ANIMALS; SEIZURE, DISPOSITION.] All animals seized by public authority must be held for redemption by the owner for at least five regular business days of the impounding agency or for a longer time specified by municipal ordinance. For the purpose of this subdivision, "regular business day" means a day during which the establishment having custody of an animal is open to the public not less than four consecutive hours between the hours of 8:00 A.M. and 7:00 P.M. Establishments must maintain the following records of the animals in custody, and preserve the records for at least six months:

(a) the description of the animal by species, breed, sex, approximate age, and other distinguishing traits;

(b) the location at which the animal was seized;

(c) the date of *the* seizure;

(d) the name and address of the person from whom any animal three months of age or over was received;

(e) the name and address of the person to whom any animal three months of age or over was transferred.

The records must be maintained in a form permitting easy perusal by the public. A person may view the records and animals in custody at any time during which the establishment is open to the public. At the end of the five-day period, all animals, *other than dogs and cats*, which remain unredeemed must be made available to any licensed institution which has requested that number of animals. However, if a tag affixed to the animal or a statement by the animal's owner after the animal's seizure specifies that the animal may not be used for research, the animal must not be made available to any institution and may, in the discretion of the establishment, be destroyed after the expiration of the five-day period. If a request is made by a licensed institution to an establishment for more animals than are available at the time of the request, the establishment must withhold from destruction all unclaimed and unredeemed animals until the request has been filled. The actual expense of holding animals beyond the time of notice to the institution of their availability must be borne by the institution receiving them. An establishment which fails or refuses to comply with this section is ineligible for any further public funds from any county or municipality. Upon receipt of a sworn statement by an authorized officer or employee of a licensed institution of noncompliance by any establishment with this section, the treasurer of any municipality or other political subdivision of the state may not pay any public funds to the establishment until the complainant withdraws its statement of noncompliance or until the board either determines that the complaint of noncompliance was without foundation or that the establishment has given adequate assurance of future compliance and the treasurer of the municipality or other political subdivision has been notified of the determination in writing. If it appears upon a person's complaint that an officer, agent, or employee of an establishment is violating or failing to carry out the provisions of this section, the attorney general or county attorney of the county in which the establishment is located, in addition to any other remedies, may bring an action in the name of the state against the establishment, officer, agent, or employee to enjoin compliance with this section.

Subd. 4. [TRANSPORTATION OF ANIMALS.] A licensed institution must provide, at its own expense, for the transportation of animals from the establishment to the institution and must use them only in the conduct of its scientific and educational activities.

Subd. 5. [ANNUAL LICENSE FEE.] Each licensed institution must pay to the board a license fee of \$50 for each calendar year or part of a calendar year. License fees must be deposited in the general fund of the state treasury.

Subd. 6. [REVOCAION OF LICENSE.] After 15 days' written notice and an opportunity to be heard, the board may revoke the license granted any institution if the institution has (1) violated this section, or (2) failed to comply with the conditions of the board in respect to the issuance of its license.

Subd. 7. [DISPOSITION OF DOGS AND CATS.] *Any dog or cat not redeemed by its owner after five days must either be placed for adoption under the procedures of the establishment or be euthanized humanely.*

Subd. 8. [EXPERIMENTATION PROHIBITED.] *It is unlawful for any*

*establishment or any person acting under the authority of an establishment to sell, give away, transfer, or otherwise make available any dog or cat coming into its possession for the purpose of experimentation, teaching, or research. It is unlawful for any person, firm, corporation, association, dealer, or institution to accept any dog or cat from any person or establishment by gift, sale, or transfer for the purpose of experimentation, teaching, or research, either directly or indirectly. This section does not prohibit the owner of a dog or cat from donating the dog or cat to a legally licensed supplier of dogs or cats.*

*Subd. 9. [RESTRICTION ON PETS IN RESEARCH.] Beginning July 1, 1987, no person or institution may accept dogs or cats for the purpose of experimentation, teaching, or research from any source including dealers and establishments, whether located inside or outside Minnesota, unless the dogs or cats can be shown to have been raised specifically for the purpose of experimentation and research, and no person may sell or distribute to a destination in Minnesota or elsewhere, any dogs or cats for the purpose of experimentation, teaching, or research unless the dogs or cats can be shown to have been raised specifically for the purpose of experimentation, teaching, or research.*

*Subd. 10. [NO ESTABLISHMENT TO BE A DEALER.] No establishment or person who has an interest in or who is employed by an establishment may be a dealer.*

*Subd. 11. [DEALERS TO PROVIDE PUBLIC ACCESS.] A person may view dogs and cats in the custody of a dealer during the time the dealer is open to the public. Dealers are required to be open at least four consecutive hours between 8:00 a.m. and 7:00 p.m. on at least five of the seven days of each week.*

*Subd. 12. [RULES.] The board may adopt rules consistent with this section necessary to carry out the provisions of this section, and may, if the board considers it advisable or in the public interest, inspect or investigate any institution which has applied for a license or has been granted a license under this section.*

*Subd. 13. [PENALTY.] It is a misdemeanor for any person or corporation to violate this section."*

Delete the title and insert:

"A bill for an act relating to animals; prohibiting transfer of certain animals for use in experimentation, teaching, or research; imposing penalties; amending Minnesota Statutes 1985 Supplement, section 35.71."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 22 and nays 27, as follows:

Those who voted in the affirmative were:

Belanger	Frank	Merriam	Purfeerst	Vega
Chmielewski	Jude	Olson	Ramstad	Waldorf
Dahl	Laidig	Pehler	Reichgott	
Dicklich	Lantry	Petty	Sieloff	
Dieterich	McQuaid	Pogemiller	Taylor	

Those who voted in the negative were:

Adkins	Brataas	Isackson	Moe, R.D.	Solon
Anderson	Diessner	Johnson, D.E.	Peterson, D.C.	Spear
Benson	Frederick	Kamrath	Peterson, D.L.	Storm
Berglin	Frederickson	Kronebusch	Peterson, R.W.	
Bernhagen	Gustafson	Lessard	Renneke	
Bertram	Hughes	Mehrkens	Schmitz	

The motion did not prevail. So the amendment was not adopted.

S.F. No. 1711 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kronebusch	Pehler	Sieloff
Anderson	Dieterich	Laidig	Peterson, D.C.	Solon
Belanger	Frank	Lantry	Peterson, D.L.	Spear
Benson	Frederick	Lessard	Peterson, R.W.	Storm
Berglin	Frederickson	McQuaid	Petty	Taylor
Bernhagen	Gustafson	Mehrkens	Pogemiller	Vega
Bertram	Hughes	Merriam	Purfeerst	Waldorf
Brataas	Isackson	Moe, D.M.	Ramstad	
Chmielewski	Johnson, D.E.	Moe, R.D.	Reichgott	
Dahl	Jude	Novak	Renneke	
Dicklich	Knaak	Olson	Schmitz	

Mr. Kamrath voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1671: A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities.

Ms. Berglin moved to amend S.F. No. 1671 as follows:

Page 3, line 32, after "insurance," insert "performance" and after "taxes" insert "the cost of issuing bonds including the costs described in paragraphs (b), (c), (d), and (e) of section 3, acquisition of real and personal property, expenditures for replacement housing"

Page 3, line 33, delete "facilities" and insert "center"

Page 6, line 1, delete everything after the period

Page 6, delete lines 2 to 5 and insert "The tax authorized by this section shall be imposed, and adjusted at least annually by the city council such that the rate imposed, rounded to the next highest one-tenth of one percent, does not exceed the rate estimated to be required to produce revenue sufficient to finance the costs described in subdivision 3."

The motion prevailed. So the amendment was adopted.

Ms. Berglin then moved to amend S.F. No. 1671 as follows:

Page 6, line 33, delete "of not more than three percent"



Page 6, line 36, after "lodging" insert "; the tax imposed under this clause shall be at a rate that, when added to the sum of the rate of the sales tax imposed under Minnesota Statutes, chapter 297A, the rate of the sales tax imposed under section 4, and the rate of any other taxes on lodging in the city of Minneapolis, equals 12 percent"

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend S.F. No. 1671 as follows:

Page 5, line 2, after the period, insert "The city shall not use any of its bond issuance entitlement authority granted under Minnesota Statutes, section 474.17, subdivision 3a, or an allocation of bond issuance authority obtained from the competitive pool under Minnesota Statutes, section 474.19, or private activity bond issuance authority granted under any subsequent law to issue bonds for any related facilities."

The motion prevailed. So the amendment was adopted.

### CALL OF THE SENATE

Ms. Berglin imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 1671 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:

Adkins	Dieterich	Kroening	Olson	Sieloff
Belanger	Frank	Laidig	Pehler	Spear
Berglin	Frederick	Lantry	Peterson, C.C.	Storm
Bernhagen	Freeman	Lessard	Peterson, D.C.	Taylor
Bertram	Gustafson	McQuaid	Pogemiller	Vega
Brataas	Hughes	Mehrkens	Purfeerst	Wegscheid
Chmielewski	Johnson, D.E.	Merriam	Ramstad	
Dahl	Johnson, D.J.	Moe, D.M.	Reichgott	
Dicklich	Jude	Moe, R.D.	Samuelson	
Diessner	Knutson	Novak	Schmitz	

Those who voted in the negative were:

Anderson	Frederickson	Knaak	Peterson, D.L.	Petty
Benson	Isackson	Kronebusch	Peterson, R.W.	Renneke

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2279: A bill for an act relating to nonprofit corporations; adoption services corporations; providing that pledges to make contributions shall be voidable at the option of the person making the pledge; amending Minnesota Statutes 1984, section 317.65, subdivision 7.

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 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Knutson	Moe, R.D.	Sieloff
Anderson	Frederick	Kronebusch	Pehler	Solon
Benson	Frederickson	Lantry	Peterson, C.C.	Storm
Berglin	Gustafson	Luther	Peterson, D.C.	Waldorf
Bernhagen	Hughes	McQuaid	Peterson, D.L.	Wegscheid
Bertram	Isackson	Mehrrens	Pogemiller	
Dahl	Jude	Merriam	Samuelson	
Dicklich	Kamrath	Moe, D.M.	Schmitz	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1928: A bill for an act relating to the city of Brooklyn Park; permitting the city to establish a port authority commission.

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 7, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kamrath	Olson	Schmitz
Anderson	Frederick	Kronebusch	Pehler	Sieloff
Bernhagen	Frederickson	Laidig	Peterson, D.C.	Solon
Bertram	Freeman	Lantry	Peterson, D.L.	Spear
Brataas	Gustafson	Lessard	Petty	Storm
Dahl	Hughes	Luther	Ramstad	Vega
Dicklich	Isackson	McQuaid	Reichgott	Waldorf
Diessner	Jude	Mehrrens	Samuelson	Wegscheid

Those who voted in the negative were:

Benson	Knutson	Peterson, R.W.	Pogemiller	Purfeerst
Knaak	Merriam			

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1993: A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, omitted, and obsolete references and text; eliminating certain redundant, conflicting, and superseded provisions; providing instructions to the revisor; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124.155, subdivision 1; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 327C.07, subdivision 3a; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 462A.21, subdivision 8a; 494.03; 518B.01, subdivision 2; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c;

64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 340A.702; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.3471; 626.556, subdivision 2; 631.045; proposing coding for new law in Minnesota Statutes, chapter 206; repealing Minnesota Statutes 1984, section 35.067; 383A.23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session: chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91.

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:

Adkins	Diessner	Jude	Mehrkens	Purfeerst
Anderson	Dieterich	Kamrath	Merriam	Ramstad
Belanger	Frank	Knaak	Olson	Reichgott
Benson	Frederick	Knutson	Pehler	Schmitz
Bertram	Frederickson	Kronebusch	Peterson, D.C.	Sieloff
Brataas	Freeman	Laidig	Peterson, D.L.	Solon
Chmielewski	Gustafson	Lantry	Peterson, R.W.	Vega
Dahl	Hughes	Lessard	Petty	Waldorf
Dicklich	Isackson	McQuaid	Pogemiller	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2245: A bill for an act relating to elections; providing for the use of certain optical scan electronic voting systems; proposing coding for new law in Minnesota Statutes, chapter 206.

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:

Adkins	Diessner	Kamrath	Moe, R.D.	Ramstad
Anderson	Dieterich	Knaak	Olson	Reichgott
Belanger	Frank	Knutson	Pehler	Schmitz
Benson	Frederickson	Kronebusch	Peterson, D.C.	Sieloff
Bernhagen	Freeman	Laidig	Peterson, D.L.	Solon
Bertram	Gustafson	Lantry	Peterson, R.W.	Spear
Chmielewski	Hughes	Lessard	Petty	Storm
Dahl	Johnson, D.E.	McQuaid	Pogemiller	Taylor
Dicklich	Jude	Mehrkens	Purfeerst	Waldorf

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1664: A bill for an act relating to local government; regulating contracts for the purchase of fuel by a municipality required for generation of municipal power; amending Minnesota Statutes 1984, section 471.345, by adding a subdivision.

Mr. Frederickson moved to amend H.F. No. 1664, as amended pursuant to Rule 49, adopted by the Senate February 24, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1547.)

Page 1, after line 15, insert:

“Sec. 2. Minnesota Statutes 1984, section 471.345, is amended by adding a subdivision to read:

*Subd. 12. [PROCUREMENT FROM SHELTERED WORKSHOPS.] Nothing in this section prohibits a municipality from adopting a resolution, rule, regulation, or ordinance that on an annual basis designates and sets aside for awarding to sheltered workshops as described in section 129A.06 a percentage of the value of its anticipated total procurement of goods and services, including construction, and which uses either a negotiated price or bid contract procedure in the awarding of a procurement contract under a set-aside program as allowed in this subdivision, provided that any award based on a negotiated price shall not exceed by more than five percent the municipality's estimated price for the goods and services if they were purchased on the open market and not under the set-aside program.”*

Amend the title as follows:

Page 1, line 4, after the semicolon, insert “allowing municipalities to contract to buy sheltered workshop products without getting competitive bids;”

Page 1, lines 5 and 6, delete “a subdivision” and insert “subdivisions”

The motion prevailed. So the amendment was adopted.

H.F. No. 1664 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:

Adkins	Diessner	Knaak	Moe, R.D.	Reichgott
Anderson	Dieterich	Knutson	Olson	Renneke
Belanger	Frederickson	Kronebusch	Pehler	Samuelson
Benson	Freeman	Laidig	Peterson, D.C.	Schmitz
Bernhagen	Hughes	Lantry	Peterson, D.L.	Sieloff
Bertram	Isackson	Luther	Peterson, R.W.	Spear
Brataas	Johnson, D.E.	McQuaid	Petty	
Chmielewski	Jude	Mehrkens	Pogemiller	
Dahl	Kamrath	Moe, D.M.	Purfeerst	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1860: A bill for an act relating to metropolitan government; per-

mitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

Mrs. Lantry moved to amend H.F. No. 1860 as follows:

Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 473.373, subdivision 4 is amended to read:

Subd. 4. [TERMS.] The initial terms of members and the chair appointed under Laws 1984, chapter 654, article 3, section 116, commence on the first day after July 1, 1984, that the chair and at least seven other members have been appointed and qualified and expire on the first day that the chair and eight members appointed under section 473.141 and this section are appointed and qualified. By August 1, 1985, the appointing authorities shall appoint a chair and eight members from the districts defined in section 473.141. The initial terms of members and the chair appointed in 1985 are as follows: members representing commission districts A, B, C, and D and the chair of the board, for terms ending the first Monday in January of the year ending in the numeral “7”; members representing commission districts E, F, G, and H for terms ending the first Monday in January of the year ending in the numeral “9.” *At least one of the members appointed by the council must be 65 years of age or older at the time of the appointment.* Thereafter the term of each member and the chair is four years, subject to the provisions on apportionment, successor qualification, removal, and vacancy of section 473.141, subdivisions 4a, 5, and 6.”

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1860 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 2, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Laidig	Pehler	Reichgott
Belanger	Frederickson	Lantry	Peterson, D.C.	Renneke
Bertram	Freeman	Lessard	Peterson, D.L.	Samuelson
Brataas	Gustafson	Luther	Peterson, R.W.	Schmitz
Chmielewski	Hughes	McQuaid	Petty	Spear
Dahl	Johnson, D.E.	Mehrkens	Pogemiller	Taylor
Dicklich	Jude	Moe, R.D.	Purfeerst	Wegscheid
Diessner	Kronebusch	Olson	Ramstad	

Messrs. Benson and Knutson voted in the negative.

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1940: A bill for an act relating to Stearns county; authorizing the

Stearns county board to designate the county auditor as the local registrar of the county.

Mr. Bertram moved to amend H.F. No. 1940 as follows:

Page 1, line 7, after the period, insert "[STEARNS COUNTY; LOCAL REGISTRAR.]"

Page 1, after line 11, insert:

"Sec. 2. [STEARNS COUNTY; MARRIAGE LICENSING.]

*Notwithstanding Minnesota Statutes, chapter 517, the county board of Stearns county may authorize the county auditor to perform the functions and duties of the court administrator required under Minnesota Statutes, chapter 517, with the approval of the court administrator."*

The motion prevailed. So the amendment was adopted.

H.F. No. 1940 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 5, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Isackson	Luther	Purfeerst
Anderson	Diessner	Johnson, D.E.	McQuaid	Reichgott
Belanger	Dieterich	Jude	Olson	Renneke
Bernhagen	Frank	Kamrath	Pehler	Samuelson
Bertram	Frederickson	Knaak	Peterson, D.C.	Schmitz
Brataas	Freeman	Kronebusch	Peterson, D.L.	Sieloff
Chmielewski	Gustafson	Laidig	Peterson, R.W.	Spear
Dahl	Hughes	Lantry	Pogemiller	Waldorf

Those who voted in the negative were:

Knutson	Mehrkens	Ramstad	Storm	Taylor
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So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1886: A bill for an act relating to local government; changing the notice requirements for proposed special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, 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 42 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Kamrath	Pehler	Sieloff
Anderson	Frederick	Knaak	Peterson, D.C.	Solon
Belanger	Frederickson	Knutson	Peterson, D.L.	Spear
Benson	Freeman	Kronebusch	Peterson, R.W.	Storm
Bernhagen	Gustafson	Laidig	Pogemiller	Taylor
Dahl	Hughes	Lantry	Ramstad	Waldorf
Diecklich	Isackson	Luther	Reichgott	
Diessner	Johnson, D.E.	McQuaid	Renneke	
Dieterich	Jude	Olson	Schmitz	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1842: A bill for an act relating to public safety; motor vehicles; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identification card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; amending Minnesota Statutes 1984, sections 168.28; 169.123, subdivision 5c; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.013, subdivisions 1c and 1e; 171.27; and 221.033, subdivision 3; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

Mr. Frank moved to amend S.F. No. 1842 as follows:

Page 1, after line 21, insert:

“Section 1. Minnesota Statutes 1985 Supplement, section 168.012, subdivision 1c, is amended to read:

Subd. 1c. (a) The annual *administrative* fee for ~~trailer license plates issued to a tax-exempt vehicle under this section is \$5 for each plate.~~ (b) ~~The annual fee for license plates issued to all other tax-exempt vehicles is a \$5 administrative handling fee and \$10 for two plates per vehicle. The license plate fee for a tax-exempt vehicle, except a trailer, is \$10 for two plates per vehicle, payable only on the first tax-exempt registration of the vehicle.~~ (c) ~~On or after March 1, 1986, The registration period for a tax-exempt vehicle is biennial and new plates will be issued for the life of the vehicle. Fees are The administrative fee is due on March 1 biennially and payable the preceding January 1, with validating stickers issued at time of payment. If the tax-exempt vehicle is newly registered for less than the two-year period, the fee must be apportioned by six-month increments, but in no event may the fee be less than \$5 per vehicle.~~

*(b) The owner of a tax-exempt vehicle shall apply for tax-exempt license plates, and pay the administrative and plate fees, and the filing fee under section 168.33, subdivision 7, only to a deputy registrar in the county in which the vehicle is domiciled.”*

Page 9, after line 34, insert:

“Sec. 10. [PREPAID FEES FOR TAX-EXEMPT VEHICLES CARRIED FORWARD.]

*The owner of a tax-exempt vehicle registered for the two-year period beginning March 1, 1986, whose fees for administrative handling, license plates, and filing exceeded \$20 per vehicle, may apply the excess toward payment of administrative handling fees for tax-exempt vehicles in subsequent registration periods, as provided in this section. Only payments made before the effective date of section 1 may be applied to subsequent administrative handling fees. The registrar shall notify each owner of a tax-exempt vehicle of the amount of the credit, if any, for which the owner is eligible under this section.”*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Moe, R.D. moved to amend S.F. No. 1842 as follows:

Page 7, after line 9, insert:

“Sec. 5. Minnesota Statutes 1984, section 169.44, is amended by adding a subdivision to read:

*Subd. 16. [MOTOR COACH USED FOR SCHOOL ACTIVITIES.] After January 1, 1986, a school district or an area vocational technical institute shall not acquire a motor coach. Motor coaches acquired by school districts or area vocational technical institutes before January 1, 1986, may be used by school districts or area vocational technical institutes only to transport students participating in school activities, their instructors, and supporting personnel, to and from school activities. The motor coaches shall not in any way be outwardly equipped and identified as school buses. A motor coach operated under this subdivision is not a school bus for purposes of section 124.225. By August 1, 1986, the state board of education shall adopt rules governing the equipment, identification, operation, inspection, and certification of motor coaches operated under this subdivision. After January 1, 1998, a school district or area vocational technical institute shall not own or operate a motor coach for any purpose.”*

Page 10, after line 1, insert:

“Sec. 11. [EFFECTIVE DATE.]

*Section 5 is effective the day following final enactment.”*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Kamrath moved to amend S.F. No. 1842 as follows:

Page 1, after line 21, insert:

“Section 1. Minnesota Statutes 1984, section 168.011, subdivision 17, is amended to read:

*Subd. 17. [FARM TRUCK.] “Farm truck” means all single unit trucks, truck-tractors, tractors, semitrailers, and trailers used by the owner thereof to transport agricultural, horticultural, dairy, and other farm products, including livestock, produced or finished by the owner of the truck, and any other personal property owned by the farmer to whom the license for the truck is issued, from the farm to market, and to transport property and supplies to the farm of the owner. Trucks, truck-tractors, tractors, semitrailers, and trailers registered as “farm trucks” may be used by the owner thereof to occasionally transport up to five truckloads each year of unprocessed and raw farm products, not produced by the owner of the truck, from the place of production to market when the transportation constitutes the first haul of the products, and may be used by the owner thereof, either farmer or logger who harvests and hauls forest products only, to transport logs, pulpwood, lumber,*



chips, railroad ties and other raw and unfinished forest products from the place of production to an assembly yard or railhead when the transportation constitutes the first haul thereof, provided that the owner and operator of the vehicle transporting planed lumber shall have in his immediate possession a statement signed by the producer of the lumber designating the governmental subdivision, section and township where the lumber was produced and that this haul, indicating the date, is the first haul thereof. The licensed vehicles may also be used by the owner thereof to transport, to and from timber harvesting areas, equipment and appurtenances incidental to timber harvesting, and gravel and other road building materials for timber haul roads.

"Farm trucks" shall also include only single unit trucks, which, because of their construction, cannot be used for any other purpose and are used exclusively to transport milk and cream enroute from farm to an assembly point or place for final manufacture, and for transporting milk and cream from an assembly point to a place for final processing or manufacture. This section shall not be construed to mean that the owner or operator of the truck cannot carry on his usual accommodation services for his patrons on regular return trips, such as butter, cream, cheese, and other dairy supplies."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "limiting the use of farm trucks to haul farm products not produced by the truck owner;"

Page 1, line 14, after "sections" insert "168.011, subdivision 17;"

The motion prevailed. So the amendment was adopted.

S.F. No. 1842 was then progressed.

### SPECIAL ORDER

S.F. No. 1869: A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

Mr. Dieterich moved to amend S.F. No. 1869 as follows:

Page 4, line 12, after "to" insert:

"(1)"

Page 4, line 13, before the period, insert: "

(2) *a material issue in a rulemaking proceeding after the beginning of commission deliberations;*

(3) *a material issue in a disputed formal petition; and*

(4) any other communication impermissible by law”

The motion prevailed. So the amendment was adopted.

S.F. No. 1869 was then progressed.

### SPECIAL ORDER

S.F. No. 2078: A bill for an act relating to insurance; authorizing and regulating the use of nonprofit risk indemnification trusts; prescribing the powers and duties of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 60A.

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 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kronebusch	Peterson, D. C.	Schmitz
Benson	Freeman	Laidig	Peterson, R. W.	Sieloff
Bertram	Gustafson	Lantry	Petty	Solon
Brataas	Hughes	Luther	Pogemiller	Spear
Chmielewski	Isackson	Mehrkens	Purfeerst	Storm
Dahl	Jude	Moe, D. M.	Ramstad	
Dicklich	Kamrath	Olson	Reichgott	
Frank	Knutson	Pehler	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

The question recurred on S.F. No. 1842.

S.F. No. 1842: A bill for an act relating to public safety; motor vehicles; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identification card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; amending Minnesota Statutes 1984, sections 168.28; 169.123, subdivision 5c; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.013, subdivisions 1c and 1e; 171.27; and 221.033, subdivision 3; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

Ms. Reichgott moved to amend S.F. No. 1842 as follows:

Page 1, after line 21, insert:

“Section 1. [65B.481] [DRIVER TO HAVE PROOF OF INSURANCE IN POSSESSION.]

*Every driver shall have in his immediate possession at all times when operating a motor vehicle evidence that insurance covering the vehicle is in effect. On demand of a peace officer, an authorized representative of the*

*department of public safety, or an officer authorized by law to enforce the laws relating to the operation of motor vehicles on public streets and highways, the driver must produce proof of insurance in the form of a valid insurance policy or an identification card issued by an insurer. No person shall be in violation of this section if the person provides the required proof of insurance to the officer within seven days. The commissioner of public safety may suspend the license of any operator who violates this section. Commercial vehicles required to file proof of insurance pursuant to chapter 221 are exempt from this section.*

Sec. 2. Minnesota Statutes 1984, section 65B.67, subdivision 3, is amended to read:

Subd. 3. [VIOLATION BY DRIVER.] Any other person who operates a motor vehicle or motorcycle upon a public highway, street or road in this state ~~with knowledge~~ *who knows or has reason to know* that the owner does not have security complying with the terms of section 65B.48 in full force and effect is guilty of a misdemeanor and shall be sentenced as provided in subdivision 4.

Sec. 3. Minnesota Statutes 1984, section 65B.67, subdivision 4a, is amended to read:

Subd. 4a. The commissioner of public safety ~~may~~ *shall* revoke the registration of any motor vehicle or motorcycle, and may suspend the driver's license of any operator, without preliminary hearing upon a showing by department records, including accident reports required to be submitted by section 169.09, or other sufficient evidence that security required by section 65B.48 has not been provided and maintained. Before reinstatement of the registration, there shall be filed with the commissioner of public safety the written certificate of an insurance carrier authorized to do business in the state stating that security has been provided as required by section 65B.48. The commissioner of public safety may require the certificate of insurance provided to satisfy this subdivision to be certified by the insurance carrier to be noncancelable for a period not to exceed one year. The commissioner of public safety may also require a certificate of insurance to be filed with respect to all vehicles required to be insured under section 65B.48 and owned by any person whose driving privileges have been suspended or revoked as provided in this section before reinstating the person's driver's license."

Renumber the sections in sequence

Correct the internal references

Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "requiring revocation of motor vehicle registration for failure to maintain insurance; requiring drivers to maintain proof of insurance;"

Page 1, line 14, after "sections" insert "65B.67, subdivisions 3 and 4a;"

Page 1, line 18, after "3" insert "; proposing coding for new law in Minnesota Statutes, chapter 65B"

The motion prevailed. So the amendment was adopted.

Ms. Reichgott then moved to amend the Reichgott amendment to S.F. No.

1842 as follows:

Page 1, line 15, after "days" insert "or to the court on or before the date set for appearance"

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Frederickson moved to amend the Frank amendment to S.F. No. 1842 as follows:

Page 1 of the Frank amendment, after line 2, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 168.011, subdivision 4, is amended to read:

Subd. 4. [MOTOR VEHICLE.] "Motor vehicle" means any self-propelled vehicle not operated exclusively upon railroad tracks and any vehicle propelled or drawn by a self-propelled vehicle and includes vehicles known as trackless trolleys which are propelled by electric power obtained from overhead trolley wires but not operated upon rails, except snowmobiles and manufactured homes. *After July 31, 1985, motor vehicle does not include a three-wheel off-road vehicle as defined in section 84.92, subdivision 8; except that if the three-wheel off-road vehicle was licensed as a motor vehicle before August 1, 1985, the owner may continue to license it as a motor vehicle until it is conveyed or otherwise transferred to another owner, is destroyed, or fails to comply with the registration and licensing requirements of this chapter.*"

ReNUMBER the sections in sequence and correct the internal references.

Amend the title accordingly

The motion prevailed. So the amendment to the amendment was adopted.

### RECONSIDERATION

Having voted on the prevailing side, Mr. Frank moved that the vote whereby the Kamrath amendment to S.F. No. 1842 was adopted on March 12, 1986, be now reconsidered. The motion prevailed. So the vote was reconsidered.

Mr. Kamrath withdrew his amendment.

S.F. No. 1842 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:

Adkins	Diessner	Kamrath	Moe, D. M.	Reichgott
Anderson	Frank	Knaak	Moe, R. D.	Schmitz
Belanger	Frederick	Knutson	Olson	Sieloff
Benson	Frederickson	Kronebusch	Pehler	Solon
Bernhagen	Freeman	Laidig	Peterson, D.C.	Spear
Bertram	Gustafson	Lantry	Peterson, D.L.	Storm
Brataas	Hughes	Lessard	Petty	Taylor
Chmielewski	Isackson	McQuaid	Pogemiller	Vega
Dahl	Johnson, D.E.	Mehrrens	Purfeerst	Waldorf
Dicklich	Jude	Merriam	Ramstad	Wegscheid

Messrs. Dieterich and Peterson, R.W. voted in the negative.

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

The question recurred on S.F. No. 1869.

S.F. No. 1869: A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

Mr. Vega moved to amend S.F. No. 1869 as follows:

Pages 1 and 2, delete section 1

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1869 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 44 and nays 4, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Knaak	Pehler	Schmitz
Anderson	Dieterich	Knutson	Peterson, D. C.	Sieloff
Belanger	Frank	Kronebusch	Peterson, R. W.	Solon
Benson	Frederick	Laidig	Petty	Spear
Bernhagen	Frederickson	Lantry	Pogemiller	Storm
Bertram	Freeman	Lessard	Purfeerst	Taylor
Brataas	Gustafson	McQuaid	Ramstad	Vega
Chmielewski	Hughes	Moe, D. M.	Reichgott	Waldorf
Dahl	Jude	Olson	Renneke	

Messrs. Isackson; Johnson, D.E.; Kamrath and Mehrkens voted in the negative.

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 2111: A bill for an act relating to the city of Medina; authorizing a payment by the city for utility construction.

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 0, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Knaak	Olson	Schmitz
Anderson	Frederick	Knutson	Pehler	Sieloff
Belanger	Frederickson	Kronebusch	Peterson, D. C.	Spear
Bernhagen	Gustafson	Laidig	Peterson, R. W.	Storm
Bertram	Hughes	Lantry	Petty	Taylor
Chmielewski	Isackson	Luther	Pogemiller	Vega
Dahl	Johnson, D. E.	McQuaid	Purfeerst	Waldorf
Dicklich	Jude	Mehrkins	Ramstad	
Dieterich	Kamrath	Moe, D. M.	Reichgott	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1185: A bill for an act relating to transportation; advertising devices; authorizing advertising on certain telephone booths; amending Minnesota Statutes 1984, section 160.27, subdivision 3.

Mr. Pehler moved to amend H.F. No. 1185 as follows:

Page 1, after line 22, insert:

“Sec. 2. [TRUNK HIGHWAY 15 RIGHT-OF-WAY.]

*The commissioner of transportation shall not sell, dispose of, or certify as surplus property under Minnesota Statutes, section 94.10, any real property owned by the department of transportation that adjoins, or lies within, the right-of-way of trunk highway 15 in St. Cloud. This prohibition does not apply to a sale or disposal of the property that occurs after a date that is two years before the date established by the commissioner for the letting of bids for construction on, or expansion of, the bridge on trunk highway 15 that crosses the Mississippi river.”*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 1185 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 2, as follows:

Those who voted in the affirmative were:

Adkins	Frederick	Knutson	Pehler	Schmitz
Anderson	Frederickson	Kronebusch	Peterson, C. C.	Sieloff
Belanger	Freeman	Laidig	Peterson, D. C.	Spear
Bernhagen	Gustafson	Lantry	Peterson, D. L.	Storm
Bertram	Hughes	Luther	Peterson, R. W.	Taylor
Chmielewski	Isackson	McQuaid	Petty	Waldorf
Dahl	Johnson, D. E.	Mehrkins	Pogemiller	Wegscheid
Dicklich	Jude	Moe, D. M.	Purfeerst	
Diessner	Kamrath	Novak	Ramstad	
Dieterich	Knaak	Olson	Reichgott	

Messrs. Frank and Merriam voted in the negative.

So the bill, as amended, passed and its title was agreed to.

**SPECIAL ORDER**

H.F. No. 2014: A bill for an act relating to elections; making changes in registration, caucuses, ballots, affidavits of candidacy and withdrawal, nominations, election certificates, and election judge qualifications; amending Minnesota Statutes 1984, sections 201.018, subdivision 2; 201.12, subdivision 2; 201.15, subdivision 1; 202A.11, subdivision 2; 202A.16, subdivision 1; 204B.03; 204B.06, subdivision 1; 204B.07, subdivision 4; 204B.09, subdivision 1; 204B.10, by adding a subdivision; 204B.12, subdivision 3; 204B.35, subdivision 2; 204C.40, subdivision 1; 204D.11, subdivisions 3, 5, and 6; 206.71, by adding a subdivision; and 208.03.

Mr. Hughes moved to amend H.F. No. 2014, as amended pursuant to Rule 49, adopted by the Senate March 4, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1838.)

Page 4, after line 35, insert:

“Sec. 9. Minnesota Statutes 1984, section 204B.07, subdivision 1, is amended to read:

Subdivision 1. [FORM OF PETITION.] A nominating petition may consist of one or more separate pages each of which shall state:

(a) The office sought;

(b) The candidate's name and residence address, including street and number if any; and

(c) The candidate's political party or political principle expressed in not more than three words. No candidate who files for a partisan office by nominating petition shall use the term “nonpartisan” as a statement of his political principle or the name of his political party. *No part of the name of a major political party may be used to designate the political party or principle of a candidate who files for a partisan office by nominating petition, except that the word “independent” may be used to designate the party or principle.* A candidate who files by nominating petition to fill a vacancy in nomination for a nonpartisan office pursuant to section 204B.13, shall not state any political principle or the name of any political party on the petition.”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, delete the second “subdivision” and insert “subdivisions 1 and”

The motion prevailed. So the amendment was adopted.

Ms. Peterson, D.C. moved to amend H.F. No. 2014, as amended pursuant to Rule 49, adopted by the Senate March 4, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1838.)

Page 9, after line 32, insert:

“Sec. 20. Laws 1980, chapter 362, section 8, subdivision 1, is amended to read:

Sec. 8. [CAMPAIGN REPORTS.] Subdivision 1. [COMMITTEES REQUIRED TO REPORT; DEADLINES.] The treasurer of any political committee, political fund or principal campaign committee required to register pursuant to section 6 shall also file campaign reports with the filing officer. *In each year in which the name of the candidate is on the ballot, the report of the principal campaign committee shall be filed ten days before a regular primary and a regular election. Political committees and political funds other than principal campaign committees shall file campaign reports shall be filed ten days before any a regular primary or regular election.* The treasurer of a principal campaign committee shall file additional reports ten days before a special primary or other special election and 30 days after a special election. The reports shall cover the period from the last day of the previous reporting period to seven days before the filing date. An additional campaign report shall be filed by all treasurers on January 31 of each year covering the period from the last day of the previous reporting period to December 31 of the preceding calendar year."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Peterson, D.C. then moved to amend H.F. No. 2014, as amended pursuant to Rule 49, adopted by the Senate March 4, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1838.)

Page 9, after line 32, insert:

"Sec. 20. Minnesota Statutes 1984, section 210A.04, is amended by adding a subdivision to read:

*Subd. 1a. [ACTION BY CANDIDATE.] A candidate is guilty of a gross misdemeanor if the candidate intentionally participates in the preparation, dissemination, or broadcast of paid political advertising, campaign material, or a letter to the editor with respect to the personal or political character or acts of a candidate, whether or not defamatory, which the participating candidate knows or has reason to believe is false and which is designed or tends to elect, injure, or defeat a candidate for nomination or election to a public office."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "prohibiting certain actions by candidates; imposing a penalty;"

Page 1, line 14, delete "and" and before the period, insert "; and 210A.04, by adding a subdivision"

The motion prevailed. So the amendment was adopted.

Mr. Pogemiller moved to amend H.F. No. 2014, as amended pursuant to Rule 49, adopted by the Senate March 4, 1986, as follows:

(The text of the amended House File is identical to S.F. No. 1838.)

Page 1, after line 16, insert:



“Section 1. [10A.241] [TRANSFER OF FUNDS AND DEBTS.]

Notwithstanding any provisions of this chapter to the contrary, a candidate may terminate the candidate's principal campaign committee for one state office by transferring any debts of that committee to the candidate's principal campaign committee for another state office, provided that any outstanding unpaid bills or loans from the committee being terminated are assumed and continuously reported by the committee to which the transfer is being made until paid or forgiven.”

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2014 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:

Adkins	Dieterich	Kamrath	Merriam	Ramstad
Anderson	Frank	Knaak	Moe, D. M.	Reichgott
Belanger	Frederick	Knutson	Moe, R. D.	Renneke
Benson	Frederickson	Kronebusch	Olson	Schmitz
Berg	Freeman	Laidig	Pehler	Sieloff
Bernhagen	Gustafson	Lantry	Peterson, D.C.	Storm
Bertram	Hughes	Lessard	Peterson, D.L.	Taylor
Chmielewski	Isackson	Luther	Peterson, R.W.	Vega
Dahl	Johnson, D.E.	McQuaid	Petty	Waldorf
Dicklich	Jude	Mehrkens	Pogemiller	Wegscheid

So the bill, as amended, passed and its title was agreed to.

**SPECIAL ORDER**

H.F. No. 1806: A bill for an act relating to financial institutions; permitting state banks and credit unions to offer self-directed individual retirement accounts; amending Minnesota Statutes 1984, section 48.15, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 52.04, subdivision 1.

Mr. Benson moved to amend H.F. No. 1806 as follows:

Page 2, after line 14, insert:

“Sec. 2. Minnesota Statutes 1984, section 48.24, subdivision 5, is amended to read:

Subd. 5. Loans or obligations shall not be subject under this section to any limitation based upon such capital and surplus to the extent that they are secured or covered by guarantees, or by commitments or agreements to take over or to purchase the same, made by:

(1) the commissioner of agriculture on the purchase of agricultural land or

by:

(2) any Federal Reserve bank or by;

(3) 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; or

(4) *the Minnesota energy and economic development authority.*"

Page 7, line 15, delete "This act is" and insert "Sections 1 and 3 are"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "removing loans made by the energy and economic development authority from a bank's lending limitations;"

Page 1, line 5, delete "section" and insert "sections" and after the semicolon, insert "48.24, subdivision 5;"

The motion prevailed. So the amendment was adopted.

H.F. No. 1806 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:

Adkins	Dieterich	Kamrath	Merriam	Pogemiller
Anderson	Frank	Knaak	Moe, D. M.	Ramstad
Belanger	Frederick	Knutson	Moe, R. D.	Reichgott
Benson	Frederickson	Kronebusch	Olson	Renneke
Bernhagen	Freeman	Laidig	Pehler	Schmitz
Bertram	Gustafson	Lantry	Peterson, C. C.	Sieloff
Chmielewski	Hughes	Lessard	Peterson, D. C.	Storm
Dahl	Isackson	Luther	Peterson, D. L.	Taylor
Dicklich	Johnson, D.E.	McQuaid	Peterson, R. W.	Waldorf
Diessner	Jude	Mehrkens	Petty	Wegscheid

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 2081: A bill for an act relating to human services; directing the commissioner of human services to create a mental health service system; setting forth requirements for a mental health service system; requiring a study; amending Minnesota Statutes 1984, section 245.69, by adding a subdivision.

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:

Adkins	Diessner	Kamrath	Merriam	Pogemiller
Anderson	Frank	Knaak	Moe, D. M.	Ramstad
Belanger	Frederick	Knutson	Moe, R. D.	Reichgott
Benson	Frederickson	Kronebusch	Olson	Renneke
Bernhagen	Freeman	Laidig	Pehler	Schmitz
Bertram	Gustafson	Lantry	Peterson, C. C.	Sieloff
Chmielewski	Hughes	Lessard	Peterson, D. C.	Storm
Dahl	Isackson	Luther	Peterson, D. L.	Taylor
DeCramer	Johnson, D.E.	McQuaid	Peterson, R. W.	Vega
Dicklich	Jude	Mehrkens	Petty	Waldorf

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1821: A bill for an act relating to real property; requiring condominium plats after July 31, 1986; requiring certification by a registered land surveyor only, that condominium plat accurately depicts certain required information in 515A.2-110; amending Minnesota Statutes 1984, sections 515A.1-102; 515A.1-103; 515A.2-105; 515A.2-110; 515A.2-114; 515A.2-115; 515A.2-116; 515A.4-102; 515A.4-107; 515A.4-116; and 515A.4-117; and Minnesota Statutes 1985 Supplement, sections 389.09; 508.82; and 508A.82.

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:

Adkins	Diessner	Jude	Mehrkens	Petty
Anderson	Dieterich	Kamrath	Merriam	Pogemiller
Belanger	Frank	Knaak	Moe, D. M.	Ramstad
Benson	Frederick	Knutson	Moe, R. D.	Reichgott
Bernhagen	Frederickson	Kronebusch	Olson	Schmitz
Bertram	Freeman	Laidig	Pehler	Sieloff
Chmielewski	Gustafson	Lantry	Peterson, C. C.	Storm
Dahl	Hughes	Lessard	Peterson, D. C.	Waldorf
DeCramer	Isackson	Luther	Peterson, D. L.	Wegscheid
Dicklich	Johnson, D.E.	McQuaid	Peterson, R. W.	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1871: A bill for an act relating to veterans; clarifying certain terms; providing for payment of compensation to certain patients and residents of state institutions; amending Minnesota Statutes 1984, section 246.151; and Minnesota Statutes 1985 Supplement, section 136C.13, subdivision 4.

Mr. Bertram moved to amend H.F. No. 1871 as follows:

Pages 1 and 2, delete section 1

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the first semicolon

Page 1, line 5, delete “; and” and insert a period

Page 1, delete lines 6 and 7

The motion prevailed. So the amendment was adopted.

H.F. No. 1871 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:

Adkins	DeCramer	Jude	Moe, D. M.	Ramstad
Anderson	Dicklich	Kamrath	Moe, R. D.	Reichgott
Belanger	Diessner	Knaak	Olson	Renneke
Benson	Frank	Knutson	Pehler	Schmitz
Berglin	Frederick	Kronebusch	Peterson, C. C.	Sieloff
Bernhagen	Frederickson	Laidig	Peterson, D. C.	Storm
Bertram	Gustafson	Lantry	Peterson, D. L.	Vega
Brataas	Hughes	Lessard	Peterson, R. W.	Waldorf
Chmielewski	Isackson	Luther	Petty	Wegscheid
Dahl	Johnson, D.E.	McQuaid	Pogemiller	

So the bill, as amended, passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1730: A bill for an act relating to crime; correcting certain erroneous, omitted and obsolete references in and to the criminal sexual conduct statutes; amending Minnesota Statutes 1984, sections 253B.02, subdivision 4a; 260.015, subdivision 24; 494.03; 518B.01, subdivision 2; 609.11, subdivision 9; 609.341, subdivision 3; 609.347, subdivision 3; 609.348; 609.349; 609.35; 611A.03, subdivision 3; and 628.26; and Minnesota Statutes 1985 Supplement, sections 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivisions 2 and 3; 609.347; 609.531, subdivision 1; 626.556, subdivision 2; and 631.045.

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:

Adkins	Dahl	Jude	Moe, D. M.	Ramstad
Anderson	Dicklich	Kamrath	Moe, R. D.	Reichgott
Belanger	Diessner	Knaak	Novak	Renneke
Benson	Frank	Knutson	Olson	Schmitz
Berg	Frederick	Kronebusch	Pehler	Sieloff
Berglin	Frederickson	Laidig	Peterson, C. C.	Storm
Bernhagen	Gustafson	Lantry	Peterson, D. C.	Vega
Bertram	Hughes	Lessard	Peterson, R. W.	Waldorf
Brataas	Isackson	Luther	Petty	Wegscheid
Chmielewski	Johnson, D.E.	McQuaid	Pogemiller	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1824: A bill for an act relating to statutes; adopting as amended a

gender neutral revision of Minnesota Statutes; providing for no substantive change; granting certain editorial authority to the revisor of statutes; amending Minnesota Statutes 1984, sections 3C.10, subdivision 1; and 645.44, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 645.

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 6, as follows:

Those who voted in the affirmative were:

Belanger	Frank	Knutson	Pehler	Schmitz
Benson	Frederick	Kronebusch	Peterson, C.C.	Sieloff
Berglin	Frederickson	Laidig	Peterson, D.C.	Storm
Bernhagen	Freeman	Lantry	Peterson, D.L.	Taylor
Bertram	Hughes	McQuaid	Peterson, R.W.	Vega
Brataas	Johnson, D.E.	Mehrkens	Petty	Waldorf
Dahl	Johnson, D.J.	Merriam	Pogemiller	Wegscheid
Dicklich	Jude	Moe, D. M.	Ramstad	
Diessner	Kamrath	Moe, R. D.	Reichgott	
Dieterich	Knaak	Novak	Renneke	

Those who voted in the negative were:

Adkins	Chmielewski	Gustafson	Isackson	Lessard
Anderson				

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1980: A bill for an act relating to state government; authorizing the Indian affairs council to enter contracts and to accept grants and gifts; amending Minnesota Statutes 1984, section 3.922, subdivision 5.

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:

Adkins	Dicklich	Kamrath	Moe, R. D.	Reichgott
Anderson	Dieterich	Knaak	Novak	Renneke
Belanger	Frank	Knutson	Olson	Schmitz
Benson	Frederick	Kronebusch	Pehler	Solon
Berg	Frederickson	Laidig	Peterson, C.C.	Storm
Berglin	Gustafson	Lantry	Peterson, D.C.	Taylor
Bernhagen	Hughes	Lessard	Peterson, D.L.	Vega
Bertram	Isackson	McQuaid	Peterson, R.W.	Waldorf
Brataas	Johnson, D.E.	Mehrkens	Petty	Wegscheid
Chmielewski	Johnson, D.J.	Merriam	Pogemiller	
Dahl	Jude	Moe, D. M.	Ramstad	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2179: A bill for an act relating to commerce; consumer protec-

tion; requiring the repair, refund, or replacement of new motor vehicles and new farm tractors under certain circumstances; prescribing certain settlement procedures; amending Minnesota Statutes 1984, section 325F.665, as amended; proposing coding for new law in Minnesota Statutes, chapter 325F.

Mr. Dahl moved to amend S.F. No. 2179 as follows:

Page 1, after line 11, insert:

“Section 1. [168.79] [USED MOTOR VEHICLE GENERAL CONDITION DISCLOSURE.]

*Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:*

*(a) “Consumer” means the purchaser, other than for purposes of resale, of a used motor vehicle used for personal, family, or household purposes at least 40 percent of the time.*

*(b) “Motor vehicle” means (1) a passenger automobile as defined in section 168.011, subdivision 7, including pickup trucks and vans; and (2) recreational equipment as defined in section 168.011, subdivision 25, which is sold to a consumer in this state.*

*(c) “Dealer” means licensed motor vehicle dealer as defined in section 168.27, subdivisions 1 and 3, or its agent.*

*Subd. 2. [USED MOTOR VEHICLE GENERAL CONDITION DISCLOSURE.] A dealer of used motor vehicles or its agent shall inform prospective retail purchasers of used motor vehicles in writing before the purchase contract is executed in the manner and on the form prescribed in subdivision 3 of all significant existing mechanical and electrical and structural defects and damage. The dealer must disclose information that can be ascertained as a result of reasonable diligence, which shall consist of, but is not limited to, a walk-around and interior inspection, under-hood inspection, under-vehicle inspection and a test drive. Any sale not meeting the requirements of this subdivision is voidable within 30 days at the option of the retail purchaser. No dealer may knowingly give false information to a purchaser in making any disclosure required by this section.*

*Subd. 3. [USED VEHICLE DISCLOSURE LABEL.] Each motor vehicle subject to the provisions of this section, displayed or offered for sale by a dealer, shall include a disclosure label displayed within the motor vehicle and readable from the outside, and it shall become the possession of the purchaser upon delivery. The label shall be signed and completed in duplicate prior to delivery of the vehicle. The dealer shall retain a copy of the signed disclosure label for at least four years. The used motor vehicle disclosure label required by this section shall, without exception, be in the form prescribed by the attorney general. The attorney general is exempt from the rulemaking provisions of chapter 14 in prescribing the form of the used motor vehicle disclosure label, but the attorney general may comply with section 14.38, subdivision 7.*

*Subd. 4. [EFFECT AS WARRANTIES.] Unless otherwise agreed to by the parties in the purchase contract, the inspection disclosures required in subdivisions 2 and 3 do not create any warranties express or implied and do*

not affect warranty coverage provided for in the purchase contract.

Subd. 5. [EXCEPTIONS.] Subdivisions 2 and 3 shall not apply to:

(a) A used motor vehicle prior to being displayed or offered for sale, provided a written statement "Not inspected for sale" is conspicuously displayed on each vehicle.

(b) A demonstrator or executive vehicle until removed from executive or demonstrator service and displayed or offered for sale on the sales lot.

(c) A used motor vehicle which is operated between point of wholesale or point of purchase and the licensee's business premises by the licensee or agent if a valid dealer registration plate is affixed to the vehicle.

(d) A business selling a used vehicle to an employee of that business, a lessor selling a used vehicle to an employee of the lessor, a lessor selling a leased vehicle by or to that vehicle's lessee or to an employee of the lessee.

Subd. 6. [SERVICE FEES.] A dealer licensee shall not assess a purchaser an additional service fee or charge for completing any sales-related vehicle inspection or forms which are required by law or rule.

Subd. 7. [CIVIL REMEDY.] Any dealer who is found to have violated this section shall be subject to the penalties and remedies provided in sections 8.31 and 168.27.

Subd. 8. [WAIVER.] Waiver of any requirements of this chapter, except as specifically provided for in this chapter, is prohibited and void.

Sec. 2. Minnesota Statutes 1984, section 168.27, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "Leasing motor vehicles" means furnishing a motor vehicle for a fee under a bailor-bailee relationship where no incidences of ownership are intended to be transferred other than the right to use the vehicle for a stated period of time.

(2) "Brokering motor vehicles" means arranging sales between willing buyers and sellers of motor vehicles and receiving a fee for said service.

(3) "Wholesaling motor vehicles" means selling new or used motor vehicles to dealers for resale to the public.

(4) "Auctioning motor vehicles" means arranging for and handling the sale of motor vehicles, not the property of the auctioneer, to the highest bidder.

(5) "Dealer" includes new motor vehicle dealers, used motor vehicle dealers, brokers, wholesalers, auctioneers and lessors of new or used motor vehicles.

(6) "Commercial building" means a building adapted to commercial use and located in an area zoned for commercial or other less restrictive nonresidential use by the governmental unit in which it is located.

(7) "Isolated or occasional sales or leases" means the sale or lease of not

to exceed five vehicles in a 12-month period.

Sec. 3. Minnesota Statutes 1984, section 168.27, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] (1) Salesmen and other employees of licensed dealers under this section shall not be required to obtain individual licenses.

(2) Isolated or occasional sales or leases of new or used motor vehicles shall be exempt from the provisions of this section. *A person who makes only isolated or occasional sales or leases is not considered to be in the business of selling or leasing motor vehicles and does not qualify to receive dealer plates pursuant to subdivision 16.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 168.27, subdivision 10, is amended to read:

Subd. 10. [PLACE OF DOING BUSINESS.] All licensees under this section shall have an established place of business which shall include as a minimum,

(1) For a new motor vehicle dealer, the following:

(a) a permanent enclosed commercial building on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours;

(b) a bona fide contract or franchise (1) in effect with a manufacturer or distributor of the new motor vehicles he proposes to sell, broker, wholesale or auction, or (2) in effect with the first-stage manufacturer or distributor of new motor vehicles purchased from a van converter or modifier which he proposes to sell, broker, wholesale, or auction, or (3) in effect with the final stage manufacturer of the new type A, B or C motor homes which he proposes to sell, broker, wholesale, or auction;

(c) a facility for the repair and servicing of motor vehicles and the storage of parts and accessories, not to exceed ten miles distance from the principal place of business. Such service may be provided through contract with bona fide operators actually engaged in such services.

(2) For a used motor vehicle dealer the following: a permanent enclosed commercial building on a permanent foundation, owned or under lease by the licensee *and an area adjacent to the building of sufficient size to permit the display of at least five vehicles.* The lease shall be for a minimum term of one year. The building shall contain office space for the books, records and files necessary to conduct the business and maintained with personnel available during normal business hours or automatic telephone answering service during normal working hours.

(3) For a motor vehicle lessor, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(4) For a motor vehicle broker, the following: a commercial office space where the books, records and files necessary to conduct the business are kept



and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(5) For a motor vehicle wholesaler, the following: a commercial office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(6) For a motor vehicle auctioneer, the following: a permanent enclosed commercial building, within or without the state, on a permanent foundation, owned or under lease by the licensee. The lease shall be for a minimum term of one year. The building shall contain office space where the books, records and files necessary to conduct the business are kept and maintained with personnel available during normal business hours or an automatic telephone answering service during normal business hours.

(7) If a new or used motor vehicle dealer maintains more than one place of doing business in a county, the separate places shall be listed on the application. If additional places of business are maintained outside of one county, separate licenses shall be obtained for each county.

(8) If a motor vehicle lessor, broker or auctioneer maintains more than one permanent place of doing business, either in one or more counties, the separate places shall be listed in the application, but only one license shall be required.

#### Sec. 5. [168A.088] [APPLICATIONS.]

*No application for certificate of title and no application for registration may be issued for any vehicle which was not manufactured to comply with federal emission standards as provided by the Clean Air Act, United States Code, title 42, sections 7401 through 7642, and regulations adopted pursuant to the act, and safety standards as provided by the National Traffic and Motor Safety Act, United States Code, title 15, sections 1381 through 1431, and regulations adopted pursuant to the act, unless the applicant furnishes:*

(1) *a bond release letter, with all attachments, issued by the United States Department of Transportation acknowledging receipt of a statement of compliance submitted by the importer of the vehicle and that the statement meets the safety requirements as provided by Code of Federal Regulations, title 19, section 12.80(e);*

(2) *a bond release letter, with all attachments, issued by the United States Environmental Protection Agency stating that the vehicle has been tested and known to be in conformity with federal emission requirements; and*

(3) *a receipt or certificate issued by the United States Department of the Treasury showing that any gas-guzzler taxes due on the vehicle as provided by Public Law Number 95-618, title 2, section 201(a), have been fully paid; or*

(4) *proof satisfactory to the agent that the vehicle was not brought into the United States from outside the country.*

*The application for certificate of title and the application for registration must be accompanied by:*

(1) *a manufacturer's certificate of origin in the English language issued by the actual vehicle manufacturer,*

(2) *the original documents constituting valid proof of ownership in the country in which the vehicle was originally purchased, together with a translation of the documents into the English language verified as to accuracy of the translation by affidavit of the translator, or*

(3) *with regard to a vehicle imported from a country that cancels the vehicle registration and title for export, the documents assigned to the vehicle after the registration and title have been canceled, together with a translation of the documents into the English language, verified as to accuracy of translation by affidavit of the translator."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Mehrkens questioned whether the amendment was germane.

The President ruled that the amendment was germane.

Mr. Dahl moved to amend the Dahl amendment to S.F. No. 2179 as follows:

Page 7, after line 7, insert:

"Sec. 6. Minnesota Statutes 1985 Supplement, section 325E.0951, is amended by adding a subdivision to read:

*Subd. 3a. [DISCLOSURE.] No person may transfer a motor vehicle without certifying in writing to the best of the transferee's knowledge that the pollution control system and restricted gasoline pipe are functional. The registrar of motor vehicles must prescribe the manner and form in which this written disclosure must be made. No transferor may knowingly give a false statement to a transferee in making any disclosure required by this subdivision."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

S.F. No. 2179 was then progressed.

## MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Messages From the House, First Reading of House Bills, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills. The motion prevailed.

## 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. 1950: A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

Senate File No. 1950 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 12, 1986

Mr. Merriam moved that the Senate do not concur in the amendments by the House to S.F. No. 1950, 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 like 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. 2035: A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, subdivision 1.

Senate File No. 2035 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 12, 1986

### CONCURRENCE AND REPASSAGE

Mr. Laidig moved that the Senate concur in the amendments by the House to S.F. No. 2035 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2035: A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.012, subdivision 1; 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, 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 42 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Frederick	Knutson	Moe, R. D.	Renneke
Anderson	Frederickson	Kronebusch	Olson	Sieloff
Belanger	Gustafson	Laidig	Pehler	Solon
Bernhagen	Hughes	Lantry	Peterson, D.C.	Spear
Bertram	Isackson	Lessard	Peterson, D.L.	Waldorf
Brataas	Johnson, D.E.	Luther	Pogemiller	Wegscheid
Chmielewski	Jude	McQuaid	Purfeerst	
Dahl	Kamrath	Mehrkens	Ramstad	
Dieterich	Knaak	Merriam	Reichgott	

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 File, herewith transmitted: H.F. No. 1919.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 11, 1986

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1803.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 12, 1986

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2010.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 12, 1986

### FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 1919: A bill for an act relating to education; imposing a limit on participation; eliminating state tuition reimbursement for courses taken for post-secondary credit; making other modifications to the post-secondary enrollment options program; providing options for swimming classes in junior high schools; amending Minnesota Statutes 1984, sections 123.35, by adding a subdivision; 124A.034, subdivisions 1 and 2; 363.03, subdivision 5; Minnesota Statutes 1985 Supplement, section 123.3514, subdivisions 3, 4, 5, 6, 8, and 10, and by adding subdivisions; and Laws 1985, First Special Session chapter 12, article 5, section 7; proposing coding for new law in Minnesota Statutes, chapter 126.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1771, now on General Orders.

H.F. No. 1803: A bill for an act relating to traffic regulations; authorizing

municipalities to permit handicapped persons to operate four-wheel all-terrain vehicles on city streets and roads under certain conditions; amending Minnesota Statutes 1984, section 169.045.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1690, now on General Orders.

H.F. No. 2010: A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in non-scholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1984, section 129.121, subdivision 1, and by adding subdivisions.

Mr. Merriam moved that H.F. No. 2010 be laid on the table. The motion prevailed.

### REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 2231, 2246 and H.F. No. 450 and reports pertaining to appointments. The motion prevailed.

Mr. Merriam from the Committee on Agriculture and Natural Resources, to which was referred

S.F. No. 2217: A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks and recreation areas.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, after line 7, insert:

“Subd. 2. [85.012] [Subd. 21.] [FRONTENAC STATE PARK.]

*The following area is added to Frontenac State Park:*

*Government Lot 1 and that part of Government Lot 2 lying easterly of the center line of said Government Lot 2 of Section 33; Government Lot 1 of Section 34; all in Township 113 North, Range 13 West. The West Half of the Northwest Quarter and that part of the West Half of the Southwest Quarter lying northerly of the township road of Section 3; that part of Sections 4 and 5 lying northerly of the township road; and the Northeast Quarter of the Northeast Quarter of Section 6; all in Township 112 North, Range 13 West.*

*The following area is deleted from Frontenac State Park:*

*That part of the East Half of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter of Section 3 lying southerly of the township road; all of the Southeast Quarter of the Northeast Quarter and the Northeast Quarter of the Southeast Quarter of Section 9; all of that part of the South Half of the Southeast Quarter of Section 9 except the rights-of-way of U.S. Highway 61 and the Chicago, Milwaukee, St. Paul and Pacific Railroad; all that part of Section 10 lying northwesterly of C.S.A.H. 2 and southerly of the township road; all that part of the North Half of Section 15*

lying northerly of the northerly right-of-way line of U.S. Highway 61 and westerly of C.S.A.H. 2; all that part of the Southeast Quarter of Section 10 and the Northeast Quarter of the Northeast Quarter of Section 15 lying southeasterly of C.S.A.H. 2 and northerly and easterly of the following described line: Beginning at the intersection of C.S.A.H. 2 and a line 300 feet north of and parallel with the northerly line of Hibernia Avenue of the town of Frontenac Station, thence easterly along said line to its intersection with the northerly extension of the easterly line of Ludlow Avenue, thence southerly along the easterly line of Ludlow Avenue and its extension to a point 270 feet north of the northerly line of Columbia Avenue, thence deflecting left at a right angle to a line parallel with and 100 feet distance from the easterly line of Ludlow Avenue, thence southerly along said line to its intersection with the northerly right-of-way line of U.S. Highway 61, thence easterly along said northerly right-of-way line to the east line of Section 15 and there terminating; all that part of the West Half of the Southwest Quarter of Section 11 and the West Half of the Northwest Quarter of Section 14 lying southeasterly of C.S.A.H. 2, northerly of the northerly right-of-way line of U.S. Highway 61, and westerly of the following described line: Commencing at the southwest corner of said Section 11; thence on an assumed bearing of North 00 degrees 25 minutes 27 seconds West 1519.93 feet along the west line of said Section 11; thence North 89 degrees 34 minutes 33 seconds East 490.90 feet to Point "A"; thence North 42 degrees 46 minutes 45 seconds West 507.40 feet to the center line of C.S.A.H. 2 (a/k/a Frontenac and Wells Creek Road and road from old Village of Frontenac to new Village of Frontenac) and the point of beginning; thence South 42 degrees 46 minutes 45 seconds East 507.40 feet to Point "A"; thence South 00 degrees 00 minutes 18 seconds West 1416.61 feet; thence South 55 degrees 09 minutes 18 seconds East 1027.56 feet to the east line of said Northwest Quarter of the Northwest Quarter of said Section 14 and there terminating; all that part of the East Half of the Northwest Quarter of Section 14 described as follows: Beginning at the intersection of the north-south quarter section line of the Northwest Quarter of said Section 14 and the northerly right-of-way line of U.S. Highway 61 as now located, run thence North 400 feet, thence East 100 feet, thence South 200 feet, thence East 100 feet, thence South 200 feet more or less to the northerly line of said U.S. Highway 61, thence westerly and along said northerly line of said highway, 200 feet more or less to the point of beginning; all in Township 112 North, Range 13 West."

Page 2, delete lines 20 to 34

Renumber the subdivisions in sequence

Page 3, after line 24, insert:

"Sec. 3. Laws 1984, chapter 599, section 3, is amended to read:

Sec. 3. [85.013] [Subd. 10.] [FLOOD BAY STATE WAYSIDE.]

The following areas are deleted from the Flood Bay State Wayside:

(a) That part of Government Lot 2, Section 32, Township 53 North, Range 10 West of the fourth principal meridian, lying southeasterly of the southeasterly right-of-way line of U.S. Highway 61 and northeasterly of a line described as follows: beginning at the Northwest Corner of said Government Lot 2, run southeasterly at an angle of 59 degrees with the West Line of said

Government Lot 2 to the low water mark of Lake Superior, and said line there terminating, except a strip of land one hundred twenty-five feet in width lying northwesterly of the low water mark of Lake Superior.

(b) That part of Government Lot 1, Section 32, Township 53 North, Range 10 West of the fourth principal meridian, lying southeasterly of the southeasterly right-of-way line of U.S. Highway 61 and southwesterly of a line described as follows: commencing at the intersection of the West Line of said Section 32 with the centerline of said U.S. Highway 61, thence northeasterly along said centerline a distance of nine hundred thirty feet to the beginning of the line to be described; thence deflect 90 degrees 00 minutes to the right in a southeasterly direction to the low water mark of Lake Superior and said line there terminating, except a strip of land one hundred twenty-five feet in width lying northwesterly of the low water mark of Lake Superior.

These deletions are effective only if: (1) the commissioner of natural resources determines that the deletions and the proposed subsequent developments are in the public interest and consistent with the continued operation and preservation of the remainder of the wayside, considering the environmental impacts as described by an environmental impact statement found to be adequate by the environmental quality board under section 116D.04, any proposed mitigation measures and the economic and engineering feasibility of the project; and (2) the senate agriculture and natural resources committee and the house environment and natural resources committee review and approve the commissioner's determination. If these committees do not approve his determination, the commissioner shall submit it as a recommendation to the 1985 legislature. If the deletions become effective, notwithstanding any limitations contained in Minnesota Statutes, sections 92.45, 94.342, or 94.343 restricting the sale or exchange of state park land or land devoted to a specific public use, or of land bordering public waters, the commissioner may sell, *lease for a period of up to 40 years with the option for renewal*, or exchange the deleted portions of Flood Bay State Wayside in the manner otherwise provided by law. The commissioner shall include in any deed issued for the area a condition requiring that this area be developed and operated in a manner consistent with the continued operation and preservation of the remaining portions of Flood Bay State Wayside."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, before the period, insert " ; amending Laws 1984, chapter 599, section 3"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

H.F. No. 654: A bill for an act relating to crimes; establishing mandatory minimum terms of imprisonment for the crimes of residential burglary, burglary of an occupied dwelling, aggravated robbery of a pharmacy, and selling cocaine, heroin, and hallucinogens; amending Minnesota Statutes 1984, sections 152.15, by adding subdivisions; 609.245; and 609.582, by adding

subdivisions.

Reports the same back with the recommendation that the bill do pass.  
Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 2067: A bill for an act relating to local government; permitting the establishment of special service districts in the city of Mendota Heights; providing taxing and other financial authority for the city.

Reports the same back with the recommendation that the bill do pass.  
Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 2255: A bill for an act relating to the city of Cloquet; permitting the establishment of a port authority; authorizing the port authority to exercise the powers of a municipal housing and redevelopment authority.

Reports the same back with the recommendation that the bill do pass.  
Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

H.F. No. 2464: A bill for an act relating to the city of Bowlus; permitting the city to exceed its debt limit for a firehall.

Reports the same back with the recommendation that the bill do pass.  
Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 2015: A bill for an act relating to natural resources; establishing a wild rice management account; disposition of wild rice license fees; amending Minnesota Statutes 1984, section 97.49, by adding a subdivision; and by adding a subdivision to article 4, section 9, of S.F. No. 1526, if enacted.

Reports the same back with the recommendation that the bill do pass.  
Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

H.F. No. 450: A bill for an act relating to children; replacing the state election campaign fund with a child abuse prevention trust fund; providing for disbursement of funds for child abuse prevention; creating a tax return checkoff to fund the child abuse prevention trust fund; appropriating money; amending Minnesota Statutes 1984, sections 10A.25, subdivision 10, and by adding a subdivision; 290.06, subdivision 11; and 290.39, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 257 and 290; repealing Minnesota Statutes 1984, sections 10A.30 to 10A.335.

Reports the same back with the recommendation that the bill be amended



as follows:

Delete everything after the enacting clause and insert:

“Section 1. [116K.20] [CITATION.]

*Sections 2 to 7 may be cited as the “children’s trust fund for the prevention of child abuse act.”*

Sec. 2. [116K.21] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 1 to 9.*

*Subd. 2. [ACT.] “Act” means the children’s trust fund for the prevention of child abuse act.*

*Subd. 3. [ADVISORY COUNCIL.] “Advisory council” means the advisory council established under section 4.*

*Subd. 4. [CHILD.] “Child” means a person under 18 years of age.*

*Subd. 5. [CHILD ABUSE.] “Child abuse” means sexual abuse, neglect, or physical abuse as defined in section 626.556, subdivision 2, paragraphs (a), (c), and (d).*

*Subd. 6. [DIRECTOR.] “Director” means the state planning director.*

*Subd. 7. [LOCAL COUNCIL.] “Local council” means a child abuse prevention council established under section 5.*

*Subd. 8. [PREVENTION PROGRAM.] “Prevention program” means a system that directly provides primary or secondary child abuse prevention services to a child, parent or prospective parent, guardian, or professional who works regularly with children, and may also include a research program related to the prevention of child abuse.*

*Subd. 9. [PRIMARY PREVENTION.] “Primary prevention” means a program or service designed to promote the general welfare of children and families.*

*Subd. 10. [SECONDARY PREVENTION.] “Secondary prevention” means a program or service designed to prevent abuse of children who are in circumstances where there is a high risk that abuse will occur.*

*Subd. 11. [TERTIARY PREVENTION.] “Tertiary prevention” means a program or service provided after child abuse has occurred that is designed to prevent its recurrence.*

*Subd. 12. [TRUST FUND.] “Trust fund” means the children’s trust fund for the prevention of child abuse established under section 3.*

Sec. 3. [116K.22] [TRUST FUND.]

*Subdivision 1. [CREATION OF TRUST FUND.] A children’s trust fund for the prevention of child abuse is established as an account in the state treasury. The commissioner of finance shall credit to the trust fund all amounts received under sections 7 and 8 and shall ensure that trust fund money is invested under section 11A.25. All money earned by the trust fund must be credited to the trust fund. The trust fund earns its proportionate share of the total annual state investment income.*

*Subd. 2. [AVAILABILITY OF FUNDS FOR DISBURSEMENT.] Until the total amount of assets in the trust fund exceeds \$20,000,000, not more than 60 percent of the gross amount contributed to the trust fund each year under section 8, plus 100 percent of all earnings credited to the trust fund the previous fiscal year, are available for disbursement. When the commissioner of finance certifies that the assets in the trust fund exceed \$20,000,000, only the annual earnings and the funds received under section 7 that are credited to the trust fund are available for disbursement.*

*Subd. 3. [EXCEPTION.] Notwithstanding subdivision 2, money received under section 7 may be disbursed in its entirety. This money must not be taken into account when calculating the annual contributions to the trust fund under this section.*

**Sec. 4. [116K.23] [DISBURSEMENT OF FUNDS FOR CHILD ABUSE PREVENTION.]**

*Subdivision 1. [AUTHORITY TO DISBURSE FUNDS.] The director, acting upon the recommendations of the advisory council established under this section, may disburse trust fund money to any public or private nonprofit agency to fund a child abuse prevention program.*

*Subd. 2. [ADVISORY COUNCIL.] An advisory council of 15 members is established under section 15.059. The commissioners of human services, health, education, public safety, and corrections, and the attorney general shall each appoint one member. The president of the senate and the speaker of the house of representatives shall each appoint one member of their respective bodies. The governor shall appoint an additional seven members who shall demonstrate knowledge in the area of child abuse and shall represent the demographic and geographic composition of the state, and to the extent possible, represent the following groups: local government, parents, racial and ethnic minority communities, the religious community, professional providers of child abuse prevention and treatment services, and volunteers in child abuse prevention and treatment services. The council shall make recommendations for the disbursement of trust fund money and otherwise advise and assist the director to carry out this act.*

*Subd. 3. [PLAN FOR DISBURSEMENT OF FUNDS.] By June 1, 1987, and biennially thereafter, the director, assisted by the advisory council, shall develop a plan to disburse money from the trust fund. In developing the plan, the director shall review prevention programs. The plan must ensure that all geographic areas of the state have an equal opportunity to establish prevention programs and receive trust fund money. The director shall send the plan to the legislature and the governor by June 1 of each odd-numbered year.*

*Subd. 4. [RESPONSIBILITIES OF THE DIRECTOR.] (a) The director shall:*

*(1) provide for the coordination and exchange of information on the establishment and maintenance of prevention programs;*

*(2) develop and publish criteria for receiving trust fund money by prevention programs;*

*(3) review, approve, and monitor the spending of trust fund money by*

prevention programs;

(4) provide statewide educational and public informational seminars to develop public awareness on preventing child abuse; to encourage professional persons and groups to recognize instances of child abuse and work to prevent them; to make information on child abuse prevention available to the public and to organizations and agencies; and to encourage the development of prevention programs;

(5) establish a procedure for an annual, internal evaluation of the functions, responsibilities, and performance of the director in carrying out this act. In a year in which the state plan is prepared, the evaluation must be coordinated with the preparation of the state plan;

(6) provide technical assistance to local councils and agencies working in the area of child abuse prevention; and

(7) accept and review grant applications beginning June 1, 1987.

(b) The director shall recommend to the governor and the legislature changes in state programs, statutes, policies, budgets, and standards that will reduce the problems of child abuse, improve coordination among state agencies that provide prevention services, and improve the condition of children, parents, or guardians in need of prevention program services.

Sec. 5. [116K.24] [LOCAL CHILD ABUSE PREVENTION COUNCILS.]

Subdivision 1. [ESTABLISHMENT OF COUNCIL.] A child abuse prevention council may be established in any county or group of counties that was eligible to receive funds under section 145.917 as of January 1, 1986. A council organized in such a county or group of counties shall be authorized by the director to review programs seeking trust fund money on finding that the council meets the criteria in this subdivision:

(a) The council has submitted a plan for the prevention of child abuse that includes a survey of programs and services, assesses the need for additional programs or services, and demonstrates that standards and procedures have been established to ensure that funds will be distributed and used according to this act.

(b) A single-county council shall consist of:

(1) members of a multidisciplinary child protection team which must be established under section 626.558; and

(2) if necessary, enough additional members appointed by the county with knowledge in the area of child abuse so that a majority of the council is composed of members who do not represent public agencies.

(c) A multi-county council shall be selected by the combined membership of those multidisciplinary teams which have been established in the counties under section 626.558 and shall consist of:

(1) one representative each from local human services agencies, county attorney offices, county sheriff offices, and health and education agencies, chosen from among the membership of all the teams;

(2) one representative from any other public agency group represented

*among the combined teams; and*

*(3) enough additional members from the public who have knowledge in the area of child abuse so that a majority of the council is composed of members who do not represent public agencies.*

*(d) In any multi-county group eligible to establish a council under this subdivision, at least 50 percent of the counties must have established a multidisciplinary team under section 626.558 before a council may be established.*

*Subd. 2. [REVIEW BY COUNCIL.] To be eligible to receive a grant from the trust fund, an applicant must have had its program reviewed by a child abuse prevention council from the applicant's geographic area found by the director to meet the criteria in this section. In reviewing all such programs, the council shall consider the extent to which the applicant meets the criteria and standards in this act and the degree to which the program meets the needs of the geographic area. The council shall provide to the advisory council its comments and recommendations concerning each program reviewed and shall provide the advisory council with its prioritization by rank ordering of all programs reviewed.*

#### **Sec. 6. [116K.25] [PROCEDURES AND CRITERIA FOR DISBURSEMENT.]**

*Subdivision 1. [ESTABLISHMENT.] The director shall establish in the plan for prevention of child abuse the criteria for distribution of trust fund money. All money shall be distributed for programs and services involving primary or secondary prevention, and no money shall be distributed for programs and services involving tertiary prevention.*

*Subd. 2. [MATCHING AND OTHER REQUIREMENTS.] Trust fund money shall only be distributed to applicants that demonstrate an ability to match 30 percent of the amount of trust fund money requested and whose proposals meet the other criteria. The matching requirement may be met through in-kind donations. In awarding grants, the director shall consider the extent to which the applicant has demonstrated a willingness and ability to:*

*(1) continue the prevention program or service if trust fund money is eliminated or reduced; and*

*(2) provide prevention program models and consultation to other organizations and communities.*

*Subd. 3. [USE OF FUNDS.] Matching funds must not consist, in whole or in part, of state or federal funds. Any trust fund money received must not be used to compensate for a decrease in previously existing funding levels unless that decrease is attributable to a decision made by state, federal, or other entities not controlled by the applicant and the applicant demonstrates that it has made reasonable efforts to retain all previously existing funding.*

*Subd. 4. [STATEWIDE OR REGIONAL PROGRAMS.] The director may fund programs that intend to serve the entire state or a region larger than the area served by any local council even if the program has not been reviewed by any local council. The director may, however, solicit comments or recommendations about the applicant or the program from a local council*

covering any area to be served by the applicant's proposed program.

*Subd. 5. [LOCAL COUNCIL AS RECIPIENT OF FUNDS.] The director may disburse funds to a local council on the same basis as to any other applicant, or as administrative costs in carrying out this act, if all criteria and standards are met. Funds disbursed as administrative costs to a local council must not exceed five percent of total funds disbursed to the area served by the local council.*

*Subd. 6. [ADMINISTRATIVE EXPENSES.] The director may keep up to five percent of trust fund money collected in any year under sections 7 and 8 for administering and otherwise carrying out responsibilities under this act, except that during fiscal year 1987 the director may keep up to \$75,000 of trust fund money collected for these purposes.*

*Subd. 7. [CONTRACTS.] The director shall use state or local resources and staff if practicable, but may enter into contracts with public or nonprofit private agencies to fulfill the requirements of this act.*

*Subd. 8. [RULES.] The director may adopt rules to carry out this act.*

**Sec. 7. [116K.26] [ACCEPTANCE OF FEDERAL FUNDS AND OTHER DONATIONS.]**

*The director may accept federal money and gifts, donations, and bequests for the purposes of this act. Money so received must be deposited in the trust fund and must be made available annually to the director for disbursement.*

**Sec. 8. Minnesota Statutes 1984, section 144.226, is amended by adding a subdivision to read:**

*Subd. 3. [BIRTH CERTIFICATE COPY SURCHARGE.] In addition to any fee prescribed under subdivision 1, there shall be a surcharge of \$2 for each certified copy of a birth certificate. The local or state registrar shall forward this amount to the commissioner of finance for deposit into the account for the children's trust fund for the prevention of child abuse established under section 3. This surcharge shall not be charged under those circumstances in which no fee for a certified copy of a birth certificate is permitted under subdivision 1, paragraph (a). Upon certification by the commissioner of finance that the assets in that fund exceed \$20,000,000, this surcharge shall be discontinued.*

**Sec. 9. [ANNUAL APPROPRIATION.]**

*All earnings from trust fund assets, all sums received under section 7, and 60 percent of the amount collected under section 8 are appropriated annually from the children's trust fund for the prevention of child abuse to the director of state planning to carry out sections 1 to 7. In fiscal year 1987 only, the first \$75,000 collected under section 8 is appropriated from the children's trust fund for the prevention of child abuse to the director of state planning to carry out sections 1 to 7.*

**Sec. 10. [EFFECTIVE DATE.]**

*Sections 1 to 9 are effective August 1, 1986."*

Delete the title and insert:

"A bill for an act relating to children; establishing a state children's trust

fund for the prevention of child abuse and neglect; establishing an advisory council to assist the state planning director in administering the fund; creating a surcharge on certified copies of birth certificates to fund the trust fund; appropriating money; amending Minnesota Statutes 1984, section 144.226, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116K."

And when so amended the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Chmielewski from the Committee on Employment, to which was referred

S.F. No. 2231: A bill for an act relating to employment; regulating systems of sharing or pooling gratuities; defining service charges; amending Minnesota Statutes 1984, section 177.23, subdivision 9; Minnesota Statutes 1985 Supplement, section 177.24, subdivision 3.

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 1984, section 177.23, subdivision 9, is amended to read:

Subd. 9. "Gratuities" means monetary contributions received directly or indirectly by an employee from a guest, patron, or customer for services rendered and includes an obligatory charge assessed to customers, guests or patrons which might reasonably be construed by the guest, customer, or patron as being a payment for personal services rendered by an employee and for which no clear and conspicuous notice is given by the employer to the customer, guest, or patron that the charge is not the property of the employee where the customer is entirely free to determine whether to make any payment at all and, if so, the amount.

*A "service charge" is an obligatory sum of money included in the statement of charges. Clear and conspicuous notice must be made on either the menu, placard, the front of the statement of charges, or other notice given to the customer indicating that all or part of the service charge is the property of the management. Such notice must be clearly printed, stamped, or written in bold type. A service charge assessed to customers, patrons, or guests without such notice is the property of the direct service employees. Type which is at least 18 point (one-fourth inch) on the placard, or 10 point (one-eighth inch) or larger on all other notices shall be considered clear and conspicuous.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 177.24, subdivision 3, is amended to read:

Subd. 3. [SHARING OF GRATUITIES.] For purposes of this chapter, any gratuity received by an employee or deposited in or about a place of business for personal services rendered by an employee is the sole property of the employee. No employer may require an employee to contribute or share a gratuity received by the employee with the employer or other

employees or to contribute any or all of the gratuity to a fund or pool operated for the benefit of the employer or his employees. This section does not prevent an employee from voluntarily and individually sharing his gratuities with other employees. The agreement to share gratuities must be made by the employees free of any employer participation. Employees may establish a system for the sharing or pooling of gratuities among direct service employees or other employees, provided that the employer shall not in any fashion coerce employees to initiate or agree upon such a system. However, where more than one direct service employee provides personal service to the same customer from whom gratuities are received, the employer may require that such employees establish a tip pooling or sharing system that shall be limited to the direct service employees serving the same customer. The employer may not, however, participate in the establishment and conditions for such a system. If an employee requests the employer to distribute a portion of the employee's tips, the amount of which shall be determined by the employee, to other employees, the employer shall be permitted to do so. Neither the employer nor any management personnel shall, under any circumstances, receive any portion of the gratuities received by the employees.

The commissioner may require the employer to pay restitution in the amount of the gratuities diverted. If the records maintained by the employer do not provide sufficient information to determine the exact amount of gratuities diverted, the commissioner may make a determination of gratuities diverted based on available evidence and mediate a settlement with the employer. *The commissioner shall not deny the tip credit solely because the employer participated in a tip pooling or sharing arrangement in violation of this subdivision.*

Delete the title and insert:

"A bill for an act relating to employment; regulating systems of sharing or pooling gratuities; defining service charges; amending Minnesota Statutes 1984, section 177.23, subdivision 9; Minnesota Statutes 1985 Supplement, section 177.24, subdivision 3."

And when so amended the bill do pass. Mr. Solon questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 2060: A bill for an act relating to game and fish; establishing a special elk season; prescribing application for licenses, and application and license fees; providing for the removal and relocation of elk; appropriating money to reimburse nongame wildlife fund for elk removal and relocation; dedicating license and application fees for elk depredation; amending Minnesota Statutes 1985 Supplement, section 98.46, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 100; repealing Laws 1985, chapter 272, section 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 36, after "on" insert "all"

Page 4, line 1, delete "and" and insert "or"

Page 4, line 4, after "*shall*" insert "*attempt to*"

Page 4, line 6, after "*remove*" insert "*some of the*"

Page 4, line 7, delete "*requests*" and insert "*request*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 1978: A bill for an act relating to environment; providing terms and conditions for the administration of wastewater treatment plant construction grants and loans; appropriating money; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115 and 116.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, delete lines 26 to 30

Page 4, line 32, delete "7" and insert "6"

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "appropriating money;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Willet from the Committee on Finance, to which was re-referred

S.F. No. 2151: A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1984, sections 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1984, section 148.101.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 18, delete "*two student*" and insert "*all college*" and delete "*trimester*" and insert "*requirements*"

Page 3, line 19, delete everything before the period

Page 4, line 27, delete everything after "*chiropractic*"

Page 4, line 28, delete everything before the period

Page 14, line 29, delete "*account for health boards*" and insert "*fund*"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Dieterich from the Committee on Public Utilities and State Regulated Industries, to which was re-referred



S.F. No. 2246: A bill for an act relating to energy; providing for compensation by utilities of solid waste resource recovery facilities in metropolitan counties for electricity generated; setting term; amending Minnesota Statutes 1984, section 216B.164, subdivision 4.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [—————]

*If a petition is filed with the public utilities commission under Minnesota Statutes, section 216B.164, subdivision 5, before April 1, 1986, by either a utility or a qualifying facility in connection with the operation of a solid waste recovery facility located in Hennepin county, the commission shall resolve the dispute within 120 days of filing. If the decision of the commission is appealed to court, the surety bond provisions of Minnesota Statutes, sections 562.01 to 562.03 and 562.05 shall apply.”*

Amend the title as follows:

Page 1, line 2, delete “providing for compensation by”

Page 1, delete lines 3 to 6 and insert “establishing a deadline for action by the public utilities commission in certain disputes involving cogeneration of electricity; providing for a bond.”

And when so amended the bill do pass and be re-referred to the Committee on Rules and Administration.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Spear from the Committee on Judiciary, to which was referred

H.F. No. 2012: A bill for an act relating to crimes; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to believe it was derived from prostitution; imposing criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; providing for a penalty assessment; authorizing counties to develop a program of outreach services for juvenile prostitutes; providing additional protections for victims of crime; authorizing parents and guardians to seek an order for protection to obtain return of a minor child who is being used or induced to practice prostitution; amending Minnesota Statutes 1984, sections 609.115, subdivision 1c; 609.322; 609.323; 609.324, by adding a subdivision; 611A.03, subdivision 1; 626.558, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 631.046; proposing coding for new law in Minnesota Statutes, chapters 609 and 611A.

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. [260.012] [DUTY TO INSURE FAMILY REUNIFICATION.]

*At all stages of juvenile court proceedings, it shall be the duty of the court to insure that all reasonable efforts are made to reunite a child with the child's family at the earliest possible time, consistent with the safety of the child and the public."*

Page 2, line 31, delete "2" and insert "1a"

Page 3, line 15, delete "3" and reinstate the stricken "2"

Page 3, line 36, delete "4" and reinstate the stricken "3"

Page 4, line 11, delete "not related by blood, adoption, or"

Page 4, line 12, delete "marriage to the prostitute,"

Page 4, lines 14, 22, and 31, delete "believe" and insert "know"

Page 4, line 19, delete "2" and insert "1a" and strike "not related by blood, adoption, or"

Page 4, line 20, strike "marriage to the prostitute,"

Page 4, line 25, delete "2" and insert "1a"

Page 4, line 28, delete "3" and reinstate the stricken "2"

Page 4, line 34, delete "3" and reinstate the stricken "2"

Page 5, lines 1 and 9, delete the new language and reinstate the stricken language

Page 5, line 4, delete "believe" and insert "know"

Page 5, after line 11, insert:

"Sec. 4. Minnesota Statutes 1984, section 609.324, subdivision 1, is amended to read:

Subdivision 1. (a) *Whoever intentionally does any of the following may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$40,000, or both:*

- (1) *Engages in prostitution with an individual under the age of 13 years; or*
- (2) *Hires or offers or agrees to hire an individual under the age of 13 years to engage in sexual penetration or sexual contact.*

(b) *Whoever intentionally does any of the following may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both:*

- (1) *Engages in prostitution with an individual under the age of 16 years but at least 13 years; or*
- (2) *Hires or offers or agrees to hire an individual under the age of 16 years but at least 13 years to engage in sexual penetration or sexual contact.*

(c) *Whoever intentionally does any of the following may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both:*

- (1) *Engages in prostitution with an individual under the age of 18 years but at least 16 years; or*

(2) Hires or offers or agrees to hire an individual under the age of 18 years but at least 16 years to engage in sexual penetration or sexual contact."

Page 5, line 14, delete "*A person who intentionally*" and insert "*Any person, other than one related by blood, adoption, or marriage to the minor, who*"

Page 5, line 16, before the comma, insert "*or guardian*" and after the comma, insert "*and who receives money from the minor,*"

Page 5, line 17, delete "*believe*" and insert "*know*"

Page 5, line 23, delete "*a person*" and insert "*an adult*"

Page 5, line 24, delete "*while acting other than as a prostitute,*"

Page 5, line 26, delete "*12*" and insert "*7*"

Page 5, line 28, delete everything after the period

Page 5, delete lines 29 and 30

Pages 5 to 10, delete sections 6 to 11

Page 10, line 22, delete "*OUTREACH*" and insert "*INTERVENTION*" and delete "*As*"

Page 10, line 23, delete "*needed,*" and delete "*shall*" and insert "*may*"

Page 10, line 26, delete "*outreach*" and insert "*intervention*" and delete "*or appear to be*"

Page 10, line 27, delete everything after the period

Page 10, delete lines 28 to 31

Page 10, line 32, delete everything before "*These*"

Page 10, line 33, delete "*, but need not be limited to*"

Page 10, line 36, delete "*5 and shall require*" and insert "*6. A juvenile's receipt of intervention services under this subdivision may not be conditioned upon the juvenile providing any evidence or testimony.*"

Page 11, delete lines 1 to 3

Page 11, delete section 13

Page 11, line 33, delete "*10, 12 and 13*" and insert "*7*"

Page 11, line 34, delete "*Section 11*"

Page 11, delete line 35

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "*imposing a duty on the juvenile court to insure family reunification;*"

Page 1, line 6, delete "*believe*" and insert "*know*"

Page 1, line 10, delete "*outreach*" and insert "*intervention*"

Page 1, line 11, delete "*providing*"

Page 1, delete lines 12 to 15

Page 1, line 16, delete "609.115,"

Page 1, line 17, delete "subdivision 1c;" and before "by" insert "sub-division 1, and"

Page 1, line 18, delete "611A.03, subdivision 1;" and insert "and"

Page 1, line 19, delete "and Minnesota Statutes 1985"

Page 1, line 20, delete "Supplement, section 631.046;"

Page 1, line 21, after "chapters" insert "260 and" and delete "and 611A"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2418 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:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2418	2205				

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. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2263 for comparison with companion Senate File, reports the following House File was found not identical with 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.
2263	2122				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2263 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2263 and insert the language after the enacting clause of S.F. No. 2122, the first engrossment; further, delete the title of H.F. No. 2263 and insert the title of S.F. No. 2122, the first engrossment.

And when so amended H.F. No. 2263 will be identical to S.F. No. 2122, and further recommends that H.F. No. 2263 be given its second reading and substituted for S.F. No. 2122, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1782 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1782	1599				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1782 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1782 and insert the language after the enacting clause of S.F. No. 1599, the first engrossment; further, delete the title of H.F. No. 1782 and insert the title of S.F. No. 1599, the first engrossment.

And when so amended H.F. No. 1782 will be identical to S.F. No. 1599, and further recommends that H.F. No. 1782 be given its second reading and substituted for S.F. No. 1599, 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, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1838 for comparison with companion Senate File, reports the following House File was found not identical with 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.
1838	1834				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1838 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1838 and insert the language after the enacting clause of S.F. No. 1834, the first engrossment; further, delete the title of H.F. No. 1838 and insert the title of S.F. No. 1834, the first engrossment.

And when so amended H.F. No. 1838 will be identical to S.F. No. 1834, and further recommends that H.F. No. 1838 be given its second reading and substituted for S.F. No. 1834, 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. Spear from the Committee on Judiciary, to which were referred the following appointments as reported in the Journal for February 10, 1986:

**HAZARDOUS SUBSTANCE INJURY COMPENSATION BOARD**

Corrin John Hodgson  
Richard A. Mergens  
David R. Miller  
Byron E. Starns

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Spear from the Committee on Judiciary, to which were referred the following appointments as reported in the Journal for February 20, 1986:

**HAZARDOUS SUBSTANCE INJURY COMPENSATION BOARD**

Constance N. Pries

**BOARD ON JUDICIAL STANDARDS**

Ruth Plotnicky  
Lawrence D. Cohen

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Lessard from the Committee on Veterans and General Legislation, to which were referred the following appointments as reported in the Journal for February 10, 1986:

**BOARD OF THE ARTS**

Dee Knaak  
Allegra W. Parker

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Lessard from the Committee on Veterans and General Legislation, to which was referred the following appointment as reported in the Journal for February 24, 1986:

**BOARD OF THE ARTS**

Carol Ann MacKay

Reports the same back with the recommendation that the appointment be

confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 1847: A bill for an act relating to public finance; providing a method for determining compliance with proposed federal tax law relating to state and local government obligations; amending Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13; proposing coding for new law as Minnesota Statutes, chapter 474A; repealing Minnesota Statutes 1984, sections 462C.09, subdivision 1; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25; Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a and 3; 462C.11; 474.16, subdivisions 3, and 6 to 15; 474.17; 474.19; 474.191; 474.20; 474.22; 474.23; and 474.26.

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 1984, section 273.1314, is amended by adding a subdivision to read:

*Subd. 8a. [ADDITIONAL ENTERPRISE ZONE ALLOCATIONS.] (a) In addition to tax reductions authorized in subdivision 8, the commissioner may allocate \$1,000,000 for tax reductions pursuant to subdivision 9 to enterprise zones designated under section 273.1312, subdivision 4, paragraph (c), clauses (1) and (3). Of this amount, a minimum of \$200,000 must be allocated to an area added to an enterprise zone pursuant to section 2. Allocations made pursuant to this subdivision may not be used to reduce a tax liability, or increase a tax refund, prior to July 1, 1987. Limits on the maximum allocation to a zone imposed by subdivision 8 shall not apply to allocations made under this subdivision.*

*(b) A city encompassing an enterprise zone, or portion of an enterprise zone, qualifies for an additional allocation under this subdivision if the following requirements are met:*

*(1) the city encompassing an enterprise zone, or portion of an enterprise zone, has signed contracts with qualifying businesses that commit the city's total initial allocation received pursuant to subdivision 8.*

*(2) the city encompassing an enterprise zone, or portion of an enterprise zone, submits an application to the commissioner requesting an additional allocation for tax reductions authorized by subdivision 9. The application must identify a specific business expansion project which would not take place but for the availability of enterprise zone tax incentives.*

*(c) The commissioner shall use the following criteria when determining which qualifying cities shall receive an additional allocation under this subdivision and the amount of the additional allocation the city is to receive:*

*(1) Additional allocations to qualifying cities under this subdivision shall be made within 60 days of receipt of an application.*

(2) *Applications from cities with the highest level of economic distress, as determined using criteria listed in section 273.1312, subdivision 4, paragraph (c), clauses (A) to (E), shall receive priority for an additional allocation under this subdivision.*

(3) *If the commissioner determines that two cities submitting applications within one week of each other have equal levels of economic distress, the application from the city with the business prospect which will have the greatest positive economic impact shall receive priority for an additional allocation. Criteria used by the commissioner to determine the potential economic impact a business would have shall include the number of jobs created and retained, the amount of private investment which will be made by the business, and the extent to which the business would help alleviate the economic distress in the immediate community.*

(4) *The commissioner shall determine the amount of any additional allocation a city may receive. The commissioner shall base the amount of additional allocations on the commissioner's determination of the amount of tax incentives which are necessary to ensure the business prospect will expand in the city. No single allocation under this subdivision may exceed \$200,000. No city may receive more than \$500,000 under this subdivision.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 273.1314, subdivision 16a, is amended to read:

Subd. 16a. [ZONE BOUNDARY REALIGNMENT.] The commissioner may approve specific applications by a municipality to amend the boundaries of a zone or of an area or areas designated pursuant to subdivision 9, paragraph (e) at any time. Boundaries of a zone may not be amended to create noncontiguous subdivisions. If the commissioner approves the amended boundaries, the change is effective on the date of approval. Notwithstanding the area limitation under section 273.1312, subdivision 4, paragraph (b), the commissioner may approve a specific application to amend the boundaries of an enterprise zone which is located within five municipalities and was designated in 1984, to increase its area to not more than 800 acres, and may approve an additional specific application to amend the boundaries of that enterprise zone to include a sixth municipality.

Sec. 3. Minnesota Statutes 1984, section 412.301, is amended to read:

412.301 [FINANCING PURCHASE OF CERTAIN EQUIPMENT.]

The council may issue certificates of indebtedness ~~within existing or capital notes subject to the city debt limits for the purpose of purchasing fire or police to purchase public safety equipment or, ambulance equipment or street, road construction or maintenance equipment, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes.~~ Such certificates or notes shall be payable in not more than five years and shall be issued on such terms and in such manner as the council may determine. If the amount of the certificates or notes to be issued to finance any such purchase exceeds one percent of the assessed valuation of the city, excluding money and credits, they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the



number of voters at the last regular municipal election is filed with the clerk, such certificates or notes shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on such certificates or notes, in accordance with section 475.61, as in the case of bonds.

Sec. 4. Minnesota Statutes 1985 Supplement, section 462.445, subdivision 13, is amended to read:

Subd. 13. [INTEREST REDUCTION PROGRAM.] The authority to authorize payment of interest reduction assistance pursuant to subdivisions 10, 11 and 12 shall expire on January 1, ~~1987~~ 1993. Interest reduction assistance payments authorized prior to January 1, ~~1987~~ 1993 may be paid after January 1, ~~1987~~ 1993.

Sec. 5. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:

Subd. 6. "City" means any statutory or home rule charter city, any county housing and redevelopment authority created by special law or authorized by its county to exercise its powers pursuant to section 462.426, or any public body which (a) is the housing and redevelopment authority in and for a statutory or home rule charter city, or the port authority of a statutory or home rule charter city, and (b) is authorized by ordinance to exercise, on behalf of a statutory or home rule charter city, the powers conferred by sections 462C.01 to ~~462C.08~~ 462C.10.

Sec. 6. Minnesota Statutes 1984, section 462C.06, is amended to read:

462C.06 [COUNTY HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.]

A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 462C.01 to ~~462C.07~~ 462C.10 either (a) on its own behalf, or (b) 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 section 462.426 or the county housing and redevelopment authority has been created by special law; provided, however, that any program undertaken pursuant to this section shall be included in the limitations provided in section 462C.07, subdivision 2, and also shall be subject to the limitations of sections 462C.03 and 462C.04 in the case of a single family housing program, and subject to the limitations of section 462C.05 in the case of a multifamily housing development program.

Sec. 7. Minnesota Statutes 1984, section 471.59, subdivision 11, is amended to read:

Subd. 11. [JOINT POWERS BOARD.] Two or more governmental units, through action of their governing bodies, may by adoption of a joint powers agreement which complies with the provisions of subdivisions 1 to 5 establish a joint board to issue bonds or obligations pursuant to any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obliga-

tions to carry out the purposes of the law under which the bonds or obligations are issued. A joint board created pursuant to this section ~~may~~ is authorized to issue obligations and other forms of indebtedness ~~only pursuant to chapters 458, 462C, 474, and section 273.77, and pursuant to express authority granted by the action of the governing bodies of the governmental units which established the joint board.~~ The joint board established pursuant to this subdivision shall be composed solely of members of the governing bodies of the governmental unit which established the joint board, and the joint board may not pledge the full faith and credit or taxing power of any of the governmental units which established the joint board. The obligations or other forms of indebtedness shall be obligations of the joint board *issued on behalf of the governmental units creating the joint board.* The obligations or other forms of indebtedness shall be issued in the same manner and subject to the same conditions and limitations which would apply if the obligations were issued or indebtedness incurred by one of the governmental units which established the joint board provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness shall be considered a reference to the joint board.

Sec. 8. Minnesota Statutes 1984, section 474.01, subdivision 6, is amended to read:

Subd. 6. In order to further these purposes and policies the *department of energy and economic development* ~~authority~~ shall investigate, shall assist and advise municipalities, and shall report to the governor and the legislature concerning the operation of sections 474.01 to 474.13 and the projects undertaken hereunder, and shall have all of the powers and duties in connection therewith which are granted to him by chapter 362 with respect to other aspects of business development and research.

Sec. 9. Minnesota Statutes 1984, section 474.01, subdivision 7b, is amended to read:

Subd. 7b. Prior to submitting an application to the *department of energy and economic development* ~~authority~~ requesting approval of a project pursuant to subdivision 7a, the governing body or a committee of the governing body of the municipality or redevelopment agency shall conduct a public hearing on the proposal to undertake and finance the project. Notice of the time and place of hearing, and stating the general nature of the project and an estimate of the principal amount of bonds or other obligations to be issued to finance the project, shall be published at least once not less than ~~15~~ 14 days nor more than 30 days prior to the date fixed for the hearing, in the official newspaper and a newspaper of general circulation of the municipality or redevelopment agency. The notice shall state that a draft copy of the proposed application to the *department of energy and economic development* ~~authority~~, together with all attachments and exhibits thereto, shall be available for public inspection following the publication of the notice and shall specify the place and times where and when it will be so available. At the time and place fixed for the public hearing, the governing body of the municipality or the redevelopment agency shall give all parties who appear at the hearing an opportunity to express their views with respect to the proposal to undertake and finance the project. Following the completion of the public hearing, the governing body of the municipality or redevelopment agency

shall adopt a resolution determining whether or not to proceed with the project and its financing and may thereafter apply to the department of energy and economic development ~~authority~~ for approval of the project.

Sec. 10. [474A.01] [CITATION.]

*Sections 10 to 30 may be cited as the "Minnesota bond allocation act."*

Sec. 11. [474A.02] [DEFINITIONS.]

*Subdivision 1. [TERMS DEFINED.] For the purposes of sections 10 to 30, the terms defined in this section shall have the following meanings:*

*Subd. 2. [ANNUAL VOLUME CAP.] "Annual volume cap" means the aggregate dollar amount of obligations bearing interest excluded from gross income for purposes of federal income taxation which, under the provisions of existing federal tax law or a federal volume limitation act, may be issued in one year by issuers.*

*Subd. 3. [CERTIFICATE OF ALLOCATION.] "Certificate of allocation" means a certificate provided to an issuer by the department under section 22.*

*Subd. 4. [CITY.] "City" means a statutory or home rule charter city.*

*Subd. 5. [COMMERCIAL REDEVELOPMENT PROJECT.] "Commercial redevelopment project" means a project as defined in section 474.02, if it is not a manufacturing project or pollution control project and one of the following conditions is met:*

*(a) The project site would qualify as a redevelopment district as defined in section 273.73, subdivision 10. To qualify the project need not be included in a tax increment financing district.*

*(b) At least 75 percent of the proceeds of the obligations will be used to acquire and rehabilitate or replace an existing structure which is functionally obsolete or contains structural or other defects justifying substantial renovation or clearance.*

*(c) The project will be undertaken and the obligations issued pursuant to a written program administered by the local issuer and the financing provides for a substantial commitment of local public funds.*

*(d) At least 90 percent of the proceeds of the obligations will be used to finance facilities with respect to which an urban development action grant has been made under section 119 of the federal Housing and Community Development Act of 1974.*

*Subd. 6. [DEPARTMENT; DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.] "Department" or "department of energy and economic development" means the department of energy and economic development or its successor agency or agencies with respect to the duties that the department is to perform under sections 10 to 30.*

*Subd. 7. [ENTITLEMENT ISSUER.] "Entitlement issuer" means an issuer to which an allocation is made under sections 13, 17, or 18.*

*Subd. 8. [EXISTING FEDERAL TAX LAW.] "Existing federal tax law" means those provisions of the Internal Revenue Code of 1954, as amended*

through December 31, 1985, that limit the aggregate amount of obligations of a specified type or types which may be issued by an issuer during any calendar year whose interest is exempt from inclusion in gross income for purposes of federal income taxation.

Subd. 9. [FEDERAL VOLUME LIMITATION ACT.] "Federal Volume Limitation Act" means Title VII of the bill that was adopted by the United States House of Representatives on December 17, 1985, as H.R. 3838, 99th Cong. 1st Sess. (1985), or any law of the United States which is effective January 1, 1986, or any time thereafter that does the following:

(1) imposes an annual volume cap;

(2) provides for an allocation of the annual volume cap among various uses for which the proceeds of the obligations may be used or among various issuers of obligations or both; and

(3) allows the governor during a specified interim period or the state legislature by law to provide for a different allocation of the annual volume cap among uses and among issuers.

Subd. 10. [GENERAL OBLIGATION.] "General obligation" means any obligations which pledge the full faith and credit of an issuer with general taxing powers, other than a state issuer, to the payment of the obligation.

Subd. 11. [GOVERNMENTAL VOLUME CAP.] "Governmental volume cap" means the annual volume cap less the amount, if any, that a federal volume limitation act requires be set aside or reserved for qualified 501(c)(3) bonds.

Subd. 12. [ISSUER.] "Issuer" means any entitlement issuer or other issuer.

Subd. 13. [LOCAL PUBLIC FUNDS.] "Local public funds" means the funds of a governmental unit except the following:

(1) the proceeds of an obligation subject to existing federal tax law or a federal volume limitation act;

(2) payments or property furnished by a nonexempt person to repay or secure the loan of proceeds of an obligation subject to existing federal tax law or a federal volume limitation act or other payments made in consideration of the issuance of an obligation subject to existing federal tax law or a federal volume limitation act;

(3) payments furnished by a nonexempt person for its right to use in its trade or business a facility financed with the proceeds of obligations subject to existing federal tax law or a federal volume limitation act;

(4) tax increments, as defined in section 273.76; or

(5) tax reductions provided pursuant to sections 273.1312 to 273.1314.

Subd. 14. [MANUFACTURING PROJECT.] "Manufacturing project" means properties, real or personal, used in connection with a revenue producing enterprise in connection with assembling, fabricating, manufacturing, mixing, or processing any products of agriculture, forestry, mining, or manufacture. Properties used for storing, warehousing, or distributing

qualify under this definition (1) if they are used as part of or in connection with an assembly, fabricating, manufacturing, mixing, or processing facility, or (2) if they are used for the storing of agricultural products and are located outside of the metropolitan area, as defined in section 473.121, subdivision 2. Manufacturing project includes properties, real or personal, used in connection with research and development activity to develop or improve products, production processes, or materials. For purposes of this subdivision, "a product of manufacture" includes information and directions which dictate the functions to be performed by data processing equipment, commonly called computer software, regardless of whether they are embodied in or recorded on tangible personal property. A project qualifies as a manufacturing project only if 75 percent of the proceeds of the proposed obligations will be used for construction, acquisition, installation, or addition of properties described in this subdivision.

**Subd. 15. [MORTGAGE CREDIT CERTIFICATE.]** "Mortgage credit certificate" means any certificate which satisfies the definition of such term as contained in section 25(c)(1) of the Internal Revenue Code of 1954, as amended through July 18, 1984.

**Subd. 16. [MULTIFAMILY HOUSING PROJECT.]** "Multifamily housing project" means a development defined in section 462C.02, subdivision 5, for which the applicable housing plan and program approval requirements of chapter 462C have been met.

**Subd. 17. [NONEXEMPT PERSON.]** "Nonexempt person" means a person or entity other than an exempt person as defined in section 103(b)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985.

**Subd. 18. [NOTICE OF ENTITLEMENT ALLOCATION.]** "Notice of entitlement allocation" means a notice provided to an entitlement issuer under section 13, subdivision 5, or under section 17, subdivision 2.

**Subd. 19. [OTHER ISSUER.]** "Other issuer" means any entity other than an entitlement issuer which may issue obligations subject to an annual volume cap, including but not limited to the University of Minnesota, any city, any town, any federally recognized American Indian tribe or subdivision thereof located in Minnesota, any housing and redevelopment authority referred to in chapter 462, or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law, or any entity issuing on behalf of the foregoing.

**Subd. 20. [POLLUTION CONTROL PROJECT.]** "Pollution control project" means properties, real or personal, used in the abatement or control of noise, air, or water pollution, or in the disposal of solid waste, in connection with a revenue producing enterprise, engaged in or to be engaged in any business or industry. A project qualifies as a pollution control project only:

(1) if at least 75 percent of the proceeds of the obligations will be used for

the construction, acquisition, installation, or addition of properties described in this subdivision; or

(2) if it is not a manufacturing project and at least 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision and in subdivision 14.

**Subd. 21. [PRELIMINARY RESOLUTION.]** *“Preliminary resolution” means a resolution adopted by the governing body of the issuer or in the case of the iron range resources and rehabilitation board by the commissioner of the board. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project and must identify the proposed project, the proposed site for the project, and the proposed amount of the obligations to be issued. The resolution for a waste management project need not include the site for the project if the resolution identifies a specific process and a deadline for site selection. The resolution for a qualified multifamily housing project or a project consisting of equipment or owner-occupied housing units need not include the site for the project.*

**Subd. 22. [QUALIFIED 501(c)(3) BONDS.]** *“Qualified 501(c)(3) bonds” mean obligations the proceeds of which are to be used by, or loaned or otherwise made available to, an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985, so defined or obligations with a comparable definition in a federal volume limitation act.*

**Subd. 23. [QUALIFIED MORTGAGE BONDS.]** *“Qualified mortgage bonds” mean obligations which are qualified mortgage bonds as defined by section 103A(c) of existing federal tax law.*

**Subd. 24. [QUALIFIED MORTGAGE CREDIT CERTIFICATE PROGRAM.]** *“Qualified mortgage credit certificate program” means any program which satisfies the definition of such term as contained in section 25(c)(2) of the Internal Revenue Code of 1954, as amended through July 18, 1984.*

**Subd. 25. [QUALIFIED MULTIFAMILY HOUSING PROJECT.]** *“Qualified multifamily housing project” means a multifamily housing project in which at least 50 percent of the units will be held for occupancy by families or individuals with adjusted gross income not in excess of 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the metropolitan statistical area.*

**Subd. 26. [STATE ISSUER.]** *“State issuer” means the state of Minnesota or any agency or instrumentality thereof.*

**Subd. 27. [SUBSTANTIAL COMMITMENT OF LOCAL PUBLIC FUNDS.]** *“Substantial commitment of local public funds” means that either of the following two conditions is satisfied.*

(a) Under the project financing the governmental unit appropriates, pledges, guarantees, or otherwise provides local public funds to pay part of the cost of financing the obligations, including bond issuance, debt service, loan origination, and carrying expenses, or of the facility financed with the proceeds of the obligations. This condition is satisfied only if at the time the obligations are issued, the issuer reasonably expects that the aggregate value of the local public funds will exceed the lesser of \$1,000,000 or one percent of the face amount of the obligations. No provision may be made for

a nonexempt person to reimburse the governmental unit for the local public funds.

(b) The governmental unit appropriates, pledges, guarantees, or otherwise provides a program contribution of local public funds or governmental services to the program or a facility financed with the proceeds of the obligations. This condition is satisfied only if the issuer reasonably expects at the time the obligations are issued that the aggregate value of the local public funds will exceed \$5,000,000 or five percent of the aggregate face amount of the obligations. The issuer must value the services at the reasonable cost of delivering them. The program contribution must be used for one or more of the following purposes:

(i) reducing the cost of financing the obligations, as described in clause (a);

(ii) securing the payment of debt service on obligations issued pursuant to the program;

(iii) financing public improvements under a comprehensive redevelopment or renewal program, if the costs are reasonably allocable to a facility financed with the proceeds of the obligations and if the improvements are made no earlier than three years prior to issuance of the obligations to which the contribution applies or more than one year after issuance; or

(iv) other costs reasonably related to the program.

If the governmental unit is reimbursed by a nonexempt person for any part of the program within five years after the contribution was made, the reimbursement must be applied for one or more of the purposes described in this paragraph.

For purposes of this subdivision, "governmental unit" means the issuer that issues the obligations for the project or the governmental unit that approves the obligations for purposes of section 103(k)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1985, or both.

*Subd. 28. [WASTE MANAGEMENT PROJECT.]* "Waste management project" means a project which is authorized by chapter 115A or 400, sections 473.801 to 473.834, or by any other law or home rule charter authorizing substantially the same type of project.

*Subd. 29. [WRITTEN DEVELOPMENT PROGRAM.]* "Written development program" or "program" means a written economic development plan that contains at least substantially all of the following:

(1) a description of the area subject to the plan, which may not exceed 20 percent of the total acreage of the issuer;

(2) a statement of the objectives for the development of the area subject to the plan;

(3) a statement of the development plan for the area subject to the plan, including the property within the area, if any, which is to be acquired by a governmental unit;

(4) a description of the type of specific development reasonably expected to take place within the area subject to the plan; and

(5) a description of the kind and an estimate of the amount of public funds, including local public funds, expected to be spent in connection with the development of the area subject to the plan.

Sec. 12. [474A.03] [DETERMINATION OF ANNUAL VOLUME CAP.]

*Subdivision 1. [ANNUAL VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.] At the beginning of each calendar year, the department shall determine the aggregate dollar amount of the annual volume cap under existing federal tax law for such calendar year, and of this amount the department shall determine the following amounts:*

- (1) the amount that is allocated to entitlement issuers under section 13;
- (2) the amount initially available for allocation through the pool under section 14, which shall be the annual volume cap determined under this subdivision less the amount determined under clause (1); and
- (3) the amount available for issuance of qualified mortgage bonds under section 16.

*Subd. 2. [ANNUAL VOLUME CAP UNDER FEDERAL VOLUME LIMITATION ACT.] At the beginning of each calendar year, the department shall determine the aggregate dollar amount of the annual volume cap under a federal volume limitation act during such calendar year, and of this amount the department shall determine the following amounts:*

- (1) the amount, if any, that a federal volume limitation act requires be reserved for qualified 501(c)(3) bonds;
- (2) the amount of the governmental volume cap allocated to entitlement issuers under section 17, stating separately (i) the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in a federal volume limitation act, and (ii) the amount available for issuance of any other obligations; and
- (3) the amount initially available for allocation through the pool under section 20, which shall be the amount of the governmental volume cap less the aggregate of the amounts determined in clause (2).

*Notwithstanding the foregoing, for the period from and including January 1, 1987, to and including June 30, 1987, the following limitations shall apply: (i) one-half of the amount determined pursuant to clause (2)(ii) shall be allocated to entitlement issuers under section 17; (ii) the entire amount determined pursuant to clause (2)(i) shall be allocated to entitlement issuers under section 17; (iii) one-half of the amount determined pursuant to clause (3) shall be made available for allocation under section 20; and (iv) one-half of the amount, if any, determined pursuant to clause (1) shall be made available for allocation under section 21. The remaining amount of annual volume cap for calendar year 1987 not so allocated, or made available for allocation, shall remain unallocated unless otherwise provided by law.*

*Subd. 3. [ADJUSTMENTS FOR CHANGES TO VOLUME CAP IN FEDERAL VOLUME LIMITATION ACT.] If the annual volume cap in a federal volume limitation act that becomes law is greater than or less than the annual volume cap that existed in a federal volume limitation act in the*



form that existed as of January 1, 1986, the department shall adjust the calculations made under subdivisions 2 and 3.

Sec. 13. [474A.04] [ENTITLEMENT ALLOCATIONS UNDER EXISTING FEDERAL TAX LAW.]

*Subdivision 1. [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.]* Of the aggregate annual volume cap under the existing federal tax law, \$25,000,000 for each calendar year is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, any unused portion of the amount allocated to the higher education coordinating board pursuant to this subdivision shall be canceled and the authority shall be allocated pursuant to section 14.

*Subd. 2. [IRON RANGE RESOURCES AND REHABILITATION ALLOCATION.]* Of the aggregate annual volume cap under the existing federal tax law, \$30,000,000 for each calendar year is allocated to the iron range resources and rehabilitation commissioner. After September 1 of each year, the iron range resources and rehabilitation commissioner may retain any unused portion of such allocation only if the commissioner has submitted to the department on or before September 1 a preliminary resolution for a specific project and a letter which states (1) the intent to issue obligations pursuant to such allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which the commissioner intends to issue obligations; provided that nothing herein shall preclude the commissioner from subsequently reallocating the retained allocation among the projects described in clause (2). On September 1, any unused portion of the amount allocated to the iron range resources and rehabilitation commissioner and not reserved by a preliminary resolution, a letter of intent, and an application deposit shall be canceled and subject to reallocation in accordance with section 14. If the iron range resources and rehabilitation commissioner returns for reallocation all or any part of the allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days, except to the extent that the deposit is required to be retained pursuant to section 22.

Upon the request of a statutory city located in the taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations, in an amount requested by the city but not to exceed \$5,000,000, on behalf of the city.

*Subd. 3. [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY ALLOCATION.]* Of the aggregate annual volume cap under the existing federal tax law, \$60,000,000 for each calendar year is allocated to the energy and economic development authority. After September 1 of each year, the energy and economic development authority or any entity which receives an allocation from the energy and economic development authority

may retain any unused portion of its allocation only if it has submitted to the department, on or before September 1 a preliminary resolution for a specific project and a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of its unused allocation or the portion of it pursuant to which it intends to issue obligations; provided that nothing herein shall preclude the energy and economic development authority from subsequently reallocating the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the energy and economic development authority and not reserved by a preliminary resolution, a letter of intent, and an application deposit shall be canceled and subject to reallocation in accordance with section 14. If the energy and economic development authority returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days, except to the extent that the deposit is required to be retained under section 22.

Subd. 4. [ENTITLEMENT CITIES.] Of the aggregate annual volume cap under existing federal tax law, for each calendar year the amount determined pursuant to this subdivision shall be allocated to (1) cities of the first class, and (2) the largest Minnesota city located in a metropolitan statistical area that does not contain a city of the first class, if the city has a population of 25,000 or more. The amount allocated to a first class city shall be an amount equal to \$200 multiplied by the city's population. The amount allocated to each city qualifying under clause (2) is \$5,000,000. After September 1 of each year, an issuer receiving an allocation under this subdivision may retain any unused portion of its allocation only if it has submitted to the department by September 1 a letter stating its intent to issue obligations pursuant to its allocation before the end of the calendar year or within the time permitted under existing federal tax law and an application deposit equal to one percent of the amount of the unused allocation for which it intends to issue obligations. Any unused portion of an allocation for which an application deposit and letter of intent has not been received by the department by September 1 must be canceled and reallocated under section 14. If an issuer returns for reallocation all or part of its allocation under this subdivision by October 31, the application deposit equal to one percent of the amount returned must be refunded to the issuer, except to the extent that the deposit is required to be retained under section 22.

For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.

Subd. 5. [NOTICE OF ENTITLEMENT ALLOCATION.] As soon as possible in each calendar year, the department shall provide to each entitlement issuer a written notice of the amount of its entitlement allocation under this section.

Subd. 6. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer under this section.

Sec. 14. [474A.05] [ALLOCATION OF POOL AMOUNT UNDER EXISTING FEDERAL TAX LAW.]

*Subdivision 1. [POOL AMOUNT.] Of the aggregate annual volume cap under existing federal tax law, the amount determined pursuant to section 12, subdivision 1, clause (2), shall be allocated among issuers pursuant to this section for each calendar year. An entitlement issuer may apply for an allocation pursuant to this section only after September 1. An entitlement issuer may apply for an allocation before November 1 only if the entitlement issuer has adopted a final resolution authorizing the sale of obligations equal to any allocation received under section 13 or has returned all of its unused allocation for reallocation under this section.*

*Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:*

*(a) A city of the first class may apply for an allocation for a manufacturing project at any time.*

*(b) State issuers, other than the iron range resources and rehabilitation commissioner, may apply for and receive allocations under this section at any time in an aggregate amount not to exceed that portion of its entitlement allocation returned for reallocation under section 13.*

*(c) The iron range resources and rehabilitation commissioner may apply for an allocation under this section after September 1, if the commissioner has adopted preliminary resolutions for the amount of issuance authority retained by the commissioner under section 13, subdivision 2.*

*Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, and (2) an application deposit in the amount of one percent of the requested allocation. An issuer may elect not to submit an application for an allocation for a project for which the issuer previously adopted a preliminary resolution.*

*Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application received pursuant to this section on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:*

*(a) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment rate for the most recently available reporting period, as determined by the department of economic security. The unemployment rate for the applicant shall be the greater of (1) the most recent estimate available for the smallest jurisdiction which wholly includes the jurisdiction of the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.*

*(b) The number of individuals employed in the applicant's jurisdiction declined from the second calendar year before the application, to the first calendar year before the application. The estimate of the number of individuals employed for each year shall be based on the same source, and shall be (1) the most recent estimate available for the smallest jurisdiction which*

wholly includes the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.

(c) The project will provide additional general tax revenue to the taxing jurisdictions in which the project is located beginning not later than three years after issuance of the obligations.

(d) The number of jobs to be created by the project is at least two jobs for each \$100,000 of issuance authority requested for the project.

(e) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, based on the most recent certification of assessed value to the commissioner of revenue, has either (1) declined in relation to the first calendar year before the certification, or (2) increased in relation to the first calendar year before the certification at a rate which is not in excess of 90 percent of the rate of increase of the state average market value over the same period.

(f) The total capital expenditures for the project exceed by ten percent the amount of the proceeds of the obligations to be issued for the project.

(g) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.

(h) The project site meets the criteria necessary to qualify as a tax increment redevelopment district as defined in section 273.73, subdivision 10. To qualify under this clause the project need not be included in a tax increment financing district.

(i) The project meets one of the following energy conservation criteria: (1) the project is eligible for the additional federal investment tax credits for energy property, (2) the project involves construction or expansion of a district heating system as defined in section 116J.36, or (3) the project involves construction of an energy source as described in section 116J.26, clause (a), (b), or (d) or 116M.03, subdivisions 22, 23 and 26.

(j) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (1) located in a historic district designated under section 138.73, or on a site listed in the state registry of historical sites under sections 138.53 to 138.5819; or (2) designated in the National Register pursuant to United States Code, title 16, section 470a.

(k) Service connections to sewer and water systems are available to the project at the time the application is submitted.

(l) As provided by a binding agreement by the principal user or users of the project with the applicant, at least ten percent of the individuals employed by the principal user or users of the project will be minority or low income individuals.

(m) When the application is submitted either (1) the anticipated owner of the project, or any party of which the owner is a controlling partner or shareholder, or which is a controlling shareholder or partner of the owner, does not own or operate a substantially similar business within the state or (2) the project is an expansion of the operations of an existing business which is not likely to have the effect of transferring existing employment from one

or more other municipalities within the state to the municipality in which the project is located.

(n) A controlling interest in the project will be owned by one or more women or minority persons.

(o) Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.

*Subd. 4. [ALLOCATION PROCEDURE.]* (a) The department shall allocate available issuance authority under this section on Monday of each week to applications received on or before Monday of the preceding week in the following order of priority and available issuance authority may not be allocated to any other project:

(1) applications for manufacturing projects;

(2) applications for pollution control projects or waste management projects; and

(3) applications for commercial redevelopment projects.

Within each category of applications available authority shall be allocated on the basis of the numerical rank determined pursuant to this section. In the case of an application for issuance authority that includes more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the allocation between the applications shall be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department shall return the application deposit to the applicant within 30 days.

(b)(1) From January 1 through September 1, no more than 20 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(2) From January 1 to September 1, no more than 35 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (i) on or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; or (ii) The entire amount of issuance authority available under this subparagraph for commercial redevelopment projects has been allocated.

*Subd. 5. [LETTER OF INTENT.]* After September 1 of each year, an issuer which has received an allocation pursuant to this section prior to September 1 may retain any unused portion of such allocation only if such issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations pursuant to such allocation before the end of the calendar year or within the time period permitted by existing

*federal tax law. If the letter of intent is not submitted to the department of energy and economic development, the one percent application deposit shall be returned to the issuer, the allocation shall be canceled, and the issuance authority shall be available for reallocation pursuant to this section. If an issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days, except to the extent that the deposit is required to be retained under section 22.*

*Subd. 6. [FINAL ALLOCATION.] From September 1 to December 31 of each year, the annual volume cap under existing federal tax law, which is not both previously allocated and subject to a preliminary resolution for a specific project, whether or not committed pursuant to a letter of intent, or which is not reserved for qualified mortgage bonds, is available for allocation or reallocation and shall be allocated among issuers; provided that nothing herein shall be construed as preventing the iron range resources and rehabilitation commissioner, the energy and economic development authority, or an entitlement issuer from reallocating subsequent to August 31 its retained allocation among projects identified in preliminary resolutions filed with the department prior to September 1 of that year. An application for this allocation must include evidence of passage of a preliminary resolution and state that it is the intent of the applicant that the obligations will be issued by the end of the year or within the time period permitted by existing federal tax law, and must be accompanied by an application deposit in the amount of one percent of the requested allocation. Applications must be made and allocations shall be awarded in accordance with subdivisions 3 and 4.*

*Authority may be allocated under this subdivision to any project, notwithstanding the percentage limits and other restrictions contained in subdivision 4. Applications must be ranked and authority allocated first according to the order of priority and ranking of points under subdivisions 3 and 4. The remaining authority must be allocated according to the ranking of points under subdivision 3. If two or more applications receive an equal number of points, allocations among them must be made by lot unless otherwise agreed by the respective applicants.*

*If issuance authority remains or becomes available following the last Monday on which allocations are made for any calendar year, the department must allocate the available authority to the department of finance. The department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.*

*Subd. 7. [RETURN OF ALLOCATION.] If on or after November 1 but prior to December 1 of any year, an issuer determines that it will not issue obligations pursuant to an allocation received by it pursuant to this section or section 13 by the end of that year or within the time period permitted by existing federal tax law, the issuer may notify the department and such amount will be available for reallocation pursuant to this subdivision. In such case, the department shall refund to the issuer within 30 days that portion of any application deposit equal to one-third of one percent of the*

amount returned for reallocation, except to the extent the deposit is required to be retained under section 22. The amounts available for reallocation shall be allocated on or before December 31 pursuant to subdivision 6.

**Sec. 15. [474A.06] [NOTICE OF ISSUE UNDER EXISTING FEDERAL TAX LAW.]**

*Issuers that issue obligations subject to existing federal tax law shall file with the department within five days after such obligations are issued a written notice of issue stating the date of issuance of the obligations, the allocation under which the obligations are issued, and the principal amount of the obligations. If obligations are to be issued as a series of obligations, the notice of issue must be filed for each series of obligations that is issued. If the notice of issue is not filed within five days after the obligations are issued, the obligations shall be considered not to have received an allocation under existing federal tax law. Within 30 days after receipt of the notice, the department shall refund a portion of the application deposit required under section 13 or section 14 equal to one percent of the principal amount of the obligations issued.*

**Sec. 16. [474A.07] [QUALIFIED MORTGAGE BONDS UNDER EXISTING FEDERAL TAX LAW.]**

*Subdivision 1. [HOUSING FINANCE AGENCY ALLOCATION.] The applicable volume limit for qualified mortgage bonds for the Minnesota housing finance agency, pursuant to existing federal tax law, for any calendar year shall be 100 percent of the state ceiling for qualified mortgage bonds that year, reduced only by (1) any amounts of qualified mortgage bonds which have been or may be allocated by law to specified cities, and (2) any amounts of qualified mortgage bonds which are allocated to cities pursuant to subdivisions 2 and 3. The aggregate amount allocated to cities, under clause (1) or (2), together with the amount of qualified mortgage bonds reserved for the agency, shall not exceed the limit for the state under existing federal tax law.*

*By August 1 of each year, any city which has received by law an allocation of the state ceiling for qualified mortgage bonds shall submit its housing programs to the Minnesota housing finance agency for approval pursuant to section 462C.04, subdivision 2, in an amount of bonds equal to or less than, the city's allocation. If the amount of qualified mortgage bonds, for which program approval is granted on or before September 1 is less than the amount allocated by law to the city, the applicable limit for the agency shall be increased by the difference between the amount allocated by law to the city, and the amount for which program approval has been granted.*

*Subd. 2. [CITY ALLOCATION.] Unless otherwise authorized by law, a city that intends to issue during any calendar year qualified mortgage bonds that are subject to existing federal tax law, shall by January 2 of that year submit to the Minnesota housing finance agency a program that will use a portion of the state qualified mortgage bond ceiling. The total amount of qualified mortgage bonds included in all programs submitted pursuant to this subdivision by a city may not exceed \$10,000,000. Each program shall be accompanied by a certificate from the city that states that the qualified mortgage bond issue is feasible. By February 1, the Minnesota housing finance agency shall review each program pursuant to section 462C.04,*

*subdivision 2. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with chapter 462C, and that meet the following conditions:*

*(1) all of the loans must be reserved for a period of not less than six months for persons and families whose adjusted family income is below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and*

*(2) loans must be made only to finance homes that are serviced by municipal water and sewer utilities; provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year 1985, reduced by the amount of qualified mortgage bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall approve programs that are submitted by a city which meets any of the following three criteria: (i) a city of the first class, (ii) a city that did not receive an allocation under this subdivision or Minnesota Statutes 1984, section 462C.09, subdivision 2(a), or Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2(a), during the preceding two calendar years, or (iii) a group of cities that plan to jointly issue bonds for the program provided further that if approval of all of the programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii) would result in a total allocation to cities in excess of the portion of the state ceiling available for allocation, then from among those programs the agency shall select by lot the programs to be approved. If a portion of the state ceiling remains unallocated after the agency has approved all programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii), the Minnesota housing finance agency shall select by lot from among the remaining programs the programs to be approved. The Minnesota housing finance agency shall determine if a program meets the conditions in clauses (1) and (2) based solely upon the program with accompanying information submitted to the agency. Approval of a program shall constitute an allocation of a portion of the state ceiling for qualified mortgage bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the last selected program that receives an allocation may be equal to or less than the amount of the bond issue or issues proposed in the program.*

*If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue qualified mortgage bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the qualified mortgage bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program shall expire on September 1, and the applicable limit for the Minnesota housing finance agency shall be increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (1), shall not be required to apply under this subdivision with respect to bonds allocated by law to any such city. Nothing in this subdivision shall prevent any such city from applying for an*



*additional allocation of bonds under this subdivision.*

*Subd. 3. [ADDITIONAL CITY ALLOCATION.] On or before September 1 of each year, the Minnesota housing finance agency shall identify the amount, if any, of its applicable limit for qualified mortgage bonds for that calendar year that it does not intend to issue. Any city that intends to issue qualified mortgage bonds prior to the end of the calendar year for which it has not received an allocation of the state ceiling may submit a program for approval on or before September 1 to the Minnesota housing finance agency for a portion of the amount of the Minnesota housing finance agency's applicable limit as provided in subdivision 1 which the agency does not intend to issue. The total amount of qualified mortgage bonds included in all programs of any city submitted pursuant to this subdivision shall not exceed \$10,000,000. The program shall be accompanied by the same certificate required by subdivision 2. The Minnesota housing finance agency shall allocate the amount of the state ceiling to be allocated pursuant to this subdivision using the same factors listed in subdivision 2, provided that a program for any city receiving an allocation pursuant to subdivision 2 during the calendar year shall be ranked below all other programs if the bonds proposed in the program, when added to the bonds included in programs approved pursuant to subdivision 2, exceed \$10,000,000. A city that submitted a program pursuant to subdivision 2 but that did not receive an allocation may renew its application with a letter of intent to issue. Nothing in this subdivision shall prevent any city referred to in subdivision 1, clause (1), from applying for an additional allocation of bonds under this subdivision.*

*Subd. 4. [AGENCY REVIEW.] The 30-day review requirement in section 462C.04, subdivision 2, shall not apply to programs submitted to the agency that require an allocation of the state ceiling pursuant to this section. A failure by the agency to complete any action by the dates set forth in this section shall not result in the approval of any program or the allocation of any portion of the applicable limit of the agency. Approval by the agency of programs after the dates provided in this section shall be effective in allocating a portion of the state ceiling. Programs approved by the agency may be amended with the approval of the agency under section 462C.04, subdivision 2, provided that the dollar amount of bonds for the program may not be increased.*

*Subd. 5. [STATE CERTIFICATION.] The executive director of the Minnesota housing finance agency is designated as the state official to provide the preissuance certification required by section 103A(j)(4)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1985.*

*Subd. 6. [CORRECTION AMOUNTS FOR MORTGAGE CREDIT CERTIFICATE PROGRAMS.] A reduction in the state ceiling for qualified mortgage bonds caused by the failure of a mortgage credit certificate program to comply with a federal statute or regulation shall be assessed against the amount of qualified mortgage bonds allocated by law, other than by way of this section, to the city which adopted the program; provided that if no such allocation exists or it is less than the correction amount determined by the secretary of the treasury, then the amount of the correction amount in excess of the allocation shall be assessed against the 27-1/2 percent of the state ceiling allocated to the cities under subdivision 2.*

Sec. 17. [474A.08] [DETERMINATION OF ENTITLEMENT ALLO-

## CATIONS UNDER FEDERAL VOLUME LIMITATION ACT.]

*Subdivision 1. [ENTITLEMENT ISSUERS.] The dollar amount of the governmental volume cap allocated to entitlement issuers under a federal volume limitation act for each calendar year shall be determined by the department as follows:*

*(1) to the department of finance 24 percent of the governmental volume cap to be allocated among state issuers under section 18;*

*(2) to the first-class city with the largest population among first-class cities, 8.7 percent of the governmental volume cap, plus an additional 3.5 percent of the governmental volume cap or \$16,000,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in a federal volume limitation act prior to September 1, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects;*

*(3) to the first-class city with the second largest population among first-class cities, 6.4 percent of the governmental volume cap, plus an additional 1.4 percent of the governmental volume cap or \$8,500,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in a federal volume limitation act prior to September 1, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects;*

*(4) to the first class city with the third largest population among first class cities, 2.1 percent of the governmental volume cap, plus an additional five-tenths of one percent of the governmental volume cap or \$3,000,000, whichever is less, which additional amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in a federal volume limitation act prior to September 1 and thereafter may also be used for the issuance of obligations to finance multifamily housing projects;*

*(5) to each city identified in section 13, subdivision 4, clause (2), six-tenths of one percent of the governmental volume cap;*

*(6) to a city or cities that received an allocation to issue qualified mortgage bonds during 1986 under Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, an amount or amounts for 1986 equal to such allocation, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects; and*

*(7) to a city or cities determined in accordance with the procedure set forth in section 16, subdivisions 2 and 3, an allocation to issue qualified mortgage bonds during 1987, in an amount determined in accordance with such procedure contained in section 16, subdivisions 2 and 3, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects.*

*For any entitlement issuer that received an allocation for a qualified multifamily housing project and did not issue obligations for the project within the time period specified under section 22, subdivision 3, the amount allocated to the entitlement issuer under this subdivision for 1987 must be reduced by the amount of the unused allocation and the amount of any other allocation retained by that issuer after September 1, 1986, for which obligations have not been issued in 1986. The amount of any reduction in allocation must be added to the amounts available for pool allocation under section 20.*

*For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.*

*Subd. 2. [NOTICE OF OF ENTITLEMENT ALLOCATION.] As soon as possible in each calendar year, the department shall provide a notice of entitlement allocation to each entitlement issuer stating separately the amount that may be issued for "qualified mortgage bonds" or for obligations with a comparable definition, a federal volume limitation act and the amount that may be issued for other obligations.*

**Sec. 18. [474A.09] [ALLOCATION OF STATE ENTITLEMENTS UNDER FEDERAL VOLUME LIMITATION ACT.]**

*The amount allocated to the department of finance under section 17, subdivision 1, clause (1), may be allocated or reallocated by the commissioner of the department of finance internally among state issuers, provided that 11.5 percent of such entitlement allocation is allocated to the iron range resources and rehabilitation commissioner. Upon the request of a statutory city located in the taconite tax relief area that received an entitlement allocation under Minnesota Statutes 1985 Supplement, section 474.18, of \$5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations on behalf of the city, in an amount requested by the city but not to exceed 17 percent of the amount allocated to the commissioner under this subdivision.*

**Sec. 19. [474A.10] [ENTITLEMENT ISSUERS UNDER THE FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [NOTICE OF ISSUE.] Each entitlement issuer that issues obligations pursuant to an entitlement allocation received under section 17 shall provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; and (4) the dollar amount of the obligations subject to the governmental volume cap of a federal volume limitation act. For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance shall be deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department shall refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the principal amount of the obligations issued.*

*Subd. 2. [ENTITLEMENT TRANSFERS.] Any entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipi-*

*ent entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer.*

*Subd. 3. [RESERVATION OR CANCELLATION OF ENTITLEMENT ALLOCATIONS.] After September 1, 1986, an entitlement issuer may retain all or a portion of its entitlement allocation under a federal volume limitation act only if the department has received by September 1 a letter stating the intent of the entitlement issuer to issue obligations under its entitlement allocation before the end of the calendar year or within the time permitted by a federal volume limitation act and an application deposit equal to one percent of the unused allocation for which it intends to issue obligations, provided that there shall be credited against the required deposit, any deposit made in accordance with section 13 for a corresponding allocation under existing federal tax law. Any unused portion of an allocation for which an application deposit and letter of intent have not been received by the department by September 1, 1986, is canceled and shall be reallocated under section 20. Notwithstanding the provisions of this subdivision, the department of finance may retain \$15,000,000 of its entitlement allocation for the issuance of obligations. If any time after August 31, 1986, the department of finance determines that part or all of such retained allocation will not be required for obligations issued by the state, the portion not required shall be canceled and shall be reallocated under section 20.*

**Sec. 20. [474A.11] [ALLOCATION OF POOL AMOUNT UNDER THE FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [POOL AMOUNT.] For calendar year 1986 and from January 1 to June 30 of calendar year 1987, the portion of the governmental volume cap and any allocations canceled or returned for reallocation under section 19 shall be allocated to issuers, other than state issuers, under this section.*

*An entitlement issuer, other than state issuers, may apply for an allocation under this section only after September 1. If an entitlement issuer, other than state issuers, applies for an allocation prior to November 1, the entitlement issuer must have either adopted a final resolution authorizing the sale of obligations in an amount equal to any allocation received under section 17 or returned any remaining allocation for reallocation under this section.*

*Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:*

*(a) Entitlement issuers that received an allocation only under section 17, subdivision 1, clause (6) or (7), may apply for an allocation at any time.*

*(b) A city of the first class may apply for an allocation for a manufacturing project at any time.*

*(c) Any entitlement issuer, other than state issuers, may apply for an allocation for a qualified multifamily housing project after September 1 if (1) it has adopted a preliminary resolution for specific projects for the amount of any of its retained entitlement allocation, and (2) the amount of allocation applied for does not exceed \$10,000,000.*

*(d) State issuers, other than the iron range resources and rehabilitation commissioner, may apply for and receive allocations under this section in an*

aggregate amount not to exceed that portion of the state's entitlement allocation returned for reallocation under section 19.

(e) The iron range resources and rehabilitation commissioner may apply for an allocation under this section only after September 1, if the commissioner has adopted preliminary resolutions for the amount of issuance authority retained by the commissioner under section 19.

Subd. 2. [APPLICATION.] An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, and (2) if the application is submitted prior to September 1 of any calendar year, an application deposit in the amount of one percent of the requested allocation, or if the application is submitted on or after September 1 of 1986, an application deposit in the amount of two percent of the requested allocation, provided that there shall be credited against the required deposit any deposit made with respect to the same project in accordance with section 14.

An application deposit for a qualified multifamily housing project must include an additional application deposit in the amount of one percent of the requested allocation. An application pursuant to this section may be combined with an application under section 14.

Subd. 3. [ALLOCATION CRITERIA.] The department shall rank each application received under this section on the basis of the number of points awarded to it, with one point being awarded for each of the criteria listed in section 14, subdivision 3, that are satisfied, and one point being awarded for each of the following criteria:

(1) the project is a multifamily housing project; and

(2) the project is a multifamily housing project designed for rental primarily to handicapped persons or to elderly persons.

An application for an allocation relating to an issue of obligations the proceeds of which are to be used to refund outstanding obligations shall be ranked as if the proceeds were to be used to finance the related project and based on the satisfaction of the criteria by the project and the applicant as of the time that the application is submitted.

Subd. 4. [ALLOCATION PROCEDURE.] (a) The department shall allocate available issuance authority on Monday of each week to applications received by Monday of the preceding week, in the following order of priority and available issuance authority may not be allocated to any other project prior to September 1, 1986:

(1) applications for manufacturing projects;

(2) applications for pollution control projects or waste management projects; and

(3) applications for commercial redevelopment projects or multifamily housing projects.

Within each category of applications available authority shall be allocated on the basis of the numerical rank determined under this section. In the case of an application for an allocation relating to more than one project to be financed by one issue of obligations, the points assigned to the application

shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the allocation of issuance authority as between the applications shall be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department shall so notify the applicant and shall return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(b) From January 1 to September 1, no more than 20 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.

(c) From January 1 to September 1, no more than 35 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects and multifamily housing projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (1) on or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; and (2) the entire amount of issuance authority available under this clause for commercial redevelopment and multifamily housing projects has been allocated.

After September 1, allocations shall be made under this subdivision to any project including, without limitation, projects for owner-occupied housing; notwithstanding the percentage limits and other restrictions contained in this subdivision. Applications must be ranked and allocations made first according to the order of priority and ranking of points under subdivision 3 and this subdivision. Any remaining amount must be allocated according to the ranking of points under subdivision 3. If two or more applications receive an equal number of points, allocations among such applications must be made by lot unless otherwise agreed by the respective applicants.

Subd. 5. [CERTIFICATE OF ALLOCATION.] The granting of an allocation of issuance authority by the department pursuant to this section shall be evidenced by issuance of a certificate of allocation provided to the applicant in accordance with section 22.

Subd. 6. [FINAL ALLOCATION.] If issuance remains or becomes available following the last Monday on which allocations are made during any calendar year, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate such remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.

Sec. 21. [474A.12] [501(c)(3) POOL; FEDERAL VOLUME LIMITATION ACT.]

*Subdivision 1. [501(c)(3) POOL.] This section applies only to allocations made under a federal volume limitation act. The amount, if any, of the aggregate annual volume cap that must be set aside for qualified 501(c)(3) bonds in 1986 or in 1987 shall be allocated under this section.*

*Subd. 2. [HIGHER EDUCATION FACILITIES AUTHORITY.] Of the portion of the annual volume cap allocated under this section, \$20,000,000 for each calendar year is allocated to the higher education facilities authority for the issuance of obligations under sections 136A.25 through 136A.42. After September 1 of each year, the higher education facilities authority may retain any unused portion of such allocation only if the higher education facilities authority submits to the department on or before September 1 a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under a federal volume limitation act, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which it intends to issue obligations; provided that nothing herein shall preclude the commissioner from subsequently reallocating the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the higher education facilities authority and not reserved by a letter of intent and an application deposit shall be canceled and subject to reallocation in accordance with subdivision 3. If the higher education facilities authority returns for reallocation all or any part of such allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days.*

*Subd. 3. [APPLICATION.] An issuer may apply for an allocation of bond issuance authority under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution of the issuer, and (2) an application deposit in the amount of one percent of the requested allocation. The higher education facilities authority may apply for an allocation under subdivision 4 or subdivision 6 only if it has adopted a final resolution authorizing the sale of obligations in an amount equal to the allocation received and not returned for reallocation under subdivision 2.*

*Subd. 4. [ALLOCATION.] As of the 10th and 25th day of each month prior to September 1, the department shall allocate issuance authority available under this section on the basis of applications then on hand, assigning allocations in the order in which the applications are received by the department; provided that if two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among such applications shall be by lot unless otherwise agreed by the respective applicants; and provided further that before September 1 of any year the amount allocated to any one issuer for any one 501(c)(3) organization shall not exceed \$15,000,000.*

*Subd. 5. [LETTER OF INTENT.] After September 1 of each calendar year, an issuer which has received an allocation pursuant to this section prior to September 1, may retain any unused portion of such allocation only if the issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations before the end of the calendar year*

*or within the time period permitted by a federal volume limitation act. If the letter of intent is not submitted to the department, the one percent application deposit shall be returned to the issuer, the allocation shall be canceled and is available for reallocation pursuant to subdivision 6. If an issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned shall be refunded within 30 days.*

*Subd. 6. [ALLOCATION AFTER SEPTEMBER 1.] On September 1 of each year the aggregate amount set aside for qualified 501(c)(3) bonds, less any amounts previously allocated or reallocated and either reserved by an issuer with a letter of intent or with respect to which a notice of issue has been filed shall be reallocated in accordance with this subdivision.*

*Bond issuance authority subject to reallocation under this subdivision on and after September 1 in any year shall be allocated by the department in the order in which the applications were received by the department; provided that if two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among such applications shall be by lot unless otherwise agreed by the respective applicants. As soon as practicable after September 1, the department shall publish in the State Register a notice of the aggregate amount available for reallocation pursuant to this subdivision. Within five days after September 10, October 10, November 10, December 10, and December 20, the department shall allocate available authority under this subdivision. If issuance remains or becomes available following the final December 20th allocation, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate such remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.*

*Subd. 7. [NOTICE OF 501(c)(3) ALLOCATION.] The department shall issue a notice granting an allocation of issuance authority under this section. No allocation shall be made if the sum of the principal amount of proposed allocation and the aggregate principal amount of allocations previously made and not returned for reallocation is in excess of the amount of issuance authority set aside for qualified 501(c)(3) bonds under a federal volume limitation act.*

*Subd. 8. [NOTICE OF ISSUE.] Issuers that issue obligations under this section shall provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; and (4) the dollar amount of the obligations subject to the annual volume cap of a federal volume limitation act. For obligations issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not provided to the department within five days after issuance shall be deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department shall refund a portion of any deposit made pursuant to subdivi-*



sion 3 equal to one percent of the principal amount of the obligations issued.

**Sec. 22. [474A.13] [CERTIFICATE OF ALLOCATION UNDER FEDERAL VOLUME LIMITATION ACT.]**

*Subdivision 1. [ISSUANCE OF CERTIFICATE OF ALLOCATION.] The department shall issue a certificate of allocation for any allocation granted under section 20, except as provided in subdivision 4.*

*Subd. 2. [ISSUANCE OF CERTIFICATE OF ALLOCATION; GENERAL OBLIGATIONS.] The department shall issue a certificate of allocation for any general obligation for which an allocation request is received upon forms provided by the department, except as provided in subdivision 4. Such forms shall contain:*

- (1) the name and address of the issuer;*
- (2) the address, telephone number, and name of an authorized representative of the issuer;*
- (3) the principal amount of general obligations proposed to be issued by the issuer;*
- (4) the title of the proposed issue;*
- (5) a statement of the issuer that the proposed issue of obligations is expected to be offered for sale on or before the expiration date of the certificate of allocation for which the request is being made;*
- (6) the amount of the allocation requested; and*
- (7) a certification that the general obligations do not constitute "industrial development bonds" as defined in section 103(b) of the Internal Revenue Code of 1954, as amended through December 31, 1985, which certification shall be accompanied by an opinion of bond counsel to such effect.*

*No certificate of allocation shall be issued pursuant to this authorization in excess of \$10,000,000. If submitted on or after September 1 for calendar year 1986, an allocation request shall be accompanied by a deposit in the amount of one percent of the amount of allocation requested. The department shall issue certificates of allocation on Monday of each week for applications received by Monday of the preceding week and shall make the allocations among the applications by lot.*

*Subd. 3. [NOTICE OF ISSUE.] A certificate of allocation shall expire and be deemed not to have been issued if the department has not received a notice of issue on a form provided by the department stating that the obligations for which the certificate of allocation was provided were issued, or in the case of a general obligation, a final resolution providing for sale was adopted, within the following periods:*

- (1) for a certificate of allocation issued on or prior to August 15, 1986, or anytime in 1987, within 30 days of the date of issuance of the certificate;*
- (2) for a certificate of allocation issued between August 16 and September 1, 1986, by September 16, 1986;*
- (3) for a certificate of allocation issued on or after September 1, within 15 days of the date of issuance of the certificate; and*

(4) for a certificate of allocation issued to an entitlement issuer for a qualified multifamily housing project, within 30 days of issuance of the certificate of allocation.

Any of the periods specified in clauses (1), (2), or (3) may be extended for an additional period of the same number of days if an additional deposit in the amount of three percent of the amount of the certificate of allocation is provided before the end of the initial period. The period specified in clause (4) may be extended for an additional 30 days if an additional deposit in the amount of four percent of the amount of the certificate of allocation is provided before the end of the initial period.

The notice of issue shall be executed by an officer of the issuer or by the bond counsel approving the issue and shall state the principal amount of the obligations issued or to be issued and the difference, if any, between the amount issued or to be issued and the amount stated in the certificate of allocation. If the notice of issue is not provided to the department by the time required, then (1) the certificate of allocation shall expire and the issue shall be deemed not to have received an allocation for the purpose of complying with a federal volume limitation act, and (2) the deposit required by section 19, 20, or this section shall be forfeited by the issuer. If such notice is received by the department on or prior to the prescribed deadline, then within 30 days after receipt of this notice, the department shall refund a portion of any application deposit equal to one percent of the principal amount of the obligations issued.

**Subd. 4. [LIMITATIONS ON THE ISSUANCE OF CERTIFICATES.]** No certificate of allocation shall be granted under a federal volume limitation act under any of the following circumstances:

(1) the amount of the allocation requested, when added to (i) the aggregate amount of certificates of allocation issued and not expired; (ii) amounts remaining available to be allocated pursuant to section 20; and (iii) entitlement authority allocated pursuant to section 17 and not returned pursuant to section 19, subdivision 3, for reallocation would cause the governmental volume cap to be exceeded. If two or more applications for a certificate of allocation are filed with the department on the same day and there is insufficient issuance authority for the applications, certificates shall be issued first for applications made pursuant to subdivision 2 and thereafter for applications made pursuant to subdivision 1; or

(2) the principal amount of the proposed allocation exceeds \$25,000,000 unless the issuer is the Minnesota housing finance agency or the Minnesota higher education coordinating board, or unless the issue is a pooled or joint issue or any issue of a joint powers board, provided that for joint or pooled issues or issues of a joint powers board the aggregate amount of the issue cannot exceed \$100,000,000.

**Subd. 5. [CERTIFICATES ARE NOT TRANSFERABLE.]** Certificates of allocation are not transferable.

**Sec. 23. [474A.14] [NOTICE OF AVAILABLE AUTHORITY.]**

The department shall publish in the State Register at least twice monthly, a notice of the amount of issuance authority, if any, available for allocation pursuant to sections 14, 20, and 21.

Sec. 24. [474A.15] [STATE HELD HARMLESS.]

*The state shall not be liable in any manner to any issuer, holder of obligations, or other person for carrying out the duties imposed on it under sections 10 to 30.*

Sec. 25. [474A.16] [EXCLUSIVE METHOD OF ALLOCATION.]

*Sections 10 to 30 shall be the exclusive method for allocating authority to issue obligations for the purposes of complying with the volume limitation of a federal volume limitation act and existing federal tax law. An issuer of obligations may elect to obtain an allocation of authority under either existing federal tax law, a federal volume limitation act, or both.*

Sec. 26. [474A.17] [ADMINISTRATIVE PROCEDURE ACT NOT APPLICABLE.]

*Minnesota Statutes, chapter 14, shall not apply to actions taken by any state agency, entity, or the governor under sections 10 to 30.*

Sec. 27. [474A.18] [PROSPECTIVE OVERRIDE OF FEDERAL VOLUME LIMITATION ACT.]

*Sections 10 to 30 prospectively override and replace the method of allocating the authority to issue obligations among uses and among issuers as provided in a federal volume limitation act to the extent allowed by a federal volume limitation act.*

Sec. 28. [474A.19] [GOVERNOR'S ACTION.]

*If at any time before June 30, 1987, a federal volume limitation act is enacted into law in a form different from that existing as of December 31, 1985, which (1) eliminates or adds any requirement that a specific type of obligation is subject to a volume limitation that is inconsistent with the allocation mechanism provided for in sections 10 to 30, or (2) provides for other restrictions on the allocation of issuance authority that are inconsistent with the allocation mechanism provided for in sections 10 to 30, the governor may, consistent with a federal volume limitation act as enacted, by executive order or proclamation, establish such revisions to the allocation system as may be necessary and appropriate and which the governor, in consultation with the legislative advisory commission and the attorney general, shall determine are most consistent with the purposes of and the allocation mechanism provided for in this sections 10 to 30. Any executive order or proclamation made by the governor under this section shall not withdraw or impair any allocation made if obligations have been issued under such allocations unless the obligations are not subject to the volume cap of a federal volume limitation act and written notice is provided to the issuer.*

Sec. 29. [474A.20] [STATE CERTIFICATION.]

*The commissioner of the department is designated as the state official to provide any pre-issuance or post-issuance certification required by a federal volume limitation act.*

Sec. 30. [474A.21] [APPROPRIATION; RECEIPTS.]

*Any fees collected by the department under sections 10 to 30 are appropriated to the general fund except the amount which is necessary to repay*

*application deposits, which amount is appropriated to the department from the general fund for that purpose.*

Sec. 31. Minnesota Statutes 1984, section 475.55, is amended by adding a subdivision to read:

*Subd. 7. [OBLIGATIONS SUBJECT TO FEDERAL TAXATION.] Notwithstanding subdivision 1, if the governing body determines that interest on any obligations is subject to federal income taxation, the obligations may bear interest at the rate determined in accordance with subdivision 1 plus three percent per annum.*

*Obligations may also be issued which provide that, if interest on the obligations becomes subject to federal income taxation or if certain events occur that under the terms of the obligations cause the interest on the obligations to be deemed to be subject to federal income taxation, the obligations may provide for payment of interest from the date of issuance or another date provided by them at a rate which does not exceed the greater of (a) the maximum rate determined under subdivision 1 plus three percent per annum, or (b) the maximum rate determined under subdivision 1 at the time the interest on the obligations becomes or is deemed to become subject to federal income taxation.*

Sec. 32. Minnesota Statutes 1985 Supplement, section 475.56, is amended to read:

#### 475.56 [INTEREST RATE.]

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons, but the highest aggregate rate of interest contracted to be so paid for any period shall not exceed the maximum rate authorized by law. Such higher rate may also be represented in part by the issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid; but if the principal amount of the entire series exceeds its cash sale price, such excess shall not, when added to the total amount of interest payable on all obligations of the series to their stated maturity dates, cause the average annual rate of such interest to exceed the maximum rate authorized by law. This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any obligation of an issue of obligations otherwise subject to section 475.55, ~~subdivision subdivisions 1 and 7,~~ may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality, but the rate of interest for any period shall not exceed the maximum rate of interest for the obligations determined in accordance with section 475.55,

~~subdivision subdivisions 1 and 7.~~ For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate permitted for the obligations under section 475.55, ~~subdivision subdivisions 1 and 7,~~ or the lesser maximum rate of interest payable on the obligations in accordance with their terms, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to obligations issued by a statutory or home rule charter city with a population of less than 10,000, as defined in section 477A.011, subdivision 3, or to obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally-recognized rating agency, *except that any statutory or home rule charter city, regardless of population or bond rating, may issue variable rate obligations as a participant in a bond pooling program established by the league of Minnesota cities that meets this bond rating requirement.*

Sec. 33. [REPEALER.]

*Minnesota Statutes 1984, sections 462C.09, subdivision 4; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 1, 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26 are repealed. Nothing in this section is intended to affect the validity of any allocation granted pursuant to the repealed sections prior to the effective date of this act, including any allocation carried forward for use in a later calendar year.*

Sec. 34. [EFFECTIVE DATE; SUNSET.]

*Sections 10 to 30 and 33 are effective the day following final enactment and are repealed effective July 2, 1987."*

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for additional enterprise zone credits and expansion of an enterprise zone; authorizing certain capital notes; extending the interest reduction program; providing certain powers to county housing and redevelopment authorities and joint powers agreements;"

Page 1, line 5, after the semicolon, insert "amending Minnesota Statutes 1984, sections 273.1314, by adding a subdivision; 412.301; 462C.02, subdivision 6; 462C.06; 471.59, subdivision 11; 474.01, subdivisions 6 and 7b; 475.55, by adding a subdivision;"

Page 1, line 5, delete "section" and insert "sections 273.1314, subdivision 16a;"

Page 1, line 6, after the semicolon, insert "475.56;"

Page 1, line 9, delete "1;" and insert "4;"

Page 1, line 11, delete "2a and 3; 462C.11," and insert "1, 2a, 3, 5 and 6,"

Page 1, line 12, delete "474.191;"

Page 1, line 13, delete "474.22;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 2026: A bill for an act relating to charitable gambling; exempting certain organizations from regulation by the charitable gambling control board; exempting certain organizations who conduct bingo and raffles from the sales tax; clarifying what expenses may be deducted from gross receipts; permitting the board to impose civil penalties; requiring organizations to pay an investigation fee; changing reporting requirements; changing requirements for licensed distributors; providing for a tax amnesty for organizations who have conducted lawful gambling; amending Minnesota Statutes 1984, sections 297A.25, by adding a subdivision; 349.12, subdivisions 13 and 17; 349.151, subdivision 4; 349.16, subdivision 3, and by adding a subdivision; 349.161, subdivision 1; 349.162; 349.18, subdivision 2; 349.19, subdivision 5; 349.212, subdivision 2; 349.213, subdivision 1; 349.214, subdivision 2; and 609.75, subdivision 3; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 22, insert:

"Section 1. Minnesota Statutes 1984, section 240.25, subdivision 2, is amended to read:

Subd. 2. [OFF-TRACK BETS.] No person ~~may, as part of an organized commercial activity, place or accept a bet off the premises of a licensed racetrack for delivery to a licensed racetrack shall:~~

*(1) for a fee, directly or indirectly, accept anything of value from another to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races, or for a fee deliver anything of value which has been received outside of the enclosure of a licensed racetrack holding a race meet licensed under this chapter, to be placed as wagers in the pari-mutuel system of wagering on horse racing within the enclosure; or*

*(2) give anything of value to be transmitted or delivered for wager in any licensed pari-mutuel system of wagering on horse races to another who charges a fee, directly or indirectly, for the transmission or delivery.*

Sec. 2. Minnesota Statutes 1984, section 240.26, subdivision 1, is amended to read:

Subdivision 1. [FELONIES.] A violation of the prohibition against accepting a bet in section 240.25, ~~subdivisions subdivision 1 and 2, a violation of section 240.25, subdivision 2, clause (1), and a violation of section~~

240.25, subdivisions 3, 4, and 7 is a felony.

Sec. 3. Minnesota Statutes 1984, section 240.26, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANORS.] A violation of the prohibition against placing a bet in section 240.25, ~~subdivisions subdivision 1 and 2, a violation of section 240.25, subdivision 2, clause (2), and a violation of section 240.25, subdivisions 5 and 6,~~ is a gross misdemeanor."

Page 1, line 32, strike "gambling supplies and equipment," and strike "rent, and"

Page 1, strike line 33

Page 2, line 1, strike everything before "taxes" and insert "and"

Page 2, line 2, strike everything after "chapter" and delete the new language

Page 2, delete lines 3 to 8

Page 2, line 9, delete the new language

Page 2, after line 14, insert:

"Sec. 7. Minnesota Statutes 1984, section 349.12, is amended by adding a subdivision to read:

*Subd. 18. [DEAL.] "Deal" means each separate package, or series of packages, consisting of one game of pull-tabs with the same serial number purchased from a distributor.*

Sec. 8. Minnesota Statutes 1984, section 349.151, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The board consists of 13 members appointed as follows:

(1) eleven persons appointed by the governor *with the advice and consent of the senate*, at least four of whom must reside outside of the seven-county metropolitan area;

(2) the commissioner of public safety or his designee; and

(3) the attorney general or his designee.

A member serving on the board by appointment must have been a resident of Minnesota for at least five years. Of the appointees of the governor not more than six may belong to the same political party. A member appointed to the board may be removed at any time by the appointing authority. Vacancies on the board are filled in the same manner as the original appointment. Of the members appointed by the governor, three are for terms expiring June 30, 1985, four are for terms expiring June 30, 1986, and four are for terms expiring June 30, 1987. After the expiration of the initial terms, appointments are for three years. The governor shall appoint the chairperson from among his appointees."

Page 3, after line 5, insert:

"Sec. 10. Minnesota Statutes 1984, section 349.15, is amended to read:

## 349.15 [USE OF PROFITS.]

Profits from lawful gambling may be expended only for lawful purposes or expenses as authorized at a regular meeting of the conducting organization. *Not less than 60 percent of the profit may be expended for lawful purposes.*"

Page 3, line 15, delete "INVESTIGATION FEE" and insert "TAX"

Page 3, delete lines 17 to 19 and insert "*impose a tax on organizations conducting lawful gambling within its jurisdiction. The tax imposed under this subdivision may not be greater than the tax imposed under section 349.212.*"

Page 3, after line 33, insert:

"Sec. 14. Minnesota Statutes 1984, section 349.161, is amended by adding a subdivision to read:

*Subd. 8. [EMPLOYEES OF DISTRIBUTORS.] Licensed distributors shall provide the board upon request with the names and business addresses of all employees. Each person eligible to conduct sales on behalf of a distributor must have in possession a picture identification card approved by the board.*"

Page 4, line 8, delete everything after "*refund*" and insert "*for unused stamps and replacement for stamps which are defective or*"

Page 4, strike lines 29 to 31

Page 4, line 32, strike the old language and delete the new language

Page 4, delete lines 33 and 34

Page 4, line 35, delete "4" and insert "3"

Page 5, after line 15, insert:

"Sec. 17. [349.163] [MANUFACTURER LICENSES.]

*All manufacturers of registered gambling equipment must be licensed and registered by the board before their products can be offered for sale to licensed distributors. The license fee is \$500 and is for a term of one year. The conditions of registration shall be determined by the board.*

Sec. 18. Minnesota Statutes 1984, section 349.17, is amended by adding a subdivision to read:

*Subd. 2a. [DISTRIBUTOR LICENSE EXEMPTION FOR LESSOR.] As part of a lease agreement on a leased bingo premises, the lessor may furnish bingo equipment without being a licensed distributor.*"

Page 5, delete section 10

Page 5, line 36, strike the first "section" and insert "subdivision"

Page 6, line 1, strike "taxes" and delete the new language

Page 6, line 2, delete the new language and strike "and"

Page 6, lines 10 to 12, delete the new language

Page 6, line 18, delete "subdivision 1,"

Page 6, after line 29, insert:

"Subd. 2. [LOCAL APPROVAL.] Before issuing or renewing an organi-



zation license, the board must notify the city council of the statutory or home rule city in which the organization's premises are located or, if the premises are located outside a city, by the county board of the county *and the town board of the town* where the premises are located. If the city council or county board adopts a resolution disapproving the license and so informs the board within 30 days of receiving notice of the license, the license may not be issued or renewed."

Page 6, line 32, strike "RAFFLES" and insert "LAWFUL GAMBLING"

Page 6, line 33, strike "13" and insert "12"

Page 6, line 34, after "to" insert "349.14 and 349.151 to"

Page 6, line 36, after the period insert:

*"(b) Lawful gambling may be conducted by an organization as defined in section 349.12, subdivision 12, without complying with sections 349.11 to 349.14 and 349.151 to 349.213 if:*

*(1) the organization conducts lawful gambling for four or fewer calendar days in a calendar year;*

*(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;*

*(3) the organization notifies the board in writing not less than 30 days before each lawful gambling occasion of the date and location of the occasion, the types of lawful gambling to be conducted, the prizes to be awarded, and receives an exemption identification number;*

*(4) the organization notifies the local government unit not less than 30 days before the lawful gambling occasion;*

*(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and*

*(6) the organization reports to the board, on a single page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased."*

Page 6, line 36, before "Merchandise" insert:

"(c)"

Page 7, delete lines 2 to 12

Page 8, line 20, delete "This act is" and insert "Sections 1 to 16 and 18 to 25 are" and after the period insert "Section 17 is effective July 1, 1986."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "charitable" and after the semicolon insert "prohibiting certain betting practices relating to horse racing;"

Page 1, line 9, after "fee;" insert "requiring licenses for certain manufacturers; regulating use of profits;"

Page 1, line 12, after the semicolon, insert "requiring persons appointed to the charitable gambling control board to be confirmed by the senate;"

Page 1, line 13, after "sections" insert "240.25, subdivision 2; 240.26, subdivisions 1 and 2;"

Page 1, line 14, after "17" insert ", and by adding a subdivision; 349.15" and delete "subdivision" and insert "subdivisions 2 and"

Page 1, line 16, after "1" insert ", and by adding a subdivision" and after "349.162;" insert "349.17, by adding a subdivision;"

Page 1, line 17, delete "349.19, subdivision 5;"

Page 1, line 18, delete ", subdivision 1"

Page 1, line 20, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 349"

And when so amended the bill do pass. Amendments adopted. Report adopted.

## SECOND READING OF SENATE BILLS

S.F. Nos. 2217, 2067, 2255, 2015, 2060, 1978, 2151, 1847 and 2026 were read the second time.

## SECOND READING OF HOUSE BILLS

H.F. Nos. 654, 2464, 2012, 2418, 2263, 1782 and 1838 were read the second time.

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Merriam moved that his name be stricken as chief author and the name of Mr. Moe, R.D. be added as chief author to S.F. No. 2015. The motion prevailed.

Mr. Bertram moved that the names of Messrs. Pehler and Johnson, D.E. be added as co-authors to S.F. No. 1860. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Order of Business of Messages From the House. The motion prevailed.

## MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1950:

H.F. No. 1950: A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new

law in Minnesota Statutes, chapter 148.

The House respectfully requests that a Conference Committee of five members be appointed thereon.

Halberg; Blatz; Poppenhagen; Olsen, S. and Kalis have been appointed as such committee on the part of the House.

House File No. 1950 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 12, 1986

Mr. Luther moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1950, 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 like Conference Committee appointed on the part of the House. The motion prevailed.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Messrs. Pogemiller; Moe, R.D.; Luther; Taylor and Laidig introduced—

Senate Concurrent Resolution No. 21: A Senate concurrent resolution relating to the legislature; requiring a study of a legislative public affairs broadcasting network.

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 21 be laid on the table. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed 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 and referred to the committee indicated.

Mr. DeCramer, by request, introduced—

S.F. No. 2313: A bill for an act relating to agriculture; raising certain exemptions, including the homestead exemption and the exemptions on implements used in farming operations; amending Minnesota Statutes 1984, sections 510.02; and 550.37, subdivision 10; Minnesota Statutes 1985 Supplement, section 550.37, subdivisions 5 and 7.

Referred to the Committee on Agriculture and Natural Resources.

### **RECESS**

Mr. Moe, R.D. 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.

### **APPOINTMENTS**

Mr. Moe, R.D. from the Subcommittee on Committees recommends that

the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 1793: Mr. Chmielewski, Mrs. Adkins and Mr. Gustafson.

S.F. No. 1950: Messrs. Merriam, Johnson, D.E. and Peterson, R.W.

H.F. No. 1950: Messrs. Luther, Petty, Spear, Dahl and Knaak.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Frederickson moved that S.F. No. 467, No. 42 on Special Orders, be stricken and re-referred to the Committee on Governmental Operations. The motion prevailed.

### **MEMBERS EXCUSED**

Mr. Willet was excused from the Session of today from 10:00 to 11:30 a.m. Mr. Kroening was excused from the Session of today from 11:45 a.m. to 12:30 p.m. Mr. Knutson was excused from the Session of today from 10:00 a.m. to 1:30 p.m. Mr. Lessard was excused from the Session of today from 3:00 to 4:15 p.m. Mr. Bertram was excused from the Session of today from 3:00 to 3:35 p.m. Mr. Mehrkens was excused from the Session of today at 6:15 p.m.

The following members were excused from today's Session for brief periods of time: Mr. Wegscheid and Ms. Reichgott.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:30 a.m., Thursday, March 13, 1986. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate