

**EIGHTY-FIRST DAY**

St. Paul, Minnesota, Wednesday, April 6, 1988

The Senate met at 1:00 p.m. and was called to order by the President.

**CALL OF THE SENATE**

Mr. Renneke 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. John Kilde.

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

Adkins	Davis	Jude	Metzen	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Samuelson
Beckman	DeCramer	Knutson	Moe, R.D.	Schmitz
Belanger	Dicklich	Kroening	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berg	Frank	Langseth	Olson	Storm
Berglin	Frederick	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Brandl	Freeman	Luther	Piper	Waldorf
Brataas	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.J.	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 communications were received.

April 1, 1988

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. 1575.

Sincerely,  
Rudy Perpich, Governor

April 1, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	1858	436	April 1	April 1
1575		437	April 1	April 1

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 4, 1988

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. 852, 1223, 2134 and 2358.

Sincerely,  
Rudy Perpich, Governor

April 4, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
2358		438	April 4	April 4
	1989	439	April 4	April 4
	1784	440	April 4	April 4
	1853	441	April 4	April 4
1223		442	April 4	April 4
	1904	443	April 4	April 4
	1940	444	April 4	April 4
	1950	445	April 4	April 4

	2045	446	April 4	April 4
	2419	447	April 4	April 4
	2469	448	April 4	April 4
	2529	449	April 4	April 4
852		450	April 4	April 4
2134		451	April 4	April 4

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 6, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

I have the honor of informing you that I have received and deposited in the Office of the Secretary of State, S.F. Nos. 974 and 2376.

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 Files, herewith returned: S.F. Nos. 1674 and 1700.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

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. 1646: A bill for an act relating to insurance; accident and health; clarifying certain coverages for newborn infants; amending Minnesota Statutes 1986, section 62A.042.

Senate File No. 1646 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

#### CONCURRENCE AND REPASSAGE

Mr. DeCramer moved that the Senate concur in the amendments by the House to S.F. No. 1646 and that the bill be placed on its repassage as amended.

Mr. Belanger moved that the Senate do not concur in the amendments

by the House to S.F. No. 1646, 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 to be appointed on the part of the House. The motion prevailed.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2071: A bill for an act relating to crimes; requiring a neighborhood impact statement to be submitted as part of the presentence investigation report for controlled substance offenses; amending Minnesota Statutes 1987 Supplement, section 609.115, subdivision 1.

Senate File No. 2071 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

Mr. Pogemiller moved that the Senate do not concur in the amendments by the House to S.F. No. 2071, 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. 2137: A bill for an act relating to education; modifying certain requirements relating to school health services; amending Minnesota Statutes 1986, section 123.35, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 126; repealing Minnesota Statutes 1987 Supplement, sections 123.35, subdivision 16; and 126.201.

Senate File No. 2137 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

Mr. Pehler moved that the Senate do not concur in the amendments by the House to S.F. No. 2137, 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. 1769: A bill for an act relating to human rights; clarifying marital status discrimination and housing discrimination; enforcing comparable worth and affirmative action requirements; making procedural and administrative changes; amending Minnesota Statutes 1986, sections 363.01, by adding a subdivision; 363.02, subdivision 2a, and by adding a subdivision; 363.03, subdivision 2; 363.06, subdivision 3; 363.073, subdivisions 1 and 3; 363.091; 363.121; and 363.14, subdivisions 1 and 3; Minnesota Statutes 1987 Supplement, sections 363.06, subdivision 1; and 363.071, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 363.

Senate File No. 1769 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

Ms. Reichgott moved that the Senate do not concur in the amendments by the House to S.F. No. 1769, 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. 2384: A bill for an act relating to trade practices; providing for payment to farm implement retailer by successor in interest of the manufacturer, wholesaler, or distributor who repurchases stock and inventory; amending Minnesota Statutes 1986, sections 325E.05; and 325E.06, subdivisions 1, 4, and 5, and by adding a subdivision.

Senate File No. 2384 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

### CONCURRENCE AND REPASSAGE

Mr. Schmitz moved that the Senate concur in the amendments by the House to S.F. No. 2384 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2384 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 64 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Merriam	Ramstad
Anderson	Decker	Knaak	Metzen	Reichgott
Beckman	DeCramer	Knutson	Moe, D.M.	Renneke
Belanger	Diessner	Kroening	Moe, R.D.	Samuelson
Berg	Frank	Laidig	Morse	Schmitz
Berglin	Frederick	Langseth	Novak	Spear
Bernhagen	Frederickson, D.J.	Lantry	Olson	Storm
Bertram	Frederickson, D.R.	Larson	Pehler	Stumpf
Brandl	Freeman	Lessard	Peterson, D.C.	Taylor
Brataas	Gustafson	Luther	Peterson, R.W.	Vickerman
Chmielewski	Hughes	Marty	Piper	Waldorf
Cohen	Johnson, D.E.	McQuaid	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Mehrkens	Purfeerst	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2491: A bill for an act relating to metropolitan government; establishing various requirements on agency organization, work programs, budgets, and reports; amending Minnesota Statutes 1986, sections 473.13, subdivision 1, and by adding a subdivision; 473.146, subdivision 3; 473.173, subdivision 6; 473.38, by adding a subdivision; Minnesota Statutes 1987 Supplement, section 473.1623, subdivisions 4 and 6.

Senate File No. 2491 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

Mr. Luther moved that the Senate do not concur in the amendments by the House to S.F. No. 2491, 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. 1610: A bill for an act relating to advertising devices; providing for specific service signs relating to rural agricultural businesses and places of worship to be displayed along highways; amending Minnesota Statutes 1986, sections 160.292, subdivisions 2 and 10; 160.293, subdivisions 1 and 3; and 160.295, by adding a subdivision.

Senate File No. 1610 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

Mr. Bertram moved that S.F. No. 1610 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. 2217: A bill for an act relating to state lands; authorizing transfer of certain state lands in Ramsey county to the city of Mounds View.

Senate File No. 2217 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

Mr. Novak moved that S.F. No. 2217 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1686: A bill for an act relating to agriculture; prescribing procedure for delivery of dry edible beans from a grain warehouse; requiring the grade of dry edible beans on warehouse receipts; prescribing a redelivery charge; amending Minnesota Statutes 1986, sections 223.16, subdivision 4; 232.21, subdivision 7; and 232.23, by adding a subdivision.

There has been appointed as such committee on the part of the House: Brown, Ogren and Carlson, D.

Senate File No. 1686 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2003: A bill for an act relating to state government; providing for salary ranges for certain state employees; clarifying requirements for submitting certain salaries for legislative approval; requiring certain reports; regulating emergency civil service appointments; clarifying limits on certain salaries; authorizing the governor to change the salaries of newly appointed agency heads; regulating affirmative action; regulating separation from certain bargaining units; regulating health and other fringe benefit coverages; providing duties for the commissioner of employee relations;

amending Minnesota Statutes 1986, sections 43A.04, subdivision 7; 43A.15, subdivisions 2 and 11; 43A.17, subdivisions 1 and 9; 43A.18, subdivision 5; 43A.19, subdivision 1; 43A.23, subdivisions 1 and 3; 43A.27, subdivision 3, and by adding a subdivision; 175.101, by adding a subdivision; and 179A.10, subdivision 3; Minnesota Statutes 1987 Supplement, sections 15A.081, subdivisions 1 and 7b; 15A.083, subdivision 7; 43A.08, subdivision 1a; 43A.191, subdivision 3; 43A.316, subdivisions 2, 4, 8, and by adding a subdivision; 43A.421; 44A.02, subdivision 1; 79.34, subdivision 1; 176.611, subdivisions 2 and 3a; and 214.04, subdivision 3.

There has been appointed as such committee on the part of the House: Jefferson, Simoneau and Knickerbocker.

Senate File No. 2003 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 5, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 232, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 232: A bill for an act relating to crimes; expanding the definition of crime for victims' rights provisions to include ordinance violations resulting in bodily harm; expanding crimes that entitle victim to notice of plea agreement; granting right to victim to submit an impact statement to the court; requiring officers to give victims a notice of their rights; requiring prosecutors to present to the court a written victim impact summary prepared by the victim; ensuring privacy of victim's request for notice of prisoner release; amending Minnesota Statutes 1986, sections 611A.01; 611A.02; and 611A.06; proposing coding for new law in Minnesota Statutes, chapter 611A; repealing Minnesota Statutes 1986, section 611A.03, subdivision 3.

Senate File No. 232 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1925, 2396 and 2216.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 5, 1988



**FIRST READING OF HOUSE BILLS**

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

H.F. No. 1925: A bill for an act relating to education; eliminating the cap on the state university system student health service fee; amending Minnesota Statutes 1986, section 136.11, subdivision 7.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2093.

H.F. No. 2396: A bill for an act relating to education; authorizing the sale of college savings bonds; requiring a market study and plan; authorizing the issuance of zero coupon bonds; exempting a specified amount of bonds from consideration in financial aid eligibility; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 16A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2105, now on Special Orders.

H.F. No. 2216: A bill for an act relating to natural resources; ratifying and affirming the settlement agreement arising from litigation concerning certain treaty related claims of Chippewa Indians; prescribing powers and duties of the commissioner of natural resources in relation to the settlement agreement; proposing coding for new law in Minnesota Statutes, chapter 97A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2141, now on Special 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 Finance, to which was re-referred

S.F. No. 2055: A bill for an act relating to human services; defining terms; requiring that court receive annual reviews of people with indeterminate commitments; providing for court-ordered community-based treatment; defining procedures for community-based commitment; requiring procedures for release before commitment and provisional discharge; amending Minnesota Statutes 1986, sections 253B.02, subdivisions 13, 19, and by adding subdivisions; 253B.03, subdivision 5; 253B.09, subdivision 1; 253B.15, subdivisions 1, 3, 5, 6, 7, and by adding a subdivision; and 253B.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 253B; repealing Minnesota Statutes 1986, section 253B.09, subdivision 4.

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

Page 9, after line 6, insert:

“Sec. 16. [APPROPRIATION.]

*\$60,000 is appropriated from the general fund to the commissioner of human services for the purposes of this act.”*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "appropriating money;"

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

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

S.F. No. 2139: A bill for an act relating to establishment of rates for intermediate care facilities for the mentally retarded (ICF/MR); changing the procedures for determining ICF/MR rates beginning in 1988; amending Minnesota Statutes 1986, section 256B.501, by adding subdivisions.

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

Page 1, line 17, delete "shall be" and insert "is"

Page 2, line 1, delete "shall be" and insert "is"

Page 2, line 18, after "year" insert a comma

Page 2, line 20, delete the comma

Page 2, line 27, delete "shall" and insert "must"

Page 2, line 30, delete "which" and insert "that"

Page 3, line 3, delete "which" and insert "that"

Page 3, lines 18, 23, 29, and 31, delete "shall" and insert "must"

Page 4, lines 4 and 22, delete "1988" and insert "1989"

Page 4, lines 5 and 36, delete "shall" and insert "must"

Page 4, lines 23 and 24, delete "shall be" and insert "is"

Page 4, line 36, after "3" insert a comma

Page 5, line 8, delete "which" and insert "that"

Page 5, after line 12, insert:

"Sec. 7. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

*Subd. 3g. [WAIVING INTEREST CHARGES.] The commissioner may waive interest charges on overpayments incurred by intermediate care facilities for persons with mental retardation and related conditions for the period October 1, 1987, through February 29, 1988, if the overpayments resulted from the continuation of the desk audit rate in effect on September 30, 1987, through the period."*

Page 5, line 15, delete "3g" and insert "3h"

Page 5, line 23, delete "shall" and insert "must"

Page 5, line 33, delete "3h" and insert "3i" and delete "The provisions in" and delete "3g" and insert "3h"

Page 6, line 2, delete "3i" and insert "3j"

Page 6, line 4, delete "8" and insert "9"

Page 6, after line 4, insert:

"Sec. 11. [REPORT.]

*The commissioner of human services shall report to the legislature by February 1, 1989, on the status of rulemaking to establish a new rate system for payments to intermediate care facilities for persons with mental retardation and related conditions, including a description of the proposed rules and an estimate of their fiscal impact."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "requiring a report;"

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

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

S.F. No. 1628: A bill for an act relating to human services; revising and clarifying the duties and powers of the ombudsman for mental health and mental retardation; transferring money; amending Minnesota Statutes 1987 Supplement, sections 245.91, subdivisions 2, 3, and 4; 245.92; 245.94, subdivisions 1, 2, 3, and 4; 245.95, subdivision 1; 245.97, subdivision 1; 626.556, subdivisions 9 and 10; and 626.557, subdivision 9.

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

Page 5, line 22, after the period, insert "*An agency, facility, or program shall not retaliate or take adverse action, as defined in section 626.557, subdivision 17, paragraph (c), against a client or other person, who in good faith makes a complaint or assists in an investigation.*"

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

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

S.F. No. 1837: A bill for an act relating to agriculture; providing alternatives for meaningful long-term benefits to Minnesota agriculture; providing initiatives for farmers to utilize sustainable agriculture; developing agricultural practices that minimize the use of energy in production agriculture; establishing a preference in state contracting for Minnesota grown products under certain conditions; establishing an extension position of extension safety program specialist; establishing a Minnesota dairy task force; renaming the department of agriculture the department of agriculture and food; authorizing different versions of the Minnesota grown label; establishing a program to certify soil testing laboratories; prescribing standards and conditions for grain testings; authorizing a soil buffering demonstration project with industrial lime; authorizing a soybean oil ink study; authorizing designation of organic certification agencies; requiring crop hail insurance providers to file rates; authorizing the rural finance authority to implement a seller-sponsored loan programs; amending requirements of rural finance authority loan programs; adjusting interest rate buy-down program eligibility; extending deadline for seed potato standards; requiring federal stripper well money to be spent by law and appropriating money

to the agriculture utilization institute; appropriating money; amending Minnesota Statutes 1986, sections 17.01; 17B.02; 41B.02, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 17.102, subdivision 1; 41B.01, subdivision 2; 41B.03, subdivision 3; 41B.039, subdivisions 1 and 2; 41B.05; Laws 1987, chapter 124, section 2; proposing coding for new law in Minnesota Statutes, chapters 16B; 17; 17B; 31; 32; and 60A; repealing Minnesota Statutes 1986, sections 17.013; 480.250, subdivision 3; and Laws 1987, chapter 396, article 12, section 6, subdivision 2.

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

Page 2, delete lines 9 to 12

Page 2, line 13, delete "3" and insert "2"

Pages 9 to 11, delete section 1

Pages 12 and 13, delete sections 3 to 6

Renumber the sections of article 7 in sequence

Page 14, line 12, after "*labeling*" insert a comma

Page 14, line 17, delete "*prior to*" and insert "*before*"

Page 14, line 20, delete "*practicable*" and insert "*practical*"

Page 14, line 28, after "*materials*" insert a comma

Page 16, line 6, delete "*June 30*" and insert "*July 1*"

Page 17, delete article 11

Page 19, line 27, strike from "The" to page 19, line 29, "program."

Page 24, delete article 18

Page 25, line 6, delete everything after "*state*"

Page 25, line 7, delete "*expended*"

Page 25, line 11, delete "*transfer*" and insert "*a grant*"

Page 25, line 16, delete "*in the state treasury*"

Page 25, line 17, delete "*for the fiscal year ending June 30, 1989,*"

Page 25, line 22, delete "*to be available until expended*"

Page 25, lines 33 and 34, delete "*to be matched on a 2 to 1 basis with other funds, equipment, and services*" and insert "*, to be matched on the basis of \$2 of nonstate money or in-kind contributions for each \$1 of this appropriation,*"

Page 27, line 7, delete "*continuously*"

Page 27, line 14, delete "*to be available until June 30, 1989,*"

Page 27, line 17, delete "*cost shared*" and insert "*cost-shared*"

Page 27, line 23, delete "*This*"

Page 27, delete lines 24 to 27

Page 27, lines 30 and 31, delete "*equally by private funds*" and insert "*dollar for dollar by private money*"

Page 28, line 2, delete everything after the period

Page 28, line 3, delete "1989."

Page 28, line 22, delete "to be"

Page 28, line 23, delete everything before the period

Page 28, line 25, delete "full-time and six part-time"

Page 28, line 31, delete "\$387,000" and insert "\$210,000"

Page 28, line 34, delete "eight" and insert "six positions"

Page 29, line 9, delete "The"

Page 29, delete line 10

Page 29, line 12, delete "\$250,000" and insert "\$200,000"

Page 29, delete line 13

Page 29, line 14, delete "basis by other funds" and insert ", to be matched on the basis of \$1 of nonstate money for each \$3 of this appropriation."

Page 29, line 22, delete "advisory" and insert "coordinating" and delete everything after "commission"

Page 29, line 23, delete "1989,"

Page 29, line 27, delete "bids for"

Page 29, line 36, after "matched" insert "dollar for dollar"

Page 30, line 1, delete "services or supplies" and insert "contributions"

Page 30, delete section 18 and insert:

"Sec. 18. [FEDERAL FARM MEDIATION ALLOCATION.]

*Subdivision 1. [MINNESOTA EXTENSION.] Sixty percent of the money received from the federal government for state mediation programs must be allocated to the board of regents of the University of Minnesota for the Minnesota extension service to use for mediation program administration and operation.*

*Subd. 2. [COMMISSIONER OF AGRICULTURE.] Forty percent of the money received from the federal government for state mediation programs must be allocated to the commissioner of agriculture for farm advocate programs and resource centers."*

Renumber the articles in sequence

Amend the title as follows:

Page 1, delete line 16 and insert "periodic review of grain testing;"

Page 1, line 23, delete "programs" and insert "program"

Page 1, line 26, delete from "requiring" to page 1, line 28, "institute;"

Page 1, line 30, delete "17B.02;"

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

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

S.F. No. 1857: A bill for an act relating to human services; providing for the duration of work incentive subsidized housing emergency rules; requiring mandatory school attendance for certain AFDC recipients who are minors; expanding case management services for minor parents to include pregnant minors; establishing an education incentive subsidy program; providing for implementation of the food stamp employment and training program; authorizing the use of AFDC priority group child care assistance money for priority caretakers who are former AFDC recipients but continue to require child care assistance; requiring counties to place former AFDC priority caretakers who continue to need child care assistance at the top of the waiting list for the regular sliding fee child care program; providing definitions of family and income for purposes of the sliding fee program; changing appeal procedures; appropriating money; amending Minnesota Statutes 1986, sections 245.771, by adding a subdivision; 256.736, by adding subdivisions; Minnesota Statutes 1987 Supplement, sections 256.736, subdivisions 1b, 4, and 11; and 268.91, subdivisions 1, 3, 3b, 3c, 3e, 4, and 12.

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

Pages 2 to 4, delete section 3

Page 9, line 9, delete "4" and insert "3"

Page 9, line 11, delete "5" and insert "4"

Page 10, line 2, delete "5" and insert "4"

Page 13, line 29, after the period, insert "*An adult age 18 who is a full-time high school student and can reasonably be expected to graduate before age 19 may be considered a dependent member of the family unit.*"

Page 14, line 2, after "tuition" insert a comma

Page 14, line 6, after the semicolon, insert "*grant awards under the family subsidy program;*"

Page 21, delete section 15

Page 21, line 30, delete everything before "effective" and insert "*This act is*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete line 7

Page 1, line 18, delete "appropriating money;"

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

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

S.F. No. 821: A bill for an act relating to public finance; authorizing compliance with federal tax laws to secure tax exemption for certain bonds and other obligations; authorizing the issuance of taxable bonds and other obligations; appropriating money; amending Minnesota Statutes 1986, section 16A.641, by adding subdivisions; proposing coding for new law in

Minnesota Statutes, chapter 16A.

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

Page 1, line 13, delete "13" and insert "14"

Page 1, lines 24 and 25, delete "to which the bond proceeds were credited" and insert "from which debt service on the bonds is paid"

Page 2, line 1, delete "14" and insert "15"

Page 2, lines 27 and 28, delete "to which the bond proceeds were credited" and insert "from which debt service on the bonds is paid"

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

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

S.F. No. 2106: A bill for an act relating to vocational rehabilitation; changing terminology; regulating funding allocations; providing for facility governance; amending Minnesota Statutes 1986, section 129A.02, subdivision 3; 129A.09; and 129A.10; Minnesota Statutes 1987 Supplement, sections 129A.01, subdivisions 5, 6, and 7; 129A.03; 129A.06, subdivision 1; 129A.07, subdivision 1; 129A.08, subdivisions 1, 4, 5, and by adding a subdivision; repealing Minnesota Statutes 1987 Supplement, sections 129A.01, subdivision 8; 129A.07, subdivision 2; and 129A.08, subdivision 3.

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

Page 8, line 31, delete "15" and insert "18"

Page 12, after line 15, insert:

"Sec. 16. [APPROPRIATION.]

*\$200,000 is appropriated from the general fund to the commissioner of jobs and training for the workers' compensation unit to contract for a demonstration project for the rehabilitation of injured workers."*

Page 12, delete lines 21 to 24 and insert:

*"This act is effective the day following final enactment and applies to allocations made after July 1, 1988, of money appropriated for the extended employment programs administered under Minnesota Statutes, chapter 129A."*

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "appropriating money;"

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

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

S.F. No. 1662: A bill for an act relating to natural resources; defining forest roads; providing for the establishment, construction, administration, and maintenance of forest roads; dedicating a portion of gasoline and special fuels taxes to use on state forest roads; amending Minnesota Statutes 1986,

sections 89.001, by adding a subdivision; 89.19; 296.16, by adding a subdivision; and 296.421, by adding a subdivision; Laws 1987, chapter 404, section 22, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 89.

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

Page 1, lines 17 and 18, delete "*for the purpose of carrying*" and insert "*to carry*"

Page 2, delete lines 4 to 10 and insert:

*"Money in the forest road account created in section 8 is appropriated to the commissioner for:"*

Page 2, lines 18 and 19, delete "*in existence on July 1, 1988, and*"

Page 2, line 31, delete "*After July 1, 1988,*"

Page 3, line 2, delete "*shall*" and insert "*must*"

Page 4, delete lines 1 to 24 and insert:

*"Money in the county management access road account created in section 8 is appropriated to the commissioner and must be paid to counties managing forest lands administered through a county land department under the jurisdiction of a land commissioner appointed under section 282.13. The payments must be made by July 1 and January 1 of each year through the commissioner and in proportion to each county's ownership of commercial forest lands, for purposes of constructing, reconstructing, acquiring, and maintaining county management access roads, including the acquisition of rights-of-way or easements as may be needed.*

#### Sec. 6. [COUNTY FOREST ROAD STUDY.]

*Counties having county forest access roads may use payments from the county management access road account to study, determine, and inventory by October 1, 1989, these roads and their use by logging trucks, recreational vehicles, and other users."*

Page 4, line 27, delete "*total*" and insert "*annual*"

Page 5, delete lines 6 to 9 and insert "*\$675,000 annually and is appropriated from the highway user tax distribution fund and must be transferred and credited in equal installments on July 1 and January 1 as follows: \$400,000 must be credited to a state forest road account and \$275,000 must be credited to a county management access road account."*

Page 6, line 21, delete "*December 31*" and insert "*October 1*"

Page 6, delete sections 10 and 11 and insert:

"Sec. 11. [EFFECTIVE DATE.]

*Sections 1 to 8 are effective July 1, 1988. Sections 9 and 10 are effective the day following final enactment."*

Renumber the sections in sequence

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



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

S.F. No. 2378: A bill for an act relating to campaign financing; providing that a portion of the proceeds of the state elections campaign checkoff be paid to political parties; requiring transfer of amounts designated for payment to a candidate who refuses public financing to that candidate's opponent; amending Minnesota Statutes 1986, sections 10A.01, by adding a subdivision; 10A.25, subdivision 10; and 10A.31, subdivision 5; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b.

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

Page 2, line 13, delete "18.64" and insert "18.67"

Page 2, line 14, delete "37.3" and insert "37.33"

Page 4, lines 23 to 28, reinstate the stricken language and delete the new language

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

Mr. Merriam from the Committee on Finance, to which was referred the following appointment as reported in the Journal for March 29, 1988:

**DEPARTMENT OF FINANCE  
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.

**SECOND READING OF SENATE BILLS**

S.F. Nos. 2055, 2139, 1628, 1837, 1857, 821, 2106, 1662 and 2378 were read the second time.

**MOTIONS AND RESOLUTIONS**

Mr. Merriam moved that his name be stricken as a co-author to S.F. No. 1837. The motion prevailed.

Mr. Moe, R.D. moved that the name of Mr. Diessner be added as a co-author to S.F. No. 1930. The motion prevailed.

Ms. Berglin moved that the name of Mr. Marty be added as a co-author to S.F. No. 2525. The motion prevailed.

Mr. Laidig introduced—

Senate Resolution No. 134: A Senate resolution congratulating Carolyn Frisk of Stillwater, Minnesota, for being named Miss Basketball.

Referred to the Committee on Rules and Administration.

Mr. DeCramer introduced—

Senate Resolution No. 135: A Senate resolution congratulating the Russell-Tyler-Ruthton Boys Basketball Team for winning Second Place in the 1988 State High School Class A Boys Basketball Tournament.

Referred to the Committee on Rules and Administration.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Purfeerst moved that the following members be excused for a Conference Committee on H.F. No. 1749:

Mrs. Lantry, Messrs. Langseth, DeCramer, Stumpf and Purfeerst. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

#### RECONSIDERATION

Ms. Reichgott moved that the vote whereby H.F. No. 2117 was passed by the Senate on April 5, 1988, be now reconsidered. The motion prevailed.

Ms. Reichgott moved to amend H.F. No. 2117, the unofficial engrossment, as follows:

Page 15, line 28, strike "40" and insert "60"

The motion prevailed. So the amendment was adopted.

H.F. No. 2117 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	Dahl	Johnson, D.E.	Mehrrens	Pogemiller
Anderson	Davis	Johnson, D.J.	Merriam	Ramstad
Beckman	Decker	Jude	Metzen	Reichgott
Belanger	Diessner	Knutson	Moe, D.M.	Renneke
Berglin	Frank	Kroening	Moe, R.D.	Schmitz
Bernhagen	Frederick	Laidig	Olson	Spear
Bertram	Frederickson, D.J.	Larson	Pehler	Storm
Brandl	Frederickson, D.R.	Luther	Peterson, D.C.	Taylor
Brataas	Freeman	Marty	Peterson, R.W.	Vickerman
Cohen	Hughes	McQuaid	Piper	Waldorf

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

### MOTIONS AND RESOLUTIONS - CONTINUED

#### SPECIAL ORDER

S.F. No. 1904: A bill for an act relating to health; requiring a review organization to produce certain information in response to a subpoena from the board of medical examiners; exempting certain disciplinary actions from publication; expanding the grounds for disciplinary action; providing for temporary permit to practice physical therapy; allowing dissemination of data to other states; amending Minnesota Statutes 1986, sections 145.64;

147.02, by adding a subdivision; 147.091, subdivision 1; 147.111, subdivisions 2 and 9; 148.71; and 214.10, subdivision 8.

Ms. Piper moved to amend S.F. No. 1904 as follows:

Pages 1 and 2, delete section 1

Page 5, line 34, before "or" insert "nonprofit corporation,"

Page 7, delete section 5

Page 10, line 11, delete "2" and insert "1"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, delete line 3

Page 1, line 4, delete everything before "exempting"

Page 1, line 9, delete "145.64;"

Page 1, line 11, delete "subdivisions 2 and 9" and insert "subdivision 2"

The motion prevailed. So the amendment was adopted.

S.F. No. 1904 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	Dahl	Johnson, D.E.	Marty	Ramstad
Anderson	Davis	Johnson, D.J.	McQuaid	Reichgott
Beckman	Decker	Jude	Mehrkens	Renneke
Belanger	Dicklich	Knaak	Merriam	Samuelson
Berglin	Diessner	Knutson	Metzen	Schmitz
Bernhagen	Frank	Kroening	Novak	Spear
Bertram	Frederick	Laidig	Peterson, D.C.	Storm
Brandl	Frederickson, D.J.	Larson	Peterson, R.W.	Taylor
Brataas	Frederickson, D.R.	Lessard	Piper	Vickerman
Cohen	Hughes	Luther	Pogemiller	Waldorf

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

### SPECIAL ORDER

H.F. No. 1957: A bill for an act relating to marriage dissolution; providing for parties to a dissolution to disclose assets and liabilities; requiring the supreme court to prepare forms for disclosure; providing sanctions for misrepresentations or omissions or failure to file any disclosure; permitting the sealing of marriage dissolution records; proposing coding for new law in Minnesota Statutes, chapter 518.

### CALL OF THE SENATE

Mr. Lessard imposed a call of the Senate for the balance of the proceedings on H.F. No. 1957. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 1957 was then progressed.

### SPECIAL ORDER

S.F. No. 2025: A bill for an act relating to financial institutions; regulating the business of mortgage bankers, loan officers, general mortgage brokers, and individual mortgage brokers; establishing licensing requirements; detailing the supervising powers of the commissioner; prohibiting certain practices; prescribing penalties; appropriating money; amending Minnesota Statutes 1986, sections 56.01; and 82.18; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 57; repealing Minnesota Statutes 1987 Supplement, sections 47.206, subdivision 6; and 82.175.

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 2, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Mehrkens	Pogemiller
Anderson	Decker	Johnson, D.J.	Merriam	Ramstad
Belanger	Diessner	Jude	Metzen	Reichgott
Benson	Frank	Knaak	Moe, D.M.	Renneke
Berg	Frederick	Knutson	Moe, R. D.	Schmitz
Berglin	Frederickson, D.J.	Laidig	Novak	Spear
Bernhagen	Frederickson, D.R.	Larson	Olson	Storm
Bertram	Freeman	Luther	Pehler	Taylor
Brataas	Gustafson	Marty	Peterson, D.C.	Waldorf
Cohen	Hughes	McQuaid	Peterson, R. W.	Wegscheid

Messrs. Kroening and Vickerman voted in the negative.

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 2224: A bill for an act relating to landlord tenant law; providing an action for damages for accepting rent on condemned property; proposing coding for new law in Minnesota Statutes, chapter 504.

Mr. Kroening moved that the amendment made to H.F. No. 2224 by the Committee on Rules and Administration in the report adopted March 24, 1988, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2224 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	Davis	Jude	Moe, D.M.	Reichgott
Anderson	Decker	Knaak	Moe, R. D.	Renneke
Beckman	Dicklich	Kroening	Novak	Schmitz
Belanger	Diessner	Larson	Olson	Spear
Benson	Frank	Lessard	Pehler	Storm
Berglin	Frederick	Luther	Peterson, D.C.	Taylor
Bernhagen	Frederickson, D.J.	Marty	Peterson, R. W.	Vickerman
Bertram	Frederickson, D.R.	McQuaid	Piper	Waldorf
Brataas	Freeman	Merriam	Pogemiller	Wegscheid
Cohen	Hughes	Metzen	Ramstad	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 392: A bill for an act relating to public safety; providing for the mandatory surrender of registration plates and certificates of motor vehicles operated by repeat DWI offenders; providing for administrative review; requiring a report; appropriating money; amending Minnesota Statutes 1986, sections 168.041; 169.123, subdivision 5b; 169.1261; and 171.29, by adding a subdivision; and Minnesota Statutes 1987 Supplement, section 169.121, subdivision 5a.

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	Johnson, D.E.	Mehrkens	Ramstad
Anderson	Davis	Jude	Merriam	Reichgott
Beckman	Decker	Knaak	Metzen	Renneke
Belanger	Dicklich	Kroening	Moe, D.M.	Schmitz
Berglin	Diessner	Laidig	Moe, R.D.	Spear
Bernhagen	Frank	Larson	Olson	Storm
Bertram	Frederickson, D.J.	Lessard	Pehler	Taylor
Brandl	Frederickson, D.R.	Luther	Peterson, D.C.	Vickerman
Brataas	Freeman	Marty	Peterson, R.W.	Waldorf
Cohen	Hughes	McQuaid	Piper	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2546: A resolution memorializing the United States Olympic Committee of state support for the bid for the games of the XXVI Olympiad.

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 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Gustafson	Marty	Piper
Anderson	Dahl	Hughes	McQuaid	Ramstad
Belanger	Davis	Johnson, D.E.	Mehrkens	Reichgott
Benson	Decker	Jude	Merriam	Renneke
Berg	Dicklich	Knaak	Moe, D.M.	Schmitz
Berglin	Diessner	Knutson	Moe, R.D.	Spear
Bernhagen	Frank	Kroening	Morse	Storm
Bertram	Frederick	Laidig	Olson	Taylor
Brandl	Frederickson, D.J.	Larson	Pehler	Vickerman
Brataas	Frederickson, D.R.	Lessard	Peterson, D.C.	Wegscheid
Chmielewski	Freeman	Luther	Peterson, R.W.	

So the resolution passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2272: A resolution memorializing the Congress of the United States to investigate the connection between Agent Orange and health problems of Vietnam veterans.

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 51 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	McQuaid	Renneke
Anderson	Davis	Johnson, D.E.	Mehrrens	Schmitz
Beckman	Decker	Jude	Merriam	Spear
Belanger	Dicklich	Knaak	Moe, D.M.	Storm
Benson	Diessner	Knutson	Moe, R.D.	Taylor
Berglin	Frank	Kroening	Olson	Vickerman
Bernhagen	Frederick	Laidig	Pehler	Waldorf
Bertram	Frederickson, D.J.	Larson	Peterson, D.C.	
Brandl	Frederickson, D.R.	Lessard	Peterson, R.W.	
Brataas	Freeman	Luther	Piper	
Chmielewski	Gustafson	Marty	Ramstad	

So the resolution passed and its title was agreed to.

### SPECIAL ORDER

The question recurred on H.F. No. 1957.

H.F. No. 1957: A bill for an act relating to marriage dissolution; providing for parties to a dissolution to disclose assets and liabilities; requiring the supreme court to prepare forms for disclosure; providing sanctions for misrepresentations or omissions or failure to file any disclosure; permitting the sealing of marriage dissolution records; proposing coding for new law in Minnesota Statutes, chapter 518.

Ms. Berglin moved to amend H.F. No. 1957, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2207.)

Page 2, line 14, before the period, insert "*, except for good cause shown*"

The motion prevailed. So the amendment was adopted.

H.F. No. 1957 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 15 and nays 34, as follows:

Those who voted in the affirmative were:

Berglin	Dicklich	Knaak	Moe, D.M.	Spear
Brataas	Frank	Luther	Peterson, D.C.	Vickerman
Dahl	Frederickson, D.J.	Merriam	Piper	Wegscheid

Those who voted in the negative were:

Adkins	Brandl	Freeman	McQuaid	Reichgott
Anderson	Cohen	Johnson, D.E.	Mehrrens	Renneke
Beckman	Davis	Jude	Metzen	Schmitz
Belanger	Decker	Knutson	Moe, R.D.	Solon
Berg	Diessner	Laidig	Olson	Storm
Bernhagen	Frederick	Larson	Peterson, R.W.	Taylor
Bertram	Frederickson, D.R.	Lessard	Ramstad	

So the bill, as amended, failed to pass.

**SPECIAL ORDER**

H.F. No. 2536: A bill for an act relating to elections; providing that statewide computerized voter registration system satisfy requirements for duplicate registration file; establishing voter registration account and appropriating money; changing certain procedures related to registration cards, files, and records; changing certain procedures for voting, arranging names on ballots; and completing summary statements; permitting cities or counties to use their present voting systems for general elections; amending Minnesota Statutes 1986, sections 201.091, subdivisions 2 and 5; 204D.08, subdivision 5; Minnesota Statutes 1987 Supplement, sections 201.022, subdivision 1; 201.071, subdivision 4; 204C.24, subdivision 1; 204D.08, subdivision 4; and 206.80; proposing coding for new law in Minnesota Statutes, chapter 201.

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	Cohen	Johnson, D.E.	Mehrkens	Renneke
Anderson	Dahl	Jude	Merriam	Schmitz
Beckman	Davis	Knaak	Moe, D.M.	Spear
Belanger	Decker	Knutson	Moe, R.D.	Storm
Benson	DeCramer	Kroening	Novak	Taylor
Berg	Dicklich	Laidig	Olson	Vickerman
Berglin	Diessner	Lantry	Peterson, D.C.	Waldorf
Bernhagen	Frank	Larson	Peterson, R.W.	Wegscheid
Bertram	Frederick	Lessard	Piper	
Brandl	Frederickson, D.J.	Luther	Pogemiller	
Brataas	Frederickson, D.R.	Marty	Ramstad	
Chmielewski	Freeman	McQuaid	Reichgott	

So the bill passed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Berg moved that Senate Resolution No. 102 be taken from the table. The motion prevailed.

Senate Resolution No. 102: A Senate resolution memorializing the Commodity Futures Trading Commission to adopt rules to restrict speculative short sales and short sale orders of an agricultural commodity that is in oversupply.

WHEREAS, the Commodity Futures Trading Commission and agricultural commodity futures exchanges have a duty to protect the commercial interests in the agricultural commodity markets; and

WHEREAS, the Commodity Futures Trading Commission and the agricultural commodity futures exchanges protect commercial buyers of an agricultural commodity if the commodity is in short supply; and

WHEREAS, agricultural commodity producers use commodity futures markets to hedge their agricultural commodities and protect future sale prices and are a commercial interest in the agricultural commodity markets; and

WHEREAS, oversupply of an agricultural commodity tends to lower the market price of the commodity on the cash and futures agricultural markets;

and

WHEREAS, a nonexistent additional oversupply of an agricultural commodity causes the market price to deviate downward from the market price that would reflect actual supply and demand; and

WHEREAS, speculative short sales and the placing of speculative short sale orders of an agricultural commodity represents more sellers and more supply of an agricultural commodity than actually produced; and

WHEREAS, if an agricultural commodity is in oversupply the futures market can be manipulated by excessive speculative short sales and short sale orders; and

WHEREAS, speculative short sales represent a small portion of the liquidity of agricultural commodity futures markets; and

WHEREAS, during a period of oversupply of an agricultural commodity the negative effect of speculative short sales and speculative short sale orders on commodity price and the commercial interests of agricultural commodity producers is greater than the negative effect of reduced liquidity in the same manner as the negative effects of long positions when a commodity is in short supply and markets are closed or only liquidation sales are allowed; and

WHEREAS, agricultural commodity producers' commercial interests are severely jeopardized if commodity prices are manipulated downward by speculative short sales or speculative short sale orders; and

WHEREAS, under United States Code, title 7, section 5, the Congress has stated that the transactions and prices of commodities on exchanges are subject to manipulation and speculation and unreasonable fluctuations in prices which are detrimental to the producer occur as a result of speculation and manipulation and render regulation imperative for protection of the national public interest; and

WHEREAS, under United States Code, title 7, section 6a, excessive speculation causing unwarranted changes in commodity price is an undue and unnecessary burden on interstate commerce in the commodity; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota that the Commodity Futures Trading Commission should adopt rules to restrict speculative short sales and short sale orders of an agricultural commodity in oversupply, including provisions that substantially raise the margin requirements on speculative short sale orders for a person who would have a net short position in the agricultural commodity in oversupply.

BE IT FURTHER RESOLVED that the Secretary of the Senate transmit a copy of this resolution to the Commodity Futures Trading Commission.

Mr. Berg moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

### CONFIRMATION

Mr. Moe, D.M. moved that the report from the Committee on Governmental Operations, reported February 18, 1988, 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 18, 1988, the Senate, having given its advice, do now consent to and confirm the appointments of:

**DEPARTMENT OF ADMINISTRATION  
COMMISSIONER**

Sandra Hale, 2308 W. Lake of the Isles Blvd., Minneapolis, Hennepin County, effective January 5, 1987, for a term expiring the first Monday in January, 1991.

**DEPARTMENT OF EMPLOYEE RELATIONS  
COMMISSIONER**

Nina Rothchild, 14 Hickory St., Mahtomedi, Washington County, effective January 5, 1987, for a term expiring the first Monday in January, 1991.

**STATE PLANNING AGENCY  
DIRECTOR**

Lani Kawamura, 3141 Dean Ct., Minneapolis, Hennepin County, effective January 5, 1987, for a term expiring the first Monday in January, 1991.

The motion prevailed. So the appointments were confirmed.

**CONFIRMATION**

Ms. Berglin moved that the report from the Committee on Health and Human Services, reported February 15, 1988, pertaining to appointments, be taken from the table. The motion prevailed.

Ms. Berglin moved that the foregoing report be now adopted. The motion prevailed.

Ms. Berglin moved that in accordance with the report from the Committee on Health and Human Services, reported February 15, 1988, the Senate, having given its advice, do now consent to and confirm the appointments of:

**DEPARTMENT OF CORRECTIONS  
COMMISSIONER**

Orville Pung, 14499 N. 57th St., Stillwater, Washington County, effective January 5, 1987, for a term expiring the first Monday in January, 1991.

**DEPARTMENT OF HEALTH  
COMMISSIONER**

Sister Mary Madonna Ashton, 5101 W. 70th St., Minneapolis, Hennepin County, effective January 5, 1987, for a term expiring the first Monday in January, 1991.

**DEPARTMENT OF HUMAN SERVICES  
COMMISSIONER**

Sandra Gardebring, 1477 W. California Ave., St. Paul, Ramsey County, effective December 1, 1986, for a term expiring the first Monday in January, 1991.

The motion prevailed. So the appointments were confirmed.

**CONFIRMATION**

Mr. Spear moved that the report from the Committee on Judiciary, reported February 18, 1988, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Spear moved that in accordance with the report from the Committee on Judiciary, reported February 18, 1988, the Senate, having given its advice, do now consent to and confirm the appointment of:

**DEPARTMENT OF HUMAN RIGHTS  
COMMISSIONER**

Stephen W. Cooper, 1758 Selby Ave., St. Paul, Ramsey County, effective July 31, 1987, for a term expiring the first Monday in January, 1991.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Spear moved that the appointments of notaries public, received February 22, 1988, 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 motion prevailed. So the appointments were confirmed.

**CONFIRMATION**

Mr. Dicklich moved that the report from the Committee on Public Utilities and Energy, reported February 18, 1988, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Dicklich moved that in accordance with the report from the Committee on Public Utilities and Energy, reported February 18, 1988, the Senate, having given its advice, do now consent to and confirm the appointment of:

**PUBLIC UTILITIES COMMISSION**

Norma McKanna, 612 E. 16th St., Hibbing, St. Louis County, effective December 1, 1987, for a term expiring the first Monday in January, 1990.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mr. Solon moved that the report from the Committee on Commerce, reported February 22, 1988, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Solon moved that in accordance with the report from the Committee on Commerce, reported February 22, 1988, the Senate, having given its

advice, do now consent to and confirm the appointment of:

DEPARTMENT OF COMMERCE  
COMMISSIONER

Mike Hatch, 320 E. 135th, Burnsville, Dakota County, effective January 5, 1987, for a term expiring the first Monday in January, 1991.

The motion prevailed. So the appointment was confirmed.

CONFIRMATION

Mr. Schmitz moved that the reports from the Committee on Local and Urban Government, reported March 3, 1988, 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 March 3, 1988, the Senate, having given its advice, do now consent to and confirm the appointments of:

METROPOLITAN COUNCIL  
CHAIR

Steve Keefe, 1639 S. Cedar Lake Pkwy., Minneapolis, Hennepin County, effective December 1, 1986, for a term expiring the first Monday in January, 1991.

METROPOLITAN COUNCIL

Joan M. Campbell, 947 - 17th Ave. S.E., Minneapolis, Hennepin County, effective January 20, 1987, for a term expiring the first Monday in January, 1991.

John Robert Evans, 7531 Angeline Dr., New Hope, Hennepin County, effective January 20, 1987, for a term expiring the first Monday in January, 1991.

David Fisher, 5047 Gladstone Ave. S., Minneapolis, Hennepin County, effective December 20, 1987, for a term expiring the first Monday in January, 1989.

Carol Flynn, 4741 Elliot Ave. S., Minneapolis, Hennepin County, effective January 20, 1987, for a term expiring the first Monday in January, 1991.

Michael W. McLaughlin, 275 Summit Ave., St. Paul, Ramsey County, effective January 20, 1987, for a term expiring the first Monday in January, 1991.

Patrick J. Scully, 1617 Ashland St., Hastings, Dakota County, effective January 20, 1987, for a term expiring the first Monday in January, 1991.

Donald Stein, 11721 Evergreen Cir. N.W., Coon Rapids, Anoka County, effective January 20, 1987, for a term expiring the first Monday in January, 1991.

Gertrude Ulrich, 7601 Aldrich Ave. S., Minneapolis, Hennepin County, effective January 20, 1987, for a term expiring the first Monday in January, 1991.

Marcy Waritz, 1271 Bluff Creek Dr., Chaska, Carver County, effective January 20, 1987, for a term expiring the first Monday in January, 1991.

**METROPOLITAN WASTE CONTROL COMMISSION  
CHAIR**

Peter Meintsma, 6709 - 46th Ave. N., Crystal, Hennepin County, effective January 5, 1987, for a term expiring the first Monday in January, 1991.

The motion prevailed. So the appointments were confirmed.

**CONFIRMATION**

With the unanimous consent of the Senate, Mr. Merriam moved that the report from the Committee on Finance, reported April 6, 1988, pertaining to appointments, be taken from the table. The motion prevailed.

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

Mr. Merriam moved that in accordance with the report from the Committee on Finance, reported April 6, 1988, the Senate, having given its advice, do now consent to and confirm the appointment of:

**DEPARTMENT OF FINANCE  
COMMISSIONER**

Tom Triplett, 2415 Sheridan Ave. S., Minneapolis, Hennepin County, effective October 21, 1987, for a term expiring the first Monday in January, 1991.

The motion prevailed. So the appointment was confirmed.

**CONFIRMATION**

Mrs. Lantry moved that the reports from the Committee on General Legislation and Public Gaming, reported March 17, 1988, pertaining to appointments, be taken from the table. The motion prevailed.

Mrs. Lantry moved that the foregoing reports be now adopted. The motion prevailed.

Mrs. Lantry moved that in accordance with the reports from the Committee on General Legislation and Public Gaming, reported March 17, 1988, the Senate, having given its advice, do now consent to and confirm the appointments of:

**BOARD OF THE ARTS**

Ludmilla Sahlstrom, 106 Golf Terr. Dr., Crookston, Polk County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

David M. Lilly, Jr., 1924 Irving Ave. S., Minneapolis, Hennepin County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Karen B. Gray, 222 Hwy. 44 E., Spring Grove, Houston County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

**CHARITABLE GAMBLING CONTROL BOARD**

Jane A. Elsen, 5419 Maryland Ave. N., Crystal, Hennepin County, effective July 1, 1987, for a term expiring June 30, 1990.

Rita Fassbinder, 813 - 23rd Ave. N.E., Minneapolis, Hennepin County, effective July 1, 1987, for a term expiring June 30, 1990.

Louis A. Murray, 445 River Dr. S.E., East Grand Forks, Polk County, effective July 1, 1987, for a term expiring June 30, 1990.

Rozann Prich, 14965 - 18th Ave. N., Plymouth, Hennepin County, effective July 1, 1987, for a term expiring June 30, 1990.

The motion prevailed. So the appointments were confirmed.

### CONFIRMATION

Mr. Pehler moved that the reports from the Committee on Education, reported March 25, 1988, 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 25, 1988, the Senate, having given its advice, do now consent to and confirm the appointments of:

#### BOARD OF THE MINNESOTA SCHOOL AND RESOURCE CENTER FOR THE ARTS

Reginald T. Buckner, 7225 Green Valley Rd., Golden Valley, Hennepin County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Audrey Eickhof, R.R. 2, Box 17, Crookston, Polk County, effective March 8, 1988, for a term expiring the first Monday in January, 1989.

Jack R. Fena, HCR5, Box 350A, Hibbing, St. Louis County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Florence Grieve, 280 Salem Church Rd., Sunfish Lake, Dakota County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Nancy B. Vollertsen, 1007 - 20th St. N.W., Rochester, Olmsted County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

#### MINNESOTA HIGHER EDUCATION COORDINATING BOARD

Alice S. Keller, 358 Collegeview, Winona, Winona County, effective March 8, 1988, for a term expiring the first Monday in January, 1994.

Charles Neerland, 330 Prospect Ave. S., Minneapolis, Hennepin County, effective February 8, 1988, for a term expiring the first Monday in January, 1994.

#### MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

John McHugh, 4018 W. 65th St., Minneapolis, Hennepin County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Catherine Warrick, 829 S. Lexington Pkwy., St. Paul, Ramsey County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

## STATE BOARD FOR COMMUNITY COLLEGES

Lee Antell, 648 - 129th Ave. N.E., Blaine, Anoka County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

B. Elaine Markey, 3045 Boone Ave. N., New Hope, Hennepin County, effective July 21, 1987, for a term expiring the first Monday in January, 1989.

Richard M. Niemiec, 4239 Harriet Ave. S., Minneapolis, Hennepin County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

## STATE BOARD OF EDUCATION

Mabel Evans Cason, 1015 Hyacinth Ave. E., St. Paul, Ramsey County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Marjorie Johnson, Box 224, Lake Park, Becker County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

## STATE UNIVERSITY BOARD

L.E. Danford, 4401 Browndale, Edina, Hennepin County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Nellie Stone Johnson, 920 Nicollet Ave., Minneapolis, Hennepin County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

## STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

Frank E. Adams, 605 Ramsey St. N.E., Minneapolis, Hennepin County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Donna Anderson, 2221 Marillac Ln., St. Paul, Ramsey County, effective January 26, 1988, for a term expiring the first Monday in January, 1989.

Scott Rocci Norcia, Eastview Apts., Eveleth, St. Louis County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Lenore Quick, 320 Mitchell Ave., Hibbing, St. Louis County, effective January 1, 1988, for a term expiring the first Monday in January, 1992.

The motion prevailed. So the appointments were confirmed.

## CONFIRMATION

Mr. Davis moved that the reports from the Committee on Agriculture, reported March 28, 1988, pertaining to appointments, be taken from the table. The motion prevailed.

Mr. Davis moved that the foregoing reports be now adopted. The motion prevailed.

Mr. Davis moved that in accordance with the reports from the Committee on Agriculture, reported March 28, 1988, the Senate, having given its advice, do now consent to and confirm the appointments of:

## BOARD OF ANIMAL HEALTH

Sharon Hurley, R.R. 3, Box 3A, New Ulm, Nicollet County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

## MINNESOTA RURAL FINANCE AUTHORITY

David G. Velde, Rt. 2, Box 49, Carlos, Douglas County, effective May 21, 1986, for a term expiring the first Monday in January, 1990.

Andrew L. Walters, R.R. 2, Balaton, Lyon County, effective May 21, 1986, for a term expiring the first Monday in January, 1989.

The motion prevailed. So the appointments were confirmed.

Mr. Davis divided out the appointment of Paul A. Sobocinski, Rt. 1, Box 104, Wabasso, Redwood County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Mr. Davis moved that the appointment of Paul A. Sobocinski to the Minnesota Rural Finance Authority be laid on the table. The motion prevailed.

## SPECIAL ORDER

S.F. No. 1809: A bill for an act relating to communication-impaired persons; requiring the commissioner of human services to provide assistance in implementing the program that provides telephones to communication-impaired persons; making other technical changes in the program; appropriating money; amending Minnesota Statutes 1987 Supplement, sections 237.50, subdivision 4; 237.51, subdivision 5; 237.52, subdivisions 3 and 5; and 237.53, subdivisions 3, 4, 6, and 7; repealing Minnesota Statutes 1987 Supplement, sections 237.50, subdivision 6; 237.52, subdivisions 1 and 4; and 237.53, 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 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnson, D.J.	Merriam	Reichgott
Anderson	Dahl	Jude	Metzen	Renneke
Beckman	Davis	Kroening	Moe, R.D.	Schmitz
Belanger	DeCramer	Laidig	Novak	Solon
Benson	Dicklich	Langseth	Olson	Spear
Berg	Diessner	Lantry	Pehler	Storm
Berglin	Frederick	Larson	Peterson, D.C.	Stumpf
Bernhagen	Frederickson, D.J.	Lessard	Peterson, R.W.	Taylor
Bertram	Frederickson, D.R.	Luther	Piper	Vickerman
Brandl	Freeman	Marty	Pogemiller	Waldorf
Brataas	Johnson, D.E.	McQuaid	Ramstad	

So the bill passed and its title was agreed to.

## SPECIAL ORDER

S.F. No. 2451: A bill for an act relating to claims against the state; clarifying that a public defender appointed by the state board of public defense is an employee of the state; amending Minnesota Statutes 1987 Supplement, section 3.732, subdivision 1.

Mr. Dicklich moved to amend S.F. No. 2451 as follows:

Page 2, line 10, after "*defense*" insert "*or a court-appointed guardian ad litem*"

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2451 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	Cohen	Johnson, D.E.	Merriam	Reichgott
Anderson	Dahl	Johnson, D.J.	Metzen	Renneke
Beckman	Davis	Jude	Moe, R.D.	Schmitz
Belanger	Decker	Kroening	Novak	Solon
Benson	DeCramer	Laidig	Olson	Spear
Berglin	Dicklich	Langseth	Pehler	Storm
Bernhagen	Diessner	Lantry	Peterson, D.C.	Stumpf
Bertram	Frederick	Larson	Peterson, R.W.	Taylor
Brandl	Frederickson, D.J.	Lessard	Piper	Vickerman
Brataas	Frederickson, D.R.	Luther	Pogemiller	Waldorf
Chmielewski	Freeman	McQuaid	Ramstad	Wegscheid

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

### SPECIAL ORDER

S.F. No. 412: A bill for an act relating to real property; creating a lien against real property where the state has incurred cleanup expenses and the owner is liable for the expenses under Minnesota Statutes, chapter 115B or 115C; providing procedures for implementation and enforcement of the lien; proposing coding for new law in Minnesota Statutes, chapter 514.

Mr. Luther moved to amend S.F. No. 412 as follows:

Page 4, line 30, after "*board*" insert "*, after notice and opportunity for the person referred to in section 2, subdivision 1, to appear before the appropriate board,*"

The motion prevailed. So the amendment was adopted.

Mr. Stumpf moved to amend S.F. No. 412 as follows:

Page 1, line 22, before "*under*" insert "*for which a person is liable*"

Page 5, line 11, delete everything after the first "*property*" and insert "*is*"

Page 5, line 13, delete "*or rights to real property*"

Page 5, line 19, after "*expenses*" insert "*for which a person is liable*"

The motion prevailed. So the amendment was adopted.

Mr. Stumpf then moved to amend S.F. No. 412 as follows:

Page 1, line 22, before the period, insert "*but does not include administrative or legal expenses*"

The motion prevailed. So the amendment was adopted.

S.F. No. 412 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	Dahl	Johnson, D.J.	Metzen	Reichgott
Anderson	Davis	Jude	Moe, R.D.	Renneke
Beckman	Decker	Knutson	Novak	Schmitz
Benson	DeCramer	Laidig	Olson	Solon
Berglin	Diessner	Langseth	Pehler	Spear
Bernhagen	Frank	Lantry	Peterson, D.C.	Storm
Bertram	Frederick	Larson	Peterson, R.W.	Stumpf
Brandl	Frederickson, D.J.	Lessard	Piper	Taylor
Brataas	Frederickson, D.R.	Luther	Pogemiller	Vickerman
Chmielewski	Freeman	McQuaid	Purfeerst	Waldorf
Cohen	Johnson, D.E.	Merriam	Ramstad	Wegscheid

So the bill, as amended, 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 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 Report at the Desk be now adopted. The motion prevailed.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was re-referred

S.F. No. 2000: A bill for an act proposing an amendment to the Minnesota Constitution by adding a section to article XI; establishing a Minnesota environment, natural resources, and wildlife trust fund; providing implementing legislation; creating a legislative commission; dedicating state lottery proceeds, one-half to the trust fund and one-half to the greater Minnesota corporation; amending Minnesota Statutes, 1987 Supplement, section 1160.12; proposing coding for new law in Minnesota Statutes, chapter 86; repealing Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; and 86.08.

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

Page 1, after line 15, insert:

#### "ARTICLE 1

#### ENVIRONMENTAL TRUST FUND"

Page 2, line 11, delete "*provides*" and insert "*provide*"

Page 3, line 36, delete "*an earning*" and insert "*earnings*"

Page 10, after line 27, insert:

"Sec. 13. [REPEALER.]

*Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; and 86.08 are repealed.*

Sec. 14. [EFFECTIVE DATE.]

*Sections 2 to 13 are effective immediately upon approval by the voters of the constitutional amendment proposed by section 1.*

## ARTICLE 2

### GREATER MINNESOTA CORPORATION

Section 1. Minnesota Statutes 1987 Supplement, section 16A.1541, is amended to read:

#### 16A.1541 [ADDITIONAL REVENUES; PRIORITY.]

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money in the following order of priority:

(1) the amount necessary to reduce the property tax levy recognition percent under section 121.904, subdivision 4c, to 24 percent;

(2) the remainder (i) ~~one-half to the greater Minnesota fund, but not to exceed \$120,000,000~~ and (ii) ~~one-half to the budget and cash flow reserve account until the total amount in the account equals \$550,000,000.~~

The amounts necessary to meet the requirements of clauses (1) and (2) are appropriated from the general fund.

#### Sec. 2. [TRANSFER RETURNED.]

*The Greater Minnesota Corporation shall return to the state treasury \$75,000,000 of the money transferred to it under Minnesota Statutes 1987 Supplement, section 16A.1541. The return must be made to the commissioner of finance, who shall credit the receipt to the general fund. The return must be made as soon as is practical, while minimizing any investment losses that might result from early redemption."*

Page 10, line 28, delete "13" and insert "3"

Page 11, delete sections 14 and 15 and insert:

"Sec. 4. [EFFECTIVE DATE.]

*This article is effective the day following final enactment."*

Amend the title as follows:

Page 1, line 8, after the semicolon, insert "repealing an appropriation to the corporation and requiring return of an amount previously transferred to it;"

Page 1, line 9, delete "section" and insert "sections 16A.1541; and"

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

## SECOND READING OF SENATE BILLS

S.F. No. 2000 was read the second time.

## 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. 1769: Ms. Reichgott, Mr. Storm and Ms. Peterson, D.C.

S.F. No. 2137: Mr. Pehler, Ms. Peterson, D.C. and Reichgott.

S.F. No. 2491: Messrs. Luther, Freeman and Ramstad.

S.F. No. 2071: Mr. Pogemiller, Ms. Peterson, D.C. and Mr. Belanger.

S.F. No. 1646: Messrs. DeCramer, Belanger, Cohen, Solon and Pehler.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pogemiller moved that H.F. No. 2468, No. 35 on Special Orders, be stricken and re-referred to the Committee on Rules and Administration. The motion prevailed.

Mr. Moe, R.D. moved that S.F. No. 105, No. 42 on Special Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Mr. Bertram moved that S.F. No. 1603, No. 9 on Special Orders, be stricken and re-referred to the Committee on Veterans. The motion prevailed.

Mr. Wegscheid moved that S.F. No. 1763, No. 13 on Special Orders, be stricken and re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

### MEMBERS EXCUSED

Mr. Johnson, D.J. was excused from the Session of today from 3:00 to 4:30 p.m. Mr. Benson was excused from the Session of today from 3:00 to 4:35 p.m. Mr. Brandl was excused from the Session of today from 3:45 to 4:30 p.m. Mr. Lessard was excused from the Session of today from 4:00 to 4:30 p.m. Mr. Pogemiller was excused from the Session of today from 4:00 to 5:30 p.m. Mr. Hughes was excused from the Session of today at 5:00 p.m. Mr. Knaak was excused from the Session of today at 5:00 p.m. Mr. Mehrkens was excused from the Session of today at 5:45 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Thursday, April 7, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-SECOND DAY

St. Paul, Minnesota, Thursday, April 7, 1988

The Senate met at 12:00 noon and was called to order by the President.

### CALL OF THE SENATE

Mr. Merriam 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 Nyman.

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

Adkins	Davis	Jude	Metzen	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Samuelson
Beckman	DeCramer	Knutson	Moe, R.D.	Schmitz
Belanger	Dicklich	Kroening	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berg	Frank	Langseth	Olson	Storm
Berglin	Frederick	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Brandl	Freeman	Luther	Piper	Waldorf
Brataas	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.J.	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.

April 6, 1988

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. 1644, 1819, 1875, 2090 and 2355.

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 Files, herewith returned: S.F. Nos. 1717, 1822, 1948, 1958, 2097 and 1587.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

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. 1018: A bill for an act relating to crimes; criminal sexual conduct; creating a crime of fifth degree criminal sexual conduct; amending Minnesota Statutes 1986, section 388.051, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

Senate File No. 1018 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

Ms. Peterson, D.C. moved that S.F. No. 1018 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. 1643: A bill for an act relating to crimes; child abuse; eliminating the need to show emotional harm in proving unreasonable restraint or malicious punishment of a child; amending Minnesota Statutes 1986, sections 609.255, subdivision 3; and 609.377.

Senate File No. 1643 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

Ms. Reichgott moved that the Senate do not concur in the amendments by the House to S.F. No. 1643, 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. 1608: A bill for an act relating to the city of Minneapolis; updating references in its development laws; amending Laws 1980, chapter 595, section 3, subdivisions 1, as amended, 3, 6, and 7; and section 4.

Senate File No. 1608 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

Mr. Moe, R.D. moved that S.F. No. 1608 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. 1749: A bill for an act relating to the city of Minneapolis; providing conditions for contractors bonds; amending Laws 1980, chapter 595, section 3, by adding a subdivision.

Senate File No. 1749 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

Mr. Moe, R.D. moved that S.F. No. 1749 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. 2165: A bill for an act relating to environment; requiring persons to notify the pollution control agency of and take steps to avoid air pollution; proposing coding for new law in Minnesota Statutes, chapter 116.

Senate File No. 2165 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

Mr. Dahl moved that the Senate do not concur in the amendments by the House to S.F. No. 2165, 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. 2117: A bill for an act relating to employment; allowing certain nonlicensed facilities to perform breath tests for alcohol; amending Minnesota Statutes 1987 Supplement, section 181.953, subdivisions 1 and 2.

Senate File No. 2117 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

### CONCURRENCE AND REPASSAGE

Mr. Diessner moved that the Senate concur in the amendments by the House to S.F. No. 2117 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2117: A bill for an act relating to employment; allowing certain nonlicensed facilities to perform breath tests for alcohol; amending Minnesota Statutes 1987 Supplement, sections 181.951, subdivision 1; 181.953, subdivisions 1 and 2.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Metzen	Reichgott
Anderson	Decker	Knaak	Moe, R.D.	Renneke
Beckman	DeCramer	Knutson	Morse	Schmitz
Belanger	Dicklich	Laidig	Novak	Spear
Benson	Diessner	Langseth	Olson	Storm
Berg	Frank	Lantry	Pehler	Stumpf
Berglin	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bernhagen	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Bertram	Freeman	Marty	Piper	Waldorf
Brataas	Hughes	McQuaid	Pogemiller	Wegscheid
Cohen	Johnson, D.E.	Mehrkens	Purfeerst	
Dahl	Johnson, D.J.	Merriam	Ramstad	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1727: A bill for an act relating to government data practices; defining employment and training data as private data on individuals; providing for the dissemination of certain data; amending Minnesota Statutes 1986, section 13.46, subdivision 2; Minnesota Statutes 1987 Supplement,

section 13.43, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13.

Senate File No. 1727 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

Ms. Piper moved that the Senate do not concur in the amendments by the House to S.F. No. 1727, 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 that the House refuses to concur in the Senate amendments to House File No. 2038:

H.F. No. 2038: A bill for an act relating to employment; regulating youth employment programs; requiring that new jobs do not replace existing jobs; providing for compensation at the state or federal minimum wage; regulating employment contracts; authorizing the department of jobs and training to buy real estate and locate offices in Minneapolis; amending Minnesota Statutes 1986, sections 268.31, 268.32, and 268.34; proposing coding for new law in Minnesota Statutes, chapter 268.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

McLaughlin, Sparby and Himle have been appointed as such committee on the part of the House.

House File No. 2038 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 April 6, 1988

Mr. Freeman moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2038, 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 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. 1561: A bill for an act relating to game and fish; prohibiting the use of certain meat in baiting bears; authorizing electric landing nets; regulating possession limits, size, and season for walleyed pike in the Rainy River; amending Minnesota Statutes 1986, section 97B.425; proposing coding for new law in Minnesota Statutes, chapter 97C; repealing Minnesota



Statutes 1987 Supplement, section 97C.402.

Senate File No. 1561 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1988

### CONCURRENCE AND REPASSAGE

Mr. Frederickson, D.R. moved that the Senate concur in the amendments by the House to S.F. No. 1561 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1561: A bill for an act relating to game and fish; prohibiting the use of certain meat in baiting bears; amending Minnesota Statutes 1986, section 97B.425.

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 57 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Metzen	Renneke
Anderson	Decker	Jude	Moe, R.D.	Samuelson
Beckman	DeCramer	Knaak	Morse	Schmitz
Belanger	Dicklich	Laidig	Novak	Spear
Benson	Diessner	Langseth	Olson	Storm
Berg	Frank	Lantry	Pehler	Taylor
Bernhagen	Frederickson, D.J.	Larson	Peterson, R.W.	Vickerman
Bertram	Frederickson, D.R.	Lessard	Piper	Waldorf
Brataas	Freeman	Marty	Pogemiller	Wegscheid
Chmielewski	Gustafson	McQuaid	Purfeerst	
Cohen	Hughes	Mehrkens	Ramstad	
Dahl	Johnson, D.E.	Merriam	Reichgott	

Mr. Stumpf voted in the negative.

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2138, 2182, 2654 and 1000.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 6, 1988

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2138: A bill for an act relating to human services; revising and clarifying the duties and powers of the ombudsman for mental health and mental retardation; transferring money; amending Minnesota Statutes 1987

Supplement, sections 245.91, subdivisions 2, 3, and 4; 245.92; 245.94, subdivisions 1, 2, 3, and 4; 245.95, subdivision 1; 245.97, subdivision 1; 626.556, subdivisions 9 and 10; and 626.557, subdivision 9.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1628.

H.F. No. 2182: A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, section 5; permitting state-run lotteries; providing for the distribution of their proceeds; establishing a Minnesota environment and natural resources trust fund; providing implementing legislation; creating a legislative commission, an advisory committee, and a review panel; providing for trust fund expenditures; amending Minnesota Statutes 1986, sections 86.72, subdivisions 2 and 3; and 290.431; Minnesota Statutes 1987 Supplement, sections 116C.69, subdivision 3; and 297.13, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; 86.08; 86.10; 86.11; 86.12; 86.31; 86.32; 86.33, subdivision 1; 86.34; 86.35; 86.41; 86.42; 86.51; 86.53; 86.61; and 86.75.

Mr. Moe, R.D. moved that H.F. No. 2182 be laid on the table. The motion prevailed.

H.F. No. 2654: A bill for an act relating to retirement; public employees; authorizing employer deferred compensation plan contributions in certain instances; permitting repayment of a refund; changing notice requirement for continuation of life insurance coverage; amending Minnesota Statutes 1986, sections 179A.03, subdivision 19; 179A.07, subdivision 2; and 356.24; Minnesota Statutes 1987 Supplement, sections 61A.092, subdivision 3; and 352.96, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2413, now on Special Orders.

H.F. No. 1000: A bill for an act relating to agriculture; making changes in various agriculture programs; establishing agriculture programs; establishing a commodity contract task force; appropriating money; providing penalties; amending Minnesota Statutes 1986, sections 41A.09, by adding a subdivision; 41B.02, by adding a subdivision; and 65A.33, subdivision 3; Minnesota Statutes 1987 Supplement, sections 17.102, subdivision 1; 41B.01, subdivision 2; 41B.03, subdivision 3; 41B.039, subdivisions 1, 2, 4, and by adding a subdivision; 41B.05; Laws 1987, chapter 396, article 9, section 1, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 17; 31; 124; and 325E; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1986, sections 32A.01; 32A.02; 32A.03; 32A.04; 32A.05; 32A.07; 32A.08; and 32A.09; and Laws 1987, chapter 358, section 31.

Referred to the Committee on Finance.

## 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 Finance, to which was re-referred

S.F. No. 2195: A bill for an act relating to education; making technical corrections to the cooperative secondary facilities grant act; amending Minnesota Statutes 1987 Supplement, section 124.494, subdivisions 5 and 6.

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

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

S.F. No. 2194: A bill for an act relating to environment; prohibiting the sale of certain polyethylene material; creating an advisory task force and providing for its duties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 325E.

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

Page 1, line 13, delete "*Nondegradable*" means not" and insert "*Degradable*" means"

Page 1, lines 18 and 19, delete "*for profit or not for profit*" and insert "*for-profit or nonprofit*"

Page 2, line 6, delete "*nondegradable*"

Page 2, line 7, before the period, insert "*that is not degradable*"

Page 2, lines 9 and 11, delete "*nondegradable*" and after "*bags*" insert "*that are not degradable*"

Page 2, line 25, delete "*be nondegradable*" and insert "*to be degradable*"

Page 3, line 1, delete "\$ . . . . ." and insert "\$50,000"

Page 3, line 3, delete "*1991*" and insert "*1990*"

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

Mr. Merriam from the Committee on Finance, to which was referred

S.F. No. 2093: A bill for an act relating to education; eliminating the cap on the state university system student health service fee; amending Minnesota Statutes 1986, section 136.11, subdivision 7.

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

Page 1, delete section 2

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

Mr. Merriam from the Committee on Finance, to which was referred

H.F. No. 2127: A bill for an act relating to health maintenance organizations; requiring insolvency insurance policies to be filed; requiring a deposit; creating a net worth requirement; allowing for a reduction of net worth in certain circumstances; defining admitted assets; imposing investment restrictions; requiring quarterly reports; providing for the inclusion

of certain items in provider contracts; regulating rehabilitation and liquidations; including health maintenance organizations in the Life and Health Guaranty Association; requiring health maintenance organizations to maintain liabilities for unpaid claims; amending Minnesota Statutes 1986, sections 62D.02, by adding subdivisions; 62D.03, subdivision 4; 62D.041, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 62D.05, subdivision 3; 62D.08, by adding a subdivision; 62D.12, subdivision 5, and by adding a subdivision; 62D.14, subdivision 1; 62D.18; 62D.19; 62E.02, subdivision 13; and 62E.14, subdivision 1; Minnesota Statutes 1987 Supplement, sections 62D.04, subdivision 1; and 62E.10, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 8.

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

Page 8, line 8, after the second comma, insert "*subdivision 1,*"

Page 8, line 9, delete everything after "*in*" and insert "*section 14, subdivision 4.*"

Page 8, delete lines 10 to 12

Page 8, line 27, delete "*enactment*" and insert "*the effective date*"

Page 8, line 32, delete "*On or before*" and insert "*By*"

Page 9, lines 1, 8, and 28, delete "*On or before*" and insert "*By*"

Page 9, line 10, delete "*enactment*" and insert "*the effective date*"

Page 10, line 13, delete "*a refund under this section*" and insert "*the withdrawal*"

Page 11, line 5, delete the comma

Page 11, line 6, delete "*prior to*" and insert "*before*"

Page 11, line 10, delete "*in no way*" and insert "*not*"

Page 11, lines 28 and 33, delete "*equal to*" and insert "*of at least*"

Page 12, line 2, delete "*enactment*" and insert "*the effective date*"

Page 12, line 3, delete "*equal to*" and insert "*of at least*"

Page 12, lines 6, 10, 14, and 18, delete "*On*" and insert "*By*"

Page 12, lines 7, 11, 15, and 19, after the first "*of*" insert "*at least*" and delete "*an amount equal to*"

Page 12, line 33, delete "*worths*" and insert "*worth*"

Page 13, lines 4 and 5, delete "*, on or before*" and insert "*by*"

Page 13, line 12, delete "*shall*" and insert "*must*"

Page 13, line 20, delete "*the*" and insert "*a*"

Page 13, line 32, delete "*(a)*" and insert "*(1)*"

Page 13, line 35, delete "*(b)*" and insert "*(2)*"

Page 14, line 1, delete "*or any state and*"

Page 14, line 2, delete everything before the comma

Page 14, line 7, delete "*(c)*" and insert "*(3)*"

Page 14, line 11, delete "(d)" and insert "(4)"

Page 14, line 13, delete "(e)" and insert "(5)"

Page 14, line 15, delete "(f)" and insert "(6)"

Page 14, line 17, delete "(g)" and insert "(7)"

Page 14, line 18, delete "(h)" and insert "(8)"

Page 14, line 21, delete "(i)" and insert "(9)"

Page 14, line 25, delete "(j)" and insert "(10)"

Page 14, line 30, delete "(k)" and insert "(11)"

Page 14, line 32, delete "(l)" and insert "(12)"

Page 14, line 35, delete "(m)" and insert "(13)"

Page 15, line 2, delete "(n)" and insert "(14)"

Page 15, line 4, delete "(o)" and insert "(15)"

Page 15, line 5, delete "(p)" and insert "(16)"

Page 15, line 9, delete "(q)" and insert "(17)"

Page 15, line 14, delete "(r)" and insert "(18)"

Page 15, line 18, delete "(s)" and insert "(19)"

Page 15, line 23, after "*companies*" insert a comma and delete "*for the following:*"

Page 15, line 24, delete the paragraph coding and delete "*Funds*" and insert "*that money*"

Page 15, line 25, delete "*only*"

Page 15, line 30, delete "*any*" and insert "*a*"

Page 16, lines 15 and 16, delete "*No investment or loan shall be made or engaged in by any*" and insert "*A*"

Page 16, line 17, after "*organization*" insert "*shall not make or engage in a loan or investment*"

Page 16, lines 20 and 27, delete "*No*" and insert "*A*"

Page 16, lines 21, 28, and 31, after "*shall*" insert "*not*"

Page 16, line 25, delete "*shall*" and insert "*must*"

Page 16, line 31, delete "*No*" and insert "*An*"

Page 16, delete lines 34 to 36

Page 17, delete lines 1 and 2

Page 17, line 29, delete "*nonpublic*" and insert "*public*"

Page 17, line 30, delete "9" and insert "14"

Page 18, line 5, strike "periodic prepayment, or" and strike the second comma

Page 18, line 19, delete "*No*" and insert "*A*" and after "*shall*" insert "*not*"

Page 18, line 29, after "*organization*" insert "*entered into or renewed*"

*after the effective date of this section"*

Page 18, line 34, after "*APPLIES*" insert "*TO*"

Page 20, line 9, delete "*such*" and insert "*the*"

Page 20, line 16, strike "*commerce*" and insert "*health*" and strike everything after "*independently*"

Page 20, line 17, strike everything before "*order*" and after "*rehabilitation*" strike the comma and insert "*or*"

Page 20, lines 18 and 19, strike "*or conservation*"

Page 20, line 19, strike the comma and insert "*or*"

Page 20, line 20, strike "*deemed to be the*"

Page 20, strike line 21

Page 20, line 22, strike "*company and shall be*"

Page 20, line 23, strike "*of commerce and pursuant to*" and insert "*under the procedures in*"

Page 20, line 25, strike "*render such*" and after the stricken "*law*" insert "*renders the*"

Page 21, line 12, delete "*: (a)*"

Page 21, line 14, delete "*(b)*"

Page 21, lines 18 and 19, delete "*and other contracting participating entities*"

Page 21, line 23, delete "*administrative*" and insert "*management*"

Page 21, line 25, delete "*and shall not be renewed or extended*"

Page 21, delete lines 35 and 36 and insert a period

Page 22, delete lines 9 to 36 and insert:

"Subd. 8. [EXAMINATION ACCOUNT.] *The commissioner of health shall assess against a health maintenance organization being examined under this section a fee sufficient to cover the costs of the examination. The fee must be deposited in an examination account. Money in the account is appropriated to the commissioner of health to pay for the examinations. If the money in the account is insufficient to pay the initial costs of examinations, the commissioner may use other money appropriated to the commissioner, provided the other appropriation is reimbursed from the examination account when it contains sufficient money. Money from the examination account must be used to pay per diem salaries and expenses of special examiners, including meals, lodging, laundry, transportation, and mileage. The salary of regular employees of the health department must not be paid out of the account.*"

Pages 23 and 24, delete section 24 and insert:

"Sec. 24. [62D.181] [INSOLVENCY; ASSIGNED ALTERNATIVE COVERAGE.]

*Subdivision 1. [DEFINITIONS.] (a) "Health plan" means a health maintenance organization, health insurer, or nonprofit health service plan corporation.*

(b) "Association" means the Minnesota comprehensive health association created in section 62E.10.

*Subd. 2. [ELIGIBLE INDIVIDUALS.] An individual is eligible for assigned alternative coverage under this section if:*

(1) the individual had individual health coverage through a health maintenance organization, the coverage is no longer available due to the insolvency of the health maintenance organization, and the individual has not obtained alternative coverage; or

(2) the individual had group health coverage through a health maintenance organization, the coverage is no longer available due to the insolvency of the health maintenance organization and the individual has not obtained alternative coverage.

*Subd. 3. [APPLICATION AND ASSIGNMENT.] If a health maintenance organization will be liquidated, individuals eligible for assigned alternative coverage under subdivision 2 may apply to the Minnesota comprehensive health association to obtain alternative coverage. Upon receiving an application and evidence that the applicant was enrolled in the health maintenance organization at the time of an order for liquidation, the association shall randomly assign eligible individuals to all health plans operating in the service area of the health maintenance organization, in numbers equal to the ratio of each health plan's premiums received from or on behalf of Minnesota residents as divided by the total premiums received by all health plans from or on behalf of Minnesota residents in the previous 12 months.*

*Subd. 4. [REASSIGNMENT OF INDIVIDUALS.] (a) Before notifying an individual of an assignment under subdivision 3, the association shall notify each health plan of the number of individuals proposed to be assigned to that health plan. Within five working days after a health plan receives the notice, the health plan may petition the association to reduce the number of individuals assigned to the health plan. If the health plan demonstrates that it does not have the provider capacity to adequately serve all of the additional individuals, the association shall reduce the number accordingly and reallocate the individuals to other health plans with sufficient capacity.*

(b) Within 14 days after receiving notice of assignment to alternative coverage under subdivision 3, an individual may petition the association for reassignment to a different health plan. The association shall reassign the individual if the association determines that the medical treatment of a preexisting condition will be adversely affected by the initial assignment.

*Subd. 5. [COVERAGE.] Alternative coverage assigned under this section must be at least a number two qualified plan, as described in section 62E.06, subdivision 2, or for individuals over age 65, a medicare supplement 2 plan, as described in section 62A.34.*

*Subd. 6. [PREMIUM.] The premium for replacement coverage assigned under this section must not exceed 80 percent of the premium for the comparable coverage offered by the Minnesota comprehensive health association.*

*Subd. 7. [DURATION.] The duration of alternative coverage assigned under this section is:*

(1) for individuals eligible under subdivision 2, clause (1), 90 days; and

(2) for individuals eligible under subdivision 2, clause (2), 90 days or the length of time remaining in the group contract with the insolvent health maintenance organization, whichever is greater.”

Page 24, line 14, delete “accrue on its”

Page 24, line 15, delete “balance sheet” and insert “maintain” and delete “for” and insert “estimated in the aggregate to be sufficient to pay”

Page 24, line 16, delete “, which” and insert “that”

Page 25, line 5, delete “shall have” and insert “has”

Pages 25 and 26, delete sections 27 to 29

Page 27, line 1, delete “30” and insert “27”

Page 27, line 3, delete everything after the first period

Page 27, line 4, delete “31” and insert “28”

Page 27, line 5, delete “30” and insert “15 and 17 to 26”

Page 27, line 6, after the period, insert “Section 16 is effective January 1, 1990.”

Amend the title as follows:

Page 1, lines 10 to 12, delete “including health maintenance organizations in the Life and Health Guaranty Association” and insert “providing for assigned alternative coverage for enrollees of an insolvent health maintenance organization”

Page 1, line 19, after the third semicolon, insert “and”

Page 1, delete line 20

Page 1, line 21, delete “sections” and insert “section”

Page 1, line 22, delete “and 62E.10, subdivision 9;”

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. 2396 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2396	2105				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2396 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2396 and insert the language after the enacting clause of S.F. No. 2105, the first engrossment; further, delete the title of H.F. No. 2396 and insert the title of S.F. No. 2105, the first engrossment.

And when so amended H.F. No. 2396 will be identical to S.F. No. 2105, and further recommends that H.F. No. 2396 be given its second reading



and substituted for S.F. No. 2105, 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:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2216	2141				

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. 2141, the second engrossment; further, delete the title of H.F. No. 2216 and insert the title of S.F. No. 2141, the second engrossment.

And when so amended H.F. No. 2216 will be identical to S.F. No. 2141, and further recommends that H.F. No. 2216 be given its second reading and substituted for S.F. No. 2141, 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. 2195, 2194 and 2093 were read the second time.

### SECOND READING OF HOUSE BILLS

H.F. Nos. 2127, 2396 and 2216 were read the second time.

### MOTIONS AND RESOLUTIONS

Mr. Davis moved that the name of Mr. Berg be added as a co-author to S.F. No. 1837. The motion prevailed.

Mr. Pehler moved that the names of Meses. Peterson, D.C. and Reichgott be added as co-authors to S.F. No. 2137. The motion prevailed.

Mr. Johnson, D.J. moved that the name of Mr. Marty be added as a co-author to S.F. No. 2511. The motion prevailed.

Messrs. DeCramer and Vickerman introduced—

Senate Resolution No. 136: A Senate resolution congratulating the Eagles Boys' Basketball Team from Southwest Christian High School for an outstanding season.

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 bill was read the first time.

Mr. Merriam, for the Committee on Finance, introduced—

S.F. No. 2572: A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting fees; amending Minnesota Statutes 1986, sections 10A.01, by adding a subdivision; 10A.25, subdivision 10; 10A.31, subdivision 5; 15A.082, subdivision 3; 85.012, by adding a subdivision; and 611.215, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 8.15; 16A.661, subdivision 3; 17.105, subdivision 4; 41A.065, subdivision 8; 85.055, subdivision 1; 105.44, subdivision 10; 116J.966, subdivision 1; 240A.02, subdivision 2; 240A.03, subdivision 10, and by adding a subdivision; 297A.44, subdivision 1; and 611.24; Laws 1987, chapters 357, section 27, subdivision 2; and 400, section 13; proposing coding for new law in Minnesota Statutes, chapter 4; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b; and Laws 1987, chapter 358, section 31.

Under the Rules of the Senate, laid over one day.

### **CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Ms. Berglin moved that the following members be excused for a Conference Committee on S.F. No. 2009:

Ms. Reichgott, Mr. Knaak and Ms. Berglin. The motion prevailed.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

#### **SPECIAL ORDER**

H.F. No. 2031: A bill for an act relating to waste management; requiring certain buildings to provide space for recycling; changing the definition of recyclable materials; specifying the responsibilities of the legislative commission on waste management; adding containment of hazardous waste as an item for which the waste management board may make grants; making industrial waste facilities eligible for processing facility loans; creating additional loan and grant programs for waste tire management; banning used oil from placement on the land; removing the county fee cap for waste disposal in the metropolitan area; adding the chair of the waste management board to the environmental quality board; repealing the expiration date of the legislative commission on waste management; appropriating money; amending Minnesota Statutes 1986, sections 16B.24, subdivision 6; 16B.61, by adding a subdivision; 115A.03, subdivisions 25a and 25b; 115A.14, subdivision 4; 115A.156, subdivision 3; 115A.165; 115A.912; 115A.914; 115A.919; 115B.17, by adding a subdivision; 473.803, subdivision 4; and

609.68; Minnesota Statutes 1987 Supplement, sections 115A.156, subdivisions 1 and 2; 115A.162; 115A.48; 115A.916; 115A.95; and 116C.03, subdivision 2; Laws 1980, chapter 564, article XII, section 1, subdivision 3, as amended; Laws 1987, chapters 348, section 51, subdivision 1; and 404, section 24, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapters 115A and 325E; repealing Minnesota Statutes 1986, sections 115A.14, subdivision 6; and 115A.90, subdivision 4; Minnesota Statutes 1987 Supplement, sections 115A.14, subdivision 5; 115A.41; 116.55; and 116M.07, subdivision 14.

Mr. Merriam moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 12, line 18, after the period, insert "*The program must include the separate testing of fly ash, bottom ash, and combined ash.*"

The motion prevailed. So the amendment was adopted.

Mr. Pehler moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 14, after line 3, insert:

"Sec. 23. Minnesota Statutes 1986, section 477A.012, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL AID FOR CERTAIN COUNTIES.] (a) Each county that becomes eligible to negotiate a contract with the waste management board pursuant to section 115A.191 shall be entitled to receive ~~\$4,000~~ \$6,000 per month in additional local government aids, for each full calendar month that it is eligible. If the state's liability under this clause exceeds \$40,000 in any month, the commissioner shall proportionately reduce the entitlements of each eligible county.

(b) Any county government that has executed a contract with the board pursuant to section 115A.191 shall receive an amount as provided under a schedule set forth in the contract not to exceed \$150,000 per year in additional local government aids, for a period of not more than two years following the execution of the contract. The sum of the state's obligations under this clause may not exceed \$600,000 in any fiscal year.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Bertram moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 13, after line 2, insert:

“Sec. 20. [116.074] [NOTICE OF PERMIT CONDITIONS TO LOCAL GOVERNMENTS.]

*Before the agency grants a permit for a solid waste facility, allows a significant alteration of permit conditions or facility operation, or allows the change of a facility permittee, the commissioner must notify the county and town where the facility is located, contiguous counties and towns, and all home rule charter and statutory cities within the contiguous townships. If a local government unit requests a public meeting within 30 days after being notified, the agency must hold at least one public meeting in the area near the facility before granting the permit, allowing the alterations in the permit conditions or facility operation, or allowing the change of the facility permittee.”*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Storm moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 17, line 10, delete everything after “4;”

Page 17, line 11, delete everything before “Minnesota”

Amend the title accordingly

### CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the Storm amendment to H.F. No. 2031. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 10 and nays 51, as follows:

Those who voted in the affirmative were:

Anderson	Benson	Brataas	Lessard	Peterson, D.C.
Belanger	Bernhagen	Frederick	Mehrkens	Storm

Those who voted in the negative were:

Adkins	Dicklich	Kroening	Moe, R.D.	Renneke
Beckman	Diessner	Laidig	Morse	Solon
Berg	Frank	Langseth	Novak	Spear
Berglin	Frederickson, D.J.	Lantry	Olson	Stumpf
Bertram	Frederickson, D.R.	Larson	Pehler	Taylor
Brandl	Freeman	Luther	Peterson, R.W.	Vickerman
Cohen	Hughes	Marty	Piper	Waldorf
Dahl	Johnson, D.E.	McQuaid	Pogemiller	
Davis	Johnson, D.J.	Merriam	Purfeerst	
Decker	Jude	Metzen	Ramstad	
DeCramer	Knaak	Moe, D.M.	Reichgott	

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

Mr. Stumpf moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 17, after line 7, insert:

"Sec. 27. [PENNINGTON COUNTY SOLID WASTE LOAN FORGIVEN.]

*Notwithstanding Minnesota Statutes, section 115A.54, subdivision 3, the awarding resolution, or the agreement between Pennington county and the state acting through the waste management board, Pennington county need not repay the outstanding balance of the loan made to it under Minnesota Statutes, section 115A.54, subdivision 2. The other obligations of Pennington county under the loan agreement remain in effect."*

Page 17, line 15, delete "and" and after "26" insert ", and 27"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 16, after the semicolon, insert "forgiving a loan to Pennington county for a solid waste project;"

The motion prevailed. So the amendment was adopted.

Mr. Marty moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 11, after line 36, insert:

"Sec. 18. [115A.936] [LAND DISPOSAL OF YARD WASTE PROHIBITED.]

*(a) Except as authorized by the agency, in the metropolitan area after January 1, 1990, and outside the metropolitan area after January 1, 1992, a person may not dispose of yard waste:*

*(1) in mixed municipal solid waste;*

*(2) in a disposal facility; or*

*(3) in a resource recovery facility except for the purposes of composting or co-composting.*

*(b) Yard waste subject to this subdivision is garden wastes, leaves, lawn cuttings, weeds, and prunings."*

Page 13, after line 21, insert:

"Sec. 23. [325E.042] [PROHIBITING SALE OF CERTAIN PLASTICS.]

*Subdivision 1. [PLASTIC CAN.] (a) A person may not sell, offer for sale, or give to consumers in this state a beverage packaged in a plastic can.*

*(b) A plastic can subject to this subdivision is a single serving beverage container composed of one or more plastics and metal excluding the closure mechanism.*

*Subd. 2. [NONDEGRADABLE PLASTIC.] A person may not sell, offer for sale, or give to consumers beverages, food, or motor oil containers*

*held together by nondegradable plastic material.*

*Subd. 3. [PENALTY.] A person who violates subdivision 1 or 2 is guilty of a misdemeanor."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 13, after line 2, insert:

"Sec. 20. Minnesota Statutes 1986, section 116.07, is amended by adding a subdivision to read:

*Subd. 4j. [DISPOSAL FEE DISCLOSURE.] (a) As a condition of a permit to operate a solid waste disposal facility within the metropolitan area, the agency must require the person operating the facility to disclose the disposal fee rates and any increases in the rates during the following calendar year to the agency by November 1. Disposal fee rates may not exceed the rates disclosed to the agency. The agency may revoke the permit to operate a facility for the disposal of solid waste if the agency determines that rate increases are unreasonable.*

*(b) For purposes of this subdivision, disposal fee rates are prima facie commercially reasonable if the percentage of net profit for the disposal facility is the same or less than it was on January 1, 1988.*

*(c) The operator of the facility must submit all necessary documentation with the disclosure to determine the percentage of net profit for the facility on January 1, 1988, and with the proposed increase.*

*(d) This subdivision applies to facilities for land disposal of solid waste."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Wegscheid questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the amendment. The motion prevailed. So the amendment was adopted.

Mr. Morse moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 3, after line 4, insert:

"Sec. 3. Minnesota Statutes 1986, section 40.036, is amended by adding a subdivision to read:

*Subd. 1a. [ABANDONED WELLS.] (a) The state board shall, within the limits of available money, provide cost-sharing funds for a pilot project to seal unused wells and to properly abandon wells that are not required to be sealed under chapter 156A. The cost-share contracts may provide a state cost share of up to 75 percent for each contracted project.*

(b) *The well sealing project must be implemented under procedures adopted by the state board that protects groundwater from further contamination from the well. The district board must certify the location of the wells that have been properly sealed with cost-share funds and forward the certification to the state board. The state board must provide information on the location of sealed wells to the commissioners of health and natural resources.*

(c) *The owner of a well that has been certified as being properly sealed is not liable for contamination of groundwater from the well that occurs after the well has been sealed if the owner has not disturbed or disrupted the sealed well.*

**Sec. 4. [40.0371] [COST-SHARING CONTRACTS TO SEAL ABANDONED WELLS.]**

*The state board shall establish a pilot cost-share program to identify and permanently seal unused wells. The contracted projects to seal wells must protect groundwater from pollution. The wells must be properly abandoned and sealed under chapter 156A unless the well is abandoned, sealed, or reconstructed as an observation well.*

**Sec. 5. [40.0372] [STATEWIDE ASSESSMENT.]**

*The board, in consultation with the commissioner of natural resources, the commissioner of the pollution control agency, the commissioner of health, and the director of the Minnesota geological survey, shall assess geographical areas for a potential for groundwater pollution caused by abandoned wells. The assessment must include notice of the program and assessment that is published in newspapers of general circulation and opportunities for persons to report abandoned and unused wells to the district board. Districts having staff trained in groundwater resources must assess areas within their districts, in cooperation with the board. The board shall provide financial and technical assistance to districts for projects that have been assessed as areas with a high potential for groundwater pollution caused by abandoned and unused wells.*

**Sec. 6. [40.0373] [FINANCIAL AND TECHNICAL ASSISTANCE.]**

*Subdivision 1. [FINANCIAL ASSISTANCE.] (a) The board must allocate at least 70 percent of available cost-sharing funds to seal wells to districts to share the cost of identifying or properly sealing wells in high-priority areas. Areas must be selected based on statewide priorities established by the board.*

*(b) Remaining cost-sharing funds may be allocated to districts for administrative expenses, not exceeding 20 percent of the funds, and sealing wells in lower-priority areas.*

*Subd. 2. [TECHNICAL ASSISTANCE.] The board may provide technical assistance to districts to efficiently and effectively develop and implement projects.*

**Sec. 7. [40.0374] [ELIGIBILITY FOR ASSISTANCE.]**

*Subdivision 1. [GENERALLY.] Only projects that are a part of, or responsive to, a district comprehensive or annual work plan are eligible for the assistance provided in section 4. After July 1, 1991, only projects that are a part of, or responsive to, a local water plan under chapter 110B or section 473.8785 are eligible for the assistance provided in section 4.*

*Subd. 2. [DOCUMENTS REQUIRED.] To be eligible for the assistance provided in section 4, a district must provide the board with:*

- (1) an application prescribed by the board;*
- (2) evidence that the district has consulted the local health department in preparing the application; and*
- (3) one of the following documents:*
  - (i) the comprehensive water plan authorized under chapter 110B;*
  - (ii) the county groundwater plan authorized under section 473.8785; or*
  - (iii) the district comprehensive or annual work plan that provides an inventory of existing physical and hydrologic information about the area, that provides general identification of water quality problems and goals, and that demonstrates a local commitment to water quality protection or improvement.*

**Sec. 8. [40.0375] [BOARD REVIEW OF APPLICATIONS.]**

*Subdivision 1. [RANKING OF APPLICATIONS.] The district boards must rank applications for technical and financial assistance in order of priority and within the limits of available funding and grant applications with the highest priority.*

*Subd. 2. [RANKING CRITERIA.] (a) The state board, in cooperation with the commissioner of natural resources, the commissioner of the pollution control agency, the commissioner of health, and other appropriate state agencies, must by rule adopt appropriate criteria for the district boards to determine the priority of projects. The criteria used to rank projects must include:*

- (1) current use of the affected aquifer or aquifers for water supply;*
- (2) projected water demand;*
- (3) availability of alternate sources of drinking water;*
- (4) proximity of potential contaminant sources;*
- (5) aquifer susceptibility to contamination;*
- (6) current contamination of the wells and the aquifer;*
- (7) present and anticipated land use in the area;*
- (8) well construction; and*
- (9) suitability of the well for use as a monitoring well.*

*(b) The state board shall contact the commissioner of natural resources and the director of the Minnesota geological survey for locations where observation wells are needed.*

**Sec. 9. [40.0376] [LANDOWNER WELL SEALING PROJECTS.]**

*Subdivision 1. [CONTRACTS BY DISTRICTS.] A district may contract on a cost-share basis to furnish financial aid to a landowner or land occupier to seal unused wells. Payment to a land occupier must not be made until the well, or wells, specified in the contract has been properly sealed by a licensed water well contractor. The district board must certify the location of the wells that have been properly sealed with cost-share funds, forward the certification to the state board and commissioner of*



health, and file the sealed well certification with the county recorder or registrar of deeds where the sealed well is located.

*Subd. 2. [REVIEW BY BOARD.] The board or its designated representative may inspect a project at any reasonable time and must audit the cost-sharing funds expended by the district.*

**Sec. 10. [40.0377] [RULES FOR COST-SHARING PROGRAM.]**

*The board, in consultation with the commissioner of the department of health, must adopt rules specifying:*

*(1) procedures and criteria for allocating funds to districts for cost-sharing contracts;*

*(2) standards and guidelines for all cost-sharing contracts;*

*(3) scope and content of comprehensive plans, plan amendments, and annual work plans, which districts submit under section 40.07, subdivision 9;*

*(4) standards and methods necessary to plan and implement a priority cost-sharing program, including guidelines to identify high-priority areas;*

*(5) the share of the cost of sealing wells to be paid from cost-sharing funds; and*

*(6) requirements for districts to document their efforts to identify and contact land occupiers in high-priority areas.*

**Sec. 11. Minnesota Statutes 1986, section 40.42, is amended by adding a subdivision to read:**

*Subd. 4a. [SUSCEPTIBLE GROUNDWATER RECHARGE AREA.] "Susceptible groundwater recharge area" means an area of land with unique hydrogeological characteristics that make the area highly susceptible to groundwater contamination from land use practices.*

**Sec. 12. Minnesota Statutes 1987 Supplement, section 40.43, subdivision 2, is amended to read:**

**Subd. 2. [ELIGIBLE LAND.] (a)** Land may be placed in the conservation reserve program if the land:

*(1) is marginal agricultural land, or is adjacent to marginal agricultural land and is either beneficial to resource protection or necessary for efficient recording of the land description, or consists of a drained wetland, or is land that with a windbreak would be beneficial to resource protection, or is land consisting of a susceptible groundwater recharge area. Cropland adjacent to the restored wetland may also be enrolled to the extent of up to four acres of cropland for each acre of wetland restored;*

*(2) was owned by the landowner on January 1, 1985, or was owned by the landowner, or a parent or other blood relative of the landowner, for at least three years before the date of application;*

*(3) is at least five acres in size, except for a windbreak, or is a whole field as defined by the United States Agricultural Stabilization and Conservation Services;*

*(4) is not set aside, enrolled or diverted under another federal or state government program; and*

*(5) was in agricultural crop production for at least two years during the*

period 1981 to 1985.

(b) The enrolled land of a landowner may not exceed 20 percent of the landowner's total agricultural land acreage in the state, if the landowner owns at least 200 acres of agricultural land as defined by section 500.24, subdivision 2. If a landowner owns less than 200 acres of agricultural land the amount that may be enrolled in the conservation reserve is:

(a) (1) all agricultural land owned, if 20 acres or less; or

(b) (2) if the total agricultural land owned is more than 20 acres but less than 200 acres, 20 acres plus ten percent of the balance of the agricultural land.

(c) In selecting land for enrollment in the program, highest priority must be given to permanent easements that are consistent with the purposes stated in section 40.41.

Sec. 13. Minnesota Statutes 1986, section 40.43, is amended by adding a subdivision to read:

*Subd. 2a. [SUSCEPTIBLE GROUNDWATER RECHARGE AREA DESIGNATION.] The commissioner of natural resources, in cooperation with the board of water and soil resources, the director of the Minnesota geological survey, and the commissioner of the pollution control agency, shall develop criteria for identifying susceptible groundwater recharge areas by December 31, 1988, and provide maps identifying susceptible recharge areas to the board for use in administration of the pilot conservation reserve program for protecting susceptible groundwater recharge areas.*

Sec. 14. Minnesota Statutes 1986, section 40.43, is amended by adding a subdivision to read:

*Subd. 8. [CORRECTION OF CONSERVATION EASEMENT BOUNDARY LINES.] To correct errors in legal descriptions for easements obtained that affect the ownership interests in the state and adjacent landowners, the commissioner may, in the name of the state, with the approval of the attorney general, convey, without consideration, interests of the state necessary to correct legal descriptions of boundaries. The conveyance must be by quitclaim deed or release in a form approved by the attorney general.*

Sec. 15. [40.435] [LIABILITY AFTER PROTECTION OF SUSCEPTIBLE GROUNDWATER RECHARGE AREA.]

*A landowner is not liable for contamination of groundwater through a susceptible groundwater recharge area occurring after a project is implemented if:*

*(1) the soil and water conservation district adopts a plan protecting the groundwater recharge area;*

*(2) projects or practices are implemented according to the plan and certified as being implemented by the district;*

*(3) unlawful practices are not allowed by the landowner on the property subject to the plan; and*

*(4) after implementation the project and practices are maintained according to the plan.*

Sec. 16. [105E.50] [GROUNDWATER DEGRADATION POLICY.]

*It is the policy of the state that the state, a state agency, or a person*

*may not allow degradation of groundwater in the state.*

**Sec. 17. [105E.51] [IDENTIFICATION OF WELLS ON STATE PROPERTY.]**

*Subdivision 1. [PLAN AND APPROPRIATION REQUEST FOR WELL SEALING.] In each budget year of a biennium, the commissioner must present a plan and an appropriation request to properly seal wells on state property.*

*Subd. 2. [PROHIBITION ON STATE LAND PURCHASES WITHOUT WELL IDENTIFICATION.] The state may not purchase or sell real property or an interest in real property without identifying the location of all wells in use and not in use on the property and making provisions to have the unused wells properly sealed at the cost of the seller as part of the contract and deed for sale. A transfer of land is void if this subdivision is not complied with."*

Page 13, after line 16, insert:

**"Sec. 35. [156A.055] [UNUSED AND UNREPAIRED WELLS.]**

*The state, a person, or other legal entity must seal or properly abandon a water well that is not in use under rules of the commissioner if the water well:*

- (1) has not been used to withdraw water for more than ten years;*
- (2) is in a state of disrepair that prevents use to obtain groundwater in a practical manner; or*
- (3) is not in use and is a health hazard or allows contamination of groundwater."*

Page 17, after line 7, insert:

**"Sec. 42. [APPROPRIATION.]**

*\$250,000 is appropriated from the general fund to the board of water and soil resources to be available until June 30, 1989. \$55,800 is to conduct a statewide well abandonment assessment and to administer the pilot grant program for well abandonment. \$97,100 is for grants for the pilot project to identify and seal abandoned wells. \$97,100 is for the pilot project for conservation easements on susceptible groundwater recharge areas."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Knaak questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Renneke moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 17, line 16, after the period, insert "*Section 21 is effective April 1, 1989.*"

The motion prevailed. So the amendment was adopted.

Mr. Renneke then moved to amend H.F. No. 2031, as amended pursuant

to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 9, after line 36, insert:

*"Subd. 5. [RESTRICTION ON GRANTEES ACCEPTING OUT-OF-STATE TIRES.] A person who has received a grant of state or county funds for waste tire processing or recycling may not accept waste tires from outside of the state."*

Page 10, line 1, delete "5" and insert "6"

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

Mr. Pehler moved to amend H.F. No. 2031, as amended pursuant to Rule 49, adopted by the Senate April 5, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1891.)

Page 17, line 16, after the period, insert *"Section 23 is effective July 1, 1988."*

The motion prevailed. So the amendment was adopted.

H.F. No. 2031 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	Davis	Johnson, D.E.	McQuaid	Ramstad
Anderson	Decker	Johnson, D.J.	Merriam	Renneke
Beckman	DeCramer	Jude	Metzen	Schmitz
Belanger	Dicklich	Knaak	Moe, R.D.	Solon
Benson	Diessner	Kroening	Morse	Spear
Berg	Frank	Laidig	Novak	Stumpf
Bertram	Frederick	Langseth	Olson	Taylor
Brandl	Frederickson, D.I.	Lantry	Pehler	Vickerman
Brataas	Frederickson, D.R.	Larson	Peterson, D.C.	Waldorf
Chmielewski	Freeman	Lessard	Peterson, R.W.	Wegscheid
Cohen	Gustafson	Luther	Pogemiller	
Dahl	Hughes	Marty	Purfeerst	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 1000 be withdrawn from the Committee on Finance and re-referred to the Committee on Rules and Administration for comparison with S.F. No. 1837, now on Special Orders. The motion prevailed.

### SPECIAL ORDER

S.F. No. 1956: A bill for an act relating to financial institutions; savings and loan associations; defining terms; adding clarifying language; regulating incorporations; regulating mutual to stock conversions; providing for corporate governance of capital stock associations; regulating the powers of saving associations; regulating deposit accounts; regulating investments; regulating terms and conditions of loans, contracts, and extensions of credit; providing state-chartered savings associations the same rights and powers

that may be exercised by a federal savings association doing business in Minnesota; amending Minnesota Statutes 1986, sections 51A.02; 51A.03, by adding a subdivision; 51A.041, subdivisions 1 and 4, and by adding a subdivision; 51A.05, subdivision 1, and by adding a subdivision; 51A.06, subdivision 3; 51A.065, subdivisions 1, 3, 4, 8, and by adding a subdivision; 51A.07; 51A.10; 51A.11, subdivision 1; 51A.12; 51A.13; 51A.15, subdivision 2; 51A.17; 51A.19, subdivisions 1, 8, and 10; 51A.21, subdivisions 1, 5, 7, 9, 14, 15, 17, 21, and by adding subdivisions; 51A.251; 51A.261; 51A.262; 51A.28; 51A.31, subdivision 1; 51A.32; 51A.35; 51A.361; 51A.37, subdivisions 1, 2, 3, 4, and by adding subdivisions; 51A.38, subdivisions 1, 2, 3, 4, 5, 7, and 8; 51A.40; 51A.44, subdivision 1; 51A.48; 51A.50; 51A.51, subdivision 1; 51A.53; 51A.56; 118.005, subdivision 1; Minnesota Statutes 1987 Supplement, section 51A.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 48 and 51A; repealing Minnesota Statutes 1986, sections 51A.03, subdivision 2a; 51A.05, subdivisions 3, 4, and 5; 51A.091; 51A.11, subdivision 3; 51A.18; 51A.19, subdivisions 2 and 3; 51A.21, subdivisions 6 and 19; 51A.23, subdivisions 2, 3, 4, and 5; 51A.37, subdivisions 7 and 9; 51A.38, subdivision 6; and 51A.39.

Mr. Peterson, R.W. moved to amend S.F. No. 1956 as follows:

Page 52, line 12, delete "provide" and insert "sell, as an agent,"

Page 52, line 18, after "insurance" insert ", nor does it authorize an association to underwrite insurance"

The motion prevailed. So the amendment was adopted.

S.F. No. 1956 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	Davis	Hughes	McQuaid	Pogemiller
Anderson	Decker	Johnson, D.E.	Mehrkens	Purfeerst
Beckman	DeCramer	Jude	Merriam	Ramstad
Belanger	Dicklich	Knaak	Metzen	Renneke
Bertram	Diessner	Laidig	Moe, R.D.	Schmitz
Brandl	Frank	Langseth	Novak	Storm
Brataas	Frederick	Lantry	Olson	Stumpf
Chmielewski	Frederickson, D.J.	Larson	Pehler	Taylor
Cohen	Frederickson, D.R.	Lessard	Peterson, D.C.	Vickerman
Dahl	Freeman	Marty	Peterson, R.W.	Waldorf

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

### SPECIAL ORDER

H.F. No. 2396: A bill for an act relating to education; authorizing the sale of college savings bonds; requiring a market study and plan; authorizing the issuance of zero coupon bonds; exempting a specified amount of bonds from consideration in financial aid eligibility; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 16A.

### SUSPENSION OF RULES

Mr. Freeman 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. 2396 and that the rules of the Senate be so far suspended as to give H.F. No. 2396, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

Mr. Freeman moved to amend H.F. No. 2396, as amended pursuant to Rule 49, adopted by the Senate April 7, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2105.)

Delete everything after the enacting clause and insert:

"Section 1. [COLLEGE SAVINGS BONDS: MARKET AND FEASIBILITY STUDY.]

*Subdivision 1. [REPORT REQUIRED.] The commissioner of finance, in cooperation with the higher education coordinating board, shall study and report to the legislature by January 15, 1989, on the market for and feasibility of college savings bonds. "College savings bonds" would be state general obligation bonds on which interest would be accrued and compounded annually but not paid until maturity, commonly known as zero coupon bonds. The sale and marketing efforts would be directed to Minnesota residents of low and moderate income whose children are likely to seek higher education.*

*Subd. 2. [FINDINGS.] The report must include findings on the following:*

*(1) the parental income levels at which a student is no longer eligible for state scholarship and grant assistance, but at which the cost of higher education may create severe financial hardship for the student's family;*

*(2) an estimate of the number of parents in this state at the income levels described in clause (1) whose children are likely to seek higher education, including their social, economic, and geographic characteristics;*

*(3) the impact of the availability of financial aid on the savings practices of parents of future students and the extent to which the availability of college savings bonds might increase the amount saved;*

*(4) the estimated demand of parents for college savings bonds each year and over the next five years, and the estimated periodic rate of purchase;*

*(5) the demand for bonds of various denominations and the smallest denomination that can be sold and issued economically to those parents;*

*(6) the demand of parents for bonds of various maturities, and the implications of a variety of maturity dates for potential students and post-secondary institutions;*

*(7) a marketing strategy for the college savings bond program including strategies to:*

*(i) inform parents about the availability of the bonds;*

*(ii) take orders for the bonds;*

*(iii) insure that the bonds are purchased by residents of low and moderate income throughout this state; and*

*(iv) market the bonds at the lowest cost to the state;*

(8) *the demand of various institutions for the bonds, including business corporations, nonprofit corporations, and foundations, and a strategy to insure that purchase of the bonds by these entities will not prevent individuals and parents of future students from buying them;*

(9) *the limitations, if any, that should be placed on bond purchasers' use of the bonds;*

(10) *an estimate of the cost of the strategy to market and underwrite the bonds; and*

(11) *the amount, if any, of bonds purchased for the benefit of a student that should not be considered in determining the financial need of an applicant for a state scholarship or grant under Minnesota Statutes, section 136A.121, or a part-time grant under Minnesota Statutes, section 136A.132.*

Sec. 2. [EFFECTIVE DATE.]

*This act is effective the day following final enactment.*

Amend the title as follows:

Page 1, delete line 3 and insert "for college savings bonds."

The motion prevailed. So the amendment was adopted.

Mr. Frederickson, D.R. moved to amend the Freeman amendment to H.F. No. 2396, adopted by the Senate April 7, 1988, as follows:

Page 1, line 18, after "children" insert "and grandchildren"

Page 1, line 26, after "(1)" insert "and the number of grandparents" and after "children" insert "or grandchildren"

Page 1, line 33, after "parents" insert "and grandparents"

Page 2, lines 1, 2, 7, and 15, after "parents" insert "and grandparents"

Page 2, line 15, delete "and" and insert a comma

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

H.F. No. 2396 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	Decker	Jude	Merriam	Renneke
Anderson	DeCramer	Kroening	Metzen	Schmitz
Beckman	Dicklich	Laidig	Moe, D.M.	Spear
Belanger	Diessner	Langseth	Moe, R.D.	Storm
Benson	Frank	Lantry	Morse	Stumpf
Berg	Frederickson, D.J.	Larson	Novak	Taylor
Bertram	Frederickson, D.R.	Lessard	Olson	Vickerman
Brataas	Freeman	Luther	Pehler	Waldorf
Chmielewski	Gustafson	Marty	Peterson, D.C.	Wegscheid
Dahl	Hughes	McQuaid	Pogemiller	
Davis	Johnson, D.E.	Mehrkens	Ramstad	

Messrs. Knaak and Knutson voted in the negative.

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

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Samuelson moved that the following members be excused for a Conference Committee on H.F. No. 2126 from 2:00 to 3:45 p.m.:

Messrs. Freeman, Knutson, Samuelson, Meses. Berglin and Piper. The motion prevailed.

**SPECIAL ORDER**

S.F. No. 2: A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, section 5; allowing the legislature to authorize the state to operate a lottery.

**CALL OF THE SENATE**

Mr. Lessard imposed a call of the Senate for the balance of the proceedings on S.F. No. 2. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Spear moved to amend S.F. No. 2 as follows:

Page 1, after line 20, insert:

"Sec. 3. Minnesota Statutes 1986, section 210A.34, is amended by adding a subdivision to read:

*Subd. 1d. [CERTAIN CONTRIBUTIONS AND EXPENDITURES PROHIBITED.] Notwithstanding subdivision 1b, no corporation, other than a corporation incorporated in Minnesota, may directly or indirectly give, pay, spend, or contribute any money or thing of value to promote or defeat a ballot question which would amend the Minnesota constitution. No political committee may accept from a corporation not incorporated in Minnesota any direct or indirect contribution in money or other thing of value to promote or defeat a ballot question which would amend the Minnesota constitution. Violation of this subdivision is a gross misdemeanor."*

Amend the title accordingly

Mr. Moe, R.D. questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Luther moved to amend S.F. No. 2 as follows:

Page 1, line 13, after "state" insert "provided that no lottery or other public funds may be expended for the primary purpose of inducing persons to participate in the lottery"

Page 1, line 18, after "state" insert "provided that no lottery or other public funds may be expended for the primary purpose of inducing persons to participate in the lottery"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 38 and nays 28, as follows:

Those who voted in the affirmative were:



Anderson	Dahl	Hughes	McQuaid	Reichgott
Beckman	Decker	Johnson, D.E.	Mehrrens	Renneke
Belanger	Diessner	Jude	Merriam	Spear
Berg	Frank	Kroening	Morse	Storm
Berglin	Frederick	Laidig	Olson	Taylor
Bernhagen	Frederickson, D.R.	Larson	Peterson, D.C.	Waldorf
Brandl	Freeman	Luther	Peterson, R.W.	
Cohen	Gustafson	Marty	Ramstad	

Those who voted in the negative were:

Adkins	Dicklich	Lantry	Pehler	Solon
Bertram	Frederickson, D.J.	Lessard	Piper	Stumpf
Brataas	Johnson, D.J.	Metzen	Pogemiller	Vickerman
Chmielewski	Knaak	Moe, D.M.	Purfeerst	Wegscheid
Davis	Knutson	Moe, R.D.	Samuelson	
DeCramer	Langseth	Novak	Schmitz	

The motion prevailed. So the amendment was adopted.

S.F. No. 2 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	Cohen	Johnson, D.J.	Moe, R.D.	Purfeerst
Beckman	Davis	Knaak	Morse	Samuelson
Berg	Decker	Kroening	Novak	Solon
Berglin	DeCramer	Langseth	Pehler	Stumpf
Bertram	Dicklich	Lantry	Peterson, D.C.	Vickerman
Brataas	Diessner	Lessard	Piper	Wegscheid
Chmielewski	Frederickson, D.J.	Metzen	Pogemiller	

Those who voted in the negative were:

Anderson	Frederick	Knutson	Merriam	Schmitz
Belanger	Frederickson, D.R.	Laidig	Moe, D.M.	Spear
Benson	Freeman	Larson	Olson	Storm
Bernhagen	Gustafson	Luther	Peterson, R.W.	Taylor
Brandl	Hughes	Marty	Ramstad	Waldorf
Dahl	Johnson, D.E.	McQuaid	Reichgott	
Frank	Jude	Mehrrens	Renneke	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Bertram moved that S.F. No. 1610 be taken from the table. The motion prevailed.

S.F. No. 1610: A bill for an act relating to advertising devices; providing for specific service signs relating to rural agricultural businesses and places of worship to be displayed along highways; amending Minnesota Statutes 1986, sections 160.292, subdivisions 2 and 10; 160.293, subdivisions 1 and 3; and 160.295, by adding a subdivision.

Mr. Bertram moved that the Senate do not concur in the amendments by the House to S.F. No. 1610, 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.

**SPECIAL ORDER**

S.F. No. 2055: A bill for an act relating to human services; defining terms; requiring that court receive annual reviews of people with indeterminate commitments; providing for court-ordered community-based treatment; defining procedures for community-based commitment; requiring procedures for release before commitment and provisional discharge; appropriating money; amending Minnesota Statutes 1986, sections 253B.02, subdivisions 13, 19, and by adding subdivisions; 253B.03, subdivision 5; 253B.09, subdivision 1; 253B.15, subdivisions 1, 3, 5, 6, 7, and by adding a subdivision; and 253B.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 253B; repealing Minnesota Statutes 1986, section 253B.09, 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 53 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Metzen	Schmitz
Anderson	Decker	Jude	Moe, R.D.	Solon
Beckman	DeCramer	Knutson	Olson	Spear
Belanger	Dicklich	Kroening	Pehler	Storm
Berglin	Frank	Lantry	Peterson, D.C.	Stumpf
Bernhagen	Frederick	Larson	Peterson, R.W.	Taylor
Bertram	Frederickson, D.J.	Lessard	Piper	Vickerman
Brandl	Frederickson, D.R.	Marty	Purfeerst	Waldorf
Chmielewski	Gustafson	McQuaid	Ramstad	Wegscheid
Cohen	Hughes	Mehrkens	Renneke	
Dahl	Johnson, D.E.	Merriam	Samuelson	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 2139: A bill for an act relating to establishment of rates for intermediate care facilities for the mentally retarded (ICF/MR); changing the procedures for determining ICF/MR rates beginning in 1988; requiring a report; amending Minnesota Statutes 1986, section 256B.501, 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 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	McQuaid	Ramstad
Anderson	Davis	Johnson, D.E.	Mehrkens	Renneke
Beckman	Decker	Jude	Merriam	Samuelson
Belanger	DeCramer	Kroening	Olson	Schmitz
Berglin	Diessner	Langseth	Pehler	Solon
Bernhagen	Frank	Lantry	Peterson, D.C.	Spear
Bertram	Frederick	Larson	Peterson, R.W.	Stumpf
Brataas	Frederickson, D.J.	Lessard	Piper	Vickerman
Cohen	Frederickson, D.R.	Marty	Purfeerst	Waldorf

So the bill passed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Merriam moved that H.F. No. 2344 be taken from the table. The motion prevailed.

H.F. No. 2344: A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; creating and modifying agencies and functions; fixing and limiting fees; requiring studies and reports; appropriating money; amending Minnesota Statutes 1986, sections 3.9223, subdivision 5; 3.9225, subdivision 5; 3.9226, subdivision 5; 16B.24, by adding a subdivision; 88.22, by adding a subdivision; 89.001, by adding a subdivision; 89.19; 116.48, by adding subdivisions; 116J.615, by adding a subdivision; 296.16, by adding a subdivision; and 296.421, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.732, subdivision 1; 3.885; 85.055, subdivision 1; 105.44, subdivision 10; 115C.02, subdivision 13; 116C.712, subdivision 5; 116J.941, subdivision 1; 116O.03, subdivision 2; 116O.04, subdivision 1; 116O.06, subdivision 1; and 480.241, subdivision 2; Laws 1985; First Special Session chapter 15, section 4, subdivision 6; Laws 1987, chapter 357, section 27, subdivision 2; Laws 1987, chapter 404, sections 20, subdivision 6; and 22, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 89; 115C; 424A; and 446A; repealing Minnesota Statutes 1987 Supplement, section 161.52.

**SUSPENSION OF RULES**

Mr. Merriam moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2344 and that the rules of the Senate be so far suspended as to give H.F. No. 2344 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2344 was read the second time.

Mr. Kroening moved to amend H.F. No. 2344 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2344, and insert the language after the enacting clause, and the title, of S.F. No. 2572, as introduced.

The motion prevailed. So the amendment was adopted.

Mr. Peterson, R.W. moved to amend H.F. No. 2344, as amended by the Senate, adopted April 7, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2572.)

Page 6, delete line 19

Reletter the items in sequence

Correct the subdivision and section totals and the summaries by fund accordingly

**CALL OF THE SENATE**

Mr. Kroening imposed a call of the Senate for the balance of the proceedings on H.F. No. 2344. The Sergeant at Arms was instructed to bring in the absent members.

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:

Adkins	Decker	Knaak	Moe, D.M.	Spear
Berg	DeCramer	Knutson	Morse	Wegscheid
Brataas	Diessner	McQuaid	Peterson, R.W.	
Cohen	Freeman	Merriam	Ramstad	

Those who voted in the negative were:

Anderson	Davis	Johnson, D.J.	Luther	Renneke
Beckman	Dicklich	Jude	Mehrkens	Samuelson
Belanger	Frank	Kroening	Metzen	Schmitz
Berglin	Frederick	Laidig	Novak	Stumpf
Bernhagen	Frederickson, D.J.	Langseth	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lantry	Piper	Waldorf
Chmielewski	Hughes	Larson	Pogemiller	
Dahl	Johnson, D.E.	Lessard	Purfeerst	

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

Mr. Chmielewski moved to amend H.F. No. 2344, as amended by the Senate April 7, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2572.)

Page 38, after line 33, insert:

#### "ARTICLE 5

Section 1. [181.931] [TITLE.]

*Sections 1 to 5 may be cited as "the employee wage protection act."*

Sec. 2. [181.932] [PURPOSE.]

*The purpose of sections 1 to 5 is to ensure that employees who work in this state will receive wages due and owing.*

Sec. 3. [181.933] [DEFINITION.]

*For the purposes of sections 1 to 4, "wages" means remuneration for services provided by an employee to an employer which is due and payable from an employer that has no assets from which such remuneration may be paid, from an employer that has filed under any bankruptcy or receivership law, or from an employer that has ceased operations within 90 days after the employee has left employment.*

Sec. 4. [181.934] [WAGE PROTECTION FUND.]

*An employee wage protection fund is established as a separate account to be administered by the department of labor and industry. The purpose of the fund is to assure payment of employees' wages for a maximum of four workweeks or \$2,000, whichever is less. Application for payment from the fund and disbursements from the fund must be in accordance with rules adopted by the commissioner of the department of labor and industry. The department is subrogated to any claim against an employer for wages by an employee in the amount of payment from the fund to the employee.*

Sec. 5. [181.935] [COLLECTION FROM EMPLOYERS.]

*The commissioner shall commence an action to recover from an employer amounts paid from the fund which were owed by the employer. The commissioner shall do all things reasonable to secure and obtain priority for*

*the claim against an employer. In addition to cost and disbursements, the commissioner is entitled to recover reasonable attorney fees at trial and on appeal, together with a penalty of 25 percent of all wages owed by the employer and paid from the fund or \$200, whichever amount is the greater. Any recovery must be paid into the employee wage protection fund.*

**Sec. 6. [APPROPRIATION.]**

*\$200,000 is appropriated from the general fund to the commissioner of the department of labor and industry for deposit into the employee wage protection fund account for the purpose of making the payment described in section 4. The appropriation shall not lapse and is available until expended."*

Amend the title accordingly

Mr. Knaak questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 33, as follows:

Those who voted in the affirmative were:

Beckman	Davis	Hughes	Lessard	Samuelson
Berglin	Dicklich	Jude	Luther	Schmitz
Bertram	Diessner	Kroening	Metzen	Vickerman
Chmielewski	Frank	Langseth	Peterson, D.C.	Waldorf
Dahl	Frederickson, D.J.	Lantry	Piper	

Those who voted in the negative were:

Adkins	Cohen	Johnson, D.E.	Merriam	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Spear
Belanger	DeCramer	Knutson	Moe, R.D.	Storm
Benson	Frederick	Laidig	Olson	Stumpf
Berg	Frederickson, D.R.	Larson	Peterson, R.W.	Taylor
Bernhagen	Freeman	McQuaid	Purfeerst	
Brataas	Gustafson	Mehrkens	Ramstad	

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

Mr. Dahl moved to amend H.F. No. 2344, as amended by the Senate, adopted April 7, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2572.)

Page 5, delete line 5, and insert:

"(d) Oak Wilt Control 74,000"

Page 5, after line 11, insert:

"The approved complement of the department of natural resources is increased by one position in fiscal year 1989.

(e) Agricultural Oak Wilt Control 20,200 62,200

This appropriation is to the commissioner of agriculture. The approved complement of the department of agriculture is increased by one position."

Reletter the paragraphs in sequence

Correct the subdivision and section totals and the summaries by fund accordingly

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

Mrs. McQuaid moved to amend H.F. No. 2344, as amended by the Senate, adopted April 7, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2572.)

Page 22, after line 9, insert:

“Sec. 40. [CROW WING COUNTY CAMP LAND.]

*Lands conveyed by the state to the St. Louis Park Lions Club under Laws 1965, chapter 297, and required by that law to be used only for the purposes of operating a boy scout camp may be conveyed by the St. Louis Park Lions Club to Volunteers in Partnership, Inc. and used for the purpose of operating a youth camp, notwithstanding the reverter in the deed to the contrary. The lands, if conveyed as authorized by this section, shall revert to the state upon failure to use them for a youth camp.”*

Renumber the sections of article 1 in sequence

The motion prevailed. So the amendment was adopted.

Mr. Mehrkens moved to amend H.F. No. 2344, as amended by the Senate April 7, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2572.)

Page 3, lines 42 and 43, delete “state agency that paid the tax” and insert “highway user tax distribution fund”

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

Mr. Frederickson, D.R. moved to amend H.F. No. 2344, as amended by the Senate, adopted April 7, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2572.)

Page 2, after line 12, insert:

“(a) Legislative Commission on

#### Pensions and Retirement

The unobligated balances of the fiscal year 1988 and fiscal year 1989 appropriations in Laws 1987, chapter 404, section 2, subdivision 4, paragraph (f), for the legislative commission on pensions and retirement are transferred to the appropriation for the legislative coordinating commission and, notwithstanding Minnesota Statutes, section 3.85, subdivision 12, must be used by the coordinating commission to continue the contract with the pension commission's actuary. The actuary must report to the chairs of the senate committee on finance and the house of representatives committee on appropriations rather than to the legislative commission on pensions.”

Page 2, line 13, before “Legislative” insert “(b)”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Jude	Lessard	Samuelson
Belanger	Decker	Knaak	McQuaid	Solon
Benson	Frank	Knutson	Mehrkens	Storm
Berg	Frederick	Kroening	Metzen	Taylor
Bernhagen	Frederickson, D.R.	Laidig	Purfeerst	Vickerman
Bertram	Johnson, D.E.	Lantry	Ramstad	

Those who voted in the negative were:

Adkins	DeCramer	Luther	Pehler	Spear
Beckman	Dicklich	Marty	Peterson, D.C.	Stumpf
Berglin	Diessner	Merriam	Peterson, R.W.	Waldorf
Chmielewski	Freeman	Moe, D.M.	Piper	Wegscheid
Cohen	Johnson, D.J.	Moe, R.D.	Pogemiller	
Dahl	Langseth	Morse	Renneke	
Davis	Larson	Olson	Schmitz	

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

H.F. No. 2344 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 3, as follows:

Those who voted in the affirmative were:

Anderson	Davis	Johnson, D.J.	McQuaid	Purfeerst
Beckman	Decker	Jude	Mehrkens	Samuelson
Belanger	DeCramer	Knaak	Merriam	Schmitz
Benson	Dicklich	Knutson	Metzen	Solon
Berg	Diessner	Kroening	Moe, D.M.	Spear
Berglin	Frank	Laidig	Moe, R.D.	Storm
Bernhagen	Frederick	Langseth	Morse	Stumpf
Bertram	Frederickson, D.J.	Lantry	Pehler	Taylor
Brataas	Frederickson, D.R.	Larson	Peterson, D.C.	Vickerman
Chmielewski	Freeman	Lessard	Peterson, R.W.	Waldorf
Cohen	Gustafson	Luther	Piper	Wegscheid
Dahl	Johnson, D.E.	Marty	Pogemiller	

Mrs. Adkins, Messrs. Ramstad and Renneke voted in the negative.

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Waldorf moved that the following members be excused for a Conference Committee on S.F. No. 2569 at 7:00 p.m.:

Mrs. Brataas, Messrs. Dicklich, Dahl, Taylor and Waldorf. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

#### SPECIAL ORDER

H.F. No. 1493: A bill for an act relating to civil law; deleting the minimum percentage amount for interest on judgments; altering the application of joint and several liability; providing for payment of future damages; amending Minnesota Statutes 1986, section 604.02, subdivision 1; Minnesota

Statutes 1987 Supplement, section 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 549; repealing Minnesota Statutes 1986, section 604.07.

Mr. Spear moved that the amendment made to H.F. No. 1493 by the Committee on Rules and Administration in the report adopted March 30, 1988, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 1493 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	Davis	Jude	Merriam	Ramstad
Beckman	Decker	Knaak	Metzen	Renneke
Belanger	DeCramer	Knutson	Moe, D.M.	Samuelson
Benson	Dicklich	Laidig	Moe, R.D.	Schmitz
Berg	Diessner	Langseth	Morse	Solon
Berglin	Frank	Lantry	Olson	Spear
Bernhagen	Frederick	Larson	Pehler	Storm
Bertram	Frederickson, D.J.	Lessard	Peterson, D.C.	Stumpf
Brataas	Frederickson, D.R.	Luther	Peterson, R.W.	Taylor
Chmielewski	Freeman	Marty	Piper	Vickerman
Cohen	Johnson, D.E.	McQuaid	Pogemiller	Waldorf
Dahl	Johnson, D.J.	Mehrkens	Purfeerst	Wegscheid

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 2537: A bill for an act relating to horse racing; changing the date when the racetrack must submit its financial statement to the racing commission; allowing the breeders' fund to be used to supplement purses for Minnesota horses racing in nonrestricted races; amending Minnesota Statutes 1986, sections 240.15, subdivision 4; and 240.18.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on H.F. No. 2537. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Schmitz moved to amend H.F. No. 2537 as follows:

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1986, section 240.01, is amended by adding a subdivision to read:

*Subd. 12. [AVERAGE DAILY HANDLE.] "Average daily handle" means the total amount bet in all pari-mutuel pools at a licensed racetrack during the racing meeting divided by the number of days that horse racing was conducted at the racetrack during the racing meeting.*

Sec. 2. Minnesota Statutes 1986, section 240.13, subdivision 4, is amended to read:

*Subd. 4. [TAKEOUT; DISTRIBUTION OF WINNINGS.] A licensee conducting pari-mutuel betting must deduct from a straight pari-mutuel pool, before payments to holders of winning tickets, an amount equal to*



not more than 17 percent of the total money in that pool. The licensee must deduct from a multiple pari-mutuel pool, before payments to the holders of winning tickets, an amount equal to not more than 23 percent of the total money in that pool. The remaining money in each pool must be distributed among the holders of winning tickets in a manner the commission by rule prescribes for each type of pool. Breakage must be computed on the basis of payoffs rounded down to the next lowest increment of 20 cents, with a minimum payoff of \$2.20 on a \$2 ticket, except that the licensee may reduce the minimum payoff to \$2.10 on a \$2 ticket if there is not a sufficient amount in a pool to make a minimum payoff of \$2.20.

Sec. 3. Minnesota Statutes 1987 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, an amount equal to not less than ~~five percent~~ *the following percentages* of all money in all pools must be set aside by the licensee and used for purses for races conducted by the licensee, *provided that a licensee may agree by contract with an organization representing a majority of the horsepersons racing the breed involved to set aside amounts in addition to the following percentages:*

*(1) For a licensee conducting a racing meeting with an average daily handle of \$500,000 or less, four percent of the average daily handle times the number of racing days in that meeting.*

*(2) For a licensee conducting a racing meeting with an average daily handle of more than \$500,000 but not more than \$750,000, six percent of the average daily handle times the number of racing days in that meeting.*

*(3) For a licensee conducting a racing meeting with an average daily handle of more than \$750,000, 8.4 percent of the first \$1 million in average daily handle times the number of racing days in that meeting.*

The commission may by rule provide for the administration and enforcement of this subdivision.

(b) From the money set aside for purses, the licensee shall pay to the horseperson's organization representing the majority of the horsepersons racing the breed involved and contracting with the licensee with respect to purses and the conduct of the racing meetings and providing representation, benevolent programs, benefits, and services for horsepersons and their on-track employees, an amount, sufficient to perform these services, as may be determined by agreement by the licensee and the horseperson's organization. The amount paid may be deducted only from the money set aside for purses to be paid in races for the breed represented by the horseperson's organization. With respect to racing meetings where more than one breed is racing, the licensee may contract independently with the horseperson's organization representing each breed racing.

*(c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization representing the majority of the horsepersons racing a breed at a meeting, and the members thereof, may agree to withhold horses during a meeting.*

Sec. 4. Minnesota Statutes 1986, section 240.13, subdivision 6, is amended to read:

Subd. 6. [TELEVISED RACES.] The commission may by rule permit

a class B or class D licensee to conduct on the premises of the licensed racetrack pari-mutuel betting on horse races run in other states and broadcast by television on the premises. All provisions of law governing pari-mutuel betting apply to pari-mutuel betting on televised races except as otherwise provided in this subdivision or in the commission's rules. Pari-mutuel pools conducted on such televised races may consist only of money bet on the premises and may not be commingled with any other pool off the premises, except that:

(a) the licensee may pay a fee to the person or entity conducting the race for the privileges of conducting pari-mutuel betting on the race, and

(b) the licensee may pay the costs of transmitting the broadcast of the race.

Pari-mutuel betting on a televised race may be conducted only on a racing day assigned by the commission. The takeout and taxes on pari-mutuel pools on televised races are as provided for other pari-mutuel pools. All televised races under this subdivision must comply with the Interstate Horse Racing Act of 1978 as found in United States Code, title 15, section 3001 and the following relevant sections. *In lieu of the purse requirement established by section 240.13, subdivision 5, the licensee shall set aside for purses one-half of the take-out from the amount bet on televised races after the payment of fees and taxes. For the purposes of purse distribution under section 240.13, subdivision 5, the average daily handle shall not include amounts bet in pari-mutuel pools on televised races.*

Sec. 5. Minnesota Statutes 1986, 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 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 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, six percent of the total amount bet in all pari-mutuel pools rate of six percent of the total amount withheld from all pari-mutuel pools by the licensee, including breakage and amounts withheld under section 240.13, subdivision 4.

In addition to the above tax, the licensee must designate and pay to the commission a tax of one percent of the total amount bet on each racing day, 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.

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 *on each paid admission at any a licensed racetrack on a racing day* 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. 6. Minnesota Statutes 1986, 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.

Sec. 7. Minnesota Statutes 1986, section 240.15, subdivision 3, is amended to read:

Subd. 3. [TAX EXCLUSIVE.] The tax imposed by subdivision 1 is in lieu of any tax or license fee, other than taxes on real property, imposed by a political subdivision and in lieu of any other sales or excise tax imposed by the state on ~~racetrack admissions or pari-mutuel pools or pari-mutuel ticket sales.~~"

Page 1, after line 22, insert:

"Sec. 9. Minnesota Statutes 1986, section 240.15, subdivision 6, is amended to read:

Subd. 6. [DISPOSITION OF PROCEEDS.] The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, as follows: all money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18. Revenue from an ~~additional~~ admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. All other revenues received under this section by the commission, and all license fees, fines, and other revenue it receives, must be paid to the state treasurer for deposit in the general fund."

Page 2, line 3, after "shall" insert "*apportion the remaining net proceeds into categories corresponding with the various breeds of horses which are racing at licensed Minnesota racetracks in proportion to each category's contribution to the fund and*" and after "proceeds" insert "*in each category*"

Page 2, line 4, after "(1)" insert "*With respect to available money apportioned in the thoroughbred and quarterhorse categories*" and strike "of the available money in the fund"

Page 2, line 9, strike everything after "proceeds"

Page 2, strike lines 10 and 11

Page 2, line 12, strike everything before "in"

Page 2, line 19, after "races" insert "in that category"

Page 2, line 21, after "horses" insert "in that category"

Page 2, after line 24, insert:

*"(3) With respect to the available money apportioned in the standardbred category, twenty percent must be expended as follows:*

*(a) one-half of that amount to supplement purses for standardbreds at nonpari-mutuel racetracks in the state;*

*(b) one-fourth of that amount for the development of nonpari-mutuel standardbred tracks in the state; and*

*(c) one-fourth of that amount as grants for equine research and related education at public institutions of post-secondary learning in the state.*

*(4) After deducting the amount for paragraph (3), the balance of the available proceeds in the standardbred category must be expended by the commission to:*

*(a) supplement purses for races held exclusively for Minnesota-bred and Minnesota-foaled standardbreds;*

*(b) pay breeders or owners awards to the breeders or owners of Minnesota-bred standardbreds which win money at licensed racetracks in the state; and*

*(c) provide other financial incentives to encourage the horse breeding industry in Minnesota."*

Page 2, line 31, delete "and 2" and insert "to 10"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "increasing the minimum required purses;"

Page 1, line 6, after the semicolon, insert "decreasing the pari-mutuel tax;"

Page 1, line 7, delete everything after "sections" and insert "240.01, by adding a subdivision; 240.13, subdivisions 4 and 6; 240.15, subdivisions 1, 2, 3, 4, and 6; and 240.18; Minnesota Statutes 1987 Supplement, section 240.13, subdivision 5."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 43 and nays 12, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knutson	Morse	Samuelson
Anderson	Frederick	Kroening	Novak	Schmitz
Belanger	Frederickson, D.J.	Laidig	Olson	Solon
Berg	Frederickson, D.R.	Lantry	Piper	Storm
Bertram	Gustafson	Lessard	Pogemiller	Stumpf
Chmielewski	Johnson, D.E.	McQuaid	Purfeerst	Vickerman
Cohen	Johnson, D.J.	Mehrkens	Ramstad	Wegscheid
Davis	Jude	Metzen	Reichgott	
Decker	Knaak	Moe, R.D.	Renneke	

Those who voted in the negative were:

Beckman	DeCramer	Luther	Merriam	Peterson, D.C.
Berglin	Frank	Marty	Pehler	Peterson, R.W.
Bernhagen	Larson			

The motion prevailed. So the amendment was adopted.

H.F. No. 2537 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 14, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Jude	Metzen	Renneke
Anderson	DeCramer	Knaak	Moe, R.D.	Samuelson
Belanger	Dicklich	Knutson	Morse	Schmitz
Benson	Diessner	Kroening	Novak	Solon
Berg	Frederick	Laidig	Olson	Storm
Bertram	Frederickson, D.J.	Langseth	Piper	Stumpf
Brataas	Frederickson, D.R.	Lantry	Pogemiller	Taylor
Chmielewski	Gustafson	Lessard	Purfeerst	Vickerman
Cohen	Johnson, D.E.	McQuaid	Ramstad	Wegscheid
Davis	Johnson, D.J.	Mehrkens	Reichgott	

Those who voted in the negative were:

Beckman	Dahl	Luther	Moe, D.M.	Peterson, R.W.
Berglin	Frank	Marty	Pehler	Waldorf
Bernhagen	Larson	Merriam	Peterson, D.C.	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pogemiller moved that S.F. No. 1608 be taken from the table. The motion prevailed.

S.F. No. 1608: A bill for an act relating to the city of Minneapolis; updating references in its development laws; amending Laws 1980, chapter 595, section 3, subdivisions 1, as amended, 3, 6, and 7; and section 4.

Mr. Pogemiller moved that the Senate do not concur in the amendments by the House to S.F. No. 1608, 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.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House, Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 2525 and 1940.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

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. 1955: A bill for an act relating to Ramsey county; authorizing the county to use certain land dedicated as open space for highway purposes; authorizing the sale of certain land.

Senate File No. 1955 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. Novak moved that the Senate do not concur in the amendments by the House to S.F. No. 1955, 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. 2191: A bill for an act relating to animals; modifying regulations of kennels and dealers of certain animals used for research purposes; amending Minnesota Statutes 1987 Supplement, sections 347.31, subdivision 4; and 347.37.

Senate File No. 2191 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

**CONCURRENCE AND REPASSAGE**

Mr. Pogemiller moved that the Senate concur in the amendments by the House to S.F. No. 2191 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2191 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	DeCramer	Kroening	Merriam	Ramstad
Anderson	Diessner	Laidig	Metzen	Reichgott
Beckman	Frank	Langseth	Moe, R. D.	Samuelson
Belanger	Frederick	Lantry	Olson	Schmitz
Bernhagen	Frederickson, D.I.	Larson	Pehler	Solon
Bertram	Frederickson, D.R.	Lessard	Peterson, D.C.	Stumpf
Chmielewski	Johnson, D.E.	Luther	Peterson, R. W.	Vickerman
Cohen	Jude	Marty	Piper	Wegscheid
Davis	Knaak	McQuaid	Pogemiller	
Decker	Knutson	Mehrkens	Purfeerst	

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

### NOTICE OF RECONSIDERATION

Mr. Merriam gave notice of intention to move for reconsideration of S.F. No. 2191.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1885: A bill for an act relating to commerce; motor fuel franchises; regulating certain building alterations; providing remedies; amending Minnesota Statutes 1986, section 80C.146, subdivisions 2 and 3; repealing Laws 1984, chapter 444, section 4, as amended by Laws 1986, chapter 343, section 1.

Senate File No. 1885 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Ms. Peterson, D.C. moved that the Senate do not concur in the amendments by the House to S.F. No. 1885, 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. 1867: A bill for an act relating to cemeteries; mausoleums, rearranged funeral services; consumer protection; requiring the establishment of a construction performance bond; requiring a permanent care account for any mausoleum; providing reporting requirements; broadening the powers of the county auditors and state auditor; amending Minnesota Statutes 1986, sections 149.11; 149.13; 306.03; 306.04; 306.37; 306.761;

306.77; and 306.773, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 306.

Senate File No. 1867 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

### CONCURRENCE AND REPASSAGE

Ms. Piper moved that the Senate concur in the amendments by the House to S.F. No. 1867 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1867 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Laidig	Metzen	Ramstad
Anderson	Frank	Langseth	Moe, R.D.	Reichgott
Belanger	Frederick	Lantry	Novak	Schmitz
Bernhagen	Frederickson, D.J.	Larson	Olson	Solon
Bertram	Frederickson, D.R.	Lessard	Pehler	Stumpf
Chmielewski	Freeman	Luther	Peterson, D.C.	Vickerman
Cohen	Johnson, D.E.	Marty	Peterson, R.W.	Wegscheid
Davis	Jude	McQuaid	Piper	
Decker	Knutson	Mehrkens	Pogemiller	
DeCramer	Kroening	Merriam	Purfeerst	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2122: A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; providing for patient access to medical records; requiring outpatient diagnostic and test results to be retained as part of an individual permanent medical record; amending Minnesota Statutes 1986, sections 13.04, subdivision 4; 13.67; 13.791, subdivision 1; 144.335, subdivision 2; 145.32, subdivision 2; 171.12, by adding a subdivision; and 363.061, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13 and 221; repealing Minnesota Statutes 1986, section 13.72, subdivision 3.

Senate File No. 2122 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988



Mr. Peterson, R.W. moved that the Senate do not concur in the amendments by the House to S.F. No. 2122, 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. 2096: A bill for an act relating to commerce; regulating and governing business relations between manufacturers of agricultural equipment and independent retail dealers of those products; proposing coding for new law in Minnesota Statutes, chapter 325E.

Senate File No. 2096 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

### CONCURRENCE AND REPASSAGE

Mr. Schmitz moved that the Senate concur in the amendments by the House to S.F. No. 2096 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2096 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	Decker	Knutson	Merriam	Ramstad
Anderson	DeCramer	Kroening	Metzen	Reichgott
Beckman	Diessner	Laidig	Moe, R.D.	Samuelson
Belanger	Frank	Langseth	Olson	Schmitz
Benson	Frederick	Lantry	Pehler	Solon
Bernhagen	Frederickson, D.J.	Lessard	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.R.	Luther	Peterson, R.W.	Vickerman
Chmielewski	Freeman	Marty	Piper	Wegscheid
Cohen	Johnson, D.E.	McQuaid	Pogemiller	
Davis	Jude	Mehrkens	Purfeerst	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2214: A bill for an act relating to natural resources; authorizing the commissioner to sell certain surplus lands to local governments for local recreation or natural resource purposes; authorizing the commissioner

of natural resources to convey road and flowage easements in certain circumstances; transferring duties and powers of county auditors and treasurers relating to sales of certain classes of state land to the commissioner; transferring the authority to issue state land patents from the governor to the commissioner; specifying the amount above appraised value that the commissioner may pay when acquiring land; authorizing long-term leases of state land for certain purposes; modifying certain provisions of land exchange laws relating to appraisals and fees; implementing exchanges of public land authorized by the constitution; authorizing exchange of school trust land located within a state park; appointing an independent trustee and legal counsel for land exchanges involving school trust land; providing a procedure for exchange of Class B land with Class A or Class C land; authorizing governmental units to exchange land in the same manner as private persons; amending Minnesota Statutes 1986, sections 84.027, by adding a subdivision; 84.631; 85.015, subdivision 1; 92.16, subdivision 1; 92.23; 92.24; 92.26; 92.27; 92.29; 92.50, subdivision 1; 94.342, subdivision 3, and by adding subdivisions; 94.343, subdivisions 3 and 9; 94.344, subdivisions 1, 3, 7, and 10; 94.348; Minnesota Statutes 1987 Supplement, sections 84.0272; and 105.392, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 84 and 92; repealing Minnesota Statutes 1986, section 92.25.

Senate File No. 2214 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. Merriam moved that the Senate do not concur in the amendments by the House to S.F. No. 2214, 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.

### 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 Finance, to which was re-referred

S.F. No. 2221: A bill for an act relating to motor vehicles; motorcycles; increasing percentage of money appropriated from motorcycle safety fund to commissioner of public safety that may be spent for training and coordinating activities of instructors and making reimbursements to schools and others; increasing the fee for duplicate driver's license obtained to add a two-wheeled vehicle endorsement; increasing portion of two-wheeled endorsement license fee that is dedicated to the motorcycle safety fund; amending Minnesota Statutes 1986, sections 126.115, subdivision 3; and 171.06, subdivision 2a.

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

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

S.F. No. 2382: A bill for an act relating to commerce; clarifying certain procedures and fees relating to the statewide uniform commercial code computerized filing system; amending Minnesota Statutes 1987 Supplement, sections 336.9-407; 336.9-411; and 336.9-413.

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

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

S.F. No. 1719: A bill for an act relating to occupational safety and health; regulating penalties for violations; amending Minnesota Statutes 1986, section 182.666, subdivisions 3, 5a, and 7; Minnesota Statutes 1987 Supplement, section 182.666, subdivisions 1, 2, 4, and 5.

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

Page 1, line 15, delete "\$15,000" and insert "\$20,000"

Page 1, line 22, delete "\$1,500" and insert "\$2,000"

Page 1, line 25, delete "\$15,000" and insert "\$10,000"

Page 2, lines 6, 17, 24, and 28, delete "\$1,500" and insert "\$2,000"

Page 2, line 30, delete "\$300" and insert "\$400"

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

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

S.F. No. 2131: A bill for an act relating to the environment; prohibiting government units and vendors from purchasing and using chlorofluorocarbon-processed packaging materials; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116.

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

Page 1, line 14, delete "CFCS" and insert "CFC'S"

Page 1, lines 15 and 19, delete "CFCs" and insert "CFC's"

Page 2, line 24, delete "paragraph" and insert "section"

Page 3, line 2, delete "\$ . . . . ." and insert "\$25,000"

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

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

S.F. No. 1517: A bill for an act relating to traffic regulations; providing for allocation of civil fines for motor vehicle maximum weight violations; amending Minnesota Statutes 1986, section 169.871, subdivisions 3 and 5.

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

Amend the title as follows:

Page 1, line 4, before the semicolon, insert "in Hennepin county"

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

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

S.F. No. 1093: A bill for an act relating to employees; providing for a wage protection program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 181.

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

Page 2, line 4, after the period, insert "*Money in the fund is appropriated to the commissioner to make the payment.*"

Page 2, line 10, delete "*do all things reasonable*" and insert "*attempt*"

Page 2, line 19, after "*fund*" insert "*for transfer*"

Page 2, delete line 20

Page 2, line 21, delete "*into the*" and delete "*account for the purpose*" and insert a period

Page 2, delete lines 22 and 23

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

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

S.F. No. 1678: A bill for an act relating to natural resources; establishing a controlled burn program; requiring permits for controlled burns; providing assistance for controlled burns; establishing the position of controlled burn coordinator; appropriating money; 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 1, lines 12 and 18, delete "*shall*" and insert "*may*"

Page 1, line 14, delete "*prairie management*" and insert "*to manage the prairie.*"

Page 2, delete lines 1 to 4

Page 2, delete section 2

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete everything after "burns;"

Page 1, line 6, delete "coordinator; appropriating money;"

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

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

S.F. No. 2318: A bill for an act relating to natural resources; recodifying groundwater law; protecting groundwater; providing a cost-share program to protect abandoned wells; identifying fragile groundwater recharge areas; providing fragile groundwater recharge areas may be placed in the conservation reserve program; identification of wells on state property; prohibiting purchase of state land without identifying wells on the property; appropriating money; amending Minnesota Statutes 1986, sections 40.036, by adding a subdivision; 40.42, by adding a subdivision; 40.43, by adding subdivisions; Minnesota Statutes 1987 Supplement, section 40.43, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 40; proposing coding for new law as Minnesota Statutes, chapter 105E; repealing Minnesota Statutes 1986, sections 84.57; 84.58; 84.59; 84.60; 84.61; 84.611; 84.62; 84.621, subdivision 1; 156A.02; 156A.03; 156A.031, subdivision 1; 156A.04; 156A.05; 156A.06, subdivision 1; 156A.07, subdivisions 1, 2, 4, 5, 6, 7, 8, and 9; 156A.071; 156A.075; 156A.08; 156A.10; 156A.11; Minnesota Statutes 1987 Supplement, sections 105.416; 105.51; and 469.141.

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 1986, section 40.036, is amended by adding a subdivision to read:

*Subd. 1a. [ABANDONED WELLS.] (a) The state board shall, within the limits of available money, provide cost-sharing funds for a pilot project to seal abandoned wells and to properly abandon wells that are not subject to the abandonment requirements under chapter 156A. The cost-share contracts must be based on a state cost share of up to 75 percent for the project.*

*(b) The abandonment project must be implemented under procedures adopted by the state board that protects groundwater from further contamination from the well. The district board must certify the location of the wells that have been properly sealed with cost-share funds and forward the certification to the state board.*

*(c) The owner of a well that has been certified as being properly sealed is not liable for contamination of groundwater from the well that occurs after the well has been sealed if the owner has not disturbed or disrupted the sealed well.*

Sec. 2. [40.0371] [COST-SHARING CONTRACTS TO SEAL ABANDONED WELLS.]

*The board shall establish a pilot program to share the cost of projects to identify and permanently seal abandoned wells. The abandoned well projects must protect groundwater from pollution. The wells must be abandoned and sealed under chapter 156A unless the well is abandoned and sealed as an observation well.*

Sec. 3. [40.0372] [STATEWIDE ASSESSMENT.]

*The board, in consultation with the commissioner of natural resources, the commissioner of the pollution control agency, the commissioner of health, and the director of the Minnesota geological survey, shall assess*

geographical areas for a potential for groundwater pollution caused by abandoned wells. The assessment must include notice of the program and assessment that is published in newspapers of general circulation and opportunities for persons to report abandoned wells to the district board. Districts having staff trained in groundwater resources must assess areas within their districts, in cooperation with the board. The board shall provide financial and technical assistance to districts for projects that have been assessed as areas with a high potential for groundwater pollution caused by abandoned wells.

Sec. 4. [40.0373] [FINANCIAL AND TECHNICAL ASSISTANCE.]

*Subdivision 1. [FINANCIAL ASSISTANCE.] (a) The board must allocate at least 70 percent of available well abandonment cost-sharing funds to districts to share the cost of identifying or properly sealing abandoned wells in high-priority areas. Areas must be selected based on statewide priorities established by the board.*

*(b) Remaining cost-sharing funds may be allocated to districts for administrative expenses, not exceeding 20 percent of the funds, and sealing wells in lower-priority areas.*

*Subd. 2. [TECHNICAL ASSISTANCE.] The board may provide technical assistance to districts to efficiently and effectively develop and implement projects.*

Sec. 5. [40.0374] [ELIGIBILITY FOR ASSISTANCE.]

*Subdivision 1. [GENERALLY.] Only projects that are a part of, or responsive to, a district comprehensive or annual work plan are eligible for the assistance provided in section 4. After July 1, 1991, only projects that are a part of, or responsive to, a local water plan under chapter 110B or section 473.8785 are eligible for the assistance provided in section 4.*

*Subd. 2. [DOCUMENTS REQUIRED.] To be eligible for the assistance provided in section 4, a district must provide the board with:*

- (1) an application prescribed by the board;*
- (2) evidence that the district has consulted the local health department in preparing the application; and*
- (3) one of the following documents:*
  - (i) the comprehensive water plan authorized under chapter 110B;*
  - (ii) the county groundwater plan authorized under section 473.8785; or*
  - (iii) the district comprehensive or annual work plan that provides an inventory of existing physical and hydrologic information about the area, that provides general identification of water quality problems and goals, and that demonstrates a local commitment to water quality protection or improvement.*

Sec. 6. [40.0375] [BOARD REVIEW OF APPLICATIONS.]

*Subdivision 1. [RANKING OF APPLICATIONS.] The district boards must rank applications for technical and financial assistance in order of priority and within the limits of available funding and grant applications with the highest priority.*

*Subd. 2. [RANKING CRITERIA.] (a) The state board, in cooperation*

with the commissioner of natural resources, the commissioner of the pollution control agency, the commissioner of health, and other appropriate state agencies, must by rule adopt appropriate criteria for the district boards to determine the priority of projects. The criteria used to rank projects must include:

- (1) current use of the affected aquifer or aquifers for water supply;
- (2) projected water demand;
- (3) availability of alternate sources of drinking water;
- (4) proximity of potential contaminant sources;
- (5) aquifer susceptibility to contamination;
- (6) current contamination of the wells and the aquifer;
- (7) present and anticipated land use in the area;
- (8) well construction; and
- (9) suitability of the well for use as a monitoring well.

(b) The state board shall contact the commissioner of natural resources and the director of the Minnesota geological survey for locations where observation wells are needed.

#### Sec. 7. [40.0376] [IMPLEMENTATION.]

*Subdivision 1. [CONTRACTS BY DISTRICTS.] A district may contract on a cost-share basis to furnish financial aid to a land occupier to seal abandoned wells. Payment to a land occupier must not be made until the well, or wells, specified in the contract has been properly sealed by a licensed water well contractor. The district board must certify the location of the wells that have been properly sealed with cost-share funds, forward the certification to the state board and commissioner of health, and file the well abandonment certification with the county recorder or registrar of deeds where the abandoned well is located.*

*Subd. 2. [REVIEW BY BOARD.] The board or its designated representative may inspect a project at any reasonable time and must audit the cost-sharing funds expended by the district.*

#### Sec. 8. [40.0377] [RULES FOR COST-SHARING PROGRAM.]

*The board, in consultation with the commissioner of the department of health, must adopt rules specifying:*

- (1) procedures and criteria for allocating funds to districts for cost-sharing contracts;
- (2) standards and guidelines for all cost-sharing contracts;
- (3) scope and content of comprehensive plans, plan amendments, and annual work plans, which districts submit under section 40.07, subdivision 9;
- (4) standards and methods necessary to plan and implement a priority cost-sharing program, including guidelines to identify high-priority areas;
- (5) the share of the cost of sealing abandoned wells to be paid from cost-sharing funds; and
- (6) requirements for districts to document their efforts to identify and

*contact land occupiers in high-priority areas.*

Sec. 9. Minnesota Statutes 1986, section 40.42, is amended by adding a subdivision to read:

*Subd. 4a. [SUSCEPTIBLE GROUNDWATER RECHARGE AREA.] "Susceptible groundwater recharge area" means an area of land with unique hydrogeological characteristics that make the area highly susceptible to groundwater contamination from land use practices.*

Sec. 10. Minnesota Statutes 1987 Supplement, section 40.43, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE LAND.] (a) Land may be placed in the conservation reserve program if the land:

(1) is marginal agricultural land, or is adjacent to marginal agricultural land and is either beneficial to resource protection or necessary for efficient recording of the land description, or consists of a drained wetland, or is land that with a windbreak would be beneficial to resource protection, or is land consisting of a susceptible groundwater recharge area. Cropland adjacent to the restored wetland may also be enrolled to the extent of up to four acres of cropland for each acre of wetland restored;

(2) was owned by the landowner on January 1, 1985, or was owned by the landowner, or a parent or other blood relative of the landowner, for at least three years before the date of application;

(3) is at least five acres in size, except for a windbreak, or is a whole field as defined by the United States Agricultural Stabilization and Conservation Services;

(4) is not set aside, enrolled or diverted under another federal or state government program; and

(5) was in agricultural crop production for at least two years during the period 1981 to 1985.

(b) The enrolled land of a landowner may not exceed 20 percent of the landowner's total agricultural land acreage in the state, if the landowner owns at least 200 acres of agricultural land as defined by section 500.24, subdivision 2. If a landowner owns less than 200 acres of agricultural land the amount that may be enrolled in the conservation reserve is:

~~(a)~~ (1) all agricultural land owned, if 20 acres or less; or

~~(b)~~ (2) if the total agricultural land owned is more than 20 acres but less than 200 acres, 20 acres plus ten percent of the balance of the agricultural land.

(c) In selecting land for enrollment in the program, highest priority must be given to permanent easements that are consistent with the purposes stated in section 40.41.

Sec. 11. Minnesota Statutes 1986, section 40.43, is amended by adding a subdivision to read:

*Subd. 2a. [SUSCEPTIBLE GROUNDWATER RECHARGE AREA DESIGNATION.] The commissioner of natural resources, in cooperation with the board of water and soil resources, the director of the Minnesota geological survey, and the commissioner of the pollution control agency, shall develop criteria for identifying susceptible groundwater recharge areas by*



December 31, 1988, and provide maps identifying susceptible recharge areas to the board for use in administration of the pilot conservation reserve program for protecting susceptible groundwater recharge areas.

Sec. 12. Minnesota Statutes 1986, section 40.43, is amended by adding a subdivision to read:

*Subd. 8. [CORRECTION OF CONSERVATION EASEMENT BOUNDARY LINES.] To correct errors in legal descriptions for easements obtained that affect the ownership interests in the state and adjacent landowners, the commissioner may, in the name of the state, with the approval of the attorney general, convey, without consideration, interests of the state necessary to correct legal descriptions of boundaries. The conveyance must be by quitclaim deed or release in a form approved by the attorney general.*

Sec. 13. [40.435] [LIABILITY AFTER PROTECTION OF SUSCEPTIBLE GROUNDWATER RECHARGE AREA.]

*A landowner is not liable for contamination of groundwater through a susceptible groundwater recharge area occurring after a project is implemented if:*

*(1) the soil and water conservation district adopts a plan protecting the groundwater recharge area;*

*(2) projects or practices are implemented according to the plan and certified as being implemented by the district;*

*(3) unlawful practices are not allowed by the landowner on the property subject to the plan; and*

*(4) after implementation the project and practices are maintained according to the plan.*

Sec. 14. [105E.50] [GROUNDWATER DEGRADATION PROHIBITED.]

*It is the policy of the state that the state, a state agency, or a person may not allow degradation of groundwater in the state.*

Sec. 15. [105E.51] [IDENTIFICATION OF WELLS ON STATE PROPERTY.]

*Subdivision 1. [PLAN AND APPROPRIATION REQUEST FOR WELL SEALING.] In each budget year of a biennium, the commissioner must present a plan and an appropriation request to properly seal wells on state property.*

*Subd. 2. [PROHIBITION ON STATE LAND PURCHASES WITHOUT WELL IDENTIFICATION.] The state may not purchase or sell real property or an interest in real property without identifying the location of all wells in use and abandoned on the property and making provisions to have the wells properly abandoned at the cost of the seller as part of the contract and deed for sale. A transfer of land is void if this subdivision is not complied with.*

Sec. 16. [156A.055] [ABANDONED WELLS.]

*The state, a person, or other legal entity must seal or abandon a water well that is not in use under rules of the commissioner if the water well:*

*(1) has not been used to withdraw water for more than ten years;*

*(2) is in such disrepair as to prevent use to obtain groundwater in a*

*practical manner; or*

*(3) is not in use and is a health hazard or allows contamination of groundwater.*

Sec. 17. [APPROPRIATION.]

*\$250,000 is appropriated from the general fund to the board of water and soil resources to be available until June 30, 1989. \$55,800 is to conduct a statewide well abandonment assessment and to administer the pilot grant program for well abandonment. \$97,100 is for grants for the pilot project to identify and seal abandoned wells. \$97,100 is for the pilot project for conservation easements on susceptible groundwater recharge areas."*

Delete the title and insert:

"A bill for an act relating to natural resources; providing for a cost-share program to protect abandoned wells; identifying susceptible groundwater recharge areas; providing that susceptible groundwater recharge areas may be placed in the conservation reserve program; appropriating money; amending Minnesota Statutes 1986, sections 40.036, by adding a subdivision; 40.42, by adding a subdivision; 40.43, by adding subdivisions; Minnesota Statutes 1987 Supplement, section 40.43, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 40; 105E; and 156A."

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

Mr. Merriam from the Committee on Finance, to which was referred

H.F. No. 2108: A bill for an act relating to state government; ratifying labor agreements, compensation plans, and salaries for state employees, and salaries for certain employees of metropolitan agencies; limiting the number of highway patrol supervisors; amending Minnesota Statutes 1986, section 299D.03, subdivision 2.

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

Page 4, line 17, delete "*Sections 1 and 2 are*" and insert "*This act is*"

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

Mr. Merriam from the Committee on Finance, to which was referred

H.F. No. 1399: A bill for an act relating to economic development; authorizing certain entities involved in economic development to participate in secondary markets; authorizing the use of appropriated money for secondary market purposes; amending Minnesota Statutes 1986, sections 116M.04, by adding a subdivision; 116M.08, by adding a subdivision; 362A.03, by adding a subdivision; 458.192, by adding a subdivision; 458C.14, by adding a subdivision; and 462.445, subdivision 4.

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 1987 Supplement, section 41A.023, is amended to read:

41A.023 [POWERS.]

In addition to other powers granted by this chapter, the board may:

- (1) sue and be sued;
- (2) acquire, hold, lease, and transfer any interest in real and personal property for its corporate purposes;
- (3) sell at public or private sale, *at the price or prices determined by the board, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual;*
- (4) obtain insurance on its property;
- (5) obtain municipal bond insurance, letters of credit, surety obligations, or similar agreements from financial institutions;
- (6) enter into other agreements or transactions, without regard to chapter 16B, that the board considers necessary or appropriate to carry out the purposes of this chapter with federal or state agencies, political subdivisions of the state, or other persons, firms, or corporations;
- (7) establish and collect fees without regard to chapter 14 and section 16A.128;
- (8) accept appropriations, gifts, grants, and bequests;
- (9) use money received from any source for any legal purpose or program of the board;
- (10) participate in loans for agricultural resource projects in accordance with section 41A.035;
- (11) provide small business development loans in accordance with section 41A.036; and
- (12) guarantee or insure bonds or notes issued by the board.

Sec. 2. Minnesota Statutes 1987 Supplement, section 116J.982, is amended by adding a subdivision to read:

*Subd. 6a. [SECONDARY MARKET.] A community development corporation may sell, at private or public sale, at the price or prices determined by the corporation, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual.*

Sec. 3. Minnesota Statutes 1987 Supplement, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers

include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for

improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make, or agree to make, payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, that it finds consistent with the purposes of sections 469.001 to 469.047;

(11) to cooperate with or act as agent for the federal government, the state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low or moderate income persons pursuant to section 469.029, subdivision 9, for the period of time necessary to complete the rehabilitation, as determined by the authority; ~~and~~

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5); *and*

*(29) to sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 469.059, is amended by adding a subdivision to read:

*Subd. 17. [SECONDARY MARKET.] The port authority may sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual.*

Sec. 5. Minnesota Statutes 1987 Supplement, section 469.101, is amended by adding a subdivision to read:

*Subd. 22. [SECONDARY MARKET.] An authority may sell, at private or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual.*

Sec. 6. Minnesota Statutes 1987 Supplement, section 469.146, is amended by adding a subdivision to read:

*Subd. 3. [SECONDARY MARKET.] An authority may sell, at private*

*or public sale, at the price or prices determined by the authority, any note, mortgage, lease, sublease, lease purchase, or other instrument or obligation evidencing or securing a loan made for the purpose of economic development, job creation, redevelopment, or community revitalization by a public agency to a business, for-profit or nonprofit organization, or an individual.*

**Sec. 7. [AUTHORITY TO USE AGRICULTURAL AND ECONOMIC DEVELOPMENT FUND.]**

*The Minnesota agricultural and economic development board may use up to \$500,000 of the money in the agricultural and economic development fund created in Minnesota Statutes, section 41A.05, subdivision 1, to make a grant to an organization that is engaged, or is planning to be engaged, in the purchase, packaging, insurance, or sale of loans, securities, or other obligations that are secured by loans primarily made for economic development purposes. The money authorized by this section must be used to establish a credit reserve to support a secondary market for economic development, job creation, redevelopment, or community revitalization loans. In the selection of the organization to receive the grant, the Minnesota agricultural and economic development board must consider the potential for raising private money to supplement the money of the Minnesota agricultural and economic development fund."*

Amend the title as follows:

Page 1, delete lines 6 to 10 and insert "amending Minnesota Statutes 1987 Supplement, sections 41A.023; 116J.982, by adding a subdivision; 469.012, subdivision 1; 469.059, by adding a subdivision; 469.101, by adding a subdivision; and 469.146, by adding a subdivision."

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

**SECOND READING OF SENATE BILLS**

S.F. Nos. 2221, 2382, 1719, 2131, 1517, 1093, 1678 and 2318 were read the second time.

**SECOND READING OF HOUSE BILLS**

H.F. Nos. 2108 and 1399 were read the second time.

**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. 1727: Ms. Piper, Messrs. Beckman and Marty.

H.F. No. 2038: Messrs. Freeman, Morse and Renneke.



S.F. No. 2165: Messrs. Dahl, Lessard and Ms. Olson.

S.F. No. 1610: Messrs. Bertram, Mehrkens and Merriam.

S.F. No. 1955: Messrs. Novak; Moe, D.M. and Marty.

S.F. No. 2214: Messrs. Merriam; Peterson, R.W. and Frederickson, D.R.

S.F. No. 1608: Messrs. Pogemiller, Frank and Gustafson.

S.F. No. 2122: Messrs. Peterson, R.W.; Cohen and Knaak.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MEMBERS EXCUSED

Mr. Chmielewski was excused from the Session of today from 12:30 to 2:00 p.m. Mr. Gustafson was excused from the Session of today from 1:00 to 4:00 and 4:15 to 6:15 p.m. Mr. Bernhagen was excused from the Session of today from 2:30 to 4:00 p.m. Ms. Reichgott was excused from the Session of today from 2:30 to 4:00 and 5:00 to 8:30 p.m. Mr. Pogemiller was excused from the Session of today from 2:30 to 4:00 p.m. Ms. Piper was excused from the Session of today from 2:30 to 3:40 p.m. Mr. Laidig was excused from the Session of today from 5:00 to 5:30 p.m. Mr. Brandl was excused from the Session of today from 5:40 to 8:30 p.m. Mr. Novak was excused from the Session of today from 6:15 to 8:30 p.m. Mr. Spear was excused from the Session of today at 7:40 p.m. Mr. Hughes was excused from the Session of today at 6:30 p.m. Ms. Berglin was excused from the Session of today at 8:00 p.m. Mr. Storm was excused from the Session of today at 8:00 p.m. Mr. Knaak was excused from the Session of today at 8:15 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 1:00 p.m., Friday, April 8, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**EIGHTY-THIRD DAY**

St. Paul, Minnesota, Friday, April 8, 1988

The Senate met at 1:00 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, Sister Frances Nosbisch.

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

Adkins	Davis	Jude	Metzen	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Samuelson
Beckman	DeCramer	Knutson	Moe, R.D.	Schmitz
Belanger	Dicklich	Kroening	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berg	Frank	Langseth	Olson	Storm
Berglin	Frederick	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Brandl	Freeman	Luther	Piper	Waldorf
Brataas	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.J.	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.

April 7, 1988

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. 1622.

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 Files, herewith returned: S.F. Nos. 2243, 1695, 1834 and 1879.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

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. 1582: A bill for an act relating to marriage dissolution; providing for child support and maintenance enforcement; specifying conditions for judgment by operation of law; amending Minnesota Statutes 1986, sections 256.87, subdivisions 1, 1a, and 6; 257.66, subdivision 5; 518.55, subdivision 2, and by adding a subdivision; 518.551, subdivision 9; 518C.17, subdivision 1; 548.091, subdivisions 2, 3, and by adding subdivisions; and Minnesota Statutes 1987 Supplement, section 548.091, subdivision 1.

Senate File No. 1582 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Ms. Berglin moved that S.F. No. 1582 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. 1328: A bill for an act relating to public safety; altering certain requirements concerning fencing of unused mine pits and shafts; providing modification to certain public and private liability laws; providing penalties; amending Minnesota Statutes 1986, sections 87.024; 180.01; 180.03, subdivisions 2 and 3; 180.06; 180.10; 466.03, subdivisions 6c and 13; Minnesota Statutes 1987 Supplement, sections 3.732, subdivision 1; and 3.736, subdivision 3.

Senate File No. 1328 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

### CONCURRENCE AND REPASSAGE

Mr. Dicklich moved that the Senate concur in the amendments by the House to S.F. No. 1328 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1328: A bill for an act relating to public safety; altering certain requirements concerning fencing of unused mine pits and shafts; providing modification to certain public and private liability laws; providing penalties; amending Minnesota Statutes 1986, sections 3.732, subdivision 1; 3.736, subdivision 3; 87.024; 180.01; 180.03, subdivisions 2 and 3; 180.06; 180.10; 466.03, subdivisions 6c and 13.

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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knaak	Metzen	Renneke
Beckman	DeCramer	Knutson	Moe, R. D.	Samuelson
Belanger	Dicklich	Kroening	Novak	Schmitz
Benson	Diessner	Laidig	Olson	Solon
Berg	Frank	Langseth	Pehler	Spear
Berglin	Frederickson, D.J.	Lantry	Peterson, D.C.	Storm
Bernhagen	Frederickson, D.R.	Larson	Peterson, R. W.	Stumpf
Bertram	Gustafson	Lessard	Piper	Vickerman
Brandl	Hughes	Luther	Pogemiller	Waldorf
Chmielewski	Johnson, D.E.	Marty	Purfeerst	
Dahl	Johnson, D.J.	McQuaid	Ramstad	
Davis	Jude	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 Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1871: A bill for an act relating to family law; prohibiting certain false allegations of child abuse; regulating child custody hearings; providing a penalty; amending Minnesota Statutes 1986, section 518.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 609.

Senate File No. 1871 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. Ramstad moved that the Senate do not concur in the amendments by the House to S.F. No. 1871, 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. 1620: A bill for an act relating to human services; regulating payments for certain services for adults with mental retardation and related conditions; providing protection for the mentally retarded; providing for therapeutic work activities; negotiating medical assistance utilization review

appeals; regulating child support; amending Minnesota Statutes 1986, section 246.56; Minnesota Statutes 1987 Supplement, sections 252.41, subdivision 7; 252.46, subdivisions 1, 2, 3, 4, 5, and 12; 252.47; 252A.111, subdivision 6; 254B.05, subdivision 1; 254B.09, subdivision 5; 256B.04, subdivision 15; and 518.64, subdivision 2.

Senate File No. 1620 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

### CONCURRENCE AND REPASSAGE

Ms. Piper moved that the Senate concur in the amendments by the House to S.F. No. 1620 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1620 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Knaak	Metzen	Reichgott
Beckman	Diessner	Knutson	Moe, D.M.	Renneke
Belanger	Frank	Kroening	Moe, R.D.	Samuelson
Benson	Frederick	Laidig	Novak	Schmitz
Berg	Frederickson, D.J.	Langseth	Olson	Solon
Berglin	Frederickson, D.R.	Lantry	Pehler	Spear
Bernhagen	Freeman	Larson	Peterson, D.C.	Storm
Bertram	Gustafson	Lessard	Peterson, R.W.	Stumpf
Brandl	Hughes	Luther	Piper	Vickerman
Dahl	Johnson, D.E.	Marty	Pogemiller	Waldorf
Davis	Johnson, D.J.	McQuaid	Purfeerst	
Decker	Jude	Merriam	Ramstad	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2102: A bill for an act relating to the city of Minneapolis; authorizing the Minneapolis park and recreation board to establish compensation for its members; amending Laws 1974, chapter 181, section 1, as amended.

Senate File No. 2102 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

### CONCURRENCE AND REPASSAGE

Mr. Kroening moved that the Senate concur in the amendments by the House to S.F. No. 2102 and that the bill be placed on its repassage as amended.

Mr. Moe, D.M. moved that the Senate do not concur in the amendments by the House to S.F. No. 2102, 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. Kroening. The motion prevailed.

S.F. No. 2102: A bill for an act relating to the city of Minneapolis; authorizing the Minneapolis park and recreation board to establish compensation for its members; providing for postretirement payments for Minneapolis police officers and Minneapolis firefighters, their surviving spouses and dependents; amending Laws 1949, chapter 406, section 5, by adding a subdivision; and Laws 1974, chapter 181, section 1, as amended.

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 4, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Lessard	Purfeerst
Anderson	Davis	Johnson, D.E.	Luther	Ramstad
Beckman	Decker	Johnson, D.J.	McQuaid	Reichgott
Belanger	DeCramer	Jude	Metzen	Renneke
Benson	Dicklich	Knaak	Moe, R.D.	Samuelson
Berg	Diessner	Knutson	Morse	Schmitz
Berglin	Frank	Kroening	Novak	Solon
Bernhagen	Frederickson, D.J.	Laidig	Pehler	Spear
Bertram	Frederickson, D.R.	Langseth	Peterson, D.C.	Storm
Brandl	Freeman	Lantry	Piper	Stumpf
Chmielewski	Gustafson	Larson	Pogemiller	Vickerman

Messrs. Marty; Moe, D.M.; Peterson, R.W. and Waldorf voted in the negative.

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 335: A bill for an act relating to occupations and professions; authorizing physical therapy treatment without referral by a physician; prohibiting certain business relationships in the practice of physical therapy; amending Minnesota Statutes 1986, sections 148.74; 148.75; and 148.76, subdivision 2.

Senate File No. 335 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

### CONCURRENCE AND REPASSAGE

Mr. Brandl moved that the Senate concur in the amendments by the House to S.F. No. 335 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 335: A bill for an act relating to occupations and professions; regulating continuing education for physical therapists; specifying the amounts of certain fees; specifying certain grounds for disciplinary action; prohibiting certain business relationships in the practice of physical therapy; regulating physical therapy treatment without referral by a physician; amending Minnesota Statutes 1986, sections 148.70; 148.73; 148.74; 148.75; and 148.76, subdivision 2.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Mehrkens	Ramstad
Anderson	Decker	Jude	Merriam	Reichgott
Beckman	DeCramer	Knaak	Metzen	Renneke
Belanger	Dicklich	Knutson	Moe, D.M.	Samuelson
Benson	Diessner	Kroening	Moe, R.D.	Schmitz
Berg	Frank	Laidig	Morse	Solon
Berglin	Frederick	Langseth	Novak	Spear
Bernhagen	Frederickson, D.J.	Lantry	Pehler	Storm
Bertram	Frederickson, D.R.	Larson	Peterson, D.C.	Stumpf
Brandl	Freeman	Lessard	Peterson, R.W.	Vickerman
Chmielewski	Gustafson	Luther	Piper	Waldorf
Cohen	Hughes	Marty	Pogemiller	
Dahl	Johnson, D.E.	McQuaid	Purfeerst	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2150: A bill for an act relating to state contracts; prohibiting the state from requiring Indian tribes or bands to deny their sovereignty to contract with the state; amending Minnesota Statutes 1986, section 16B.06, by adding a subdivision.

Senate File No. 2150 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. Davis moved that the Senate do not concur in the amendments by the House to S.F. No. 2150, 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. 2323: A bill for an act relating to financial institutions; authorizing certain investments for banks; amending Minnesota Statutes 1986, sections 48.152, subdivision 10; 48.24, subdivision 5; and 48.61, by adding a subdivision.

Senate File No. 2323 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. Moe, R.D. moved that S.F. No. 2323 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. 2255: A bill for an act relating to agriculture; extending certain benefits under the family farm security act; amending Minnesota Statutes 1986, section 41.57, subdivision 4.

Senate File No. 2255 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. Vickerman moved that the Senate do not concur in the amendments by the House to S.F. No. 2255, 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.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Waldorf moved that the following members be excused for a Conference Committee on S.F. No. 2569 at 3:00 p.m.:

Messrs. Dicklich, Dahl, Taylor, Waldorf and Mrs. Brataas. The motion prevailed.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following



Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2119: A bill for an act relating to child abuse reporting; clarifying the assessment duties of the local welfare agency; providing for the retention of records in certain circumstances; amending Minnesota Statutes 1986, section 626.556, subdivisions 5, 10d, and by adding subdivisions; and Minnesota Statutes 1987 Supplement, section 626.556, subdivision 11.

Senate File No. 2119 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. Spear moved that the Senate do not concur in the amendments by the House to S.F. No. 2119, 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. 1783: A bill for an act relating to motor vehicles; requiring mandatory annual inspection of motor vehicle emission control equipment on vehicles registered in the metropolitan area; prescribing powers and duties of the pollution control agency and the department of public safety; imposing fees for inspection; prescribing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116.

Senate File No. 1783 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

### CONCURRENCE AND REPASSAGE

Ms. Reichgott moved that the Senate concur in the amendments by the House to S.F. No. 1783 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1783 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 43 and nays 18, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.E.	Marty	Purfeerst
Anderson	DeCramer	Johnson, D.J.	Merriam	Reichgott
Beckman	Dicklich	Jude	Moe, R.D.	Spear
Berglin	Diessner	Knaak	Novak	Stumpf
Bernhagen	Frederickson, D.J.	Laidig	Olson	Taylor
Brandl	Frederickson, D.R.	Langseth	Pehler	Vickerman
Brataas	Freeman	Lantry	Peterson, D.C.	Waldorf
Cohen	Gustafson	Larson	Peterson, R.W.	
Davis	Hughes	Luther	Piper	

Those who voted in the negative were:

Belanger	Chmielewski	Kroening	Metzen	Schmitz
Benson	Dahl	Lessard	Ramstad	Storm
Berg	Frank	McQuaid	Renneke	
Bertram	Knutson	Mehrkens	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 Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1742: A bill for an act relating to agriculture; clarifying a time-price offer; allowing a preceding former owner to convey the right to receive an offer to buy or lease previously owned agricultural land; restricting the sale or inducement of a sale of agricultural land by a preceding former owner accepting an offer for one year; providing penalties and liability for damages; restricting the period for a debtor to receive a copy of a forbearance policy; amending Minnesota Statutes 1987 Supplement, sections 500.24, subdivisions 6 and 7; and 583.24, subdivision 4.

Senate File No. 1742 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. Berg moved that the Senate do not concur in the amendments by the House to S.F. No. 1742, 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. 1661: A bill for an act relating to charitable gambling; changing the definition of lawful purpose expenditures; clarifying the definition of organization; increasing the percentage of profit that may be used for expenses for certain organizations; licensing bingo halls; changing the definition of bingo occasion; requiring organizations to be directly responsible for the conducting of bingo; changing the definition of gross receipts for the purposes of bingo; changing the prize limits for bingo; amending

Minnesota Statutes 1986, sections 349.19, subdivision 1; 349.211, subdivision 1; Minnesota Statutes 1987 Supplement, sections 349.12, subdivisions 11 and 12; 349.15; 349.17, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1986, section 349.211, subdivision 2.

Senate File No. 1661 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mrs. Lantry moved that the Senate do not concur in the amendments by the House to S.F. No. 1661, 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 that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2071: A bill for an act relating to crimes; requiring a neighborhood impact statement to be submitted as part of the presentence investigation report for controlled substance offenses; amending Minnesota Statutes 1987 Supplement, section 609.115, subdivision 1.

There has been appointed as such committee on the part of the House: Jefferson, McKasy and Kelly.

Senate File No. 2071 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2137: A bill for an act relating to education; modifying certain requirements relating to school health services; amending Minnesota Statutes 1986, section 123.35, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 126; repealing Minnesota Statutes 1987 Supplement, sections 123.35, subdivision 16; and 126.201.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Kelso, Vellenga and Otis have been appointed as such committee on the part of the House.

House File No. 2137 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1769: A bill for an act relating to human rights; clarifying marital status discrimination and housing discrimination; enforcing comparable worth and affirmative action requirements; making procedural and administrative changes; amending Minnesota Statutes 1986, sections 363.01, by adding a subdivision; 363.02, subdivision 2a, and by adding a subdivision; 363.03, subdivision 2; 363.06, subdivision 3; 363.073, subdivisions 1 and 3; 363.091; 363.121; and 363.14, subdivisions 1 and 3; Minnesota Statutes 1987 Supplement, sections 363.06, subdivision 1; and 363.071, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 363.

There has been appointed as such committee on the part of the House: Solberg, Kelly and Bishop.

Senate File No. 1769 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2491: A bill for an act relating to metropolitan government; establishing various requirements on agency organization, work programs, budgets, and reports; amending Minnesota Statutes 1986, sections 473.13, subdivision 1, and by adding a subdivision; 473.146, subdivision 3; 473.173, subdivision 6; 473.38, by adding a subdivision; Minnesota Statutes 1987 Supplement, section 473.1623, subdivisions 4 and 6.

There has been appointed as such committee on the part of the House: Carruthers, Osthoff and Olsen, S.

Senate File No. 2491 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 7, 1988

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2568:

H.F. No. 2568: A bill for an act relating to agriculture; providing for terms and compensation for members of the Minnesota agricultural and economic development board; changing and clarifying the small business development loan portion of the agricultural resource loan guarantee program; establishing requirements for revenues that can be used in a local revolving fund; amending Minnesota Statutes 1987 Supplement, sections 41A.02, subdivisions 3 and 16; 41A.036, by adding subdivisions; and 116N.08, subdivision 8.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Olson, K.; Redalen and Cooper have been appointed as such committee on the part of the House.

House File No. 2568 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 April 7, 1988

Mr. Beckman moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2568, 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 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. 1526:

H.F. No. 1526: A bill for an act relating to transportation; defining motor vehicle; providing for brakes on motor vehicles manufactured after June 30, 1988; amending Minnesota Statutes 1986, sections 168.011, subdivision 4; and 169.67, subdivisions 3 and 4.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Bauerly, Uphus and Kalis have been appointed as such committee on the part of the House.

House File No. 1526 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 April 7, 1988

Mr. DeCramer moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1526, and that a Conference Committee of 3 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. 2185:

H.F. No. 2185: A bill for an act relating to game and fish; adjusting the height of deer stands; regulating placing decoys in public waters or on public lands; amending Minnesota Statutes 1986, sections 97B.325; and 97B.811.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Sparby, Kahn and Munger have been appointed as such committee on the part of the House.

House File No. 2185 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 April 7, 1988

Mr. Stumpf moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2185, 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 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. 421:

H.F. No. 421: A bill for an act relating to health; authorizing the commissioner of health to issue subpoenas in certain instances; proposing coding for new law in Minnesota Statutes, chapter 144.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Ogren, Bishop and Dempsey have been appointed as such committee on the part of the House.

House File No. 421 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 April 7, 1988

Mr. Chmielewski moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 421, 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 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. 1851:

H.F. No. 1851: A bill for an act relating to local government; regulating duties of town officers; setting town powers; amending Minnesota Statutes 1986, sections 18.272; 465.71; and 471.653; and Minnesota Statutes 1987 Supplement, section 115A.921; and repealing Minnesota Statutes 1986, section 365.03.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Bauerly, Jennings and Anderson, R. have been appointed as such committee on the part of the House.

House File No. 1851 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 April 7, 1988

Mr. Vickerman moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1851, 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 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. 1943:

H.F. No. 1943: A bill for an act relating to state lands; permitting the sale of certain tax-forfeited lands that border public waters in the city of Aitkin.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Ogren, Steensma and Carlson, D. have been appointed as such committee on the part of the House.

House File No. 1943 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 April 7, 1988

Mr. Chmielewski moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1943, 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 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. 2036:

H.F. No. 2036: A bill for an act relating to crimes; prohibiting possession of fireworks; increasing penalties for selling or possessing certain quantities of fireworks; providing penalties; amending Minnesota Statutes 1986, sections 624.21; 624.23; and 624.25.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Carruthers, Milbert and Kelly have been appointed as such committee on the part of the House.

House File No. 2036 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 April 8, 1988

Mr. Luther moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2036, 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 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. 2344:

H.F. No. 2344: A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; creating and modifying agencies and functions; fixing and limiting fees; requiring studies and reports; appropriating money; amending Minnesota Statutes 1986, sections 3.9223, subdivision 5; 3.9225, subdivision 5; 3.9226, subdivision 5; 16B.24, by adding a subdivision; 88.22, by adding a subdivision; 89.001, by adding a subdivision; 89.19; 116.48, by adding subdivisions; 116J.615, by adding a subdivision; 296.16, by adding a subdivision; and 296.421, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.732, subdivision 1; 3.885; 85.055, subdivision 1; 105.44, subdivision 10; 115C.02, subdivision 13; 116C.712, subdivision 5; 116J.941, subdivision 1; 116O.03, subdivision 2; 116O.04, subdivision 1; 116O.06, subdivision 1; and 480.241, subdivision 2; Laws 1985, First Special Session chapter 15, section 4, subdivision 6; Laws 1987, chapter 357, section 27, subdivision 2; Laws 1987, chapter 404, sections 20, subdivision 6; and 22, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 89; 115C; 424A; and 446A; repealing Minnesota Statutes 1987 Supplement, section 161.52.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Kahn, Krueger, Battaglia, Bishop and Solberg have been appointed as such committee on the part of the House.

House File No. 2344 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 April 8, 1988

Mr. Kroening moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2344, 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. 2291, 2520 and 2526.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 7, 1988

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2291: A bill for an act relating to state agencies; amending, enacting and repealing certain laws administered by the department of administration; increasing the powers of the state board for community colleges; changing the criteria for board membership; amending Minnesota Statutes 1986, sections 15.0591, subdivision 2; 15.50, by adding a subdivision; 16A.41, subdivision 1; 16B.07, subdivisions 2 and 3; 16B.08, subdivision 4; 16B.09, subdivision 3; 16B.24, by adding subdivisions; 16B.28; 16B.42, subdivision 1; 16B.48, subdivision 2; 16B.54, subdivision 8; 16B.55, subdivisions 3 and 6; 16B.65, subdivision 3; 16B.85; 94.12; 136.61, subdivision 1; 136.622; 136.67, subdivision 2; 214.07, subdivision 1; 268.0122, by adding a subdivision; and 382.153; Minnesota Statutes 1987 Supplement, sections 16B.09, subdivision 1; 16B.67; 115A.15, subdivision 6; and 168.012, subdivision 1; Laws 1987, chapter 365, section 24; proposing coding for new law in Minnesota Statutes, chapters 16B and 136; repealing Minnesota Statutes 1986, sections 15.38; 16B.29; and 214.07, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2059, now on Special Orders.

H.F. No. 2520: A bill for an act relating to commerce; clarifying certain procedures and fees relating to the statewide uniform commercial code computerized filing system; amending Minnesota Statutes 1987 Supplement, sections 336.9-407; 336.9-411; and 336.9-413.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2382, now on Special Orders.

H.F. No. 2526: A bill for an act relating to consumer protection; regulating the provision of real estate closing services; amending Minnesota Statutes 1986, sections 82.17, by adding a subdivision; and 481.02, subdivision 3,

and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 507.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2489, now on Special Orders.

### REPORTS OF COMMITTEES

Mr. Merriam 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

H.F. No. 2654 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2654	2413				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2654 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2654 and insert the language after the enacting clause of S.F. No. 2413; further, delete the title of H.F. No. 2654 and insert the title of S.F. No. 2413.

And when so amended H.F. No. 2654 will be identical to S.F. No. 2413, and further recommends that H.F. No. 2654 be given its second reading and substituted for S.F. No. 2413, 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. 1000 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1000	1837				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1000 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1000 and insert the language after the enacting clause of S.F. No. 1837, the second engrossment; further, delete the title of H.F. No. 1000 and insert the title of S.F. No. 1837, the second engrossment.

And when so amended H.F. No. 1000 will be identical to S.F. No. 1837, and further recommends that H.F. No. 1000 be given its second reading and substituted for S.F. No. 1837, 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. 1656 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1656	1517				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1656 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1656 and insert the language after the enacting clause of S.F. No. 1517, the second engrossment; further, delete the title of H.F. No. 1656 and insert the title of S.F. No. 1517, the second engrossment.

And when so amended H.F. No. 1656 will be identical to S.F. No. 1517, and further recommends that H.F. No. 1656 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. 1925 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1925	2093				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1925 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1925 and insert the language after the enacting clause of S.F. No. 2093, the first engrossment; further, delete the title of H.F. No. 1925 and insert the title of S.F. No. 2093, the first engrossment.

And when so amended H.F. No. 1925 will be identical to S.F. No. 2093, and further recommends that H.F. No. 1925 be given its second reading and substituted for S.F. No. 2093, 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. 2138 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2138	1628				

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. No. 2572 was read the second time.

### SECOND READING OF HOUSE BILLS

H.F. Nos. 2654, 1000, 1656, 1925 and 2138 were read the second time.

### MOTIONS AND RESOLUTIONS

Messrs. Luther, Jude and Merriam introduced—

Senate Resolution No. 137: A Senate resolution congratulating the Orioles Boys' Basketball Team from Osseo High School for winning third place in the 1988 State High School Basketball Tournament.

Referred to the Committee on Rules and Administration.

Mr. Bertram introduced—

Senate Resolution No. 138: A Senate resolution congratulating the Spartans Boys' Basketball Team from Rocori High School for winning the 1988 State High School Class AA Basketball Championship.

Referred to the Committee on Rules and Administration.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1980, and repassed said bill in accordance with the report of the Committee,

so adopted.

House File No. 1980 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 8, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1980

A bill for an act relating to highways; designating I-90 as AMVETS memorial highway; adding, deleting, and substituting routes on the trunk highway system; amending Minnesota Statutes 1986, section 161.14, by adding a subdivision.

April 4, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1980, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Henry J. Kalis, David T. Bishop, Kenneth J. Kludt

Senate Conferees: (Signed) Tracy L. Beckman, Jim M. Vickerman, Earl W. Renneke

Mr. Beckman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1980 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1980 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.I.	McQuaid	Peterson, R.W.
Anderson	Davis	Jude	Mehrkens	Piper
Beckman	Decker	Knaak	Merriam	Pogemiller
Belanger	DeCramer	Knutson	Metzen	Purfeerst
Benson	Diessner	Kroening	Moe, D.M.	Ramstad
Berg	Frank	Laidig	Moe, R.D.	Renneke
Berglin	Frederickson, D.J.	Langseth	Morse	Samuelson
Bernhagen	Frederickson, D.R.	Lantry	Novak	Schmitz
Bertram	Gustafson	Larson	Olson	Spear
Brandl	Hughes	Lessard	Pehler	Stumpf
Chmielewski	Johnson, D.E.	Luther	Peterson, D.C.	Vickerman

So the bill, as amended by the Conference Committee, was repassed and

its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1846, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1846 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 8, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1846

A bill for an act relating to environment; authorizing inspection of certain records kept by waste facilities; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 115A.

April 7, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1846, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recedes from its amendment and that H.F. No. 1846 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [115A.882] [INSPECTION OF RECORDS.]

*A person authorized by a county in which a designation is effective may, upon presentation of identification and without a search warrant, inspect or copy records of an owner or operator of any waste facility in the state that contain information regarding the volume, type, origin, and weight of the waste received by the facility, and the date and time of weighing. A person who fails to open for inspection and copying the records referred to in this section is guilty of a misdemeanor.”*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Leonard Price, David T. Bishop, Patrick Beard

Senate Conferees: (Signed) A.W. “Bill” Diessner, Gary W. Laidig, Randolph W. Peterson

Mr. Diessner moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1846 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1846 was read the third time, as amended by the Conference

Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	Marty	Pogemiller
Anderson	Davis	Johnson, D.J.	McQuaid	Purfeerst
Beckman	Decker	Jude	Mehrkens	Ramstad
Belanger	DeCramer	Knutson	Metzen	Renneke
Benson	Diessner	Kroening	Moe, R.D.	Schmitz
Berg	Frank	Laidig	Novak	Solon
Berglin	Frederickson, D.J.	Langseth	Olson	Spear
Bernhagen	Frederickson, D.R.	Lantry	Pehler	Stumpf
Bertram	Gustafson	Lessard	Peterson, R.W.	Vickerman
Chmielewski	Hughes	Luther	Piper	

Those who voted in the negative were:

Brandl	Freeman	Larson	Merriam	Moe, D.M.
Frederick				

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Ms. Reichgott moved that the following members be excused for a Conference Committee on S.F. No. 1769 from 4:00 to 5:00 p.m.:

Mr. Storm, Ms. Peterson, D.C. and Reichgott. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

#### SPECIAL ORDER

H.F. No. 2216: A bill for an act relating to natural resources; ratifying and affirming the settlement agreement arising from litigation concerning certain treaty related claims of Chippewa Indians; prescribing powers and duties of the commissioner of natural resources in relation to the settlement agreement; proposing coding for new law in Minnesota Statutes, chapter 97A.

Mr. Johnson, D.J. moved to amend H.F. No. 2216, as amended pursuant to Rule 49, adopted by the Senate April 7, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2141.)

Page 2, line 10, before the period, insert "*provided the agreement is amended by July 1, 1988, by the addition of the following language: "Any party in the Memorandum of Agreement may cancel this agreement upon one year's written notice to the other parties."*"

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend H.F. No. 2216, as amended pursuant to Rule 49, adopted by the Senate April 7, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2141.)

Page 2, delete line 25 and insert:

*"This act is effective July 1, 1988, and none of the conditions of the Memorandum of Agreement shall be considered fulfilled until then."*

### CALL OF THE SENATE

Mr. Johnson, D.J. imposed a call of the Senate for the balance of the proceedings on H.F. No. 2216. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 11 and nays 45, as follows:

Those who voted in the affirmative were:

Berg	Freeman	Luther	Pogemiller	Stumpf
Berglin	Lantry	Marty	Spear	Vickerman
Cohen				

Those who voted in the negative were:

Adkins	Davis	Gustafson	McQuaid	Pehler
Anderson	Decker	Johnson, D.E.	Mehrkens	Peterson, D.C.
Beckman	DeCramer	Johnson, D.J.	Merriam	Peterson, R.W.
Belanger	Dicklich	Jude	Metzen	Piper
Benson	Diessner	Knutson	Moe, D.M.	Purfeerst
Bernhagen	Frank	Kroening	Moe, R.D.	Ramstad
Bertram	Frederick	Laidig	Morse	Renneke
Brandl	Frederickson, D.J.	Larson	Novak	Schmitz
Chmielewski	Frederickson, D.R.	Lessard	Olson	Storm

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

H.F. No. 2216 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 5, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.E.	Merriam	Pogemiller
Anderson	DeCramer	Johnson, D.J.	Metzen	Purfeerst
Beckman	Dicklich	Jude	Moe, D.M.	Ramstad
Belanger	Diessner	Knutson	Moe, R.D.	Renneke
Benson	Frank	Kroening	Morse	Schmitz
Berg	Frederick	Laidig	Novak	Storm
Bernhagen	Frederickson, D.J.	Lantry	Olson	Vickerman
Bertram	Frederickson, D.R.	Luther	Pehler	Wegscheid
Brandl	Freeman	Marty	Peterson, D.C.	
Chmielewski	Gustafson	McQuaid	Peterson, R.W.	
Davis	Hughes	Mehrkens	Piper	

Those who voted in the negative were:

Berglin	Cohen	Larson	Spear	Stumpf
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So the bill, as amended, passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 2182 be taken from the table. The motion prevailed.

H.F. No. 2182: A bill for an act proposing an amendment to the Minnesota



Constitution, article XIII, section 5; permitting state-run lotteries; providing for the distribution of their proceeds; establishing a Minnesota environment and natural resources trust fund; providing implementing legislation; creating a legislative commission, an advisory committee, and a review panel; providing for trust fund expenditures; amending Minnesota Statutes 1986, sections 86.72, subdivisions 2 and 3; and 290.431; Minnesota Statutes 1987 Supplement, sections 116C.69, subdivision 3; and 297.13, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; 86.08; 86.10; 86.11; 86.12; 86.31; 86.32; 86.33, subdivision 1; 86.34; 86.35; 86.41; 86.42; 86.51; 86.53; 86.61; and 86.75.

### 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. 2182 and that the rules of the Senate be so far suspended as to give H.F. No. 2182 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2182 was read the second time.

Mr. Moe, R.D. moved to amend H.F. No. 2182 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2182, and insert the language after the enacting clause, and the title, of S.F. No. 2000, the fourth engrossment.

The motion prevailed. So the amendment was adopted.

Ms. Peterson, D.C. moved to amend H.F. No. 2182, as amended by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2000.)

Page 3, line 21, delete "*one-half*" and insert "*up to one-half, as determined by law each fiscal biennium,*"

Page 12, line 13, delete "*one-half*" and insert "*up to one-half, as determined by law each fiscal biennium,*"

Amend the title as follows:

Page 1, line 6, delete from "dedicating" to page 1, line 8, "corporation;"

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.E. moved to amend H.F. No. 2182, as amended by the Senate, adopted April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2000.)

Page 12, after line 16, insert:

### "ARTICLE 3

#### COMPULSIVE GAMBLING

Section 1. [245.776] [COMPULSIVE GAMBLING; APPROPRIATION.]

*One percent of the net proceeds of the lottery are appropriated to the commissioner to establish programs for diagnosis, assistance, treatment, and counseling of compulsive gamblers and their families.*"

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 27, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Hughes	McQuaid	Spear
Benson	Decker	Johnson, D.E.	Mehrkens	Storm
Berg	Frank	Jude	Olson	
Berglin	Frederick	Laidig	Piper	
Bernhagen	Frederickson, D.R.	Larson	Ramstad	
Brandl	Gustafson	Marty	Renneke	

Those who voted in the negative were:

Adkins	Diessner	Langseth	Morse	Stumpf
Beckman	Frederickson, D.I.	Lantry	Novak	Vickerman
Bertram	Freeman	Lessard	Peterson, R.W.	Wegscheid
Cohen	Johnson, D.J.	Metzen	Purfeerst	
Davis	Knutson	Moe, D.M.	Samuelson	
DeCramer	Kroening	Moe, R.D.	Schmitz	

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

Mr. Moe, R.D. moved to amend H.F. No. 2182, as amended by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2000.)

Page 5, line 8, after "the" insert "*legislative commission on*" and delete "*future*"

Page 5, line 9, delete "*commission*"

The motion prevailed. So the amendment was adopted.

### CALL OF THE SENATE

Mr. Benson imposed a call of the Senate for the balance of the proceedings on H.F. No. 2182. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Benson moved to amend H.F. No. 2182, as amended by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2000.)

Pages 1 and 2, delete section 1.

Page 3, line 17, delete everything after "*fund*"

Page 3, delete line 18

Page 3, line 19, delete everything before "*is*"

Page 10, delete section 14

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 32 and nays 34, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Johnson, D.E.	Mehrkens	Storm
Belanger	Decker	Knaak	Morse	Stumpf
Benson	Diessner	Knutson	Olson	Taylor
Berg	Frank	Kroening	Peterson, D.C.	Waldorf
Berglin	Frederick	Laidig	Ramstad	
Bernhagen	Gustafson	Larson	Renneke	
Brandl	Hughes	McQuaid	Spear	

Those who voted in the negative were:

Adkins	DeCramer	Langseth	Moe, D.M.	Purfeerst
Beckman	Dicklich	Lantry	Moe, R.D.	Reichgott
Bertram	Frederickson, D.J.	Lessard	Novak	Samuelson
Brataas	Frederickson, D.R.	Luther	Pehler	Schmitz
Chmielewski	Freeman	Marty	Peterson, R.W.	Vickerman
Dahl	Johnson, D.J.	Merriam	Piper	Wegscheid
Davis	Jude	Metzen	Pogemiller	

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

H.F. No. 2182 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 26, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	Marty	Piper
Beckman	Davis	Johnson, D.J.	Merriam	Pogemiller
Berglin	DeCramer	Jude	Moe, R.D.	Purfeerst
Bertram	Dicklich	Knaak	Morse	Reichgott
Brandl	Diessner	Langseth	Novak	Schmitz
Brataas	Frederickson, D.J.	Lantry	Pehler	Stumpf
Chmielewski	Frederickson, D.R.	Lessard	Peterson, D.C.	Vickerman
Cohen	Freeman	Luther	Peterson, R.W.	Wegscheid

Those who voted in the negative were:

Anderson	Frank	Laidig	Olson	Taylor
Belanger	Frederick	Larson	Ramstad	Waldorf
Benson	Gustafson	McQuaid	Renneke	
Berg	Hughes	Mehrkens	Samuelson	
Bernhagen	Knutson	Metzen	Spear	
Decker	Kroening	Moe, D.M.	Storm	

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

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that S.F. No. 2000, No. 43 on Special Orders, be stricken and laid on the table. The motion prevailed.

## CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Pehler moved that the following members be excused for a Conference Committee on S.F. No. 2137 from 5:00 to 6:00 p.m.:

Mses. Reichgott; Peterson, D.C. and Mr. Pehler. 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. 2119: Messrs. Spear, Merriam and Peterson, R.W.

H.F. No. 2185: Messrs. Stumpf, Merriam and Lessard.

S.F. No. 1871: Messrs. Ramstad, Spear and Merriam.

S.F. No. 2255: Messrs. Vickerman, Merriam and Renneke.

H.F. No. 2036: Messrs. Luther, Marty and Knutson.

H.F. No. 1526: Messrs. DeCramer, Purfeerst and Johnson, D.E.

S.F. No. 1742: Messrs. Berg, Freeman and Larson.

S.F. No. 1661: Mrs. Lantry, Messrs. Diessner and Johnson, D.E.

S.F. No. 2150: Messrs. Davis, DeCramer and Ms. Peterson, D.C.

H.F. No. 1943: Mr. Chmielewski, Mrs. Adkins and Mr. Lessard.

H.F. No. 421: Messrs. Chmielewski, Knutson and Ms. Piper.

H.F. No. 2568: Messrs. Beckman, Frederickson, D.J. and Vickerman.

H.F. No. 1851: Messrs. Vickerman, Schmitz and Frederickson, D.R.

H.F. No. 2344: Messrs. Kroening, Merriam, Luther, Solon and Frederickson, D.R.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

#### SPECIAL ORDER

S.F. No. 2183: A bill for an act relating to crimes; increasing penalties for certain crimes when committed because of the victim's race, color, religion, sex, affectional or sexual orientation, or national origin; amending Minnesota Statutes 1986, sections 609.2231, by adding a subdivision; 609.605, by adding a subdivision; 609.79, by adding a subdivision; and Minnesota Statutes 1987 Supplement, sections 609.595, subdivisions 2, 3, and by adding a subdivision; 609.746, by adding a subdivision; and 609.795.

Mr. Peterson, R.W. moved to amend S.F. No. 2183 as follows:

Page 1, lines 17 and 26, after "*victim's*" insert "*or another's*"

Page 3, line 23, after "*owner's*" insert "*or another's*"

Page 3, line 31, after "*victim's*" insert "*or another's*"

Page 4, lines 3 and 24, after "*victim's*" insert "*or another's*"

The motion prevailed. So the amendment was adopted.

S.F. No. 2183 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knaak	Merriam	Samuelson
Belanger	Frank	Knutson	Moe, D.M.	Schmitz
Berg	Frederick	Kroening	Moe, R.D.	Spear
Berglin	Frederickson, D.J.	Laidig	Pehler	Storm
Bernhagen	Frederickson, D.R.	Lantry	Peterson, D.C.	Stumpf
Brandl	Freeman	Lessard	Peterson, R.W.	Vickerman
Cohen	Gustafson	Luther	Piper	Wegscheid
Davis	Hughes	Marty	Pogemiller	
Decker	Johnson, D.E.	McQuaid	Ramstad	
DeCramer	Johnson, D.I.	Mehrkens	Reichgott	

Those who voted in the negative were:

Anderson	Bertram	Larson	Olson	Renneke
Benson	Jude			

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

### SPECIAL ORDER

H.F. No. 1000: A bill for an act relating to agriculture; making changes in various agriculture programs; establishing agriculture programs; establishing a commodity contract task force; appropriating money; providing penalties; amending Minnesota Statutes 1986, sections 41A.09, by adding a subdivision; 41B.02, by adding a subdivision; and 65A.33, subdivision 3; Minnesota Statutes 1987 Supplement, sections 17.102, subdivision 1; 41B.01, subdivision 2; 41B.03, subdivision 3; 41B.039, subdivisions 1, 2, 4, and by adding a subdivision; 41B.05; Laws 1987, chapter 396, article 9, section 1, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 17; 31; 124; and 325E; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1986, sections 32A.01; 32A.02; 32A.03; 32A.04; 32A.05; 32A.07; 32A.08; and 32A.09; and Laws 1987, chapter 358, section 31.

### 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. 1000 and that the rules of the Senate be so far suspended as to give H.F. No. 1000, now on Special Orders, its third reading and place it on its final passage. The motion prevailed.

Mr. Davis moved to amend H.F. No. 1000, as amended pursuant to Rule 49, adopted by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1837.)

Page 21, after line 20, insert:

#### "ARTICLE 16 SUSTAINABLE AGRICULTURE LOANS AND GRANTS

Section 1. [17.115] [SHARED SAVINGS LOAN PROGRAM.]

*Subdivision 1. [ESTABLISHMENT.] The commissioner shall establish a shared savings loan program to provide loans that enable farmers to adopt management practices that emphasize energy efficiency, reduce petroleum and chemical inputs, and increase the energy self-sufficiency of agricultural producers.*

*Subd. 2. [LOAN CRITERIA.] (a) The shared savings loan program must provide loans for purchase of new or used machinery, installation of equipment and projects that reduce or make more efficient farm energy use. Eligible loan uses do not include seed, fertilizer, or fuel.*

*(b) Loans may not exceed \$15,000 per individual applying for a loan and may not exceed \$75,000 for loans to five or more individuals on joint projects. The loan repayment period may be up to seven years as determined by project cost and energy savings. The interest on the loans is six percent.*

*(c) Loans may only be made to residents of this state engaged in farming.*

*Subd. 3. [AWARDING OF LOANS.] (a) Applications for loans must be made to the commissioner on forms prescribed by the commissioner.*

*(b) The applications must be reviewed, ranked, and recommended by a loan review panel appointed by the commissioner. The loan review panel shall consist of two lenders with agricultural experience, two resident farmers of the state using sustainable agriculture methods, a farm management specialist, a representative from a post-secondary education institution, and a chairperson from the department.*

*(c) The loan review panel must rank applications according to the following criteria:*

*(1) realize savings to the cost of agricultural production and project savings to repay the cost of the loan;*

*(2) reduce or make more efficient use of energy;*

*(3) reduce production costs; and*

*(4) be able to be repaid by the applicant.*

*(d) The commissioner must consider the recommendations of the loan review panel and may make loans for eligible projects. Priority must be given based on the amount of realized savings by adopting the practice implemented by the loan.*

*Subd. 4. [ADMINISTRATION.] The amount in the revolving loan account is appropriated to the commissioner to make loans under this section and administer the loan program. The interest on the money in the revolving loan account and the interest on loans repaid to the state may be spent by the commissioner for administrative expenses.*

## **Sec. 2. [17.116] [SUSTAINABLE AGRICULTURE DEMONSTRATION GRANTS.]**

*Subdivision 1. [ESTABLISHMENT.] The commissioner of agriculture shall establish a grant program for sustainable agriculture methods that demonstrates farm input reduction, farm energy efficiency, or usable on-farm energy production. The commissioner must use the program to demonstrate and publicize the energy efficiency, environmental benefit, and profitability of sustainable agriculture techniques. The grants must fund demonstrations on farms of external input reduction techniques or farm scale energy production methods consistent with the program objectives.*

*Subd. 2. [ELIGIBILITY.] (a) Grants may only be made to farmers, educational institutions, or nonprofit organizations residing or located in the state for demonstrations on farms in the state.*

(b) Grants may only be made for projects that show:

- (1) the ability to maximize direct or indirect energy savings or production;
- (2) a positive effect or reduced adverse effect on the environment; and
- (3) profitability for the individual farm.

Subd. 3. [AWARDING OF GRANTS.] (a) Applications for grants must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a technical review panel appointed by the commissioner. The technical review panel shall consist of a soil scientist, an agronomist, a representative from a post-secondary educational institution, two resident farmers of the state using sustainable agriculture methods, and a chairperson from the department.

(c) The technical review panel must rank applications according to the following criteria:

- (1) direct or indirect energy savings or production;
- (2) environmental benefit;
- (3) farm profitability;
- (4) the number of farms able to apply the techniques or the technology proposed;
- (5) the effectiveness of the project as a demonstration;
- (6) the immediate transferability of the project to farms; and
- (7) the ability of the project to accomplish its goals.

(d) The commissioner must consider the recommendations of the technical review panel and may award grants for eligible projects. Priority must be given to applicants who are farmers or groups of farmers.

(e) Grants for eligible projects may not exceed \$25,000 unless the portion above \$25,000 is matched on an equal basis by the applicant's cash or in-kind land use contribution. Grant funding of projects may not exceed \$50,000 under this section, but applicants may utilize other funding sources. A portion of each grant must be targeted for public information activities of the project.

(f) A project may continue for up to three years. Multi-year projects must be reevaluated by the technical review panel and the commissioner before second or third year funding is approved. A project is limited to one grant for its funding.

(g) Only one grant under this section may be made per grantee."

Page 24, line 17, delete "\$50,000" in both places and insert "\$25,000" in both places

Renumber the articles in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Davis then moved to amend H.F. No. 1000, as amended pursuant to Rule 49, adopted by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1837.)

Page 20, line 18, delete "*anticipation*" and insert "*participation*"

Page 27, line 3, after "*for*" insert "*administration and operation of*" and before the period, insert "*used for the farmer-lender mediation program*"

The motion prevailed. So the amendment was adopted.

Mr. Davis then moved to amend H.F. No. 1000, as amended pursuant to Rule 49, adopted by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1837.)

Pages 9 and 10, delete article 7 and insert:

#### "ARTICLE 7

#### GRAIN STANDARDS TESTING

Section 1. Minnesota Statutes 1986, section 17B.02, is amended to read:

17B.02 [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in sections 17B.01 to 17B.29, the terms defined in this section have the meanings given them.

Subd. 2. [DEPARTMENT.] "Department" means the Minnesota department of agriculture.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture or the commissioner's authorized representative.

Subd. 3a. [DISCOUNT.] "*Discount*" means an offer or purchase price for grain that is lower than the base or standard price offered by a buyer at a certain time and at a specified location. A discount price represents the lower than normal value of the grain because of inferior quality as determined by measurement of grade, dockage, test weight, moisture content, protein content, or other factors.

Subd. 3b. [INDEX MOISTURE LEVEL.] "*Index moisture level*" means the percentage moisture content for each grain that is used in establishing base or standard prices for the grain as determined by the commissioner.

Subd. 4. [PERSON.] "Person" means any individual, firm, copartnership, cooperative, company, association, and corporation, or their lessees, trustees, or receivers.

Subd. 5. [PREMIUM.] "*Premium*" means an offer or a purchase price for corn, soybeans, or wheat that exceeds the base or standard price offered by a buyer at a certain time and at a specified location. A premium price represents the higher than normal value of the grain because of superior quality as determined by measurement of grade, dockage, moisture content, test weight, protein content, or other factors.

Subd. 6. [TEST EQUIPMENT.] "*Test equipment*" means the mechanical and electronic devices commonly used in measurement of grain qualities including protein content, moisture content, and test weight.

Subd. 7. [TEST EQUIPMENT OPERATOR.] "*Test equipment operator*" means a person assigned by the management of an elevator or grain storage facility who is chiefly responsible for the preparation and analysis of grain samples for protein content, test weight, moisture content, and other qualities upon which price is determined.



**Sec. 2. [17B.041] [COMMISSIONER TO REVIEW ACCURACY OF TEST EQUIPMENT AND TEST EQUIPMENT OPERATORS.]**

*Subdivision 1. [PERIODIC REVIEW.] The commissioner shall establish a program for the periodic grain testing review of protein analysis, test weight, and moisture test equipment, and test equipment operators. A review must consist of the performance of routine tests and analysis by the principal operator of the test equipment. A review under this section must be based on the results of on-site analysis performed on one or more samples of grain by the principal operator of the appropriate test equipment.*

*Subd. 2. [POSTING OF REVIEW FINDINGS.] Personnel of the department who perform a review of test equipment and test equipment operators under subdivision 1 must post a dated and signed statement indicating the conclusions of the review in a conspicuous location in the place of business where grain testing is conducted. The statement must be on a form provided by the commissioner and include in prominent wording a caution to the effect that the results at the time of a review by department personnel do not necessarily indicate either accuracy or inaccuracy in the test equipment or procedures at other times. The statement must remain on display until a subsequent review has been made.*

*Subd. 3. [FOLLOW-UP REVIEW UPON REQUEST.] The commissioner shall arrange for a follow-up review within seven business days of a periodic review if a follow-up review is requested by the test equipment operator.*

*Subd. 4. [REQUEST FOR COMMISSIONER TO SCHEDULE A REVIEW.] A purchaser or seller of grain may request the commissioner to perform a review of the test equipment and test equipment operator that is used to test the grain. A signed request must be submitted to the commissioner and upon receipt of a request, the commissioner shall schedule a review at a reasonable time considering other duties and responsibilities of the department personnel.*

*Subd. 5. [STATE NOT LIABLE.] The state is not liable to a seller or purchaser of grain for losses resulting from erroneous tests or analysis by test equipment or test equipment operators, whether reviewed by the department or not, if the commissioner and the department have exercised due care in the scheduling and conduct of reviews under subdivisions 1 and 3.*

**Sec. 3. [17B.045] [PREMIUMS BASED ON TEST WEIGHT MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of corn, soybeans, or wheat who provides a discount for the corn, soybeans, or wheat that falls below the standard test weight for that grain must offer an equal or greater premium for the corn, soybeans, or wheat that has a test weight higher than the standard test weight.*

**Sec. 4. [17B.047] [PREMIUMS BASED ON MOISTURE CONTENT.]**

*Subdivision 1. [COMMISSIONER TO ESTABLISH INDEX MOISTURE LEVELS.] The commissioner shall establish an index moisture level for corn, soybeans, and wheat by rule. The commissioner may take into consideration factors such as moisture level variations appropriate to different locations within the state, variations in the keeping qualities of grains at different seasons of the year, and other appropriate factors.*

*Subd. 2. [PREMIUMS GENERALLY EQUAL TO OR GREATER THAN DISCOUNTS.] A purchaser of corn, soybeans, or wheat who provides a discount for grain based on tested moisture content higher than the index*

moisture level shall provide an equal or greater premium for corn, soybeans, or wheat that tests at a moisture content within the next three percentage points below the index moisture level. If the moisture content in a valid sample of the purchased corn, soybeans, or wheat is more than three percentage points below the index moisture level, the premium offered need not be further tied to an equivalent discount provided for corn, soybeans, or wheat that tests higher than the index moisture level.

Sec. 5. [17B.048] [SELLER OPTION TO AVERAGE LOADS.]

*A purchaser of corn, soybeans, or wheat must allow a seller who delivers the grain in multiple loads within a period of seven consecutive calendar days, at the option of the seller, to average the measurements from the multiple loads with respect to test weight, moisture content, and protein analysis.*

Sec. 6. [EFFECTIVE DATE.]

*Sections 3, 4, and 5 apply to purchases of corn, soybeans, or wheat occurring on or after July 1, 1990."*

Amend the title accordingly

Mr. Frederickson, D.R. moved to amend the third Davis amendment to H.F. No. 1000 as follows:

Page 4, line 9, after the period, insert "A purchaser includes "grain warehouse" as defined in section 223.16, subdivision 6, and "public terminal warehouses" as defined in section 223.01, subdivisions 3 and 4."

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

The question recurred on the third Davis amendment, as amended.

The roll was called, and there were yeas 30 and nays 19, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Jude	Morse	Renneke
Beckman	Diessner	Langseth	Pehler	Samuelson
Berglin	Frank	Larson	Peterson, D.C.	Schmitz
Chmielewski	Frederickson, D.J.	Luther	Piper	Stumpf
Cohen	Frederickson, D.R.	Marty	Purfeerst	Vickerman
Davis	Freeman	Metzen	Reichgott	Wegscheid

Those who voted in the negative were:

Anderson	Bernhagen	Frederick	Laidig	Peterson, R.W.
Belanger	Bertram	Gustafson	Lantry	Ramstad
Benson	Brandl	Johnson, D.E.	McQuaid	Storm
Berg	Decker	Knutson	Mehrrens	

The motion prevailed. So the third Davis amendment, as amended, was adopted.

Mr. Purfeerst moved to amend H.F. No. 1000, as amended pursuant to Rule 49, adopted by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1837.)

Page 27, after line 7, insert:

"Sec. 20. [MINNESOTA AGRICULTURAL INTERPRETIVE CENTER.]

*\$100,000 is appropriated from the general fund to the commissioner of agriculture to be matched on an equal basis with nonstate funds. This section supercedes any inconsistent provision of other law."*

Amend the title accordingly

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

Mr. Frederickson, D.J. moved to amend H.F. No. 1000, as amended pursuant to Rule 49, adopted by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1837.)

Page 21, after line 20, insert:

#### "ARTICLE 16

#### DRY EDIBLE BEANS

Section 1. Minnesota Statutes 1986, section 223.16, subdivision 4, is amended to read:

Subd. 4. [GRAIN.] "Grain" means any cereal grain, coarse grain or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture or the Minnesota board of grain standards, *dry edible beans*, or ~~any other agricultural crop which crops~~ *designated by the commissioner may designate* by rule.

Sec. 2. Minnesota Statutes 1986, section 232.21, subdivision 7, is amended to read:

Subd. 7. [GRAIN.] "Grain" means any cereal grain, course grain or oilseed in unprocessed form for which a standard has been established by the United States secretary of agriculture or the Minnesota board of grain standards, *dry edible beans*, or *agricultural crops designated by the commissioner by rule*.

Sec. 3. Minnesota Statutes 1986, section 232.23, subdivision 4, is amended to read:

Subd. 4. [FORM OF GRAIN WAREHOUSE RECEIPT.] (a) A grain warehouse receipt must be in duplicate, contain the name and location of the grain warehouse, and be delivered to the depositor or the depositor's agent. Grain warehouse receipts shall be consecutively numbered as prescribed by the commissioner and state the date of deposit, except where the deposit of a certain lot for storage is not completed in one day. In that case, the grain warehouse receipt, when issued, shall be dated not later than Saturday of the week of delivery.

(b) A grain warehouse receipt shall contain either on its face or reverse side the following specific grain warehouse and storage contract: "This grain is received, insured and stored through the date of expiration of the annual licenses of this grain warehouse and terms expressed in the body of this grain warehouse receipt shall constitute due notice to its holder of the expiration of the storage period. It is unlawful for a public grain warehouse operator to charge or collect a greater or lesser amount than the amount filed with the commissioner. All charges shall be collected by the grain warehouse operator upon the owner's presentation of the grain warehouse receipt for the sale or delivery of the grain represented by the receipt, or the termination of the storage period. Upon the presentation of this grain warehouse receipt and payment of all charges accrued up to the time of presentation, the above amount, kind and grade of grain will be delivered within the time prescribed by law to the depositor or the depositor's order."

(c) A grain warehouse receipt shall also have printed on it the following:

“Redemption of Receipt

Received from . . . . ., the sum of \$ . . . . . or . . . . . bushels in full satisfaction of the obligation represented by this grain warehouse receipt.

Gross price per bushel \$ . . . . .

Storage per bushel \$ . . . . .

Net price per bushel \$ . . . . .

All blank spaces in this grain warehouse receipt were filled in before I signed it and I certify that I am the owner of the commodity for which this grain warehouse receipt was issued and that there are no liens, chattel mortgages or other claims against the commodity represented by this grain warehouse receipt.

Signed . . . . .

Accepted . . . . .

Dated . . . . .

Warehouse operator

This redemption shall be signed by the depositor or the depositor’s agent in the event that the grain represented is redelivered or purchased by the public grain warehouse operator. Signature of this redemption by the depositor constitutes a valid cancellation of the obligation embraced in the storage contract.”

(d) A warehouse receipt for dry edible beans must state the grade of the dry edible beans delivered to the grain warehouse and the redelivery charge required under section 4, paragraph (a).

Sec. 4. Minnesota Statutes 1986, section 232.23, is amended by adding a subdivision to read:

*Subd. 10a. [REDELIVERY OF DRY EDIBLE BEANS.] (a) A public grain warehouse shall deliver dry edible beans to a holder of a warehouse receipt after the warehouse receipt holder pays a redelivery charge and the charges accrued until the time the warehouse receipt is surrendered to the grain warehouse operator. The dry edible beans must be dry and processed to acceptable standards for canning and packaging use. The redelivery charge may not exceed \$3 per net hundredweight of the dry edible beans. The commissioner may redetermine the maximum redelivery charge by rule, after receiving a petition to change the redelivery charge signed by at least 25 dry edible bean processors, producers, and public warehouse operators.*

*(b) A grain warehouse operator shall deliver dry edible beans in bags or in bulk as requested by the warehouse receipt holder. The warehouse receipt holder shall furnish the bags if dry edible beans are to be bagged.*

*(c) A grain warehouse operator shall grade the dry edible beans if requested by the warehouse receipt holder. The grain warehouse operator may determine grade by United States Department of Agriculture standards, Northarvest standards, or Michigan Bean Shippers Association standards. The warehouse receipt holder shall pay grading fees.”*

Renumber the articles in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Berg moved to amend H.F. No. 1000, as amended pursuant to Rule 49, adopted by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1837.)

Page 15, after line 5, insert:

“Section 1. Minnesota Statutes 1987 Supplement, section 41.56, subdivision 4, is amended to read:

Subd. 4. [SALE OF DEFAULTED PROPERTY.] In the event that title to any property is acquired by the state, upon conveyance of title to the state and expiration of the period of redemption, the commissioner shall undertake to sell the property by publishing a notice of the impending sale at least once each week for four successive weeks in a legal newspaper and also in a newspaper of general distribution in the county in which the property to be sold is situated. The notice must describe the lots or tracts to be offered and the terms of sale. Except as further provided, the terms and method of sale shall be determined by the commissioner.

The commissioner shall first attempt to sell the property to a person who is eligible for a family farm security loan. If the commissioner is unable to effect a sale to an eligible person, the commissioner shall attempt to sell the property for cash as provided in subdivision 4a. If the commissioner is unable to effect a sale to an eligible person or for cash, or if the commissioner finds that sale to an eligible person or for cash would not best protect the interests of the state, the commissioner may sell the property on terms which the commissioner finds will best protect the interests of the state. The commissioner may lease any real property which the commissioner is unable to sell with reasonable promptness. In any event, any acquired farm property must be sold within three years after the conveyance of title to the state or after the expiration of the period of redemption. The commissioner may contract for the services of a licensed real estate agent or broker to assist in selling any property acquired under this section and may pay for the services from the proceeds of the sale before proceeds are distributed under subdivision 4b.

In lieu of selling property under this subdivision, the commissioner may utilize participation under the beginning farmer program under chapter 41B.

In selling property acquired under this section, the commissioner may not sell the property to *the person who has defaulted on the property or a relative within the second degree of kindred according to common law of a person who has defaulted.*”

Page 17, line 12, delete “*or reentering*”

Renumber the sections in sequence

Amend the title accordingly

Mr. Davis requested division of the amendment as follows:

First portion:

Page 15, after line 5, insert:

“Section 1. Minnesota Statutes 1987 Supplement, section 41.56, subdivision 4, is amended to read:

Subd. 4. [SALE OF DEFAULTED PROPERTY.] In the event that title to any property is acquired by the state, upon conveyance of title to the state and expiration of the period of redemption, the commissioner shall undertake to sell the property by publishing a notice of the impending sale at least once each week for four successive weeks in a legal newspaper and also in a newspaper of general distribution in the county in which the property to be sold is situated. The notice must describe the lots or tracts to be offered and the terms of sale. Except as further provided, the terms and method of sale shall be determined by the commissioner.

The commissioner shall first attempt to sell the property to a person who is eligible for a family farm security loan. If the commissioner is unable to effect a sale to an eligible person, the commissioner shall attempt to sell the property for cash as provided in subdivision 4a. If the commissioner is unable to effect a sale to an eligible person or for cash, or if the commissioner finds that sale to an eligible person or for cash would not best protect the interests of the state, the commissioner may sell the property on terms which the commissioner finds will best protect the interests of the state. The commissioner may lease any real property which the commissioner is unable to sell with reasonable promptness. In any event, any acquired farm property must be sold within three years after the conveyance of title to the state or after the expiration of the period of redemption. The commissioner may contract for the services of a licensed real estate agent or broker to assist in selling any property acquired under this section and may pay for the services from the proceeds of the sale before proceeds are distributed under subdivision 4b.

In lieu of selling property under this subdivision, the commissioner may utilize participation under the beginning farmer program under chapter 41B.

In selling property acquired under this section, the commissioner may not sell the property to *the person who has defaulted on the property or a relative within the second degree of kindred according to common law of a person who has defaulted.*"

Renumber the sections in sequence

Amend the title accordingly

Second portion:

Page 17, line 12, delete "*or reentering*"

The question was taken on the first portion of the Berg amendment. The motion prevailed. So the first portion of the amendment was adopted.

The question was taken on the second portion of the Berg amendment. The motion did not prevail. So the second portion of the amendment was not adopted.

Mr. Morse moved to amend H.F. No. 1000, as amended pursuant to Rule 49, adopted by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1837.)

Page 21, after line 20, insert:

#### "ARTICLE 16

Section 1. Minnesota Statutes 1986, section 40.036, is amended by adding a subdivision to read:

*Subd. 1a. [ABANDONED WELLS.] (a) The state board shall, within the limits of available money, provide cost-sharing funds for a pilot project to seal unused wells and to properly abandon wells that are not required to be sealed under chapter 156A. The cost-share contracts may provide a state cost share of up to 75 percent for each contracted project.*

*(b) The well sealing project must be implemented under procedures adopted by the state board that protects groundwater from further contamination from the well. The district board must certify the location of the wells that have been properly sealed with cost-share funds and forward the certification to the state board. The state board must provide information on the location of sealed wells to the commissioners of health and natural resources.*

*(c) The owner of a well that has been certified as being properly sealed is not liable for contamination of groundwater from the well that occurs after the well has been sealed if the owner has not disturbed or disrupted the sealed well.*

**Sec. 2. [40.0371] [COST-SHARING CONTRACTS TO SEAL ABANDONED WELLS.]**

*The state board shall establish a pilot cost-share program to identify and permanently seal unused wells. The contracted projects to seal wells must protect groundwater from pollution. The wells must be properly abandoned and sealed under chapter 156A unless the well is abandoned, sealed, or reconstructed as an observation well.*

**Sec. 3. [40.0372] [STATEWIDE ASSESSMENT]**

*The board, in consultation with the commissioner of natural resources, the commissioner of the pollution control agency, the commissioner of health, and the director of the Minnesota geological survey, shall assess geographical areas for a potential for groundwater pollution caused by abandoned wells. The assessment must include notice of the program and assessment that is published in newspapers of general circulation and opportunities for persons to report abandoned and unused wells to the district board. Districts having staff trained in groundwater resources must assess areas within their districts, in cooperation with the board. The board shall provide financial and technical assistance to districts for projects that have been assessed as areas with a high potential for groundwater pollution caused by abandoned and unused wells.*

**Sec. 4. [40.0373] [FINANCIAL AND TECHNICAL ASSISTANCE.]**

*Subdivision 1. [FINANCIAL ASSISTANCE.] (a) The board must allocate at least 70 percent of available cost-sharing funds to seal wells to districts to share the cost of identifying or properly sealing wells in high-priority areas. Areas must be selected based on statewide priorities established by the board.*

*(b) Remaining cost-sharing funds may be allocated to districts for administrative expenses, not exceeding 20 percent of the funds, and sealing wells in lower-priority areas.*

*Subd. 2. [TECHNICAL ASSISTANCE.] The board may provide technical assistance to districts to efficiently and effectively develop and implement projects.*

**Sec. 5. [40.0374] [ELIGIBILITY FOR ASSISTANCE.]**

*Subdivision 1. [GENERALLY.] Only projects that are a part of, or responsive to, a district comprehensive or annual work plan are eligible for the assistance provided in section 4. After July 1, 1991, only projects that are a part of, or responsive to, a local water plan under chapter 110B or section 473.8785 are eligible for the assistance provided in section 4.*

*Subd. 2. [DOCUMENTS REQUIRED.] To be eligible for the assistance provided in section 4, a district must provide the board with:*

- (1) an application prescribed by the board;*
- (2) evidence that the district has consulted the local health department in preparing the application; and*
- (3) one of the following documents:*
  - (i) the comprehensive water plan authorized under chapter 110B;*
  - (ii) the county groundwater plan authorized under section 473.8785; or*
  - (iii) the district comprehensive or annual work plan that provides an inventory of existing physical and hydrologic information about the area, that provides general identification of water quality problems and goals, and that demonstrates a local commitment to water quality protection or improvement.*

**Sec. 6. [40.0375] [BOARD REVIEW OF APPLICATIONS.]**

*Subdivision 1. [RANKING OF APPLICATIONS.] The district boards must rank applications for technical and financial assistance in order of priority and within the limits of available funding and grant applications with the highest priority.*

*Subd. 2. [RANKING CRITERIA.] (a) The state board, in cooperation with the commissioner of natural resources, the commissioner of the pollution control agency, the commissioner of health, and other appropriate state agencies, must by rule adopt appropriate criteria for the district boards to determine the priority of projects. The criteria used to rank projects must include:*

- (1) current use of the affected aquifer or aquifers for water supply;*
- (2) projected water demand;*
- (3) availability of alternate sources of drinking water;*
- (4) proximity of potential contaminant sources;*
- (5) aquifer susceptibility to contamination;*
- (6) current contamination of the wells and the aquifer;*
- (7) present and anticipated land use in the area;*
- (8) well construction; and*
- (9) suitability of the well for use as a monitoring well.*

*(b) The state board shall contact the commissioner of natural resources and the director of the Minnesota geological survey for locations where observation wells are needed.*

**Sec. 7. [40.0376] [LANDOWNER WELL SEALING PROJECTS.]**

*Subdivision 1. [CONTRACTS BY DISTRICTS.] A district may contract on a cost-share basis to furnish financial aid to a landowner or land*



*occupier to seal unused wells. Payment to a land occupier must not be made until the well, or wells, specified in the contract has been properly sealed by a licensed water well contractor. The district board must certify the location of the wells that have been properly sealed with cost-share funds, forward the certification to the state board and commissioner of health, and file the sealed well certification with the county recorder or registrar of deeds where the sealed well is located.*

*Subd. 2. [REVIEW BY BOARD.] The board or its designated representative may inspect a project at any reasonable time and must audit the cost-sharing funds expended by the district.*

**Sec. 8. [40.0377] [RULES FOR COST-SHARING PROGRAM.]**

*The board, in consultation with the commissioner of the department of health, must adopt rules specifying:*

*(1) procedures and criteria for allocating funds to districts for cost-sharing contracts;*

*(2) standards and guidelines for all cost-sharing contracts;*

*(3) scope and content of comprehensive plans, plan amendments, and annual work plans, which districts submit under section 40.07, subdivision 9;*

*(4) standards and methods necessary to plan and implement a priority cost-sharing program, including guidelines to identify high-priority areas;*

*(5) the share of the cost of sealing wells to be paid from cost-sharing funds; and*

*(6) requirements for districts to document their efforts to identify and contact land occupiers in high-priority areas.*

Sec. 9. Minnesota Statutes 1986, section 40.42, is amended by adding a subdivision to read:

**Subd. 4a. [SUSCEPTIBLE GROUNDWATER RECHARGE AREA.]**  
*"Susceptible groundwater recharge area" means an area of land with unique hydrogeological characteristics that make the area highly susceptible to groundwater contamination from land use practices.*

Sec. 10. Minnesota Statutes 1987 Supplement, section 40.43, subdivision 2, is amended to read:

**Subd. 2. [ELIGIBLE LAND.]** (a) Land may be placed in the conservation reserve program if the land:

(1) is marginal agricultural land, or is adjacent to marginal agricultural land and is either beneficial to resource protection or necessary for efficient recording of the land description, or consists of a drained wetland, or is land that with a windbreak would be beneficial to resource protection, or is land consisting of a susceptible groundwater recharge area. Cropland adjacent to the restored wetland may also be enrolled to the extent of up to four acres of cropland for each acre of wetland restored;

(2) was owned by the landowner on January 1, 1985, or was owned by the landowner, or a parent or other blood relative of the landowner, for at least three years before the date of application;

(3) is at least five acres in size, except for a windbreak, or is a whole

field as defined by the United States Agricultural Stabilization and Conservation Services;

(4) is not set aside, enrolled or diverted under another federal or state government program; and

(5) was in agricultural crop production for at least two years during the period 1981 to 1985.

(b) The enrolled land of a landowner may not exceed 20 percent of the landowner's total agricultural land acreage in the state, if the landowner owns at least 200 acres of agricultural land as defined by section 500.24, subdivision 2. If a landowner owns less than 200 acres of agricultural land the amount that may be enrolled in the conservation reserve is:

(a) (1) all agricultural land owned, if 20 acres or less; or

(b) (2) if the total agricultural land owned is more than 20 acres but less than 200 acres, 20 acres plus ten percent of the balance of the agricultural land.

(c) In selecting land for enrollment in the program, highest priority must be given to permanent easements that are consistent with the purposes stated in section 40.41.

Sec. 11. Minnesota Statutes 1986, section 40.43, is amended by adding a subdivision to read:

*Subd. 2a. [SUSCEPTIBLE GROUNDWATER RECHARGE AREA DESIGNATION.] The commissioner of natural resources, in cooperation with the board of water and soil resources, the director of the Minnesota geological survey, and the commissioner of the pollution control agency, shall develop criteria for identifying susceptible groundwater recharge areas by December 31, 1988, and provide maps identifying susceptible recharge areas to the board for use in administration of the pilot conservation reserve program for protecting susceptible groundwater recharge areas.*

Sec. 12. Minnesota Statutes 1986, section 40.43, is amended by adding a subdivision to read:

*Subd. 8. [CORRECTION OF CONSERVATION EASEMENT BOUNDARY LINES.] To correct errors in legal descriptions for easements obtained that affect the ownership interests in the state and adjacent landowners, the commissioner may, in the name of the state, with the approval of the attorney general, convey, without consideration, interests of the state necessary to correct legal descriptions of boundaries. The conveyance must be by quitclaim deed or release in a form approved by the attorney general.*

Sec. 13. [40.435] [LIABILITY AFTER PROTECTION OF SUSCEPTIBLE GROUNDWATER RECHARGE AREA.]

*A landowner is not liable for contamination of groundwater through a susceptible groundwater recharge area occurring after a project is implemented if:*

(1) *the soil and water conservation district adopts a plan protecting the groundwater recharge area;*

(2) *projects or practices are implemented according to the plan and certified as being implemented by the district;*

(3) *unlawful practices are not allowed by the landowner on the property*

*subject to the plan; and*

*(4) after implementation the project and practices are maintained according to the plan.*

Sec. 14. [105E.50] [GROUNDWATER DEGRADATION POLICY.]

*It is the policy of the state that the state, a state agency, or a person may not allow degradation of groundwater in the state.*

Sec. 15. [105E.51] [IDENTIFICATION OF WELLS ON STATE PROPERTY.]

*Subdivision 1. [PLAN AND APPROPRIATION REQUEST FOR WELL SEALING.] In each budget year of a biennium, the commissioner must present a plan and an appropriation request to properly seal wells on state property.*

*Subd. 2. [PROHIBITION ON STATE LAND PURCHASES WITHOUT WELL IDENTIFICATION.] The state may not purchase or sell real property or an interest in real property without identifying the location of all wells in use and not in use on the property and making provisions to have the unused wells properly sealed at the cost of the seller as part of the contract and deed for sale. A transfer of land is void if this subdivision is not complied with.*

Sec. 16. [156A.055] [UNUSED AND UNREPAIRED WELLS.]

*The state, a person, or other legal entity must seal or properly abandon a water well that is not in use under rules of the commissioner if the water well:*

*(1) has not been used to withdraw water for more than ten years;*

*(2) is in a state of disrepair that prevents use to obtain groundwater in a practical manner; or*

*(3) is not in use and is a health hazard or allows contamination of groundwater."*

Page 27, after line 7, insert:

"Sec. 20. [BOARD OF WATER AND SOIL RESOURCES.]

*\$250,000 is appropriated from the general fund to the board of water and soil resources to be available until June 30, 1989. \$55,800 is to conduct a statewide well abandonment assessment and to administer the pilot grant program for well abandonment. \$97,100 is for grants for the pilot project to identify and seal abandoned wells. \$97,100 is for the pilot project for conservation easements on susceptible groundwater recharge areas.*

*The approved complement of the board of water and soil resources is increased by one position."*

Renumber the articles in sequence

Amend the title accordingly

Mrs. Lantry questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Berg moved to amend H.F. No. 1000, as amended pursuant to Rule 49, adopted by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1837.)

Page 16, line 23, after the period, insert "A seller-sponsored loan may not be made to a person who has previously defaulted on a state loan or state guarantee of a loan."

The motion prevailed. So the amendment was adopted.

Mr. Mehrkens moved to amend H.F. No. 1000, as amended pursuant to Rule 49, adopted by the Senate April 8, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1837.)

Page 26, delete line 31

Page 26, delete line 36

Page 27, delete lines 1 to 3

The motion prevailed. So the amendment was adopted.

H.F. No. 1000 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 6, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.J.	Morse	Schmitz
Anderson	DeCramer	Jude	Olson	Spear
Beckman	Diessner	Knaak	Pehler	Storm
Benson	Frank	Laidig	Peterson, D.C.	Stumpf
Berg	Frederick	Langseth	Peterson, R.W.	Vickerman
Bernhagen	Frederickson, D.J.	Larson	Piper	Wegscheid
Bertram	Frederickson, D.R.	Luther	Pogemiller	
Brandl	Freeman	Marty	Purfeerst	
Cohen	Gustafson	Mehrkens	Reichgott	
Davis	Johnson, D.E.	Metzen	Renneke	

Those who voted in the negative were:

Belanger	Lantry	McQuaid	Merriam	Ramstad
Knutson				

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 449.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

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. 1595: A bill for an act relating to state agencies; returning the control of the Minnesota veterans home to the department of veterans affairs; creating the veterans home board of directors and providing for its powers and duties; providing for the appointment of deputy commissioners and providing for their powers and duties; appropriating money; amending Minnesota Statutes 1986, sections 196.03; 196.05; 198.001; 198.01; 198.022; 198.03; 198.05; 198.065; 198.075; 198.16; 198.161; 198.23; 198.231; 198.261; 198.265; 198.266; 198.31; 198.32; 198.33; and 198.34; proposing coding for new law in Minnesota Statutes, chapters 196 and 198; repealing Minnesota Statutes 1986, sections 196.02, subdivision 3; and 198.06.

Senate File No. 1595 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

**CONCURRENCE AND REPASSAGE**

Mr. Bertram moved that the Senate concur in the amendments by the House to S.F. No. 1595 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1595 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 45 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Johnson, D.J.	McQuaid	Pogemiller
Belanger	DeCramer	Jude	Mehrkens	Purfeerst
Benson	Diessner	Knaak	Merriam	Ramstad
Berg	Frank	Knutson	Metzen	Renneke
Bernhagen	Frederick	Laidig	Olson	Schmitz
Bertram	Frederickson, D.R.	Langseth	Pehler	Storm
Brandl	Freeman	Lantry	Peterson, D.C.	Stumpf
Cohen	Gustafson	Larson	Peterson, R.W.	Vickerman
Davis	Johnson, D.E.	Luther	Piper	Wegscheid

Messrs. Marty and Spear voted in the negative.

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

**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

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

S.F. No. 1673: A bill for an act relating to intoxicating liquor; authorizing the dispensing of intoxicating liquor at the St. Cloud Civic Center.

Senate File No. 1673 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

### CONCURRENCE AND REPASSAGE

Mr. Pehler moved that the Senate concur in the amendments by the House to S.F. No. 1673 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1673 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Anderson	Decker	Johnson, D.J.	McQuaid	Pogemiller
Beckman	DeCramer	Jude	Mehrkens	Purfeerst
Belanger	Diessner	Knaak	Merriam	Ramstad
Benson	Frank	Knutson	Metzen	Renneke
Berg	Frederick	Laidig	Morse	Schmitz
Bernhagen	Frederickson, D.J.	Langseth	Olson	Spear
Bertram	Frederickson, D.R.	Lantry	Pehler	Storm
Brandl	Freeman	Larson	Peterson, D.C.	Stumpf
Cohen	Gustafson	Luther	Peterson, R.W.	Vickerman
Davis	Johnson, D.E.	Marty	Piper	Wegscheid

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2536:

H.F. No. 2536: A bill for an act relating to elections; providing that statewide computerized voter registration system satisfy requirements for duplicate registration file; establishing voter registration account and appropriating money; changing certain procedures related to registration cards, files, and records; changing certain procedures for voting, arranging names on ballots, and completing summary statements; permitting cities or counties to use their present voting systems for general elections; amending Minnesota Statutes 1986, sections 201.091, subdivisions 2 and 5; 204D.08, subdivision 5; Minnesota Statutes 1987 Supplement, sections 201.022, subdivision 1; 201.071, subdivision 4; 204C.24, subdivision 1; 204D.08, subdivision 4; and 206.80; proposing coding for new law in Minnesota Statutes, chapter 201.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Orenstein, Osthoff and Knickerbocker have been appointed as such committee on the part of the House.

House File No. 2536 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 April 8, 1988

Mr. Luther moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2536, 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 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. 10:

H.F. No. 10: A bill for an act relating to crimes; raising the minimum term of imprisonment from 17 to 20 years for persons convicted of first degree murder; clarifying that the crying of a child does not constitute provocation under first degree manslaughter; amending Minnesota Statutes 1986, section 244.05, subdivision 4; and Minnesota Statutes 1987 Supplement, section 609.20.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Wenzel, Kelly and Carruthers have been appointed as such committee on the part of the House.

House File No. 10 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 April 8, 1988

Mr. Jude moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 10, 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 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. 2031:

H.F. No. 2031: A bill for an act relating to waste management; requiring certain buildings to provide space for recycling; changing the definition of recyclable materials; specifying the responsibilities of the legislative commission on waste management; adding containment of hazardous waste as an item for which the waste management board may make grants; making industrial waste facilities eligible for processing facility loans; creating additional loan and grant programs for waste tire management; banning used oil from placement on the land; removing the county fee cap for waste disposal in the metropolitan area; adding the chair of the waste management board to the environmental quality board; repealing the expiration date of the legislative commission on waste management; appropriating money; amending Minnesota Statutes 1986, sections 16B.24, subdivision 6; 16B.61,

by adding a subdivision; 115A.03, subdivisions 25a and 25b; 115A.14, subdivision 4; 115A.156, subdivision 3; 115A.165; 115A.912; 115A.914; 115A.919; 115B.17, by adding a subdivision; 473.803, subdivision 4; and 609.68; Minnesota Statutes 1987 Supplement, sections 115A.156, subdivisions 1 and 2; 115A.162; 115A.48; 115A.916; 115A.95; and 116C.03, subdivision 2; Laws 1980, chapter 564; article XII, section 1, subdivision 3, as amended; Laws 1987, chapters 348, section 51, subdivision 1; and 404, section 24, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapters 115A and 325E; repealing Minnesota Statutes 1986, sections 115A.14, subdivision 6; and 115A.90, subdivision 4; Minnesota Statutes 1987 Supplement, sections 115A.14, subdivision 5; 115A.41; 116.55; and 116M.07, subdivision 14.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Nelson, D.; Long; Anderson, R.; Larsen and Wagenius have been appointed as such committee on the part of the House.

House File No. 2031 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 April 8, 1988

Mr. Merriam moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2031, 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. 2596:

H.F. No. 2596: A bill for an act relating to metropolitan government; creating a legislative task force to monitor performance of metropolitan agencies in complying with certain laws; prescribing the contents of affirmative action plans for metropolitan agencies and a process for approval and reporting of those plans; requiring purchases from businesses owned by socially or economically disadvantaged persons; amending Minnesota Statutes 1986, sections 473.141, subdivision 9; and 473.406, subdivisions 2, 5, 6, and 7; proposing coding for new law in Minnesota Statutes, chapters 3 and 473.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

McLaughlin, Jefferson and Pauly have been appointed as such committee on the part of the House.

House File No. 2596 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 April 8, 1988

Mr. Marty moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2596, 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 appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1608: A bill for an act relating to the city of Minneapolis; updating references in its development laws; amending Laws 1980, chapter 595, section 3, subdivisions 1, as amended, 3, 6, and 7; and section 4.

There has been appointed as such committee on the part of the House: Otis, Knuth and Knickerbocker.

Senate File No. 1608 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1610: A bill for an act relating to advertising devices; providing for specific service signs relating to rural agricultural businesses and places of worship to be displayed along highways; amending Minnesota Statutes 1986, sections 160.292, subdivisions 2 and 10; 160.293, subdivisions 1 and 3; and 160.295, by adding a subdivision.

There has been appointed as such committee on the part of the House: Lasley, Carruthers and Johnson, V.

Senate File No. 1610 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1646: A bill for an act relating to insurance; accident and health;

clarifying certain coverages for newborn infants; amending Minnesota Statutes 1986, section 62A.042.

There has been appointed as such committee on the part of the House: DeBlieck, Skoglund, Orenstein, Quinn and Bishop.

Senate File No. 1646 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1955: A bill for an act relating to Ramsey county; authorizing the county to use certain land dedicated as open space for highway purposes; authorizing the sale of certain land.

There has been appointed as such committee on the part of the House: Knuth, Stanius and Trimble.

Senate File No. 1955 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2165: A bill for an act relating to environment; requiring persons to notify the pollution control agency of and take steps to avoid air pollution; proposing coding for new law in Minnesota Statutes, chapter 116.

There has been appointed as such committee on the part of the House: Ozment, Milbert and Seaberg.

Senate File No. 2165 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to

the following Senate File:

S.F. No. 2122: A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; providing for patient access to medical records; requiring outpatient diagnostic and test results to be retained as part of an individual permanent medical record; amending Minnesota Statutes 1986, sections 13.04, subdivision 4; 13.67; 13.791, subdivision 1; 144.335, subdivision 2; 145.32, subdivision 2; 171.12, by adding a subdivision; and 363.061, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13 and 221; repealing Minnesota Statutes 1986, section 13.72, subdivision 3.

There has been appointed as such committee on the part of the House:

Nelson, D.; Swenson and Orenstein.

Senate File No. 2122 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2214: A bill for an act relating to natural resources; authorizing the commissioner to sell certain surplus lands to local governments for local recreation or natural resource purposes; authorizing the commissioner of natural resources to convey road and flowage easements in certain circumstances; transferring duties and powers of county auditors and treasurers relating to sales of certain classes of state land to the commissioner; transferring the authority to issue state land patents from the governor to the commissioner; specifying the amount above appraised value that the commissioner may pay when acquiring land; authorizing long-term leases of state land for certain purposes; modifying certain provisions of land exchange laws relating to appraisals and fees; implementing exchanges of public land authorized by the constitution; authorizing exchange of school trust land located within a state park; appointing an independent trustee and legal counsel for land exchanges involving school trust land; providing a procedure for exchange of Class B land with Class A or Class C land; authorizing governmental units to exchange land in the same manner as private persons; amending Minnesota Statutes 1986, sections 84.027, by adding a subdivision; 84.631; 85.015, subdivision 1; 92.16, subdivision 1; 92.23; 92.24; 92.26; 92.27; 92.29; 92.50, subdivision 1; 94.342, subdivision 3, and by adding subdivisions; 94.343, subdivisions 3 and 9; 94.344, subdivisions 1, 3, 7, and 10; 94.348; Minnesota Statutes 1987 Supplement, sections 84.0272; and 105.392, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 84 and 92; repealing Minnesota Statutes 1986, section 92.25.

There has been appointed as such committee on the part of the House:

Jennings, Knuth and Shaver.

Senate File No. 2214 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pogemiller moved that S.F. No. 1749 be taken from the table. The motion prevailed.

S.F. No. 1749: A bill for an act relating to the city of Minneapolis; providing conditions for contractors bonds; amending Laws 1980, chapter 595, section 3, by adding a subdivision.

### CONCURRENCE AND REPASSAGE

Mr. Pogemiller moved that the Senate concur in the amendments by the House to S.F. No. 1749 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1749: A bill for an act relating to the city of Minneapolis; providing conditions for contractors bonds; providing for postretirement payments for Minneapolis police officers and Minneapolis firefighters, their surviving spouses and dependents; amending Laws 1949, chapter 406, section 5, by adding a subdivision; and Laws 1980, chapter 595, section 3, by adding a subdivision.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 47 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Jude	Merriam	Renneke
Beckman	Diessner	Knaak	Metzen	Schmitz
Belanger	Frank	Knutson	Morse	Spear
Benson	Frederick	Laidig	Olson	Storm
Berg	Frederickson, D.J.	Langseth	Pehler	Stumpf
Bernhagen	Frederickson, D.R.	Lantry	Peterson, D.C.	Vickerman
Bertram	Freeman	Larson	Piper	Wegscheid
Brandl	Gustafson	Luther	Pogemiller	
Davis	Johnson, D.E.	McQuaid	Purfeerst	
Decker	Johnson, D.J.	Mehrkens	Ramstad	

Messrs. Marty and Peterson, R. W. voted in the negative.

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Peterson, D.C. moved that S.F. No. 1018 be taken from the table. The motion prevailed.

S.F. No. 1018: A bill for an act relating to crimes; criminal sexual conduct; creating a crime of fifth degree criminal sexual conduct; amending Minnesota Statutes 1986, section 388.051, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

**CONCURRENCE AND REPASSAGE**

Ms. Peterson, D.C. moved that the Senate concur in the amendments by the House to S.F. No. 1018 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1018 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Jude	Mehrkens	Purfeerst
Beckman	Diessner	Knaak	Merriam	Ramstad
Belanger	Frank	Knutson	Metzen	Renneke
Benson	Frederick	Laidig	Morse	Schmitz
Berg	Frederickson, D.J.	Langseth	Olson	Spear
Bernhagen	Frederickson, D.R.	Lantry	Pehler	Storm
Bertram	Freeman	Larson	Peterson, D.C.	Stumpf
Brandl	Gustafson	Luther	Peterson, R.W.	Vickerman
Davis	Johnson, D.E.	Marty	Piper	Wegscheid
Decker	Johnson, D.J.	McQuaid	Pogemiller	

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Wegscheid moved that S.F. No. 2323 be taken from the table. The motion prevailed.

S.F. No. 2323: A bill for an act relating to financial institutions; authorizing certain investments for banks; amending Minnesota Statutes 1986, sections 48.152, subdivision 10; 48.24, subdivision 5; and 48.61, by adding a subdivision.

Mr. Wegscheid moved that the Senate do not concur in the amendments by the House to S.F. No. 2323, 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. Merriam withdrew his notice of reconsideration on S.F. No. 2191.

Mr. Merriam moved that S.F. No. 2572, on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Frederickson, D.J. moved that his name be stricken as chief author and the name of Mr. Chmielewski be added as chief author to S.F. No. 1686. The motion prevailed.

Mr. Davis moved that his name be stricken as a co-author to S.F. No. 1686. The motion prevailed.

Mr. Berg moved that his name be stricken as a co-author to S.F. No. 1686. 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. 2323: Messrs. Wegscheid, Solon and Gustafson.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, 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 bills were read the first time and referred to the committees indicated.

Mr. Benson introduced—

S.F. No. 2573: A bill for an act relating to traffic regulations; providing for alternative slow-moving vehicle emblem for persons with sincerely held religious beliefs; amending Minnesota Statutes 1987 Supplement, section 169.522, subdivision 1.

Referred to the Committee on Transportation.

Mr. Peterson, R.W. introduced—

S.F. No. 2574: A bill for an act relating to statutory liens; providing for lien statements, attachment, perfection, and priority of statutory liens where it is not otherwise specifically provided; proposing coding for new law in Minnesota Statutes, chapter 514.

Referred to the Committee on Judiciary.

### MEMBERS EXCUSED

Mr. Wegscheid was excused from the Session of today from 1:00 to 5:00 p.m. Mrs. Adkins was excused from the Session of today from 2:50 to 3:20 p.m. Mr. Solon was excused from the Session of today at 4:20 p.m. Mr. Knaak was excused from the Session of today from 4:45 to 6:00 p.m. Mr. Novak was excused from the Session of today at 6:15 p.m. Mr. Hughes was excused from the Session of today at 6:45 p.m. Mr. Lessard was excused from the Session of today at 6:45 p.m. Mr. Chmielewski was excused from the Session of today at 7:15 p.m. Ms. Berglin was excused from the Session of today at 7:40 p.m. Mr. Moe, R.D. was excused from the Session of today from 7:00 to 8:00 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Monday, April 11, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**EIGHTY-FOURTH DAY**

St. Paul, Minnesota, Monday, April 11, 1988

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 Senator Pat Piper.

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

Adkins	Davis	Jude	Metzen	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Samuelson
Beckman	DeCramer	Knutson	Moe, R.D.	Schmitz
Belanger	Dicklich	Kroening	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berg	Frank	Langseth	Olson	Storm
Berglin	Frederick	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Brandl	Freeman	Luther	Piper	Waldorf
Brataas	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.I.	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.

April 7, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	1710	452	April 6	April 6
	1806	453	April 6	April 6
	1867	454	April 6	April 6
	1913	455	April 6	April 6
	1971	456	April 6	April 6
	2020	457	April 6	April 6
	2025	458	April 6	April 6
	2046	459	April 6	April 6
	2109	460	April 6	April 6
	2252	461	April 6	April 6
	2272	462	April 6	April 6
	2312	463	April 6	April 6
	2372	464	April 6	April 6
	2402	465	April 6	April 6
	2490	466	April 6	April 6
	2615	467	April 6	April 6
	2703	468	April 6	April 6
1644		469	April 6	April 6
1819		470	April 6	April 6
1875		471	April 6	April 6
2090		472	April 6	April 6
2355		473	April 6	April 6

Sincerely,  
Joan Anderson Growe  
Secretary of State

### MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 752: A bill for an act relating to occupations and professions; amending the laws regulating the practice of pharmacy; providing definitions; providing for registration of pharmacies, drug manufacturers, and others; providing for licensing of pharmacists; providing remedies for violations; amending Minnesota Statutes 1986, sections 151.01, subdivision 2, and by adding subdivisions; 151.04; 151.06, subdivision 1; 151.101; 151.15; 151.19; 151.211; 151.212, subdivision 1, and by adding a subdivision; 151.25; 151.26, subdivision 1; 151.32; 151.34; and 151.37; proposing coding for new law in Minnesota Statutes, chapter 151; repealing Minnesota Statutes 1986, sections 151.01, subdivision 4; 151.06, subdivision 2a; 151.11; 151.28; and 151.31.

Senate File No. 752 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 8, 1988

Mr. Moe, R.D. moved that S.F. No. 752 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. 1935:

H.F. No. 1935: A bill for an act relating to insurance; accident and health; broadening the average for adopted children; requiring coverage for routine diagnostic procedures for cancer and services provided to ventilator-dependent persons; amending Minnesota Statutes 1987 Supplement, section 62A.27; and proposing coding for new law in Minnesota Statutes, chapter 62A.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Minne, Dempsey and Ogren have been appointed as such committee on the part of the House.

House File No. 1935 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 April 8, 1988

Mr. Moe, R.D. moved that H.F. No. 1935 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. 2269.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 8, 1988

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2269: A bill for an act relating to health; providing equal access to chiropractic services; providing for renewal of certain health insurance policies; providing for the licensure of doctors of chiropractic; amending Minnesota Statutes 1986, sections 62A.15, subdivisions 1, 2, and 4; Minnesota Statutes 1987 Supplement, sections 62A.48, subdivision 7; 148.06, subdivision 1; and 169.345, subdivisions 2a and 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2145, now on Special Orders.

### 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

H.F. No. 2526 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>SPECIAL 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.
2526	2489				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2526 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2526 and insert the language after the enacting clause of S.F. No. 2489, the first engrossment; further, delete the title of H.F. No. 2526 and insert the title of S.F. No. 2489, the first engrossment.

And when so amended H.F. No. 2526 will be identical to S.F. No. 2489, and further recommends that H.F. No. 2526 be given its second reading and substituted for S.F. No. 2489, 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. 2291 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

<b>SPECIAL 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.
2291	2059				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2291 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2291 and insert the language after the enacting clause of S.F. No. 2059, the second engrossment; further, delete the title of H.F. No. 2291 and insert the title of S.F. No. 2059, the second engrossment.

And when so amended H.F. No. 2291 will be identical to S.F. No. 2059, and further recommends that H.F. No. 2291 be given its second reading and substituted for S.F. No. 2059, 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. 2520 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2520	2382				

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 HOUSE BILLS

H.F. Nos. 2526, 2291 and 2520 were read the second time.

### MOTIONS AND RESOLUTIONS

Messrs. Pogemiller and Kroening introduced—

Senate Resolution No. 139: A Senate resolution congratulating the Islanders Boys' Basketball Team from De La Salle High School for winning the 1988 Class A State High School Boys' Basketball Championship.

Referred to the Committee on Rules and Administration.

Mr. Chmielewski moved that the name of Mr. Ramstad be added as a co-author to S.F. No. 2428. 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. 2590:

Messrs. Bernhagen, Brandl, Novak, Pogemiller and Johnson, D.J. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Reichgott moved that S.F. No. 752 be taken from the table. The motion prevailed.

S.F. No. 752: A bill for an act relating to occupations and professions; amending the laws regulating the practice of pharmacy; providing definitions; providing for registration of pharmacies, drug manufacturers, and others; providing for licensing of pharmacists; providing remedies for violations; amending Minnesota Statutes 1986, sections 151.01, subdivision 2, and by adding subdivisions; 151.04; 151.06, subdivision 1; 151.101; 151.15; 151.19; 151.211; 151.212, subdivision 1, and by adding a subdivision; 151.25; 151.26, subdivision 1; 151.32; 151.34; and 151.37; proposing coding for new law in Minnesota Statutes, chapter 151; repealing Minnesota Statutes 1986, sections 151.01, subdivision 4; 151.06, subdivision 2a; 151.11; 151.28; and 151.31.

### CONCURRENCE AND REPASSAGE

Ms. Reichgott moved that the Senate concur in the amendments by the House to S.F. No. 752 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 752 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Davis	Knutson	Metzen	Reichgott
Anderson	Decker	Kroening	Moe, D.M.	Renneke
Beckman	DeCramer	Laidig	Moe, R.D.	Samuelson
Belanger	Frank	Lantry	Morse	Schmitz
Benson	Frederick	Larson	Novak	Storm
Berg	Frederickson, D.J.	Lessard	Olson	Stumpf
Berglin	Frederickson, D.R.	Luther	Pehler	Vickerman
Bernhagen	Hughes	Marty	Piper	Wegscheid
Bertram	Johnson, D.E.	McQuaid	Pogemiller	
Brandl	Jude	Mehrkens	Purfeerst	
Chmielewski	Knaak	Merriam	Ramstad	

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

### CONFIRMATION

Mr. Hughes moved that the report from the Committee on Elections and Ethics, reported March 14, 1988, 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 14, 1988, the Senate, having given its advice, do now consent to and confirm the appointments of:

#### STATE ETHICAL PRACTICES BOARD

Douglas R. Ewald, 15025 Highland Trl., Minnetonka, Hennepin County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

Mary Smith, 515 N. Ferndale, Wayzata, Hennepin County, effective January 26, 1988, for a term expiring the first Monday in January, 1992.

The motion prevailed. So the appointments were confirmed.

### MOTIONS AND RESOLUTIONS - CONTINUED

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

H.F. No. 2022: A bill for an act relating to agriculture; adding members to the state agricultural society; amending Minnesota Statutes 1986, section 37.03, subdivision 1.

Mr. Davis moved that the amendment made to H.F. No. 2022 by the Committee on Rules and Administration in the report adopted March 17, 1988, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 2022 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	Decker	Kroening	Moe, D.M.	Renneke
Anderson	DeCramer	Laidig	Moe, R.D.	Samuelson
Beckman	Frank	Langseth	Morse	Schmitz
Belanger	Frederick	Lantry	Novak	Solon
Benson	Frederickson, D.J.	Larson	Olson	Spear
Berg	Frederickson, D.R.	Lessard	Pehler	Storm
Berglin	Gustafson	Luther	Peterson, D.C.	Stumpf
Bernhagen	Hughes	Marty	Piper	Vickerman
Bertram	Johnson, D.E.	McQuaid	Pogemiller	Wegscheid
Brandl	Jude	Mehrkens	Purfeerst	
Chmielewski	Knaak	Merriam	Ramstad	
Davis	Knutson	Metzen	Reichgott	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1999: A bill for an act relating to public safety; regulating boiler operation; amending Minnesota Statutes 1986, sections 183.411, subdivisions 1, 3, and by adding a subdivision; 183.466; 183.51, subdivisions 4, 7, 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Metzen	Renneke
Anderson	Decker	Kroening	Moe, D.M.	Samuelson
Beckman	DeCramer	Laidig	Moe, R.D.	Schmitz
Belanger	Frank	Langseth	Morse	Solon
Benson	Frederick	Lantry	Olson	Spear
Berg	Frederickson, D.J.	Larson	Pehler	Storm
Berglin	Frederickson, D.R.	Lessard	Peterson, D.C.	Stumpf
Bernhagen	Gustafson	Luther	Piper	Vickerman
Bertram	Hughes	Marty	Pogemiller	Wegscheid
Brandl	Johnson, D.E.	McQuaid	Purfeerst	
Chmielewski	Johnson, D.J.	Mehrkens	Ramstad	
Dahl	Jude	Merriam	Reichgott	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 1681: A bill for an act relating to civil actions; modifying the statute of limitations for damages based on services or construction to improve real property; amending Minnesota Statutes 1986, section 541.051, subdivision 1.

Mr. Luther moved to amend H.F. No. 1681, as amended pursuant to Rule

49, adopted by the Senate March 17, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1532.)

Amend the title as follows:

Page 1, lines 2 and 4, delete "modifying" and insert "clarifying"

The motion prevailed. So the amendment was adopted.

Mr. Jude moved to amend H.F. No. 1681, as amended pursuant to Rule 49, adopted by the Senate March 17, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1532.)

Page 2, delete lines 29 to 31 and insert:

*"Section 1 is effective the day following final enactment and applies to matters pending on or instituted on or after its effective date.*

*Section 2 is effective the day following final enactment for any action commenced on or after its effective date."*

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 25 and nays 29, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnson, D.E.	Lessard	Renneke
Belanger	Decker	Jude	McQuaid	Samuelson
Berg	Frederick	Laidig	Mehrkens	Taylor
Bernhagen	Frederickson, D.R.	Langseth	Olson	Waldorf
Bertram	Gustafson	Larson	Ramstad	Wegscheid

Those who voted in the negative were:

Anderson	Dahl	Lantry	Novak	Reichgott
Beckman	Davis	Luther	Pehler	Spear
Berglin	Frank	Marty	Peterson, D.C.	Storm
Brandl	Frederickson, D.I.	Merriam	Piper	Stumpf
Brataas	Knaak	Moe, D.M.	Pogemiller	Vickerman
Cohen	Kroening	Morse	Purfeerst	

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

Mr. Knaak moved to amend H.F. No. 1681, as amended pursuant to Rule 49, adopted by the Senate March 17, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1532.)

Page 2, line 30, delete "matters pending on or instituted" and insert "any cause of action filed"

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H.F. No. 1681. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 29, as follows:

Those who voted in the affirmative were:

Anderson	Chmielewski	Knaak	Mehrkens	Taylor
Belanger	Decker	Knutson	Olson	Waldorf
Benson	Frederick	Laidig	Ramstad	Wegscheid
Berg	Frederickson, D.R.	Larson	Renneke	
Bernhagen	Gustafson	Lessard	Samuelson	
Bertram	Jude	McQuaid	Stumpf	

Those who voted in the negative were:

Adkins	Frank	Marty	Pehler	Reichgott
Beckman	Frederickson, D.J.	Merriam	Peterson, D.C.	Schmitz
Berglin	Kroening	Metzen	Peterson, R.W.	Solon
Cohen	Langseth	Moe, D.M.	Piper	Spear
Davis	Lantry	Morse	Pogemiller	Vickerman
DeCramer	Luther	Novak	Purfeerst	

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

H.F. No. 1681 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	Decker	Knutson	Metzen	Reichgott
Anderson	DeCramer	Kroening	Moe, D.M.	Renneke
Beckman	Frank	Laidig	Morse	Samuelson
Belanger	Frederick	Langseth	Novak	Schmitz
Benson	Frederickson, D.J.	Lantry	Olson	Solon
Berg	Frederickson, D.R.	Larson	Pehler	Spear
Berglin	Freeman	Lessard	Peterson, D.C.	Storm
Bernhagen	Gustafson	Luther	Peterson, R.W.	Taylor
Bertram	Hughes	Marty	Piper	Vickerman
Chmielewski	Johnson, D.E.	McQuaid	Pogemiller	Waldorf
Cohen	Jude	Mehrkens	Purfeerst	Wegscheid
Davis	Knaak	Merriam	Ramstad	

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

### SPECIAL ORDER

H.F. No. 2138: A bill for an act relating to human services; revising and clarifying the duties and powers of the ombudsman for mental health and mental retardation; transferring money; amending Minnesota Statutes 1987 Supplement, sections 245.91, subdivisions 2, 3, and 4; 245.92; 245.94, subdivisions 1, 2, 3, and 4; 245.95, subdivision 1; 245.97, subdivision 1; 626.556, subdivisions 9 and 10; and 626.557, 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Langseth	Morse	Samuelson
Anderson	Frank	Lantry	Novak	Schmitz
Beckman	Frederickson, D.J.	Larson	Olson	Solon
Belanger	Frederickson, D.R.	Lessard	Pehler	Spear
Benson	Freeman	Luther	Peterson, D.C.	Storm
Berglin	Hughes	Marty	Peterson, R.W.	Stumpf
Bernhagen	Johnson, D.E.	McQuaid	Piper	Taylor
Bertram	Jude	Mehrrens	Pogemiller	Vickerman
Chmielewski	Knaak	Merriam	Purfeerst	Wegscheid
Cohen	Knutson	Metzen	Ramstad	
Dahl	Kroening	Moe, D.M.	Reichgott	
Davis	Laidig	Moe, R.D.	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 821: A bill for an act relating to public finance; authorizing compliance with federal tax laws to secure tax exemption for certain bonds and other obligations; authorizing the issuance of taxable bonds and other obligations; appropriating money; amending Minnesota Statutes 1986, section 16A.641, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 16A.

Mr. Metzen moved to amend S.F. No. 821 as follows:

Page 2, after line 32, insert:

"Sec. 4. Minnesota Statutes 1987 Supplement, section 474A.04, subdivision 6, is amended to read:

Subd. 6. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to bonding authority allocated to the original entitlement issuer under this section. *An entitlement issuer also may enter into an agreement with an issuer which is not an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to \$100,000 of which are issued pursuant to bonding authority allocated to the original entitlement issuer under this section.*"

Page 2, line 34, delete "3" and insert "4"

Renumber the sections in sequence

Amend the title accordingly

Mr. Pogemiller moved to amend the Metzen amendment to S.F. No. 821 as follows:

Page 1, line 10, after "agreement" insert "prior to August 1, 1988,"

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

The question recurred on the adoption of the Metzen amendment, as amended. The motion prevailed. So the Metzen amendment, as amended, was adopted.

S.F. No. 821 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 0, as follows:

Those who voted in the affirmative were:



Adkins	Davis	Knaak	Merriam	Ramstad
Anderson	Decker	Knutson	Metzen	Reichgott
Beckman	DeCramer	Kroening	Moe, R.D.	Renneke
Belanger	Frank	Laidig	Morse	Schmitz
Berg	Frederick	Langseth	Novak	Solon
Berglin	Frederickson, D.J.	Lantry	Olson	Spear
Bernhagen	Frederickson, D.R.	Larson	Pehler	Storm
Bertram	Freeman	Lessard	Peterson, D.C.	Stumpf
Brandl	Gustafson	Luther	Peterson, R.W.	Taylor
Chmielewski	Hughes	Marty	Piper	Vickerman
Cohen	Johnson, D.E.	McQuaid	Pogemiller	Waldorf
Dahl	Jude	Mehrkens	Purfeerst	Wegscheid

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

### SPECIAL ORDER

S.F. No. 2106: A bill for an act relating to vocational rehabilitation; changing terminology; regulating funding allocations; providing for facility governance; appropriating money; amending Minnesota Statutes 1986, section 129A.02, subdivision 3; 129A.09; and 129A.10; Minnesota Statutes 1987 Supplement, sections 129A.01, subdivisions 5, 6, and 7; 129A.03; 129A.06, subdivision 1; 129A.07, subdivision 1; 129A.08, subdivisions 1, 4, 5, and by adding a subdivision; repealing Minnesota Statutes 1987 Supplement, sections 129A.01, subdivision 8; 129A.07, subdivision 2; and 129A.08, subdivision 3.

Mr. Storm moved to amend S.F. No. 2106 as follows:

Page 8, line 31, delete "18" and insert "15"

The motion prevailed. So the amendment was adopted.

S.F. No. 2106 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 3, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Jude	Marty	Piper
Anderson	Cohen	Knaak	McQuaid	Purfeerst
Beckman	Dahl	Knutson	Mehrkens	Ramstad
Belanger	Davis	Kroening	Merriam	Reichgott
Benson	Diessner	Laidig	Metzen	Schmitz
Berg	Frederickson, D.J.	Langseth	Moe, R.D.	Spear
Berglin	Frederickson, D.R.	Lantry	Novak	Storm
Bernhagen	Freeman	Larson	Pehler	Taylor
Bertram	Hughes	Lessard	Peterson, D.C.	Vickerman
Brandl	Johnson, D.E.	Luther	Peterson, R.W.	Waldorf

Messrs. Dicklich, Samuelson and Stumpf voted in the negative.

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Purfeerst moved that the following members be excused for a Conference Committee on H.F. No. 1749 at 2:00 p.m.:

Mrs. Lantry, Messrs. Langseth, DeCramer, Stumpf and Purfeerst. The motion prevailed.

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Moe, D.M. moved that the following members be excused for a Conference Committee on S.F. No. 2003 at 2:00 p.m.:

Mr. Wegscheid, Ms. Olson and Mr. Moe, D.M. The motion prevailed.

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Pogemiller moved that the following members be excused for a Conference Committee on S.F. No. 1608 from 2:00 to 2:30 p.m.:

Messrs. Frank, Gustafson and Pogemiller. The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED****SPECIAL ORDER**

S.F. No. 1662: A bill for an act relating to natural resources; defining forest roads; providing for the establishment, construction, administration, and maintenance of forest roads; dedicating a portion of gasoline and special fuels taxes to use on state forest roads; amending Minnesota Statutes 1986, sections 89.001, by adding a subdivision; 89.19; 296.16, by adding a subdivision; and 296.421, by adding a subdivision; Laws 1987, chapter 404, section 22, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 89.

Mr. Stumpf moved to amend S.F. No. 1662 as follows:

Page 6, after line 6, insert:

“Sec. 11. [PROPERTY ACQUISITION PROHIBITED.]

*The commissioner of transportation shall not spend money to acquire highway advertising devices or property rights under Minnesota Statutes, chapter 173. No actions may be commenced under that chapter until otherwise directed by law. The commissioner of transportation shall move to dismiss all acquisition actions that are pending under that chapter on the effective date of this section.”*

Page 6, line 8, delete “and” and insert “, 10, and 11”

Page 6, line 9, delete “10”

Re-number the sections in sequence

Amend the title accordingly

Mr. Knaak questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

S.F. No. 1662 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	Dahl	Knutson	Metzen	Samuelson
Anderson	Davis	Kroening	Moe, R. D.	Schmitz
Beckman	Decker	Laidig	Morse	Solon
Belanger	DeCramer	Langseth	Novak	Spear
Benson	Dicklich	Lantry	Pehler	Storm
Berg	Diessner	Larson	Peterson, D.C.	Stumpf
Berglin	Frederickson, D.J.	Lessard	Peterson, R. W.	Taylor
Bernhagen	Frederickson, D.R.	Luther	Piper	Vickerman
Bertram	Hughes	Marty	Purfeerst	Waldorf
Brandl	Johnson, D.E.	McQuaid	Ramstad	
Chmielewski	Jude	Mehrkens	Reichgott	
Cohen	Knaak	Merriam	Renneke	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2195: A bill for an act relating to education; making technical corrections to the cooperative secondary facilities grant act; amending Minnesota Statutes 1987 Supplement, section 124.494, subdivisions 5 and 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 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Jude	Merriam	Renneke
Anderson	Cohen	Knaak	Metzen	Schmitz
Beckman	Davis	Knutson	Morse	Solon
Belanger	Decker	Kroening	Novak	Spear
Benson	Dicklich	Laidig	Pehler	Storm
Berg	Diessner	Larson	Peterson, D.C.	Vickerman
Berglin	Frederickson, D.J.	Lessard	Peterson, R. W.	Waldorf
Bernhagen	Frederickson, D.R.	Luther	Piper	
Bertram	Hughes	Marty	Ramstad	
Brandl	Johnson, D.E.	McQuaid	Reichgott	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 2194: A bill for an act relating to environment; prohibiting the sale of certain polyethylene material; creating an advisory task force and providing for its duties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 325E.

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	Dahl	Johnson, D.E.	Merriam	Renneke
Anderson	Davis	Jude	Metzen	Samuelson
Beckman	Decker	Knaak	Moe, R. D.	Schmitz
Belanger	Dicklich	Kroening	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berg	Frank	Larson	Pehler	Storm
Berglin	Frederick	Lessard	Peterson, D.C.	Taylor
Bernhagen	Frederickson, D.J.	Luther	Peterson, R. W.	Vickerman
Bertram	Frederickson, D.R.	Marty	Piper	Waldorf
Brandl	Gustafson	McQuaid	Pogemiller	
Cohen	Hughes	Mehrkens	Ramstad	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 2127: A bill for an act relating to health maintenance organizations; requiring insolvency insurance policies to be filed; requiring a deposit; creating a net worth requirement; allowing for a reduction of net worth in certain circumstances; defining admitted assets; imposing investment restrictions; requiring quarterly reports; providing for the inclusion of certain items in provider contracts; regulating rehabilitation and liquidations; including health maintenance organizations in the Life and Health Guaranty Association; requiring health maintenance organizations to maintain liabilities for unpaid claims; amending Minnesota Statutes 1986, sections 62D.02, by adding subdivisions; 62D.03, subdivision 4; 62D.041, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 62D.05, subdivision 3; 62D.08, by adding a subdivision; 62D.12, subdivision 5, and by adding a subdivision; 62D.14, subdivision 1; 62D.18; 62D.19; 62E.02, subdivision 13; and 62E.14, subdivision 1; Minnesota Statutes 1987 Supplement, sections 62D.04, subdivision 1; and 62E.10, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 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 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Brandl	Frederickson, D.R.	Larson	Peterson, D.C.
Anderson	Chmielewski	Freeman	Luther	Peterson, R.W.
Beckman	Cohen	Gustafson	Marty	Piper
Belanger	Davis	Hughes	McQuaid	Ramstad
Benson	Decker	Johnson, D.E.	Merriam	Renneke
Berg	Diessner	Jude	Moe, R.D.	Solon
Berglin	Frank	Knaak	Morse	Spear
Bernhagen	Frederick	Knutson	Novak	Storm
Bertram	Frederickson, D.J.	Laidig	Pehler	Vickerman

So the bill passed and its title was agreed to.

### SPECIAL ORDER

S.F. No. 1719: A bill for an act relating to occupational safety and health; regulating penalties for violations; amending Minnesota Statutes 1986, section 182.666, subdivisions 3, 5a, and 7; Minnesota Statutes 1987 Supplement, section 182.666, subdivisions 1, 2, 4, and 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 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Freeman	Luther	Piper
Anderson	Chmielewski	Gustafson	Marty	Ramstad
Beckman	Cohen	Hughes	McQuaid	Renneke
Belanger	Dahl	Johnson, D.E.	Merriam	Schmitz
Benson	Davis	Jude	Metzen	Solon
Berg	Diessner	Knaak	Moe, R.D.	Spear
Berglin	Frank	Knutson	Novak	Vickerman
Bernhagen	Frederick	Kroening	Pehler	
Bertram	Frederickson, D.J.	Laidig	Peterson, D.C.	
Brandl	Frederickson, D.R.	Larson	Peterson, R.W.	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F No. 2131: A bill for an act relating to the environment; prohibiting government units and vendors from purchasing and using chlorofluorocarbon-processed packaging materials; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 116.

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	Chmielewski	Gustafson	Marty	Peterson, R.W.
Anderson	Cohen	Johnson, D.E.	McQuaid	Piper
Beckman	Dahl	Jude	Mehrkens	Ramstad
Belanger	Davis	Knaak	Merriam	Renneke
Berg	Decker	Knutson	Metzen	Solon
Berglin	Diessner	Kroening	Moe, R.D.	Spear
Bernhagen	Frederick	Laidig	Morse	Storm
Bertram	Frederickson, D.J.	Larson	Novak	Vickerman
Brandl	Frederickson, D.R.	Lessard	Pehler	
Brataas	Freeman	Luther	Peterson, D.C.	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H.F No. 1656: A bill for an act relating to traffic regulations; permitting county and city attorneys to provide certain services; providing for allocation of civil fines for motor vehicle maximum weight violations; amending Minnesota Statutes 1986, section 169.871, subdivisions 3 and 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 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	McQuaid	Piper
Anderson	Davis	Johnson, D.E.	Mehrkens	Ramstad
Beckman	Decker	Jude	Merriam	Renneke
Belanger	Diessner	Knaak	Metzen	Schmitz
Berg	Frank	Kroening	Moe, R.D.	Spear
Berglin	Frederick	Laidig	Morse	Storm
Bernhagen	Frederickson, D.J.	Larson	Novak	Vickerman
Bertram	Frederickson, D.R.	Lessard	Pehler	
Brataas	Freeman	Luther	Peterson, D.C.	
Chmielewski	Gustafson	Marty	Peterson, R.W.	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

S.F. No. 1678: A bill for an act relating to natural resources; establishing a controlled burn program; requiring permits for controlled burns; providing assistance for controlled burns; proposing coding for new law in Minnesota Statutes, chapter 84.

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

The question was taken on the passage of the bill.

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Gustafson	Marty	Piper
Anderson	Dahl	Hughes	McQuaid	Ramstad
Beckman	Davis	Johnson, D.E.	Mehrrens	Renneke
Belanger	Decker	Jude	Merriam	Schmitz
Berg	Diessner	Knaak	Metzen	Spear
Berglin	Frank	Knutson	Moe, R.D.	Storm
Bernhagen	Frederick	Kroening	Morse	Vickerman
Bertram	Frederickson, D.J.	Larson	Pehler	
Brandl	Frederickson, D.R.	Lessard	Peterson, D.C.	
Brataas	Freeman	Luther	Peterson, R.W.	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H.F. No. 1925: A bill for an act relating to education; eliminating the cap on the state university system student health service fee; amending Minnesota Statutes 1986, section 136.11, subdivision 7.

Mr. Morse moved that the amendment made to H.F. No. 1925 by the Committee on Rules and Administration in the report adopted April 8, 1988, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 1925 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	Cohen	Gustafson	Marty	Reichgott
Anderson	Dahl	Hughes	McQuaid	Schmitz
Beckman	Davis	Johnson, D.E.	Merriam	Solon
Belanger	Decker	Jude	Metzen	Spear
Benson	Diessner	Knaak	Moe, R.D.	Storm
Berglin	Frank	Knutson	Morse	Vickerman
Bernhagen	Frederick	Kroening	Peterson, D.C.	
Bertram	Frederickson, D.J.	Larson	Peterson, R.W.	
Brataas	Frederickson, D.R.	Lessard	Piper	
Chmielewski	Freeman	Luther	Ramstad	

So the bill passed and its title was agreed to.

**SPECIAL ORDER**

H.F. No. 1399: A bill for an act relating to economic development; authorizing certain entities involved in economic development to participate in secondary markets; authorizing the use of appropriated money for secondary market purposes; amending Minnesota Statutes 1986, sections

116M.04, by adding a subdivision; 116M.08, by adding a subdivision; 362A.03, by adding a subdivision; 458.192, by adding a subdivision; 458C.14, by adding a subdivision; and 462.445, subdivision 4.

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 5, as follows:

Those who voted in the affirmative were:

Adkins	Brandl	Frederickson, D.R.	Luther	Piper
Anderson	Chmielewski	Freeman	Marty	Ramstad
Beckman	Cohen	Hughes	McQuaid	Reichgott
Belanger	Dahl	Johnson, D.E.	Mehrkens	Renneke
Benson	Davis	Jude	Metzen	Schmitz
Berg	Decker	Knaak	Moe, R.D.	Spear
Berglin	Diessner	Kroening	Morse	Vickerman
Bernhagen	Frank	Larson	Pehler	
Bertram	Frederickson, D.J.	Lessard	Peterson, D.C.	

Those who voted in the negative were:

Frederick	Knutson	Merriam	Peterson, R.W.	Storm
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So the bill passed and its title was agreed to.

### RECONSIDERATION

Mr. Chmielewski moved that the vote whereby H.F. No. 1999 was passed by the Senate on April 11, 1988, be now reconsidered. The motion prevailed.

Mr. Chmielewski moved that H.F. No. 1999 be laid on the table. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House, Reports of Committees and Second Reading of Senate Bills.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce 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. 2203: A bill for an act relating to human services; authorizing a county to establish an adult protection team; requiring records to be maintained; proposing coding for new law in Minnesota Statutes, chapter 626.

Senate File No. 2203 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

### CONCURRENCE AND REPASSAGE

Mr. Benson moved that the Senate concur in the amendments by the House to S.F. No. 2203 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2203 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Brandl	Hughes	McQuaid	Renneke
Anderson	Cohen	Johnson, D.E.	Mehrkens	Schmitz
Beckman	Davis	Jude	Merriam	Spear
Belanger	Decker	Knaak	Moe, R.D.	Storm
Benson	Frank	Knutson	Morse	Vickerman
Berg	Frederick	Kroening	Pehler	Waldorf
Berglin	Frederickson, D.I.	Larson	Peterson, D.C.	
Bernhagen	Frederickson, D.R.	Luther	Piper	
Bertram	Freeman	Marty	Ramstad	

Mr. Peterson, R.W. voted in the negative.

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Waldorf moved that the following members be excused for a Conference Committee on S.F. No. 2569 at 3:00 p.m.:

Messrs. Taylor, Dicklich, Mrs. Brataas, Messrs. Dahl and Waldorf. The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Langseth moved that the following members be excused for a Conference Committee on S.F. No. 2565 at 4:00 p.m.:

Messrs. Metzen, Mehrkens, Purfeerst, Wegscheid and Langseth. 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 re-referred

S.F. No. 2321: A bill for an act proposing an amendment to the Minnesota Constitution, article I, sections 4 and 6; providing for six-member juries in civil and nonfelony cases.

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

### SECOND READING OF SENATE BILLS

S.F. No. 2321 was read the second time.



**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Frederickson, D.J. moved that the names of Mr. Beckman, Ms. Piper and Mr. Marty be added as co-authors to S.F. No. 2194. The motion prevailed.

Mr. Davis moved that S.F. No. 2076, No. 18 on Special Orders, be stricken and re-referred to the Committee on Agriculture. 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. 10: Messrs. Jude, Spear and Ms. Peterson, D.C.

H.F. No. 2536: Mr. Luther, Ms. Peterson, D.C. and Mr. Laidig.

H.F. No. 2031: Messrs. Merriam, Laidig, Luther, Pehler and Marty.

H.F. No. 2596: Messrs. Marty; Moe, D.M. and Taylor.

S.F. No. 1643: Ms. Reichgott, Mr. Laidig and Ms. Berglin.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

**MEMBERS EXCUSED**

Mr. Freeman was excused from the Session of today from 12:00 noon to 1:15 p.m. Mr. Diessner was excused from the Session of today from 12:00 noon to 1:45 p.m. Ms. Reichgott was excused from the Session of today from 3:00 to 3:30 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, April 12, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-FIFTH DAY

St. Paul, Minnesota, Tuesday, April 12, 1988

The Senate met at 12:00 noon 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 Mr. David Skilbred.

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

Adkins	Davis	Jude	Metzen	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Samuelson
Beckman	DeCramer	Knutson	Moe, R.D.	Schmitz
Belanger	Dicklich	Kroening	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berg	Fränk	Langseth	Olson	Storm
Berglin	Frederick	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Brandl	Freeman	Luther	Piper	Waldorf
Brataas	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.J.	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.

### 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. 2347, 1681, 1795, 1672, 30 and 1904.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

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. 1721: A bill for an act relating to employment agencies; prohibiting certain action; regulating job listing services; regulating fees and contracts; amending Minnesota Statutes 1986, sections 184.21, subdivision 2, and by adding subdivisions; 184.37, subdivision 1; 184.38, subdivisions 3 and 5; Minnesota Statutes 1987 Supplement, section 181.932, subdivision 1.

Senate File No. 1721 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

### CONCURRENCE AND REPASSAGE

Mr. Chmielewski moved that the Senate concur in the amendments by the House to S.F. No. 1721 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1721 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	Decker	Jude	Metzen	Renneke
Anderson	DeCramer	Kroening	Moe, R.D.	Schmitz
Beckman	Diessner	Laidig	Morse	Solon
Belanger	Frank	Lantry	Olson	Spear
Benson	Frederickson, D.J.	Larson	Pehler	Storm
Bertram	Frederickson, D.R.	Lessard	Peterson, D.C.	Stumpf
Brandl	Freeman	Luther	Piper	Vickerman
Chmielewski	Gustafson	McQuaid	Pogemiller	Wegscheid
Cohen	Hughes	Mehrkens	Purfeerst	
Davis	Johnson, D.E.	Merriam	Ramstad	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 63: A bill for an act relating to motor vehicles; providing that passenger automobile license plates be issued for a six-year period; providing for license plate replacement fees; amending Minnesota Statutes 1986, section 168.12, subdivisions 1, 2a, and 5; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4.

Senate File No. 63 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mrs. Lantry moved that the Senate do not concur in the amendments by

the House to S.F. No. 63, 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. 392: A bill for an act relating to public safety; providing for the mandatory surrender of registration plates and certificates of motor vehicles operated by repeat DWI offenders; providing for administrative review; requiring a report; appropriating money; amending Minnesota Statutes 1986, sections 168.041; 169.123, subdivision 5b; 169.1261; and 171.29, by adding a subdivision; and Minnesota Statutes 1987 Supplement, section 169.121, subdivision 5a.

Senate File No. 392 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mr. Spear moved that the Senate do not concur in the amendments by the House to S.F. No. 392, 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. 1268: A bill for an act relating to energy and economic development; providing for the powers and duties of the commissioner of energy and economic development; clarifying definitions; authorizing certain Indian tribes to create community energy councils; providing the purpose for which an appropriation may be spent; amending Minnesota Statutes 1986, sections 116J.09; 116J.10; 116J.19, subdivision 6; 116J.36, subdivision 2; 116J.381, subdivision 2; and Laws 1981, chapter 334, section 11, subdivision 1.

Senate File No. 1268 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mr. Moe, R.D. moved that S.F. No. 1268 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. 1388: A bill for an act relating to health; setting forth requirements for statements of exclusions and limitations; requiring detailed statement when coverage is denied; clarifying statement of enrollee bill of rights; setting forth requirements for marketing materials; requiring membership card; requiring written denial of service; prohibiting denial of coverage in certain circumstances; requiring report; amending Minnesota Statutes 1986, sections 62D.07, subdivision 3; 62D.09, subdivision 1, and by adding subdivisions; 62D.11, by adding subdivisions; and 62D.20.

Senate File No. 1388 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

### CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 1388 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1388: A bill for an act relating to health; setting forth requirements for statements of exclusions and limitations; requiring detailed statement when coverage is denied; clarifying statement of enrollee bill of rights; setting forth requirements for marketing materials; requiring membership card; requiring written denial of service; prohibiting denial of coverage in certain circumstances; prohibiting retaliatory action; specifying procedures for prior approval; prohibiting a threat of denial of emergency health care services in collection of delinquent accounts; requiring report; amending Minnesota Statutes 1986, sections 62D.06, subdivision 1; 62D.07, subdivision 3; 62D.09, subdivision 1, and by adding subdivisions; 62D.11, by adding subdivisions; 62D.12, by adding subdivisions; 62D.20 and 325D.44, subdivision 1; Minnesota Statutes 1987 Supplement, section 332.37.

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 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Mehrkens	Ramstad
Anderson	Decker	Jude	Merriam	Renneke
Beckman	DeCramer	Knutson	Metzen	Samuelson
Belanger	Diessner	Kroening	Moe, R.D.	Schmitz
Benson	Frank	Laidig	Morse	Solon
Berglin	Frederick	Langseth	Olson	Spear
Bernhagen	Frederickson, D.J.	Lantry	Pehler	Storm
Bertram	Frederickson, D.R.	Larson	Peterson, D.C.	Stumpf
Brandl	Freeman	Lessard	Piper	Vickerman
Chmielewski	Gustafson	Luther	Pogemiller	Wegscheid
Cohen	Hughes	McQuaid	Parfeerst	

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

**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

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

S.F. No. 1963: A bill for an act relating to public finance; providing requirements for the issuance and use of public debt; amending Minnesota Statutes 1986, sections 123.35, by adding a subdivision; 375.83; 410.32; 475.54, by adding a subdivision; 475.67, subdivision 13; Minnesota Statutes 1987 Supplement, sections 469.012, subdivision 1; 469.015, subdivision 4; 469.071, by adding a subdivision; 469.155, subdivision 12; 475.60, subdivision 2; and 475.66, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 469; repealing Laws 1987, chapter 358, section 31.

Senate File No. 1963 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mr. Moe, R.D. moved that S.F. No. 1963 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1661: A bill for an act relating to charitable gambling; changing the definition of lawful purpose expenditures; clarifying the definition of organization; increasing the percentage of profit that may be used for expenses for certain organizations; licensing bingo halls; changing the definition of bingo occasion; requiring organizations to be directly responsible for the conducting of bingo; changing the definition of gross receipts for the purposes of bingo; changing the prize limits for bingo; amending Minnesota Statutes 1986, sections 349.19, subdivision 1; 349.211, subdivision 1; Minnesota Statutes 1987 Supplement, sections 349.12, subdivision 11; 349.17, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1986, section 349.211, subdivision 2.

There has been appointed as such committee on the part of the House: Reding, Boo and Kostohryz.

Senate File No. 1661 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1742: A bill for an act relating to agriculture; clarifying a time-price offer; allowing a preceding former owner to convey the right to receive an offer to buy or lease previously owned agricultural land; restricting the sale or inducement of a sale of agricultural land by a preceding former owner accepting an offer for one year; providing penalties and liability for damages; restricting the period for a debtor to receive a copy of a forbearance policy; amending Minnesota Statutes 1987 Supplement, sections 500.24, subdivisions 6 and 7; and 583.24, subdivision 4.

There has been appointed as such committee on the part of the House: Sparby, Steensma and Redalen.

Senate File No. 1742 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1727: A bill for an act relating to government data practices; defining employment and training data as private data on individuals; providing for the dissemination of certain data; amending Minnesota Statutes 1986, section 13.46, subdivision 2; Minnesota Statutes 1987 Supplement, section 13.43, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13.

There has been appointed as such committee on the part of the House: Clark, Greenfield and Stanius.

Senate File No. 1727 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1871: A bill for an act relating to family law; prohibiting certain false allegations of child abuse; regulating child custody hearings; providing a penalty; amending Minnesota Statutes 1986, section 518.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter

609.

There has been appointed as such committee on the part of the House:  
Blatz, Kelly and Wagenius.

Senate File No. 1871 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2119: A bill for an act relating to child abuse reporting; clarifying the assessment duties of the local welfare agency; providing for the retention of records in certain circumstances; amending Minnesota Statutes 1986, section 626.556, subdivisions 5, 10d, and by adding subdivisions; and Minnesota Statutes 1987 Supplement, section 626.556, subdivision 11.

There has been appointed as such committee on the part of the House:  
Blatz, Kelly and Vellenga.

Senate File No. 2119 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2323: A bill for an act relating to financial institutions; authorizing certain investments for banks; amending Minnesota Statutes 1986, sections 48.152, subdivision 10; 48.24, subdivision 5; and 48.61, by adding a subdivision.

There has been appointed as such committee on the part of the House:  
Bertram, Scheid and Knickerbocker.

Senate File No. 2323 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1988

Mr. President:



I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1790, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1790 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1790

A bill for an act relating to commerce; safe deposit companies; providing for performance of will searches upon safe deposit box renter's death; amending Minnesota Statutes 1986, section 55.10, by adding a subdivision.

April 7, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1790, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Wes Skoglund, David T. Bishop, Jean D. Wagenius

Senate Conferees: (Signed) Sam G. Solon, William V. Belanger, Jr., Ronald R. Dicklich

Mr. Solon moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1790 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1790 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Merriam	Ramstad
Anderson	Decker	Knutson	Metzen	Renneke
Beckman	DeCramer	Kroening	Moe, D.M.	Samuelson
Belanger	Diessner	Laidig	Moe, R.D.	Schmitz
Benson	Frank	Langseth	Morse	Solon
Berg	Frederick	Lantry	Olson	Spear
Berglin	Frederickson, D.J.	Larson	Pehler	Storm
Bernhagen	Frederickson, D.R.	Lessard	Peterson, D.C.	Stumpf
Bertram	Freeman	Luther	Peterson, R.W.	Vickerman
Brandl	Gustafson	Marty	Piper	Wegscheid
Chmielewski	Hughes	McQuaid	Pogemiller	
Cohen	Johnson, D.E.	Mehrkens	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2396:

H.F. No. 2396: A bill for an act relating to education; authorizing the sale of college savings bonds; requiring a market study and plan; authorizing the issuance of zero coupon bonds; exempting a specified amount of bonds from consideration in financial aid eligibility; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 16A.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Carlson, L.; Price and Rose have been appointed as such committee on the part of the House.

House File No. 2396 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 April 11, 1988

Mr. Freeman moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2396, 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 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. 1000:

H.F. No. 1000: A bill for an act relating to agriculture; making changes in various agriculture programs; establishing agriculture programs; establishing a commodity contract task force; appropriating money; providing penalties; amending Minnesota Statutes 1986, sections 41A.09, by adding a subdivision; 41B.02, by adding a subdivision; and 65A.33, subdivision 3; Minnesota Statutes 1987 Supplement, sections 17.102, subdivision 1; 41B.01, subdivision 2; 41B.03, subdivision 3; 41B.039, subdivisions 1, 2, 4, and by adding a subdivision; 41B.05; Laws 1987, chapter 396, article

9, section 1, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 17; 31; 124; and 325E; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1986, sections 32A.01; 32A.02; 32A.03; 32A.04; 32A.05; 32A.07; 32A.08; and 32A.09; and Laws 1987, chapter 358, section 31.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Wenzel; Sparby; Krueger; Olson, E. and Dille have been appointed as such committee on the part of the House.

House File No. 1000 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 April 11, 1988

Mr. Davis moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1000, 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 File, herewith transmitted: H.F. No. 2685.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1988

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2685: A bill for an act relating to human services; clarifying the administration of human services programs; establishing a compliance system for certain public assistance programs; establishing a public assistance incentive fund; appropriating money; amending Minnesota Statutes 1986, sections 256.72; 256.81; 256.82, subdivision 1; 256.871, subdivision 6; 256.935, subdivision 1; 256.991; 256B.041, subdivisions 5 and 7; 256B.05, subdivision 1; 256B.19, subdivision 2; 256D.03, subdivision 6; 256D.04; 256D.36, subdivision 1; and 393.07, subdivision 2; Minnesota Statutes 1987 Supplement, sections 256.01, subdivision 2; 256B.091, subdivision 8; 256B.19, subdivision 1; 256D.03, subdivision 2; 393.07, subdivision 10; proposing coding for new law in Minnesota Statutes, chapter 256; repealing Minnesota Statutes 1987 Supplement, sections 245.775; and 256D.22.

Referred to the Committee on Taxes and Tax Laws.

### REPORTS OF COMMITTEES

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

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 2269 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2269	2145				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 2269 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2269 and insert the language after the enacting clause of S.F. No. 2145, the first engrossment; further, delete the title of H.F. No. 2269 and insert the title of S.F. No. 2145, the first engrossment.

And when so amended H.F. No. 2269 will be identical to S.F. No. 2145, and further recommends that H.F. No. 2269 be given its second reading and substituted for S.F. No. 2145, 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 HOUSE BILLS

H.F. No. 2269 was read the second time.

### MOTIONS AND RESOLUTIONS

Mr. Larson introduced—

Senate Resolution No. 140: A Senate resolution congratulating the Lady Cobbers Basketball Team from Concordia College for winning the Division III National Women's Basketball Championship.

Referred to the Committee on Rules and Administration.

Ms. Reichgott and Mr. Ramstad introduced—

Senate Resolution No. 141: A Senate resolution congratulating the Courage Rolling Gophers Women's Wheelchair Basketball Team for winning the 1988 Women's National Wheelchair Basketball Tournament.

Referred to the Committee on Rules and Administration.

Mr. Ramstad, Ms. Reichgott and Mr. Jude introduced—

Senate Resolution No. 142: A Senate resolution congratulating the Armstrong High School Boys Basketball Team of Robbinsdale for winning Second Place in the 1988 State High School Class AA Boys Basketball

**Tournament.**

Referred to the Committee on Rules and Administration.

Mr. Pogemiller moved that S.F. No. 1963 be taken from the table. The motion prevailed.

S.F. No. 1963: A bill for an act relating to public finance; providing requirements for the issuance and use of public debt; amending Minnesota Statutes 1986, sections 123.35, by adding a subdivision; 375.83; 410.32; 475.54, by adding a subdivision; 475.67, subdivision 13; Minnesota Statutes 1987 Supplement, sections 469.012, subdivision 1; 469.015, subdivision 4; 469.071, by adding a subdivision; 469.155, subdivision 12; 475.60, subdivision 2; and 475.66, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 469; repealing Laws 1987, chapter 358, section 31.

Mr. Pogemiller moved that the Senate do not concur in the amendments by the House to S.F. No. 1963, 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.

S.F. No. 2137 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2137**

A bill for an act relating to education; modifying certain requirements relating to school health services; amending Minnesota Statutes 1986, section 123.35, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 126; repealing Minnesota Statutes 1987 Supplement, sections 123.35, subdivision 16; and 126.201.

April 8, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2137, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) James C. Pehler, Donna C. Peterson, Ember D. Reichgott

House Conferees: (Signed) Becky Kelso, Kathleen O. Vellenga, Todd H. Otis

Mr. Pehler moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2137 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2137 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knaak	Merriam	Purfeerst
Beckman	DeCramer	Knutson	Metzen	Ramstad
Belanger	Diessner	Kroening	Moe, D.M.	Reichgott
Benson	Frank	Laidig	Moe, R.D.	Renneke
Berg	Frederick	Langseth	Morse	Samuelson
Berglin	Frederickson, D.J.	Lantry	Novak	Schmitz
Bernhagen	Frederickson, D.R.	Larson	Olson	Solon
Bertram	Freeman	Lessard	Pehler	Spear
Brandl	Gustafson	Luther	Peterson, D.C.	Storm
Chmielewski	Hughes	Marty	Peterson, R.W.	Stumpf
Cohen	Johnson, D.E.	McQuaid	Piper	Vickerman
Davis	Jude	Mehrkens	Pogemiller	Wegscheid

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Marty moved that S.F. No. 1268 be taken from the table. The motion prevailed.

S.F. No. 1268: A bill for an act relating to energy and economic development; providing for the powers and duties of the commissioner of energy and economic development; clarifying definitions; authorizing certain Indian tribes to create community energy councils; providing the purpose for which an appropriation may be spent; amending Minnesota Statutes 1986, sections 116J.09; 116J.10; 116J.19, subdivision 6; 116J.36, subdivision 2; 116J.381, subdivision 2; and Laws 1981, chapter 334, section 11, subdivision 1.

### CONCURRENCE AND REPASSAGE

Mr. Marty moved that the Senate concur in the amendments by the House to S.F. No. 1268 and that the bill be placed on its repassage as amended.

Mr. Frank moved that the Senate do not concur in the amendments by the House to S.F. No. 1268, 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 question was taken on the adoption of the motion of Mr. Frank.

The roll was called, and there were yeas 35 and nays 30, as follows:

Those who voted in the affirmative were:

Adkins	Bertram	Johnson, D.E.	Lessard	Renneke
Anderson	Brataas	Jude	McQuaid	Schmitz
Beckman	Decker	Knaak	Mehrkens	Solon
Belanger	Frank	Knutson	Metzen	Storm
Benson	Frederick	Kroening	Olson	Vickerman
Berg	Frederickson, D.R.	Laidig	Purfeerst	Waldorf
Bernhagen	Gustafson	Larson	Ramstad	Wegscheid

Those who voted in the negative were:

Berglin	DeCramer	Langseth	Moe, R.D.	Piper
Brandl	Dicklich	Lantry	Morse	Pogemiller
Chmielewski	Diessner	Luther	Novak	Reichgott
Cohen	Frederickson, D.J.	Marty	Pehler	Samuelson
Dahl	Freeman	Merriam	Peterson, D.C.	Spear
Davis	Huges	Moe, D.M.	Peterson, R.W.	Stumpf

The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Dahl moved that H.F. No. 1935 be taken from the table. The motion prevailed.

H.F. No. 1935: A bill for an act relating to insurance; accident and health; broadening the average for adopted children; requiring coverage for routine diagnostic procedures for cancer and services provided to ventilator-dependent persons; amending Minnesota Statutes 1987 Supplement, section 62A.27; and proposing coding for new law in Minnesota Statutes, chapter 62A.

Mr. Dahl moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1935, 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 appointed on the part of the House. The motion prevailed.

Mrs. Lantry moved that S.F. No. 1857, No. 30 on Special Orders, be stricken and returned to its author. The motion prevailed.

Mr. Samuelson moved that S.F. No. 632, No. 20 on Special Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, 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 bills were read the first time and referred to the committees indicated.

Mr. Luther introduced—

S.F. No. 2575: A bill for an act relating to power of attorney; allowing power of attorney to continue for a period after the principal's death; amending Minnesota Statutes 1986, sections 523.08; and 523.23, subdivision 1.

Referred to the Committee on Judiciary.

Messrs. Pehler and Frederick introduced—

S.F. No. 2576: A bill for an act relating to taxation; exempting certain printed materials from the sales tax; amending Minnesota Statutes 1986, section 297A.25, by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Mr. Storm introduced—

S.F. No. 2577: A bill for an act relating to waste management; providing for the regulation of entities providing solid and hazardous waste disposal and rubbish transportation; amending Minnesota Statutes 1986, sections 216B.01; 216B.02, subdivision 4; and 221.025.

Referred to the Committee on Environment and Natural Resources.

### 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. 2590:

Messrs. Bernhagen, Brandl, Novak, Pogemiller and Johnson, D.J. 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 take up the Special Orders Calendar. The motion prevailed.

### SPECIAL ORDER

H.F. No. 2341: A bill for an act relating to child support; authorizing parties to waive automatic income withholding when there is a child support or maintenance order; providing that a court shall stay service of an automatic withholding order if an obligor establishes an escrow account for payment of child support or maintenance; amending Minnesota Statutes 1987 Supplement, section 518.613, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 518.

Mr. Pogemiller moved to amend H.F. No. 2341, as amended pursuant to Rule 49, adopted by the Senate March 28, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2506.)

Page 1, line 18, strike "or modified"

Page 1, line 22, strike "For purposes of this section, "modified" does not"

Page 1, delete line 23

Page 1, line 24, delete the new language and strike the old language

Page 1, line 25, strike "modification of the" and strike "order."

Page 1, after line 25, insert:

"Sec. 2. Minnesota Statutes 1987 Supplement, section 518.613, is amended by adding a subdivision to read:

*Subd. 5. [MOTION.] If a court in a county in which this section applies modifies an obligation for child support or maintenance that was determined prior to the effective date of this section in that county, the obligee or the public authority may move the court for an order requiring automatic withholding under this section. The court shall grant the order if it finds that the obligor has failed to pay the support or maintenance within ten days of the due date at least two times in the three months immediately preceding the date of the motion without good cause."*



Page 4, line 23, delete "waiver and" and delete "options" and insert "option"

Page 4, line 25, delete "and 2" and insert "to 3"

Page 4, line 29, delete "2" and insert "3"

Page 4, line 33, delete from "move" to page 4, line 35, "1989" and insert "authorize the public authority to direct the employer or payor of funds to terminate automatic income withholding prior to January 1, 1989, by submitting to the public authority a written request for termination of automatic income withholding signed by all parties"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "providing for a motion to implement withholding in certain cases;"

Page 1, line 9, before the semicolon, insert ", and by adding a subdivision"

The motion prevailed. So the amendment was adopted.

Mr. Knaak moved to amend H.F. No. 2341, as amended pursuant to Rule 49, adopted by the Senate March 28, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2506.)

Page 2, line 13, after the period, insert "Child support and maintenance obligors subject to automatic income withholding under section 518.613 may elect at any time to place money in escrow under this section and have the public authority direct the employer or payor of funds to terminate the automatic income withholding process, provided the requirements of this subdivision are met."

Page 4, line 26, delete from "Child" to page 4, line 31, "process."

### CALL OF THE SENATE

Mr. Pogemiller imposed a call of the Senate for the balance of the proceedings on H.F. No. 2341. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Knaak amendment.

The roll was called, and there were yeas 31 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Diessner	Knaak	Metzen	Schmitz
Belanger	Frederick	Knutson	Moe, D.M.	Storm
Benson	Frederickson, D.R.	Laidig	Olson	Wegscheid
Bernhagen	Freeman	Larson	Peterson, R.W.	
Chmielewski	Gustafson	Lessard	Ramstad	
Cohen	Johnson, D.E.	McQuaid	Renneke	
Decker	Jude	Mehrkens	Samuelson	

Those who voted in the negative were:

Adkins	Dahl	Langseth	Novak	Spear
Beckman	Davis	Lantry	Pehler	Stumpf
Berg	DeCramer	Luther	Peterson, D.C.	Vickerman
Berglin	Dicklich	Marty	Piper	Waldorf
Bertram	Frank	Merriam	Pogemiller	
Brandl	Frederickson, D.J.	Moe, R.D.	Purfeerst	
Brataas	Hughes	Morse	Reichgott	

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

H.F. No. 2341 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	Dahl	Johnson, D.E.	Merriam	Ramstad
Anderson	Davis	Jude	Metzen	Renneke
Beckman	Decker	Knaak	Moe, D.M.	Samuelson
Belanger	DeCramer	Knutson	Moe, R.D.	Schmitz
Benson	Dicklich	Laidig	Morse	Spear
Berg	Diessner	Langseth	Novak	Storm
Berglin	Frank	Lantry	Olson	Stumpf
Bernhagen	Frederick	Larson	Pehler	Vickerman
Bertram	Frederickson, D.J.	Lessard	Peterson, D.C.	Waldorf
Brandl	Frederickson, D.R.	Luther	Peterson, R.W.	Wegscheid
Brataas	Freeman	Marty	Piper	
Chmielewski	Gustafson	McQuaid	Pogemiller	
Cohen	Hughes	Mehrkens	Purfeerst	

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

### SPECIAL ORDER

S.F. No. 2465: A bill for an act relating to state agencies; amending the authority of the Minnesota amateur sports commission; correcting references; authorizing the commission to establish nonprofit corporations and charitable foundations; providing for an advisory task force on martial arts instruction; amending Minnesota Statutes 1987 Supplement, sections 16A.661, subdivision 3; 240A.02, subdivision 2; 240A.03, subdivision 10, and by adding a subdivision; and 297A.44, subdivision 1; and Laws 1987, chapter 400, section 13.

Mr. Dicklich moved to amend S.F. No. 2465 as follows:

Page 3, line 2, after "*commission*" insert "*, and any other state office, agency, or board owning or operating a sport facility designated as an official training center by the national governing body of that sport,*"

Amend the title as follows:

Page 1, line 4, after "*commission*" insert "*and certain other state entities*"

The motion prevailed. So the amendment was adopted.

Mr. Dicklich then moved to amend S.F. No. 2465 as follows:

Page 3, after line 3, insert:

"Sec. 5. Minnesota Statutes 1987 Supplement, section 240A.03, is amended by adding a subdivision to read:

*Subd. 14. [NATIONAL SPORTS EVENTS.] The commission may pay costs incurred by an amateur sports facility in hosting and operating events that are conducted at the facility under an agreement with the national governing body for an amateur sport and sanctioned or sponsored by the commission."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, delete "a subdivision" and insert "subdivisions"

The motion prevailed. So the amendment was adopted.

S.F. No. 2465 was then progressed.

### SPECIAL ORDER

H.F. No. 2291: A bill for an act relating to state agencies; amending, enacting and repealing certain laws administered by the department of administration; increasing the powers of the state board for community colleges; changing the criteria for board membership; amending Minnesota Statutes 1986, sections 15.0591, subdivision 2; 15.50, by adding a subdivision; 16A.41, subdivision 1; 16B.07, subdivisions 2 and 3; 16B.08, subdivision 4; 16B.09, subdivision 3; 16B.24, by adding subdivisions; 16B.28; 16B.42, subdivision 1; 16B.48, subdivision 2; 16B.54, subdivision 8; 16B.55, subdivisions 3 and 6; 16B.65, subdivision 3; 16B.85; 94.12; 136.61, subdivision 1; 136.622; 136.67, subdivision 2; 214.07, subdivision 1; 268.0122, by adding a subdivision; and 382.153; Minnesota Statutes 1987 Supplement, sections 16B.09, subdivision 1; 16B.67; 115A.15, subdivision 6; and 168.012, subdivision 1; Laws 1987, chapter 365, section 24; proposing coding for new law in Minnesota Statutes, chapters 16B and 136; repealing Minnesota Statutes 1986, sections 15.38; 16B.29; and 214.07, subdivision 2.

### CALL OF THE SENATE

Mr. Wegscheid imposed a call of the Senate for the balance of the proceedings on H.F. No. 2291. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 2291 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	Decker	Kroening	Moe, D.M.	Renneke
Anderson	DeCramer	Laidig	Moe, R.D.	Samuelson
Beckman	Diessner	Langseth	Morse	Schmitz
Belanger	Frank	Lantry	Novak	Solon
Benson	Frederick	Larson	Olson	Spear
Berglin	Frederickson, D.J.	Lessard	Pehler	Storm
Bernhagen	Freeman	Luther	Peterson, D.C.	Stumpf
Bertram	Gustafson	Marty	Peterson, R.W.	Vickerman
Brandl	Hughes	McQuaid	Piper	Waldorf
Cohen	Johnson, D.E.	Mehrkens	Pogemiller	Wegscheid
Dahl	Jude	Merriam	Ramstad	
Davis	Knaak	Metzen	Reichgott	

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.

### 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. 1935: Messrs. Dahl, Dicklich and Lessard.

S.F. No. 63: Mrs. Lantry, Messrs. Purfeerst and Frederick.

H.F. No. 2396: Messrs. Freeman, Pehler and Ms. Peterson, D.C.

S.F. No. 392: Messrs. Spear, Marty and Laidig.

H.F. No. 1000: Messrs. Davis, Stumpf, Morse, Berg and Langseth.

S.F. No. 1885: Ms. Peterson, D.C.; Messrs. Frederick and Solon.

S.F. No. 1963: Mr. Pogemiller, Ms. Reichgott and Mr. Gustafson.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

#### SPECIAL ORDER

S.F. No. 2221: A bill for an act relating to motor vehicles; motorcycles; increasing percentage of money appropriated from motorcycle safety fund to commissioner of public safety that may be spent for training and coordinating activities of instructors and making reimbursements to schools and others; increasing the fee for duplicate driver's license obtained to add a two-wheeled vehicle endorsement; increasing portion of two-wheeled endorsement license fee that is dedicated to the motorcycle safety fund; amending Minnesota Statutes 1986, sections 126.115, subdivision 3; and 171.06, 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 55 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	Mehrkens	Piper
Anderson	Davis	Johnson, D.E.	Merriam	Pogemiller
Beckman	Decker	Jude	Metzen	Reichgott
Belanger	DeCramer	Knutson	Moe, D.M.	Renneke
Benson	Diessner	Kroening	Moe, R.D.	Schmitz
Berg	Frank	Laidig	Morse	Spear
Bernhagen	Frederick	Lantry	Novak	Storm
Bertram	Frederickson, D.J.	Larson	Olson	Stumpf
Brandl	Frederickson, D.R.	Luther	Pehler	Vickerman
Brataas	Freeman	Marty	Peterson, D.C.	Waldorf
Chmielewski	Gustafson	McQuaid	Peterson, R.W.	Wegscheid

So the bill passed and its title was agreed to.

#### SPECIAL ORDER

H.F. No. 2520: A bill for an act relating to commerce; clarifying certain procedures and fees relating to the statewide uniform commercial code computerized filing system; amending Minnesota Statutes 1987 Supplement, sections 336.9-407; 336.9-411; and 336.9-413.

Mr. Peterson, R.W. moved to amend H.F. No. 2520 as follows:

Page 5, line 6, before the period, insert "*and to provide electronic-view-only access to other computerized records maintained by the secretary of state*".

The motion prevailed. So the amendment was adopted.

H.F. No. 2520 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	Davis	Knaak	Merriam	Ramstad
Anderson	Decker	Knutson	Metzen	Reichgott
Beckman	DeCramer	Kroening	Moe, D.M.	Renneke
Belanger	Diessner	Laidig	Moe, R.D.	Schmitz
Benson	Frank	Langseth	Morse	Spear
Berg	Frederick	Lantry	Novak	Storm
Berglin	Frederickson, D.J.	Larson	Olson	Stumpf
Bernhagen	Frederickson, D.R.	Lessard	Pehler	Vickerman
Bertram	Gustafson	Luther	Peterson, D.C.	Waldorf
Brataas	Hughes	Marty	Peterson, R.W.	Wegscheid
Cohen	Johnson, D.E.	McQuaid	Piper	
Dahl	Jude	Mehrkens	Pogemiller	

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

### SPECIAL ORDER

H.F. No. 2108: A bill for an act relating to state government; ratifying labor agreements, compensation plans, and salaries for state employees, and salaries for certain employees of metropolitan agencies; limiting the number of highway patrol supervisors; amending Minnesota Statutes 1986, section 299D.03, subdivision 2.

Mr. Moe, D.M. moved to amend H.F. No. 2108, the unofficial engrossment, as follows:

Pages 1 and 2, delete section 1

Renumber the sections in sequence

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 37 and nays 26, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Knutson	Moe, D.M.	Spear
Beckman	Diessner	Laidig	Moe, R.D.	Storm
Belanger	Frederickson, D.J.	Langseth	Morse	Taylor
Berglin	Frederickson, D.R.	Lantry	Novak	Waldorf
Brandl	Freeman	Luther	Olson	Wegscheid
Cohen	Gustafson	Marty	Peterson, D.C.	
Dahl	Hughes	McQuaid	Peterson, R.W.	
Davis	Johnson, D.E.	Merriam	Piper	

Those who voted in the negative were:

Adkins	Decker	Knaak	Pehler	Stumpf
Benson	Dicklich	Kroening	Purfeerst	Vickerman
Bernhagen	Frank	Larson	Ramstad	
Bertram	Frederick	Lessard	Renneke	
Brataas	Johnson, D.J.	Mehrkens	Schmitz	
Chmielewski	Jude	Metzen	Solon	

The motion prevailed. So the amendment was adopted.

H.F. No. 2108 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	Decker	Knaak	Mehrkens	Purfeerst
Anderson	DeCramer	Knutson	Merriam	Ramstad
Beckman	Diessner	Kroening	Metzen	Renneke
Belanger	Frank	Laidig	Moe, D.M.	Schmitz
Berglin	Frederick	Langseth	Moe, R.D.	Solon
Bernhagen	Frederickson, D.J.	Lantry	Olson	Spear
Bertram	Frederickson, D.R.	Larson	Pehler	Storm
Brataas	Freeman	Lessard	Peterson, D.C.	Taylor
Chmielewski	Hughes	Luther	Peterson, R. W.	Vickerman
Cohen	Johnson, D.E.	Marty	Piper	Waldorf
Davis	Jude	McQuaid	Pogemiller	Wegscheid

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

### SPECIAL ORDER

S.F. No. 2321: A bill for an act proposing an amendment to the Minnesota Constitution, article I, sections 4 and 6; providing for six-member juries in civil and nonfelony cases.

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	Decker	Knaak	Metzen	Schmitz
Anderson	DeCramer	Knutson	Moe, D.M.	Solon
Beckman	Diessner	Kroening	Moe, R.D.	Spear
Belanger	Frank	Laidig	Novak	Storm
Berglin	Frederick	Lantry	Olson	Taylor
Bernhagen	Frederickson, D.J.	Luther	Peterson, D.C.	Vickerman
Bertram	Frederickson, D.R.	Marty	Peterson, R. W.	Waldorf
Brandl	Hughes	McQuaid	Piper	Wegscheid
Chmielewski	Johnson, D.E.	Mehrkens	Pogemiller	
Cohen	Jude	Merriam	Ramstad	

So the bill passed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Berg moved that the following members be excused for a Conference Committee on S.F. No. 1742 at 3:00 p.m.:

Messrs. Berg, Freeman and Larson. The motion prevailed.

**RECESS**

Mr. Moe, R.D. moved that the Senate do now recess until 5:00 p.m. The motion prevailed.

The hour of 5:00 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.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Chmielewski moved that the names of Messrs. Morse and Langseth be added as co-authors to S.F. No. 2428. The motion prevailed.

S.F. No. 2165 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 2165**

A bill for an act relating to environment; requiring persons to notify the pollution control agency of and take steps to avoid air pollution; proposing coding for new law in Minnesota Statutes, chapter 116.

April 12, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2165, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2165 be further amended as follows:

Delete everything after the enacting clause and insert:

**“Section 1. [116.061] [AIR POLLUTION EMISSIONS AND ABATEMENT.]**

*Subdivision 1. [EMISSION NOTIFICATION REQUIRED.] (a) A person who controls the source of an emission must notify the agency immediately of excessive or abnormal unpermitted emissions that:*

- (1) may cause air pollution endangering human health;*
- (2) may cause air pollution damaging property; or*
- (3) cause obnoxious odors constituting a public nuisance.*

*(b) If a person who controls the source of an emission has knowledge of an event that has occurred and that will subsequently cause an emission described in paragraph (a), the person must notify the agency when the event occurs.*

*Subd. 2. [ABATEMENT REQUIRED.] A person who is required to notify the agency under subdivision 1 must take immediate and reasonable steps*

to minimize the emissions or abate the air pollution and obnoxious odors caused by the emissions.

*Subd. 3. [EXEMPTION.] The following are exempt from the requirements of subdivisions 1 and 2:*

*(1) emissions resulting from the activities of public fire services or law enforcement services;*

*(2) emissions from motor vehicles, as defined in section 169.01, subdivision 3;*

*(3) emissions from an agricultural operation deemed not a nuisance under section 561.19, subdivision 2; or*

*(4) emissions from agency regulated sources that are routine or authorized by the agency.*

*Subd. 4. [PENALTY EXCEPTION.] A person who notifies the agency of emissions under subdivision 1 and who complies with subdivision 2 shall not be subject to criminal prosecution under section 115.071, subdivision 2.*

*Subd. 5. [USE OF NOTIFICATION.] Any notice submitted under subdivision 1 is not admissible in any proceeding as an admission of causation."*

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gregory L. Dahl, Bob Lessard, Gen Olson

House Conferees: (Signed) Dennis D. Ozment, Bob Milbert, Arthur W. Seaberg

Mr. Dahl moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2165 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2165 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knutson	Morse	Solon
Anderson	Davis	Kroening	Novak	Spear
Beckman	Decker	Laidig	Olson	Storm
Belanger	DeCramer	Lantry	Pehler	Stumpf
Benson	Frank	Larson	Peterson, D.C.	Taylor
Berg	Frederick	Lessard	Piper	Vickerman
Berglin	Frederickson, D.R.	Marty	Pogemiller	Waldorf
Bernhagen	Freeman	McQuaid	Purfeerst	Wegscheid
Bertram	Hughes	Mehrkens	Ramstad	
Brandl	Johnson, D.E.	Merriam	Renneke	
Chmielewski	Jude	Metzen	Samuelson	
Cohen	Knaak	Moe, D.M.	Schmitz	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.



**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 321 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 321**

A bill for an act relating to public safety; expanding the crimes of driving a motor vehicle or a motorboat while under the influence of alcohol or certain substances; amending Minnesota Statutes 1986, sections 169.121, subdivisions 1 and 2; and 361.12, subdivisions 1 and 4.

April 11, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 321, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendments and that S.F. No. 321, the unofficial engrossment, be further amended as follows:

Page 2, line 1, delete "*Minnesota*"

Page 2, line 2, delete everything before "*and*" and insert "*rules adopted under section 182.655*"

Page 2, line 3, after "*to*" insert "*substantially*"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gene Merriam, Randolph W. Peterson, Jim Ramstad

House Conferees: (Signed) Joel Jacobs, Phil Carruthers, Terry M. Dempsey

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on S.F. No. 321 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 321 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Moe, D.M.	Renneke
Anderson	Decker	Knaak	Moe, R.D.	Samuelson
Beckman	DeCramer	Knutson	Morse	Schmitz
Belanger	Dicklich	Kroening	Novak	Solon
Benson	Diessner	Laidig	Olson	Spear
Berg	Frank	Lantry	Pehler	Storm
Bernhagen	Frederick	Larson	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Taylor
Brandl	Freeman	Marty	Piper	Vickerman
Brataas	Gustafson	McQuaid	Pogemiller	Waldorf
Chmielewski	Hughes	Mehrkens	Purfeerst	Wegscheid
Cohen	Johnson, D.E.	Merriam	Ramstad	
Dahl	Johnson, D.J.	Metzen	Reichgott	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1727 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1727

A bill for an act relating to government data practices; defining employment and training data as private data on individuals; providing for the dissemination of certain data; amending Minnesota Statutes 1986, section 13.46, subdivision 2; Minnesota Statutes 1987 Supplement, section 13.43, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13.

April 12, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1727, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Pat Piper, Tracy L. Beckman, John J. Marty

House Conferees: (Signed) Karen Clark, Lee Greenfield, Brad G. Stanius

Ms. Piper moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1727 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1727 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	Metzen	Renneke
Anderson	Davis	Jude	Moe, D.M.	Samuelson
Beckman	Decker	Knaak	Moe, R.D.	Schmitz
Belanger	DeCramer	Kroening	Morse	Solon
Benson	Dicklich	Laidig	Novak	Spear
Berg	Diessner	Langseth	Olson	Storm
Berglin	Frank	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Luther	Peterson, R.W.	Vickerman
Brandl	Freeman	Marty	Piper	Waldorf
Brataas	Gustafson	McQuaid	Pogemiller	
Chmielewski	Hughes	Mehrkens	Purfeerst	
Cohen	Johnson, D.E.	Merriam	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1608 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1608

A bill for an act relating to the city of Minneapolis; updating references in its development laws; amending Laws 1980, chapter 595, section 3, subdivisions 1, as amended, 3, 6, and 7; and section 4.

April 11, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1608, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1608 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Laws 1980, chapter 595, section 3, subdivision 1, as amended by Laws 1985, chapter 194, section 29, is amended to read:

Subdivision 1. Notwithstanding any contrary law or provision of the Minneapolis city charter, the city council may exercise the powers presently, or hereafter granted to a governmental agency or subdivision by Minnesota Statutes, ~~Chapters 458 and 462~~ sections 469.001 to 469.068 except the power to operate and maintain public housing as provided in ~~Minnesota Statutes, Chapter 462~~. The city council shall not exercise the powers contained in Minnesota Statutes, ~~Chapter 462~~ sections 469.001 to 469.047 prior to the initial adoption of an ordinance provided for in section 2, subdivision 1, or this subdivision. Notwithstanding any contrary law or provision of the Minneapolis city charter, the agency or the Minneapolis housing and redevelopment authority or the Minneapolis industrial development commission may after approval by the city council by ordinance exercise any of the powers presently or hereafter granted to a governmental subdivision by Minnesota Statutes, ~~Chapters 458, 462, 472, 472A, and 474~~ sections 469.001 to 469.068, 469.109 to 469.134, and 469.152 to

469.165. The city council or the agency or the Minneapolis housing and redevelopment authority or the Minneapolis industrial development commission may exercise the powers granted by this subdivision and any other development or redevelopment powers authorized by other laws, independently or in conjunction with each other as though all of the powers had been granted to a single entity, provided, however, that any project undertaken pursuant to authority granted by Minnesota Statutes, ~~Chapter 458, 462, 472, 472A, sections 3 to 7, or 474 sections 469.001 to 469.068, 469.109 to 469.134, 469.136 to 469.140, and 469.152 to 469.165~~ is subject to all of the limitations contained within ~~that chapter those sections~~.

Sec. 2. Laws 1980, chapter 595, section 3, subdivision 3, is amended to read:

Subd. 3. The city council may, upon the request of the department, levy a general ad valorem tax for any purpose for which a housing and redevelopment authority pursuant to Minnesota Statutes, ~~Chapter 462 sections 469.001 to 469.047~~ may levy an ad valorem tax. The agency may levy a general ad valorem tax upon all taxable property in the city of Minneapolis for any economic development, housing, or redevelopment purpose for which the city council may levy a tax, or for which a housing and redevelopment authority pursuant to Minnesota Statutes, ~~Chapter 462 sections 469.001 to 469.047~~ may levy a tax. The levy of this tax shall be in the same manner as for a tax levied by the city council. The tax levied by the agency pursuant to this subdivision shall not exceed three mills levied upon all taxable property in the city of Minneapolis, provided that this limitation shall not apply to any levy for the repayment of bonds or obligations of the agency.

Sec. 3. Laws 1980, chapter 595, section 3, subdivision 6, is amended to read:

Subd. 6. Notwithstanding any contrary law or provision of the Minneapolis city charter, the city council may, by resolution, transfer the control, authority, and operation of any project as defined in Minnesota Statutes, section ~~273-73 469.174~~, Subdivision 8, or any other program or project authorized by Minnesota Statutes, ~~Chapter 462 sections 469.001 to 469.047~~, for the purpose of rehabilitation of housing units or for the purpose of providing public housing as provided in Minnesota Statutes, ~~Chapter 462 sections 469.001 to 469.047~~, located within the city of Minneapolis, from the governmental agency or subdivision which established the project to any other governmental agency or subdivision established in whole or in part for the purpose of economic development housing or redevelopment within the city of Minneapolis, including the city council. The city council may also require acceptance of control, authority, and operation of the project by the governmental entity to which the transfer is intended. The governmental agency or subdivision to which the control, authority, and operation of the project is transferred, may exercise all of the powers and only the powers which the governmental unit which established the project could exercise with respect to the project.

Upon the transfer of a project or program, the receiving agency or body shall covenant and pledge to perform the terms, conditions, and covenants of bond indenture or other agreement executed for the security of any bonds issued by the governmental subdivision which initiated the project or program. The receiving governmental subdivision is granted by this act all powers necessary to perform the terms, conditions, and covenants of any

indenture or other agreement executed for the security of bonds on which it shall become obligated by operation of this subdivision.

The powers authorized by this subdivision may be exercised only after either (a) the city council adopts the first ordinance exercising the powers granted pursuant to section 2, subdivision 1, or (b) the city council adopts the first ordinance granting to the Minneapolis housing and redevelopment authority or the Minneapolis industrial development commission powers authorized pursuant to section 3, subdivision 1.

Sec. 4. Laws 1980, chapter 595, section 3, subdivision 7, is amended to read:

Subd. 7. Notwithstanding any contrary law or provision of the Minneapolis city charter, the city council may, by resolution, require any governmental subdivision which is conducting a project as defined in Minnesota Statutes, section ~~273-73~~ 469.174, Subdivision 8, or any other program or project authorized by Minnesota Statutes, ~~Chapter 462 sections 469.001 to 469.047~~, for the purpose of rehabilitation of housing units or for the purpose of providing public housing as provided in Minnesota Statutes, ~~Chapter 462 sections 469.001 to 469.047~~, within the city of Minneapolis, to contract for services for administration of the project or any portion of the project with any other governmental subdivision established in whole or in part for the purpose of economic development or redevelopment or housing within the city of Minneapolis, including the city council. The city council may also require the acceptance of the contract for services by the governmental subdivision intended to provide the service for administration.

The powers authorized by this subdivision may be exercised only after either (a) the city council adopts the first ordinance exercising the powers granted pursuant to section 2, subdivision 1, or (b) the city council adopts the first ordinance granting to the Minneapolis housing and redevelopment authority or the Minneapolis industrial development commission powers authorized pursuant to section 3, subdivision 1.

Sec. 5. Laws 1980, chapter 595, section 4, is amended to read:

Sec. 4. [LIMITATIONS.] The city council may, by ordinance, impose the following limitations upon the actions of the agency:

(a) That the sale of any or all bonds or obligations issued by the agency be approved before issuance by the city council by resolution.

(b) That the agency must follow the budget process for city departments as provided in the Minneapolis city charter and as implemented by the city council and mayor.

(c) That all official actions of the agency be consistent with the adopted comprehensive plan of the city of Minneapolis, and any official controls implementing the comprehensive plan.

(d) That the agency submit to the city council for approval by resolution any proposed project as defined in Minnesota Statutes, Section ~~273-73~~ 469.174, Subdivision 8.

(e) That the agency submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval by resolution.

(f) That the agency submit its administrative structure and management practices to the city council for approval by resolution.

(g) That the levy of any tax by the agency be approved by the city council by ordinance prior to the levy of the tax.

(h) Any other limitation or control established by the city council by ordinance.

Limitations imposed pursuant to this section shall not be applied in a manner which impairs the security of any bonds issued prior to the imposition of the limitation. The city council shall not amend any limitations in effect at the time any bonds or obligations are issued pursuant to this act to the detriment of the holder of the bonds or obligations. A determination by the city council that the limitations imposed pursuant to this section have been complied with by the agency shall be conclusive.

#### Sec. 6. [SMALL BUSINESS LOANS.]

*The city council or the agency may make or guarantee working capital loans in an aggregate principal amount not exceeding \$450,000 outstanding at any time, subject to such terms and conditions as established by ordinance by the city, to expanding small businesses which are located in the city for the purpose of increasing the tax base and providing employment opportunities within the city. As used in this subdivision, the term "small business" has the meaning given it in Minnesota Statutes, section 645.445, subdivision 2. This section expires June 30, 1991.*

#### Sec. 7. [LOCAL APPROVAL.]

*Upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Minneapolis, this act takes effect August 1, 1987."*

Delete the title and insert:

"A bill for an act relating to the city of Minneapolis; updating references in its development laws; authorizing small business loans; amending Laws 1980, chapter 595, section 3, subdivisions 1, as amended, 3, 6, and 7; and section 4."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Lawrence J. Pogemiller, Don Frank, Jim Gustafson

House Conferees: (Signed) Todd H. Otis, Daniel J. Knuth, Gerald Knickerbocker

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1608 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1608 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 5, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	Metzen	Samuelson
Anderson	Davis	Johnson, D.J.	Moe, R.D.	Schmitz
Beckman	Decker	Jude	Morse	Solon
Belanger	DeCramer	Knaak	Novak	Spear
Benson	Dicklich	Kroening	Olson	Storm
Berg	Diessner	Laidig	Pehler	Stumpf
Berglin	Frank	Langseth	Peterson, D.C.	Taylor
Bernhagen	Frederick	Lantry	Piper	Vickerman
Bertram	Frederickson, D.J.	Larson	Pogemiller	Waldorf
Brandl	Frederickson, D.R.	Lessard	Purfeerst	
Brataas	Freeman	Marty	Ramstad	
Chmielewski	Gustafson	McQuaid	Reichgott	
Cohen	Hughes	Mehrkens	Renneke	

Those who voted in the negative were:

Knutson	Merriam	Moe, D.M.	Peterson, R.W.	Wegscheid
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So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2071 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2071

A bill for an act relating to crimes; requiring a neighborhood impact statement to be submitted as part of the presentence investigation report for controlled substance offenses; amending Minnesota Statutes 1987 Supplement, section 609.115, subdivision 1.

April 11, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2071, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2071 be further amended as follows:

Page 2, after line 24, insert:

"Sec. 2. Minnesota Statutes 1986, section 629.53, is amended to read:  
629.53 [PROVIDING RELEASE ON BAIL; COMMITMENT.]

A person charged with a criminal offense may be released with or without bail in accordance with Rule 6.02 of the rules of criminal procedure. Money bail is the property of the accused, whether deposited by that person or by a third person on the accused's behalf. When money bail is accepted by a judge, that judge shall order it to be deposited with the court administrator. The court administrator shall retain it until the final disposition of the case and the final order of the court disposing of the case. Upon release, the amount released must be paid to the accused personally or upon that person's written order. In case of conviction ~~of the accused~~, the judge may order the money bail deposit to be applied to any fine or restitution imposed on the defendant by the court and, if the fine or restitution is less than the

deposit, order the balance to be paid to the defendant. If the fine exceeds the money bail deposit, the deposit must be applied to the fine and the defendant committed until the balance is paid. The commitment may not exceed one day's time for each dollar of the unpaid balance of the fine. Money bail in the hands of deposited with the court or any officer of it is exempt from garnishment or levy under attachment or execution."

Renumber the remaining section

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "authorizing courts to apply bail deposits to restitution orders;"

Page 1, line 5, after "Statutes" insert "1986, section 629.53; and Minnesota Statutes"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Lawrence J. Pogemiller, Donna C. Peterson, William V. Belanger, Jr.

House Conferees: (Signed) Richard Jefferson, Bert McKasy, Randy C. Kelly

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2071 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2071 was read the third time, as amended by the Conference committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Mehrkens	Reichgott
Anderson	Decker	Jude	Merriam	Renneke
Beckman	DeCramer	Knaak	Metzen	Samuelson
Belanger	Dicklich	Knutson	Moe, R.D.	Schmitz
Benson	Diessner	Kroening	Morse	Spear
Berg	Frank	Laidig	Novak	Storm
Berglin	Frederick	Langseth	Olson	Stumpf
Bernhagen	Frederickson, D.J.	Lantry	Pehler	Taylor
Bertram	Frederickson, D.R.	Larson	Peterson, D.C.	Vickerman
Brataas	Freeman	Lessard	Peterson, R.W.	Waldorf
Chmielewski	Gustafson	Luther	Piper	Wegscheid
Cohen	Hughes	Marty	Pogemiller	
Dahl	Johnson, D.E.	McQuaid	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.



**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2038, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2038 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 12, 1988

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2038**

A bill for an act relating to employment; regulating youth employment programs; requiring that new jobs do not replace existing jobs; providing for compensation at the state or federal minimum wage; regulating employment contracts; authorizing the department of jobs and training to buy real estate and locate offices in Minneapolis; amending Minnesota Statutes 1986, sections 268.31, 268.32, and 268.34; proposing coding for new law in Minnesota Statutes, chapter 268.

April 8, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2038, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2038 be further amended as follows:

Page 2, delete lines 28 to 36

Page 3, delete lines 1 to 5

Page 3, delete lines 30 to 35 and insert:

*"Notwithstanding Minnesota Statutes, sections 16B.24 and 268.026 or chapter 94, the commissioner of administration, in consultation with the commissioner of jobs and training, is authorized to buy and sell real property in Minneapolis and the greater Minneapolis area for the purpose of relocating department offices to locations more accessible to the residents of Minneapolis and collocating with other social service agencies."*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Peter McLaughlin, Wally A. Sparby, John Himle

Senate Conferees: (Signed) Michael O. Freeman, Steven Morse, Earl W. Renneke

Mr. Freeman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2038 be now adopted, and that the bill be

repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2038 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Jude	Merriam	Renneke
Anderson	DeCramer	Knaak	Metzen	Samuelson
Beckman	Dicklich	Knutson	Moe, R.D.	Schmitz
Belanger	Diessner	Kroening	Morse	Spear
Benson	Frank	Laidig	Novak	Storm
Berg	Frederick	Langseth	Olson	Stumpf
Berglin	Frederickson, D.J.	Lantry	Pehler	Taylor
Bernhagen	Frederickson, D.R.	Larson	Peterson, D.C.	Vickerman
Bertram	Freeman	Lessard	Peterson, R.W.	Waldorf
Chmielewski	Gustafson	Luther	Piper	Wegscheid
Cohen	Hughes	Marty	Pogemiller	
Dahl	Johnson, D.E.	McQuaid	Ramstad	
Davis	Johnson, D.J.	Mehrkens	Reichgott	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### SPECIAL ORDER

The question recurred on S.F. No. 2465.

S.F. No. 2465: A bill for an act relating to state agencies; amending the authority of the Minnesota amateur sports commission; correcting references; authorizing the commission to establish nonprofit corporations and charitable foundations; providing for an advisory task force on martial arts instruction; amending Minnesota Statutes 1987 Supplement, sections 16A.661, subdivision 3; 240A.02, subdivision 2; 240A.03, subdivision 10, and by adding a subdivision; and 297A.44, subdivision 1; and Laws 1987, chapter 400, section 13.

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	Davis	Johnson, D.E.	Mehrkens	Reichgott
Anderson	Decker	Jude	Merriam	Renneke
Beckman	DeCramer	Knaak	Metzen	Samuelson
Belanger	Dicklich	Knutson	Moe, R.D.	Schmitz
Benson	Diessner	Kroening	Morse	Spear
Berglin	Frank	Laidig	Novak	Storm
Bernhagen	Frederick	Langseth	Olson	Stumpf
Bertram	Frederickson, D.J.	Lantry	Pehler	Taylor
Brataas	Frederickson, D.R.	Larson	Peterson, D.C.	Vickerman
Chmielewski	Freeman	Lessard	Peterson, R.W.	Wegscheid
Cohen	Gustafson	Luther	Purfeerst	
Dahl	Hughes	Marty	Ramstad	

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Stumpf moved that the following members be excused for a Conference Committee on H.F. No. 2185 from 3:15 to 4:00 p.m.:

Messrs. Lessard, Merriam and Stumpf. The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Waldorf moved that the following members be excused for a Conference Committee on S.F. No. 2569 at 6:45 p.m.:

Mrs. Brataas, Messrs. Dahl, Dicklich, Taylor and Waldorf. The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

### SPECIAL ORDER

H.F. No. 2388: A bill for an act relating to public employees; providing for assignment of University of Minnesota job classifications to appropriate units; amending Minnesota Statutes 1986, sections 179A.10, subdivision 4; and 179A.11, 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	Decker	Jude	Merriam	Ramstad
Anderson	DeCramer	Knaak	Metzen	Reichgott
Beckman	Dicklich	Knutson	Moe, D.M.	Renneke
Belanger	Diessner	Kroening	Moe, R.D.	Samuelson
Benson	Frank	Laidig	Morse	Schmitz
Berglin	Frederick	Langseth	Novak	Spear
Bernhagen	Frederickson, D.J.	Lantry	Olson	Storm
Bertram	Frederickson, D.R.	Larson	Pehler	Stumpf
Chmielewski	Freeman	Lessard	Peterson, D.C.	Vickerman
Cohen	Gustafson	Luther	Peterson, R.W.	Wegscheid
Dahl	Hughes	Marty	Piper	
Davis	Johnson, D.E.	McQuaid	Purfeerst	

So the bill passed and its title was agreed to.

### SPECIAL ORDER

H.F. No. 2526: A bill for an act relating to consumer protection; regulating the provision of real estate closing services; amending Minnesota Statutes 1986, sections 82.17, by adding a subdivision; and 481.02, subdivision 3; and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 507.

Mr. Peterson, R. W. moved to amend H.F. No. 2526, as amended pursuant to Rule 49, adopted by the Senate April 11, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2489.)

Page 1, delete section 1.

Renumber the sections in sequence and correct the internal references  
Amend the title accordingly

### CALL OF THE SENATE

Mr. Metzen imposed a call of the Senate for the balance of the proceedings on H.F. No. 2526. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Peterson, R. W. amendment.

The roll was called, and there were yeas 17 and nays 40, as follows:

Those who voted in the affirmative were:

Belanger	Freeman	Luther	Peterson, D.C.	Spear
Berglin	Knaak	Marty	Peterson, R.W.	
Brandl	Knutson	Merriam	Piper	
Davis	Lantry	Moe, D.M.	Reichgott	

Those who voted in the negative were:

Adkins	Diessner	Johnson, D.J.	Mehrkens	Renneke
Anderson	Frank	Jude	Metzen	Samuelson
Beckman	Frederick	Kroening	Morse	Schmitz
Benson	Frederickson, D.J.	Laidig	Novak	Solon
Bernhagen	Frederickson, D.R.	Langseth	Olson	Storm
Bertram	Gustafson	Larson	Pehler	Stumpf
Chmielewski	Hughes	Lessard	Purfeerst	Vickerman
Decker	Johnson, D.E.	McQuaid	Ramstad	Wegscheid

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

Mr. Freeman moved to amend H.F. No. 2526, as amended pursuant to Rule 49, adopted by the Senate April 11, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2489.)

Page 1, line 25, after "person" insert "acting as an agent for a title company" and delete "except"

The motion prevailed. So the amendment was adopted.

Mr. Freeman then moved to amend H.F. No. 2526, as amended pursuant to Rule 49, adopted by the Senate April 11, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2489.)

Page 5, after line 31, insert:

*"Subd. 4. No financial institution or other person making a mortgage loan may require a borrower to use any particular licensed attorney, real estate broker, real estate salesperson, or real estate closing agent in connection with a residential real estate closing."*

The motion prevailed. So the amendment was adopted.

H.F. No. 2526 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 51 and nays 10, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Jude	Morse	Samuelson
Anderson	DeCramer	Kroening	Novak	Schmitz
Beckman	Diessner	Laidig	Olson	Solon
Belanger	Frank	Langseth	Pehler	Storm
Benson	Frederick	Larson	Peterson, D.C.	Stumpf
Berg	Frederickson, D.J.	Lessard	Piper	Vickerman
Berglin	Frederickson, D.R.	Luther	Pogemiller	Wegscheid
Bernhagen	Gustafson	McQuaid	Purfeerst	
Bertram	Hughes	Mehrkens	Ramstad	
Chmielewski	Johnson, D.E.	Metzen	Reichgott	
Davis	Johnson, D.J.	Moë, R.D.	Renneke	

Those who voted in the negative were:

Brandl	Knaak	Lantry	Merriam	Peterson, R.W.
Freeman	Knutson	Marty	Moe, D.M.	Spear

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

### SPECIAL ORDER

S.F. No. 2428: A bill for an act relating to workers' compensation; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; amending Minnesota Statutes 1986, sections 79.251, subdivisions 2 and 3; 79.252, subdivision 1; 79.56, by adding a subdivision; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10; 176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding a subdivision; 176.102, subdivisions 1, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, 4, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1; 176.645, subdivision 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; 480A.06, subdivision 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; proposing coding for new law in Minnesota Statutes, chapter 176; repealing Minnesota Statutes 1986, sections 175A.01 to 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08 to 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2.

Mr. Chmielewski moved to amend S.F. No. 2428 as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### WORKERS' COMPENSATION SYSTEM CHANGES

Section 1. Minnesota Statutes 1986, section 176.011, subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] "Family farm" means any farm operation which (1) pays or is obligated to pay less than ~~\$8,000~~ \$20,000 in cash wages, exclusive of machine hire, to farm laborers for services rendered during the preceding calendar year, and (2) has total liability and medical payment coverage equal to \$250,000 and \$5,000, respectively, under a farm liability insurance policy. For purposes of this subdivision, farm

laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 2. Minnesota Statutes 1986, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed  $\frac{2}{3}$  80 percent of the ~~product of the daily wage times the number of days normally worked~~ *employee's after-tax weekly wage*, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 3. Minnesota Statutes 1986, section 176.011, is amended by adding a subdivision to read:

*Subd. 18a. [AFTER-TAX WEEKLY WAGE.] After-tax weekly wage means the weekly wage reduced by the amounts required to be withheld by the Federal Insurance Contributions Act, United States Code, Title 16, sections 3101 to 3126, but without regard to the yearly maximum, and by state and federal income tax laws using as the number of allowances the number of exemptions that the employee is entitled to under federal law for the employee and the employee's dependents.*

Sec. 4. Minnesota Statutes 1986, section 176.021, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in

the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section ~~176.101~~ 13. If doubt exists as to the eventual permanent partial disability, payment ~~for the economic recovery compensation or impairment compensation, whichever is due, pursuant to section 176.101,~~ shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of ~~economic recovery compensation or lump sum or periodic payment of impairment compensation~~ *permanent partial disability compensation*, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. ~~Economic recovery compensation or impairment compensation pursuant to section 176.101 is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. Impairment compensation is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. Economic recovery compensation or impairment compensation pursuant to section 176.101 shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of economic recovery compensation or impairment compensation against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation is payable for functional loss of use or impairment of function; permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.~~

The right to receive ~~economic recovery compensation or impairment~~ *permanent partial compensation* vests in an injured employee or in the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained, provided that the employee lives for at least 30 days beyond the date of the injury. *The right is not abrogated by the employee's death prior to the making of the payment. Upon the death of an employee who is receiving economic recovery compensation or impairment compensation, further compensation is payable*

pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.

Disability ratings for permanent partial disability shall be based on objective medical evidence.

Sec. 5. Minnesota Statutes 1987 Supplement, section 176.041, subdivision 4, is amended to read:

Subd. 4. [OUT-OF-STATE EMPLOYMENTS.] (a) *Except as provided in paragraph (b), if an employee who regularly performs the primary duties of employment outside of this state or is hired to perform the primary duties of employment outside of this state, receives an injury within this state in the employ of the same employer, such injury shall be covered within the provisions of this chapter if the employee chooses to forego any workers' compensation claim resulting from the injury that the employee may have a right to pursue in some other state, provided that the special compensation fund is not liable for payment of benefits pursuant to section 176.183 if the employer is not insured against workers' compensation liability pursuant to this chapter and the employee is a nonresident of Minnesota on the date of the personal injury.*

(b) *An employee who has been hired outside of this state, or regularly performs the primary duties of employment outside of this state, and the employee's employer, are exempt from the provisions of this chapter while the employee is temporarily within this state performing work for the employer provided the employer has furnished workers' compensation insurance coverage under the workers' compensation law or other similar law of another state which covers the employee's employment while in this state. The benefits under the workers' compensation law or similar law of the other state, or other remedies under that state's law, are the exclusive remedy against the employer for any injury, whether resulting in death or not, received by the employee while working for that employer within this state. A certificate from the commissioner of labor and industry or other similar official of another state certifying that the employer is insured in that state and has provided extraterritorial coverage insuring its employees while working within this state is prima facie evidence that the employer carries workers' compensation insurance on those employees.*

Sec. 6. Minnesota Statutes 1986, section 176.061, subdivision 10, is amended to read:

Subd. 10. [INDEMNITY.] *Notwithstanding the provisions of chapter 65B or any other law to the contrary, an employer has a right of indemnity for any compensation paid or payable pursuant to this chapter, including temporary total compensation, temporary partial compensation, permanent partial disability, ~~economic recovery compensation, impairment compensation,~~ medical compensation, rehabilitation, death, and permanent total compensation.*

Sec. 7. Minnesota Statutes 1986, section 176.081, subdivision 1, is amended to read:

Subdivision 1. (a) *A fee for legal services of 25 percent of the first \$4,000 of compensation awarded to the employee and 20 percent of the next \$27,500 of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or*



any other party except as provided in ~~clause~~ *paragraph* (b). If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. Fees for administrative conferences under ~~section 176.242, 176.2421, 176.243, or 176.244~~ *sections 176.106 and 176.239* shall be determined on an hourly basis, according to the criteria in subdivision 5.

(b) An attorney who is claiming legal fees ~~under this section~~ *for representing an employee in a workers' compensation matter* shall file a statement of ~~attorney's~~ *attorney* fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the amount requested shall be awarded to the party requesting the fee. If a timely objection is filed, or the fee is determined on an hourly basis, the commissioner, compensation judge, or court of appeals shall review the matter and make a determination based on the criteria in subdivision 5. If no timely objection is made by an employer or insurer, reimbursement under subdivision 7 shall be made if the statement of fees requested this reimbursement.

(c) *An attorney representing employers or insurers shall file a statement of attorney fees or wages with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. The statement of attorney fees or wages must contain the following information: the average hourly wage or the value of hours worked on that case if the attorney is an employee of the employer or insurer, the number of hours worked on that case, and the average hourly rate or amount charged an employer or insurer for that case if the attorney is not an employee of the employer or insurer.*

(d) *Employers and insurers may not pay attorney fees or wages for legal services of more than \$6,500 per case unless the additional fees or wages are approved under subdivision 2.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 176.081, subdivision 2, is amended to read:

Subd. 2. An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the commissioner, compensation judge, or district judge, before whom the matter was heard. An appeal of a decision by the commissioner, a compensation judge, or district court judge on additional fees may be made to the workers' compensation court of appeals. The application shall set forth the fee requested ~~and, the number of hours spent on the case,~~ the basis for the request, and whether or not a

hearing is requested. The application, with affidavit of service upon the ~~employee attorney's client~~, shall be filed by the attorney requesting the fee. If a hearing is requested by an interested party, a hearing shall be set with notice of the hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 9. Minnesota Statutes 1986, section 176.081, subdivision 3, is amended to read:

Subd. 3. ~~An employee who~~ *A party that* is dissatisfied with *its* attorney fees, may file an application for review by the workers' compensation court of appeals. Such application shall state the basis for the need of review and whether or not a hearing is requested. A copy of such application shall be served upon the *party's* attorney ~~for the employee~~ by the court administrator and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. ~~The attorney for the employee shall be served with a notice of the hearing.~~ The workers' compensation court of appeals shall have the authority to raise the ~~question of~~ the issue of the attorney fees at any time upon its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 10. Minnesota Statutes 1986, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For an injury producing temporary total disability, the compensation is ~~66-2/3~~ 80 percent of the *after-tax* weekly wage at the time of injury.

~~(1) provided that during the year commencing on October 1, 1979, and each year thereafter, commencing on October 1;~~ (b) The maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31, of the preceding year.

~~(2) (c) The minimum weekly compensation benefits for temporary total disability shall be not less than 50 20 percent of the statewide average weekly wage or the injured employee's actual after-tax weekly wage, whichever is less. In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.~~

(d) ~~Subject to subdivisions 3a to 3u~~ This compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be, *and shall cease whenever any one of the following occurs:*

(1) *the disability ends;*

(2) *the employee returns to work;*

(3) *the employee retires by withdrawing from the labor market;*

(4) *the employee refuses an offer of work that is consistent with a plan of rehabilitation filed with the commissioner, which meets the requirements of section 176.102, subdivision 1, or, if no plan has been filed, that the employee can do in the employee's physical condition; or*

(5) *90 days have passed after the employee has reached maximum medical improvement, except as provided in section 176.102, subdivision 11, paragraph (b).*

(e) *For purposes of paragraph (d), clause (5), the 90-day period after maximum medical improvement commences on the earlier of:*

(1) the date that the employee receives a written medical report indicating that the employee has reached maximum medical improvement; or

(2) the date that the employer or insurer serves the report on the employee and the employee's legal representative and files a copy with the division.

(f) Once compensation has ceased under paragraph (d), clauses (1), (2), and (3), it may be recommenced at a later date if: the employee returns to work, the employee is laid off due to economic conditions or is medically unable to continue at the job, and the layoff or inability to continue occurs prior to 90 days after the employee reaches maximum medical improvement. Compensation recommenced under this paragraph is subject to cessation under paragraph (d). Recommenced compensation may not be paid beyond 90 days after the employee reaches maximum medical improvement, except as provided under section 176.102, subdivision 11, paragraph (b).

(g) Once compensation has ceased under paragraph (d), clauses (4) and (5), it may not be recommenced at a later date except as provided under section 176.102, subdivision 11, paragraph (b).

Sec. 11. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

*Subd. 1a. [EXTENDED DISABILITY COMPENSATION.] (a) If an employee, who has a permanent partial disability, is not working because of the personal injury after payment of permanent partial disability benefits is complete, the employee shall be eligible for extended disability compensation. If an employee received any permanent partial compensation in a lump sum, payment will be considered complete after expiration of the period that the employee would have received permanent partial compensation had it been paid periodically.*

*(b) Extended disability compensation is paid at the rate for temporary total compensation, escalated under section 176.645, for the number of weeks equal to 246 multiplied by the employee's percentage rating of permanent partial disability, determined according to the rules adopted by the commissioner pursuant to section 176.105, subdivision 4. The total extended compensation for any injury may not exceed this product.*

*(c) Extended disability compensation shall cease if the employee is no longer disabled, returns to work, refuses a job offer described in subdivision 1, paragraph (d), clause (4), or retires from the labor market.*

*(d) An employee is not eligible for extended disability compensation if, at any time before the employee would have become eligible:*

*(1) the employee refuses a job offer, as described in subdivision 1, paragraph (d), clause (4); or*

*(2) the employee returns to work and terminates employment, unless the employee was medically unable to continue work or was terminated without just cause;*

*(e) An employee is eligible for extended compensation at any time after payment of permanent partial benefits is complete so long as the employee meets the qualifications of this section and has not been paid the maximum number of weeks under paragraph (b) for that injury; provided that, extended compensation may not be paid beyond 350 weeks after the date of injury.*

Sec. 12. Minnesota Statutes 1986, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] (a) In all cases of temporary partial disability the compensation shall be ~~66-2/3~~ percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition. paid as follows:

(1) for the first 26 weeks that the employee returns to work, the compensation shall be 80 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition;

(2) for the second 26 weeks that the employee returns to work, the compensation shall be 60 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition; and

(3) for the third 26 weeks that the employee returns to work, the compensation shall be 40 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition.

(b) This compensation shall be paid during the period of disability except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to a maximum compensation equal to 105 percent of the statewide average weekly wage.

(c) Temporary partial compensation may be paid only while the employee is working and earning less than the employee's weekly wage at the time of the injury. Except as provided in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid after the employee has returned to work for 78 weeks or after 350 weeks after the date of injury, whichever occurs first.

Sec. 13. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] (a) Compensation for permanent partial disability is as provided in this subdivision. For permanent partial disability up to the percent of the whole body shown in the following schedule, the amount of compensation is equal to the proportion that the loss of function of the disabled part bears to the whole body multiplied by the amount aligned with that percent in the following schedule:

Percent of Disability	Amount
0-25	\$ 75,000
26-30	80,000
31-35	85,000
36-40	90,000
41-45	95,000
46-50	100,000
51-55	120,000
56-60	140,000
61-65	160,000
66-70	180,000
71-75	200,000
76-80	240,000

81-85	280,000
86-90	320,000
91-95	360,000
96-100	400,000

*An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.*

*(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee is not working, the compensation is payable in installments at the same intervals and in the same amount as the initial temporary total disability rate. If the employee returns to work, the remaining compensation is payable in a lump sum 30 days after the employee returned to work provided the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at the job at the end of the period.*

Sec. 14. Minnesota Statutes 1986, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be ~~66-2/3~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 15. Minnesota Statutes 1986, section 176.101, subdivision 5, is amended to read:

Subd. 5. [TOTAL DISABILITY DEFINITION.] (a) For purposes of subdivision 4, permanent total disability means only:

(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties; or

(2) any other injury which both results in permanent partial disability of 20 percent or more of the whole body and totally and permanently incapacitates the employee from working at an occupation which brings

the employee an income constitutes total disability.

(b) For purposes of paragraph (a), clause (2), totally and permanently incapacitated means that the employee's physical disability, in combination with the employee's age, education and training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income. Local labor market conditions may not be considered in making the total and permanent incapacitation determination.

Sec. 16. Minnesota Statutes 1986, section 176.102, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] (a) This section only applies to vocational rehabilitation of injured employees and their spouses as provided under subdivision 1a. Physical rehabilitation of injured employees is considered treatment subject to section 176.135.

(b) Rehabilitation is intended to restore the injured employee, through physical and vocational rehabilitation, so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.

Sec. 17. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATORS.] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services and shall by rule, subject to chapter 14, establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors. The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 18. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3, is amended to read:

Subd. 3. [REVIEW PANEL.] There is created a rehabilitation review panel composed of the commissioner or a designee, who shall serve as an ex officio member and two members one member each from representing employers, insurers, rehabilitation, and medicine, one member representing chiropractors, and four two members each representing labor and rehabilitation vendors, and six members who are qualified rehabilitation consultants. The members shall be appointed by the commissioner and shall serve four-year terms which may be renewed. Compensation for members shall be governed by section 15.0575. The panel shall select a chair. The panel shall review and make a determination with respect to appeals from orders of the commissioner regarding certification approval of qualified

rehabilitation consultants and vendors. The hearings are de novo and initiated by the panel under the contested case procedures of chapter 14, and are appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

Sec. 19. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3a, is amended to read:

Subd. 3a. [DISCIPLINARY ACTIONS.] The panel has authority to discipline qualified rehabilitation consultants and vendors and may impose a penalty of up to \$1,000 per violation, and may suspend or revoke certification. Complaints against registered qualified rehabilitation consultants and vendors shall be made to the commissioner who shall investigate all complaints. If the investigation indicates a violation of this chapter or rules adopted under this chapter, the commissioner may initiate a contested case proceeding under the provisions of chapter 14. In these cases, the rehabilitation review panel shall make the final decision following receipt of the report of an administrative law judge. The decision of the panel is appealable to the workers' compensation court of appeals in the manner provided by section 176.421. The panel shall continuously study rehabilitation services and delivery, develop and recommend rehabilitation rules to the commissioner, and assist the commissioner in accomplishing public education.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one labor member, one employer or insurer member, and one member representing medicine, chiropractic, or rehabilitation vendors, and one member representing qualified rehabilitation consultants.

Sec. 20. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] (a) ~~An employer or insurer shall provide rehabilitation consultation by a qualified rehabilitation consultant or by another person permitted by rule to provide consultation to an injured employee within five days after the employee has 60 days of lost work time due to the personal injury, except as otherwise provided in this subdivision. Where an employee has incurred an injury to the back, the consultation shall be made within five days after the employee has 30 days of lost work time due to the injury. The lost work time in either case may be intermittent lost work time. If an employer or insurer has medical information at any time prior to the time specified in this subdivision that the employee will be unable to return to the job the employee held at the time of the injury rehabilitation consultation shall be provided immediately after receipt of this information.~~

For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time. A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant; except that, if the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of

*the employee's own choosing within 30 days following the first in-person contact between the employee and the original qualified rehabilitation consultant. If the consultation indicates that rehabilitation services are appropriate pursuant to subdivision 1, the employer shall provide such services. If the consultation indicates that rehabilitation services are not appropriate pursuant to subdivision 1, the employer shall notify the employee of this determination within seven days after the consultation.*

*(b) In order to assist the commissioner in determining whether or not to request rehabilitation consultation for an injured employee, an employer must notify the commissioner whenever the employee's temporary total disability will likely exceed 13 weeks. The notification must be made within 90 days from the date of the injury or when the likelihood of at least a 13-week disability can be determined, whichever is earlier, and must include a current physician's report.*

*(c) The qualified rehabilitation consultant appointed by the employer or insurer shall disclose in writing at the first meeting or written communication with the employee any ownership interest or affiliation between the firm which employs the qualified rehabilitation consultant and the employer, insurer, adjusting or servicing company, including the nature and extent of the affiliation or interest. The consultant shall also disclose to all parties any affiliation, business referral or other arrangement between the consultant or the firm employing the consultant and any other party to the case, including or to any attorneys, doctors, or chiropractors.*

*If the employee objects to the employer's selection of a qualified rehabilitation consultant, the employee shall notify the employer and the commissioner in writing of the objection. The notification shall include the name, address, and telephone number of the qualified rehabilitation consultant chosen by the employee to provide rehabilitation consultation.*

*(d) After the initial provision or selection of a qualified rehabilitation consultant as provided under paragraph (a), the employee may choose request a different qualified rehabilitation consultant as follows:*

*(1) once during the first 60 days following the first in-person contact between the employee and the original consultant;*

*(2) once after the 60-day period referred to in clause (1); and*

*(3) subsequent requests which shall be determined granted or denied by the commissioner or compensation judge according to the best interests of the parties.*

*(e) The employee and employer shall enter into a program if one is prescribed in develop a rehabilitation plan within 30 days of the rehabilitation consultation if the qualified rehabilitation consultant determines that rehabilitation is appropriate. A copy of the plan, including a target date for return to work, shall be submitted to the commissioner within 15 days after the plan has been developed.*

*(b) (f) If the employer does not provide rehabilitation consultation, or the employee does not select a qualified rehabilitation consultant, as required by this section provided under paragraph (a), the commissioner or compensation judge shall notify the employer that if the employer fails to appoint provide, or the employee fails to select, whichever is applicable, a qualified rehabilitation consultant or other persons as permitted by clause*



(a) within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner or compensation judge determines the consultation is not required.

(e) (g) In developing a rehabilitation plan consideration shall be given to the employee's qualifications, including but not limited to age, education, previous work history, interest, transferable skills, and present and future labor market conditions.

(d) (h) The commissioner or compensation judge may waive rehabilitation services under this section if the commissioner or compensation judge is satisfied that the employee will return to work in the near future or that rehabilitation services will not be useful in returning an employee to work.

Sec. 21. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify, or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled. *A plan that is not completed within six months or that will cost more than \$3,000 must be specifically approved by the commissioner. This approval may not be waived by the parties.*

Sec. 22. Minnesota Statutes 1986, section 176.102, subdivision 7, is amended to read:

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] (a) Upon request by the commissioner, insurer, employer or employee, medical and rehabilitation reports shall be made by the provider of the medical and rehabilitation service to the commissioner, insurer, employer, or employee.

*(b) If a rehabilitation plan has not already been filed pursuant to subdivision 4, an employer shall report to the commissioner after 90 days from the date of the injury, but before 120 days therefrom, as to what rehabilitation consultation and services, if any, have been provided to the injured employee or why rehabilitation consultation and services have not been provided.*

Sec. 23. Minnesota Statutes 1986, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; COMPENSATION.] (a) Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition ~~the commissioner~~ for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner or compensation judge determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner or compensation judge may award additional compensation in an amount ~~the commissioner determines is appropriate~~, not to exceed the employee's request. This additional compensation shall cease

at any time the commissioner or compensation judge determines the special circumstances are no longer present.

(b) Pursuant to section 176.101, subdivisions 1 and 2, temporary total disability or temporary partial disability shall be paid during a retraining plan that has been specifically approved under this section and for up to 90 days after the end of the plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101, subdivision 1, paragraph (d), clauses (1) to (4). Compensation paid under this paragraph must cease if the employee terminates participation in the approved retraining plan without good cause.

Sec. 24. Minnesota Statutes 1986, section 176.105, subdivision 1, is amended to read:

Subdivision 1. (a) The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. The commissioner, in consultation with the medical services review board, shall annually review these rules to determine whether any injuries omitted from the schedule should be compensable and, if so, amend the rules accordingly.

(b) Disability ratings for permanent partial disability must be based on objective medical evidence.

Sec. 25. Minnesota Statutes 1986, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ 80 percent of the after-tax weekly wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 26. Minnesota Statutes 1986, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child ~~60~~ 80 percent of the daily after-tax weekly wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. At that time there shall be paid to the dependent surviving spouse weekly benefits at a rate which is ~~16 2/3~~ percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, including adjustments as provided in section 176.645.

Sec. 27. Minnesota Statutes 1986, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children ~~66 2/3~~ 80 percent of the daily after-tax weekly wage at the time of the injury of the deceased until the last dependent child is no longer dependent. At that time the dependent surviving spouse shall be paid weekly benefits at a rate which is ~~25~~ percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, adjusted according to section

~~176.645.~~

Sec. 28. Minnesota Statutes 1986, section 176.111, subdivision 12, is amended to read:

Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid ~~55~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased, for two or more orphans there shall be paid ~~66-2/3~~ 80 percent of the *wages after-tax weekly wage*.

Sec. 29. Minnesota Statutes 1986, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee leave no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on deceased, there shall be paid to such parents jointly ~~45~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased. In case of the death of either of the wholly dependent parents the survivor shall receive ~~35~~ 80 percent of the *after-tax* weekly wage thereafter. If the deceased employee leave one parent wholly dependent on the deceased, there shall be paid to such parent ~~35~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 30. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, ~~30~~ 40 percent of the *after-tax* weekly wage at the time of injury of the deceased, or if more than one, ~~35~~ 45 percent of the *after-tax* weekly wage at the time of the injury of the deceased, divided among them share and share alike.

Sec. 31. Minnesota Statutes 1986, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66-2/3~~ 80 percent of the *after-tax* weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 32. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers'

compensation death benefits provided under this section shall not exceed 100 percent of the *after-tax* weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program.

Sec. 33. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 1, is amended to read:

Subdivision 1. If an employee incurs personal injury and suffers disability from that injury alone that is substantially greater, because of a preexisting physical impairment, than what would have resulted from the personal injury alone, the employer or insurer shall pay all compensation provided by this chapter, but the employer shall be reimbursed from the special compensation fund for all compensation paid in excess of 52 weeks of monetary benefits and ~~\$2,000~~ \$3,500 in medical expenses, subject to the exceptions in paragraphs (a), (b), and (c):

(a) If the disability caused by the subsequent injury is made substantially greater by the employee's registered preexisting physical impairment, there shall be apportionment of liability among all injuries. The special compensation fund shall only reimburse for that portion of the compensation, medical expenses, and rehabilitation expenses attributed to the subsequent injury after the applicable deductible has been met.

(b) If the subsequent personal injury alone results in permanent partial disability to a scheduled member under the schedule adopted by the commissioner pursuant to section 176.105, the special compensation fund shall not reimburse permanent partial disability, medical expenses, or rehabilitation expenses.

(c) *Reimbursement for compensation paid shall be at the rate of 75 percent.*

Sec. 34. Minnesota Statutes 1986, section 176.131, subdivision 1a, is amended to read:

Subd. 1a. If an employee is employed in an on-the-job training program pursuant to an approved rehabilitation plan under section 176.102 and the employee incurs a personal injury that aggravates the personal injury for which the employee has been certified to enter the on-the-job training program, the on-the-job training employer shall pay the medical expenses and compensation required by this chapter, and shall be reimbursed from the special compensation fund for the compensation and medical expense that is attributable to the aggravated injury; *except that, reimbursement for compensation paid shall be at the rate of 75 percent.* The employer, at the time of the personal injury for which the employee has been approved for

on-the-job training, is liable for the portion of the disability that is attributable to that injury.

Sec. 35. Minnesota Statutes 1986, section 176.131, subdivision 2, is amended to read:

Subd. 2. If the employee's personal injury results in disability or death, and if the injury, death, or disability would not have occurred except for the preexisting physical impairment registered with the special compensation fund, the employer shall pay all compensation provided by this chapter, and shall be fully reimbursed from the special compensation fund for the compensation, except that:

(1) this full reimbursement shall not be made for cardiac disease or a condition registered pursuant to subdivision 8, clause (t) or (u) unless the commissioner by rule provides otherwise; and

(2) reimbursement for compensation paid shall be at the rate of 75 percent.

Sec. 36. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 8, is amended to read:

Subd. 8. As used in this section the following terms have the meanings given them:

"Physical impairment" means any physical or mental condition that is permanent in nature, whether congenital or due to injury, disease or surgery and which is or is likely to be a hindrance or obstacle to obtaining employment except that physical impairment is limited to the following:

- (a) Epilepsy,
- (b) Diabetes,
- (c) Hemophilia,
- (d) Cardiac disease, provided that objective medical evidence substantiates at least the minimum permanent partial disability listed in the workers' compensation permanent partial disability schedule,
- (e) Partial or entire absence of thumb, finger, hand, foot, arm or leg,
- (f) Lack of sight in one or both eyes or vision in either eye not correctable to 20/40,
- (g) Residual disability from poliomyelitis,
- (h) Cerebral Palsy,
- (i) Multiple Sclerosis,
- (j) Parkinson's disease,
- (k) Cerebral vascular accident,
- (l) Chronic Osteomyelitis,
- (m) Muscular Dystrophy,
- (n) Thrombophlebitis,
- (o) Brain tumors,
- (p) Pott's disease,
- (q) Seizures,

(r) Cancer of the bone,

(s) Leukemia,

(t) Any other physical impairment resulting in a disability rating of at least ~~ten~~ 25 percent of the whole body if the physical impairment were evaluated according to standards used in workers' compensation proceedings, and

(u) Any other physical impairments of a permanent nature which the commissioner may by rule prescribe;

"Compensation" has the meaning defined in section 176.011;

"Employer" includes insurer;

"Disability" means, unless otherwise indicated, any condition causing either temporary total, temporary partial, permanent total, permanent partial, death, medical expense, or rehabilitation.

Sec. 37. Minnesota Statutes 1986, section 176.131, is amended by adding a subdivision to read:

*Subd. 13. [APPLICABLE LAW.] The right to reimbursement under this section is governed by the law in effect on the date of the subsequent injury.*

Sec. 38. Minnesota Statutes 1986, section 176.132, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] (a) An employee who has suffered personal injury prior to October 1, 1983 for which benefits are payable under section 176.101 and who has been totally disabled for more than 104 weeks shall be eligible for supplementary benefits as prescribed in this section after 104 weeks have elapsed and for the remainder of the total disablement. Regardless of the number of weeks of total disability, no totally disabled person is ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, except as provided by clause (b), provided that all periods of disability are caused by the same injury.

(b) An employee who has suffered personal injury after October 1, 1983, and before August 1, 1988, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving temporary total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

(b) An employee who has suffered personal injury after August 1, 1988, that caused a permanent total disability, as defined in section 176.101, subdivision 5, is eligible to receive supplementary benefits after four years have elapsed since the first date of the total disability, provided that the employee continues to have a permanent total disability.

Sec. 39. Minnesota Statutes 1986, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually.

*The supplementary benefit payable under this section is:*

(1) *the sum of the amount the employee receives under section 176.101, subdivision 4, plus the amount of any disability benefits being paid by any government disability benefit program if those benefits are occasioned by the same injury or injuries giving rise to payments under section 176.101, subdivision 4, plus any old age and survivor's insurance benefits, subtracted from*

(2) *50 percent of the statewide average weekly wage, as computed annually.*

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 50 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

~~(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.~~

(e) ~~(d)~~ In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

Sec. 40. Minnesota Statutes 1986, section 176.132, subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The payment of supplementary benefits shall be the responsibility of the employer or insurer ~~currently paying total disability benefits, or any other payer of such benefits. When the eligible individual is not currently receiving benefits because the total paid has reached the maximum prescribed by law the employer and insurer shall, nevertheless,~~ pay the supplementary benefits that are prescribed by law. The employer or insurer paying the supplementary benefit shall have the right of full reimbursement from the special compensation fund for the amount of such benefits paid.

Sec. 41. Minnesota Statutes 1986, section 176.136, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE.] (a) The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups. The procedures established by the commissioner shall *must* limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, to the 75th percentile of usual and customary fees or charges based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing.

(b) *The medical fee rules for providers other than hospitals, which are promulgated on October 1, 1987, and based upon 1986 medical cost data, must remain in effect until September 30, 1989; and the medical fee rules for providers other than hospitals, which are promulgated on October 1, 1989, must be based on the 1987 medical cost data and must remain in effect until September 30, 1990.*

(c) The procedures established by the commissioner for determining whether or not the charge for a health service is excessive shall *must* be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures shall *must* incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

Sec. 42. Minnesota Statutes 1986, section 176.136, is amended by adding a subdivision to read:

*Subd. 1a. [CHARGES FOR INDEPENDENT MEDICAL EXAMINATIONS.] The commissioner shall adopt rules that reasonably limit amounts which may be charged for, or in connection with, independent or adverse medical examinations requested by any party, including the amount that may be charged for depositions, witness fees, or other expenses. The scheduled amount for the examination itself may not exceed the scheduled amount for complex consultations by treating physicians, although additional reasonable charges may be permitted to reflect additional duties or activities. An insurer or employer may not pay fees above the amount in the schedule.*

Sec. 43. Minnesota Statutes 1987 Supplement, section 176.221, subdivision 1, is amended to read:

Subdivision 1. [COMMENCEMENT OF PAYMENT.] Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer



has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within 30 60 days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within 30 60 days of notice or knowledge. After the 30-day 60-day period, payment may be terminated only by the filing of a notice as provided under section 176.239. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail specific reasons explaining why the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

Sec. 44. Minnesota Statutes 1986, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, 1977 or thereafter under this section shall exceed ~~six~~ four percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be ~~six~~ four percent.

Sec. 45. Minnesota Statutes 1986, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ is deferred until the first anniversary of the date of the injury. *For injuries occurring on or after August 1, 1988, the initial adjustment under subdivision 1 is deferred until the third anniversary of the date of injury.*

Sec. 46. Minnesota Statutes 1986, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is  $66\frac{2}{3}$  percent of the employee's *after-tax* weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 47. [176.90] [AFTER-TAX CALCULATION.]

*For purposes of section 176.011, subdivision 18, section 176.101, subdivisions 1, 2, 3, and 4, section 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21, and section 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on the preceding April 1. These tables or formulas are conclusive for the purposes of converting weekly wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14.*

Sec. 48. [176.95] [ADMINISTRATIVE COSTS.]

*The annual cost to the commissioner of labor and industry of administering the workers' compensation system under this chapter must be charged to the state general fund. Administrative costs include the cost of administering the workers' compensation division of the department of labor and industry and the workers' compensation division of the office of administrative hearings.*

Sec. 49. [ADMINISTRATIVE COSTS CHANGE-OVER.]

*For the biennium beginning July 1, 1989, 50 percent of the costs of administering the workers' compensation system must be charged to the state general fund and 50 percent to the special compensation fund.*

Sec. 50. [EXISTING DISABILITY RATINGS.]

*Existing disability ratings adopted under section 176.105, subdivision 1, may not be changed before June 1, 1989.*

Sec. 51. [AFTER-TAX CALCULATION.]

*Notwithstanding section 47, the commissioner of labor and industry shall publish by July 15, 1988, a table or formula for determining the after-tax weekly wage effective August 1, 1988, until October 1, 1988, as otherwise required under that section.*

Sec. 52. [REPEALER.]

*Minnesota Statutes 1986, sections 176.011, subdivision 26; and 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6, are repealed.*

Sec. 53. [EFFECTIVE DATE.]

Sections 5, 17, 18, 19, 24, 43, 47, 50, and 51 are effective the day following final enactment. Section 48 is effective July 1, 1991. Notwithstanding section 176.1321, sections 1 to 4, 6 to 16, 20 to 23, 25 to 41, 44 to 46, 49, and 52 are effective August 1, 1988. Section 42 is effective January 1, 1989.

## ARTICLE 2

### WORKERS' COMPENSATION INSURANCE

Section 1. Minnesota Statutes 1986, section 79.01, subdivision 1, is amended to read:

Subdivision 1. [TERMS.] Unless the language or context clearly indicates that a different meaning is intended, the following terms, for the purposes of sections ~~79.01 to 79.23~~ 1 to 36, shall have the meanings ascribed to them.

Sec. 2. Minnesota Statutes 1986, section 79.074, is amended by adding a subdivision to read:

Subd. 3. [RATES.] *One rate is unfairly discriminatory in relation to another if it clearly fails to reflect equitably the differences in expected losses, expenses, and the degree of risk. Rates are not unfairly discriminatory because different premiums result for policyholders with like loss exposures but different expense factors, or like expense factors but different loss exposures, so long as the rates reflect the differences with reasonable accuracy.*

Sec. 3. Minnesota Statutes 1986, section 79.074, is amended by adding a subdivision to read:

Subd. 4. [FLEXIBLE RANGE OF RATES.] *An insurer may write insurance at rates that are lower than the rates approved by the commissioner provided the rates are not unfairly discriminatory.*

Sec. 4. [79.253] [PRIOR RATES.]

Subdivision 1. *Rates and rating plans that have been filed with the commissioner prior to April 8, 1988, pursuant to section 79.56 by insurers are conclusively presumed to satisfy the requirements of this act until the initial schedule of rates has been approved by order of the commissioner.*

Subd. 2. *If a rate was not filed by an insurer prior to April 8, 1988, then an insurer may file a rate for any classification for which a rate was not previously filed. This rate shall not be used until it is approved by the commissioner. The commissioner may approve a rate up to the rate level approved for use by the assigned risk plan for that rate class. These rates may remain in force until August 1, 1988, when they must be adjusted to comply with provisions of section 33. The adjusted schedule of rates will remain in force until the commissioner has approved an initial schedule of rates pursuant to section 5, subdivision 1. If the commissioner disapproves of any rate or rating plan pursuant to authority granted in this subdivision, the disapproval shall not be subject to chapter 14 and the decision shall be final.*

Subd. 3. *Until the commissioner issues a rate order approving a schedule of rates pursuant to section 5, subdivision 1, an insurer may not, through the use of any rating plan, charge a rate higher than the rates applicable to the insurer pursuant to subdivision 1 or 2. This subdivision does not prohibit the use of approved experience rate plans or retrospective rating*

plans which have been adopted in the filed rates by insurers, the assigned risk plan, or filed by a data service organization.

Sec. 5. [79.71] [RATES; HEARINGS.]

*Subdivision 1. [ADOPTION OF INITIAL RATE SCHEDULE.] The commissioner shall adopt a schedule of workers' compensation insurance rates for use in this state for each classification under which business is written. The schedule of rates shall not be excessive, inadequate, or unfairly discriminatory. The adoption of the initial schedule of rates shall be by hearing held pursuant to the contested case procedures in chapter 14. In adopting a schedule of rates, the commissioner may act on the written petition of the association, the department of labor and industry, or any other interested party requesting that a hearing be held for modification of the schedule of rates.*

*Subd. 2. [PETITION FOR RATE HEARING.] Upon receipt of a petition requesting a hearing for modification of an existing schedule of rates, the commissioner shall determine whether the petition sufficiently sets forth facts that show that the existing schedule of rates is excessive, inadequate, unfairly discriminatory, or otherwise in need of modification so as to indicate the need to hold a hearing. If the association is a petitioner, the commissioner may decline to grant a hearing if the association has failed to provide information requested by previous orders modifying the schedule of rates, provided that the request was not unreasonable. The commissioner may accept or reject the petition for a hearing and shall give notice of a determination to the petitioning party within 90 days of receipt of the petition. If the commissioner rejects the petition, the commissioner shall notify the petitioning party of the reasons for the rejection. If the commissioner of labor and industry petitions the commissioner for a hearing pursuant to this section or section 8, the commissioner must hold a hearing if the commissioner of labor and industry certifies that the hearing is necessary because a decision of the supreme court, enactment of a statute or other circumstance has effected a substantial change in the basis upon which the existing schedule of rates was adopted. Upon such certification by the commissioner of labor and industry, the commissioner may, by order, modify the existing schedule of rates to reflect the supreme court's decision, enactment of statute, or other circumstance. The order modifying the schedule of rates is not subject to chapter 14 and shall remain in effect until the commissioner has made a final determination as required by subdivisions 4 and 5.*

*Subd. 3. [HEARING.] The commissioner shall determine, within 90 days of receipt of the petition, whether to accept or reject the petition. If the commissioner accepts the petition for hearing, the commissioner shall order a hearing on matters set forth in the petition. The hearing shall be held pursuant to the contested case procedures in chapter 14. The burden of proof is on the petitioning party. The commissioner shall forward a copy of the order for hearing to the chief administrative law judge. The chief administrative law judge must, within 30 days of the receipt of the order, 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 report of the administrative law judge must be issued within 180 days from the date of receipt of the order by the chief administrative law judge. The commissioner shall publish notice of the hearing in the State Register at least 20 days before the hearing date. The administrative law judge must admit documentary*

and statistical evidence accepted and relied upon by an expert whose expertise is related to workers' compensation rate matters, without the traditional evidentiary foundation. Approval of the notice prior to publication by the administrative law judge is not required. Within 60 days of the completion of the hearing, the administrative law judge must submit a report to the commissioner. The parties or the administrative law judge, if the parties cannot agree, shall adjust all time requirements under the contested case procedures to conform with the the time requirements set forth in this subdivision. After the close of the hearing record, the administrative law judge shall transmit to the commissioner the entire record of the hearing, including the transcript, exhibits, and all other material properly accepted into evidence, together with the finding of facts, conclusions, and recommended order made by the administrative law judge. The time for filing the report may be extended by the chief administrative law judge for good cause.

**Subd. 4. [HEARING DETERMINATION.]** *The commissioner may accept, reject, or modify, in whole or in part, matters raised in the petition for modifications of the schedule of rates or matters raised in the findings and recommendations of the administrative law judge. The commissioner's determination shall be based upon substantial evidence.*

**Subd. 5. [DEADLINE FOR DETERMINATION.]** *The commissioner shall make a final determination with respect to adoption of a schedule of rates within 90 days after receipt of the administrative law judge's report. If the commissioner fails to act within the 90-day period, the findings, conclusions, and recommended order of the administrative law judge become the final order of the commissioner on the 91st day.*

**Subd. 6. [CONSULTANTS; COMMISSIONER OF COMMERCE.]** *The commissioner of commerce may hire consultants, including a consulting actuary and other experts, deemed necessary to assist in the establishment or modification of the schedule of rates. A sum sufficient to pay the costs of conducting the hearing provided under subdivision 3, appeals therefrom, or the establishment or modification of the schedule of rates, including the costs of consultants, staff, and related costs, and the costs of the attorney general's office, is appropriated from the special compensation fund to the commissioner of commerce and assessed against the rating association and its members by the special compensation fund.*

**Subd. 7. [CONSULTANTS; COMMISSIONER OF LABOR AND INDUSTRY.]** *The commissioner of labor and industry may hire consultants, including a consulting actuary and other experts, deemed necessary to assist the commissioner of labor and industry in the hearing for modification of the schedule of rates and appeals therefrom. A sum sufficient to pay the costs of the commissioner of labor and industry in regard to the hearing provided under subdivision 3 and appeals therefrom, including the costs of consultants, staff, and related costs, and the costs of the attorney general's office, is appropriated from the special compensation fund to the commissioner of labor and industry and assessed against the rating association and its members by the special compensation fund.*

**Subd. 8. [CONSULTANTS; ADMINISTRATIVE JUDGES.]** *The office of administrative hearings, upon approval of the chief administrative law judge, may hire consultants necessary to assist the administrative law judge assigned to a workers' compensation rate proceeding.*

**Subd. 9. [COMMISSIONER OF LABOR AND INDUSTRY AS A PARTY.]**

*The commissioner of labor and industry must be a party to all proceedings under this chapter and shall act to assure that the public interest is represented and protected. The commissioner of labor and industry may: (1) inspect at all reasonable times, and copy the books, records, memoranda, and correspondence or other documents and records of any person relating to any regulated business; and (2) cause the deposition to be taken of any person concerning the business and affairs of any business regulated by the department. Information sought through said deposition shall be for a lawfully authorized purpose and shall be relevant and material to the investigation or hearing before the commissioner. Information obtained from said deposition shall be used by the department only for a lawfully authorized purpose and pursuant to powers and responsibilities conferred upon the department. Said deposition is to be taken in the manner prescribed by law for taking depositions in civil actions in the district court. The commissioner of labor and industry may, on the commissioner's own initiative, investigate any matter subject to the jurisdiction of the department of labor and industry. The costs of the commissioner of labor and industry in discharging this obligation shall be paid by the special compensation fund and assessed against the rating association and its members by the special compensation fund.*

*Subd. 10. [APPOINTMENT OF ACTUARY.] The commissioner of labor and industry shall employ the services of a casualty actuary experienced in workers' compensation whose duties shall include but not be limited to investigation of complaints by insured parties relative to rates, rate classifications, or discriminatory practices of an insurer. The salary of the actuary employed pursuant to this section is not subject to the provisions of section 43A.17, subdivision 1.*

**Sec. 6. [79.72] [PETITION FOR REHEARING.]**

*Subdivision 1. [PETITION CONTENTS.] Any interested party may petition the commissioner for rehearing and reconsideration of a determination made pursuant to section 5. The petition for rehearing and reconsideration shall be served on the commissioner and all parties to the rate hearing within 30 days after service of the commissioner's final order. The petition shall set forth factual grounds in support of its petition. An interested party adversely affected by a petition for review and reconsideration has 15 days to respond to factual matters alleged in the petition.*

*Subd. 2. [GRANT OF REHEARING.] The commissioner may grant a rehearing upon the filing of a petition under subdivision 1. On rehearing, the commissioner may limit the scope of factual matters that are subject to rehearing and reconsideration. The rehearing is subject to the provisions of section 5.*

*Subd. 3. [MODIFICATION OF ORDER.] Following rehearing, the commissioner may modify the terms of the initial order adopting a change in the schedule of rates upon a determination that adequate factual grounds exist to support modification. Adequate factual grounds include, but are not limited to, erroneous testimony by any witness or party to the hearing, material change in Minnesota loss or expense data occurring after a petition for modification of the schedule of rates has been filed, or any other mistake of fact that has a substantial effect upon the schedule of rates adopted in the initial order of the commissioner.*

**Sec. 7. [79.731] [JUDICIAL REVIEW.]**

*Final orders of the commissioner pursuant to sections 5 and 6 are subject to judicial review pursuant to sections 14.63 to 14.69 but shall remain in effect during the pendency of any appeal.*

Sec. 8. [79.735] [INTERIM SCHEDULE OF RATES.]

*The rating association, the commissioner of labor and industry, or any other interested party may file a petition for an adjustment in the schedule of rates when there has been a law change in the benefit payable under chapter 176. "Law change" means only statutory changes by the legislature or supreme court decisions. When a petition for a change in the schedule of rates due to a law change is received by the commissioner, the commissioner shall review any petition for up to 30 days to determine if it presents facts which warrant a hearing. If the commissioner accepts a petition for hearing it shall be conducted pursuant to the contested case procedures found in chapter 14. The chief administrative law judge shall assign an administrative law judge to hear a petition for a change in the schedule of rates within 30 days. The administrative law judge shall conclude the hearing within 60 days of assignment by the chief administrative law judge and file findings of fact, conclusions of law, and a proposed order with the commissioner within 30 days of concluding the hearing. The administrative law judge shall, after the close of the record, file a report with recommendations in the same manner as in section 5, subdivision 3. The time for holding the hearing and filing the report with the commissioner may be expanded by the chief administrative law judge upon a showing of good cause for an additional 30 days. The commissioner's order may affirm, reverse, or modify the findings and order of the administrative law judge. The petitioning party shall have the burden of proof in any hearing held pursuant to this subdivision. Interim rate hearings are only for changes in the schedule of workers' compensation rates resulting from law changes. All other evidentiary, procedural, and review standards in section 5 shall apply to interim rate hearings except for the time requirements in this subdivision. Interim rate hearings are subject to judicial review pursuant to chapter 14 except that the commissioner's interim rate order shall remain in effect during the pendency of any appeal by any party. The commissioner is an interested party if the commissioner's decision is appealed pursuant to chapter 14. Interim rate hearings may only be held after an initial schedule of rates has been approved by the commissioner unless requested by the commissioner of labor and industry.*

Sec. 9. [79.74] [AUTOMATIC ADJUSTMENT OF RATES.]

*The commissioner shall adopt a rule to automatically adjust a schedule of rates to reflect benefit changes mandated by operation of law after the most recent change in the statewide schedule of rates. This adjustment shall also reflect the annual change in the maximum weekly compensation made pursuant to section 176.101, an adjustment in the assessment rate for the special fund, and the annual adjustment made pursuant to section 176.645, any adjustment in the assessment for the assigned risk plan pursuant to section 79.251, subdivision 5, any adjustment in the assessment for the Minnesota insurance guaranty association pursuant to section 60C.05, or any other assessment required by law. The initial rule to automatically adjust the schedule of rates and any amendments made pursuant to this subdivision shall be effective no later than December 31, 1988, and is not subject to chapter 14, except the commissioner of commerce shall comply with section 14.38, subdivision 7.*

At each rate hearing held pursuant to section 5 or rehearing pursuant to section 6, following an automatic adjustment, the commissioner shall review the rate adjustment to assure that the schedule of rates adopted subsequent to the adjustment are not excessive, inadequate, or unfairly discriminatory. If the commissioner finds that the schedule of rates adopted subsequent to the adjustment are excessive, inadequate, or unfairly discriminatory, the commissioner shall order appropriate remedial action.

Sec. 10. [79.75] [RATE REVISION ORDER; EFFECT.]

*Subdivision 1. [POLICIES.] A revised schedule of rates, adopted under section 5 or 6, applies to new and renewal policies issued after the effective date of the commissioner's final order.*

*Subd. 2. [INSURED.] The revised schedule of rates applies to all insureds and prospective insureds under the workers' compensation rating manual adopted by the association and approved by the commissioner.*

Sec. 11. [79.76] [COMMISSIONER MAY REQUIRE SURVEY.]

*Following a complaint, the commissioner may require the association to conduct a survey and report. The commissioner may withdraw approval of any rate or classification upon ten days' notice to the parties interested.*

Sec. 12. [79.77] [CLASSIFICATION OF WORKERS' COMPENSATION INSURANCE.]

*No classification for compensation insurance purposes shall be effective until approved by the commissioner. No rule or regulation with reference to compensation risks filed by any insurer, or by the association, shall be effective until approved by the commissioner. No type of insurance covering any part of the liability of an employer allowed to self-insure as provided in section 176.181, is effective in this state unless approved by the commissioner. If it appears at any time that reasonable doubt on the part of the commissioner as to the proper classification or rate for any risk exists, such risk may be bound for insurance subject to establishing a rate and classification.*

Sec. 13. [79.78] [INSURERS SHALL BE MEMBERS OF ASSOCIATION.]

*Every insurer issuing workers' compensation insurance in this state shall be a member of the association organized under section 14, to be maintained in this state for the following purposes:*

*(1) to separate the industries of this state that are subject to workers' compensation insurance into proper classes for compensation insurance purposes; to inspect compensation risks and establish the merit and experience rating system approved for use in this state; to establish charges and credits under the system; and to report all facts affecting compensation insurance risks and those necessary for approving policies of compensation insurance as conforming with classifications and rates previously promulgated by the association and approved by the commissioner; and*

*(2) to assist the commissioner and insurers in approving rates, determining hazards and other material facts in connection with compensation risks, and to assist in promoting safety in the industries.*

Sec. 14. [79.79] [ORGANIZATION OF ASSOCIATION.]

*The association shall adopt articles of incorporation, bylaws, and a*



*plan of operation. These articles, bylaws, and plan of operation and all amendments thereto shall be filed with and approved by the commissioner and shall not be effective until so filed and approved. The association shall admit to membership any insurer authorized to transact workers' compensation insurance in this state. The charges and service of the association shall be fixed in the articles or bylaws and shall be equitable and non-discriminatory as between members. The initial articles, bylaws, and plan of operation shall be filed with the commissioner no later than June 15, 1988. If the initial articles, bylaws, and plan of operation are not filed by June 15, 1988, the commissioner shall adopt the initial articles, bylaws, and plan of operation.*

Sec. 15. [79.80] [EXPENSE, HOW PAID.]

*Each member of the association shall pay an equitable and nondiscriminatory share of the cost of operating the association. If the members of the association cannot agree upon an apportionment of cost, any member may in writing petition the commissioner to establish a basis for apportioning the cost. If any member is aggrieved by an apportionment made by the association, it may in writing petition the commissioner for a review of the apportionment. The commissioner shall, upon not less than five days' notice to each member of the association, hold a hearing upon any such petition at which all members are entitled to be present and be heard. The commissioner shall determine the matter and mail a copy of the determination to each member of the association. The decision of the commissioner shall be final and binding upon all members of the association.*

Sec. 16. [79.81] [BOARD OF DIRECTORS.]

*A board of directors of the rating association is created and is responsible for the operation of the rating association consistent with the plan of operation and this article. The board consists of seven directors. Four directors shall represent insurers and the commissioner of commerce shall appoint the remaining directors. Each director is entitled to one vote. Terms of the directors shall be two years. The board shall select a chair and other officers it deems appropriate.*

*A majority of the directors currently holding office constitutes a quorum. Action may be taken by a majority vote of the directors present.*

*The board shall take reasonable and prudent action regarding the management of the rating association including but not limited to the management of the daily affairs of the rating association.*

Sec. 17. [79.82] [PLAN OF OPERATION.]

*Subdivision 1. [PROVISIONS.] The plan of operation shall provide for all of the following:*

*(a) the establishment of necessary facilities;*

*(b) the management and operation of the rating association;*

*(c) a preliminary assessment, payable by each member in proportion to its total premium in the year preceding the inauguration of the rating association, for initial expenses necessary to commence operation of the rating association;*

*(d) procedures governing the actual payment of assessments to the rating association;*

(e) reimbursement of each member of the board by the rating association for actual and necessary expenses incurred on rating association business; and

(f) any other matters required by or necessary to effectively implement this article.

*Subd. 2. [AMENDMENTS.] (a) The plan of operation shall be subject to approval by the commissioner after consultation with the members of the association, representatives of the public and other affected individuals and organizations. 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 or part thereof. If a revised plan is not submitted within 15 days, the commissioner shall promulgate a plan of operation or part thereof, as the case may be. The plan of operation approved or promulgated by the commissioner shall become effective and operational upon order of the commissioner.*

*(b) Amendments to the plan of operation may be made by the commissioner or by the directors of the association, subject to the approval of the commissioner.*

**Sec. 18. [79.83] [APPLICABILITY OF CHAPTER 79.]**

*Subdivision 1. [EXAMINATION BY COMMISSIONER.] The rating association is subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the rating association at any time and examine, audit, or evaluate the rating association's operations, records and practices. For purposes of this section, "authorized representative of the commissioner" includes employees of the departments of commerce or labor and industry or other parties retained by the commissioner.*

*Subd. 2. [COSTS AND EXPENSES.] The commissioner may order and the rating association shall pay the costs and expenses of any examination, audit, or evaluation conducted pursuant to subdivision 1. A sum sufficient to pay these costs and expenses is appropriated from the special compensation fund to the commissioner of commerce.*

**Sec. 19. [79.84] [INITIAL FILING.]**

*Subdivision 1. [FILING REQUIRED.] On or before July 1, 1988, the association must file with the commissioner its proposed schedule of rates, its rating plans, and its underwriting and rating manuals which are used in the classification of risks and the calculation of rating plans, rates, and fees. The association must provide the commissioner with at least six copies of each manual. A copy of each manual filed shall also be provided to the commissioner of labor and industry.*

*The commissioner shall review the schedule of rates, rating plans, and manuals and on or before December 31, 1988, approve or disapprove the manuals or any part thereof. Until the commissioner has approved or disapproved the manuals, they shall remain in force. As to any rating plans or manual or part thereof that is not approved, a hearing pursuant to the contested case procedures of chapter 14 shall be held. The adoption of the schedule of rates shall be governed by section 5.*

*Until the conclusion of the contested case proceeding, the portions of the manuals or rating plans that were not approved shall remain in force.*

*Subd. 2. [AMENDMENTS.] If the association amends a manual or rating plan, the amendment shall not be effective until approved by the commissioner. The commissioner shall approve or disapprove any amendment within 90 days of filing. Any amendment not approved within 90 days shall be deemed to be disapproved. As to a disapproved amendment, the association may contest the disapproval pursuant to the contested case procedures of chapter 14.*

*Subd. 3. [BURDEN OF PROOF.] The burden of proof in a proceeding under this section shall be upon the party requesting the adoption of a rating plan or manual or an amendment of a rating plan or manual.*

*Subd. 4. [COSTS.] The costs of the commissioner and the commissioner of labor and industry in regard to a contested case proceeding under this section, including the costs of consultants, staff, and related costs, and costs billed by the attorney general's office shall be paid by the special compensation fund and assessed to the association and its members by the special compensation fund.*

*Subd. 5. [PUBLIC ACCESS.] Copies of all approved manuals must be made available to the public for inspection during regular business hours at the office of the association. Proposed manuals and amendments to manuals must be made available in the same manner.*

**Sec. 20. [79.85] [EXEMPTION.]**

*The rating association is not subject to sections 15.0597 and 471.705 and chapter 13 nor any other law or rule that pertains to a public body. For purposes of Minnesota law or rule, the association is not a public body.*

**Sec. 21. [79.86] [LICENSE; FEE.]**

*The association shall procure annually from the commissioner a license to carry on its business. The license shall run from July 1 to the last day of June. An annual license fee of \$100 must be paid at the time of filing an application for license.*

**Sec. 22. [79.861] [ANNUAL STATEMENT.]**

*The association on or before March 1 each year shall file with the commissioner a statement covering its activities for the year ending on the preceding December 31. This report shall cover its financial transactions and other matters connected with its operation, including employee compensation and other specific expenditures as required by the commissioner. The commissioner shall prescribe the form of the report. The association and its members are subject to supervision and examination by the commissioner or any examiner authorized by the commissioner on such matters as the commissioner deems appropriate. Examination may be made as often as the commissioner deems necessary. A sum sufficient to pay the cost of all examinations is appropriated from the special compensation fund to the commissioner of commerce.*

**Sec. 23. [79.862] [ASSOCIATION SHALL MAKE CLASSIFICATION.]**

*The association shall, on behalf of its members, assign each compensation risk and subdivision thereof in this state to its proper classification. The determination as to the proper classification by the association shall be subject to the approval of the commissioner as provided in this chapter. The association shall, on behalf of all members thereof, inspect and make*

a written survey of each risk to which the system of merit rating approved for use in this state is applicable. It shall, on behalf of all the members thereof, file with the commissioner its classification of risks and keep on file at the office of the association its written surveys of all risks inspected by it, which surveys shall show the location and description of all items producing charges and credits, if any, and such other facts as are material in the writing of insurance thereon. It shall file any subsequent proposed classification or later survey and all rules and regulations which do or may affect the writing of these risks. The association classification shall be binding upon all insurers. The commissioner and the association and its representatives shall give all information as to classifications, rates, surveys, and other facts collected and intended for the common use of insurers subject to this article to all these insurers at the same time. A copy of the complete survey by the association, with the approved classification and rates based thereon and the effective date thereof, shall be furnished to the insurer of record as soon as approved. The approved classification and rates upon a specific risk shall be furnished upon request to any other insurer upon the payment of a reasonable charge for the service. Every insurer shall promptly file with the association a copy of each payroll audit, which shall be checked by the association for correctness of classification and rate. The commissioner may require the association to file any such copy and may verify any payroll audit by a reaudit of the books of the employer or in such other manner as may appear most expedient. Upon written complaint stating facts sufficient to warrant action by it, the commissioner shall verify any payroll audit reported to the commissioner.

Sec. 24. [79.863] [INFORMATION.]

In addition to other information that the commissioner requests pursuant to section 5, the rating association shall: (a) separate the incurred but not reported losses of its members; (b) separate paid and outstanding losses of its members; (c) provide information indicating cases in which its members have established a reserve in excess of \$50,000; (d) provide information on the income on invested reserves of its members; and (e) provide information as to policies written at other than the filed rates. The rating association shall file information based solely on Minnesota premium income of its members concerning investment income, legal expenses, subrogation recoveries, administrative expenses, and commission expenses. The rating association shall file information based solely on Minnesota data concerning its members reserving practices, premium income, indemnity and medical benefit paid and lobbying expenses of its members. The rating association shall file an itemized breakdown of its lobbying expenses.

The commissioner shall consider this information in an appropriate manner in adopting a schedule of rates and shall decline to grant a hearing pursuant to section 5 for purposes of considering a rate increase if the association fails to provide the information.

Sec. 25. [79.864] [RECORD; ASSOCIATION SHALL FURNISH INFORMATION.]

The association shall keep a careful record of its proceedings. It shall furnish, upon demand, to any employer whose workers' compensation risk has been surveyed, full information as to the survey, including the method of the computation and a detailed description and location of all items producing charges or credits. The association shall provide a means, approved

by the commissioner, for hearing any member or employer whose risk has been inspected, either in person or by a representative, before the governing or rating committee or other proper representatives with reference to any matter affecting the risk. Any insurer or employer may appeal from a decision of the association to the commissioner. The association shall make rules governing appeals, to be filed with and approved by the commissioner. The commissioner may require the association to file any information connected with its activities.

Sec. 26. [79.865] [INSURERS SHALL NOT DISCRIMINATE.]

No insurer shall make or charge any rate for workers' compensation insurance in this state which discriminates unfairly between risks or classes, or which discriminates unfairly between risks in the application of like charges and credits in the plan of merit or experience rating in use.

Sec. 27. [79.867] [RATES SHALL BE FILED.]

Every insurer writing workers' compensation insurance in this state, except as ordered by the commissioner, must file with the commissioner its rates for this compensation insurance and all additions or changes. All rates so filed must comply with the requirements of law and are not effective until approved by the commissioner. A rate which is filed and approved cannot be changed until 15 days after the substituted rate is filed and after approval by the commissioner.

Sec. 28. [79.868] [RATES TO BE UNIFORM; EXCEPTIONS.]

No insurer may write insurance at a rate above that established by the association and approved as reasonable by the commissioner. The association may reduce or increase a rate by the application to individual risks of the system of merit or experience rating which has been approved by the commissioner. This reduction or increase shall be set forth in the policy or by endorsement thereon. Upon written request, an insurer shall furnish a written explanation to the insured of how and why the individual rate was adjusted by application of a system of merit or experience rating. This explanation shall be mailed to the insured within 30 days of the request.

Sec. 29. [79.869] [DUTIES OF COMMISSIONER.]

The commissioner of commerce shall require compensation insurers, or their agents, to file such reports as may be necessary for the purposes of this article for use by the commissioner.

Sec. 30. [79.87] [VIOLATIONS; PENALTIES.]

In addition to any other penalties prescribed by law, any insurer, rating association, agent, or other representative or employee of any insurer or rating association that fails to comply with, violates any of the provisions of this article, or any order or ruling of the commissioner, shall be punished by a fine of not less than \$50 nor more than \$5,000. In addition, the license of any insurer, agent, or broker guilty of such violation may be revoked or suspended by the commissioner.

Sec. 31. [79.88] [RULEMAKING.]

Until July 1, 1989, the commissioner shall be exempt from the rule-making provisions of chapter 14. The commissioner must comply with section 14.38, subdivision 7, when adopting rules to carry out the commissioner's duties assigned by this section. Any rules adopted pursuant to

*this exemption shall be subsequently adopted by a chapter 14 rules proceeding commencing no later than July 1, 1990.*

Sec. 32. Minnesota Statutes 1986, section 176A.03, is amended by adding a subdivision to read:

*Subd. 3. [COVERAGE OUTSIDE STATE.] Policies issued by the fund pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The fund may apply for and obtain any licensure required in any other state in order to issue such coverage.*

Sec. 33. [MANDATED REDUCTIONS.]

*As a result of the workers' compensation law changes in article 1 and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of rates in effect on August 1, 1988, must be reduced by 15 percent and applied by the insurer to all policies issued, renewed, or outstanding on or after that date. An insurer may not adjust its filed rating plan to recoup the 15 percent mandated rate reduction under this section. Insurers and data service organizations must file a new schedule of rates and rating plans which comply with the requirements of this section by August 1, 1988. The reduction must be computed on the basis of a 15 percent premium reduction prorated to the expiration of that policy. An insurer shall provide written notice by September 1, 1988, to all employers having an outstanding policy with the insurer as of August 1, 1988, to read as follows: "As a result of the changes in the workers' compensation insurance system enacted by the 1988 legislature, you are entitled to a credit or refund to your current premium in an amount of \$ . . . . . which reflects a 15 percent mandated premium reduction prorated to the expiration of your policy."*

Sec. 34. [OLD ASSOCIATION.]

*Subdivision 1. [RECORDS DEPOSITED WITH THE COMMISSIONER.] All records of the rating association authorized by sections 79.61 and 79.62 or its predecessors pertaining to proceedings before the department of commerce or its predecessors regarding rates or classifications shall be deposited with the commissioner no later than the effective date of the repeal of sections 79.61 and 79.62.*

*Subd. 2. [ASSOCIATION ASSETS.] All assets of the rating association authorized by section 79.61 or 79.62 or its predecessors shall be transferred to the rating association organized under section 14.*

Sec. 35. [TRANSITION PROVISIONS; EMPLOYEES.]

*Until January 1, 1989, initial appointment to the professional positions authorized by section 37 shall be deemed to be provisional or exceptional appointments as defined by section 43A.15, subdivisions 4 and 8, and the commissioner of employee relations must authorize those appointments as requested by the commissioner of commerce or labor and industry. Upon request of the commissioner of commerce or labor and industry, the appointments under this section shall be considered an unusual employment condition as defined by section 43A.17, subdivision 3, and salaries may be set accordingly.*

Sec. 36. [LEGISLATIVE INTENT.]

*It is the intent of the legislature in enacting this article to reinstate the prior state law regarding rate regulation which was repealed effective January 1, 1984. Judicial and administrative decisions regarding the prior law shall be deemed to be applicable to this article in the same manner as to the prior law.*

Sec. 37. [APPROPRIATION.]

*Subdivision 1. \$630,000 is appropriated from the special compensation fund to the department of commerce for the purpose of this article, is available immediately, does not lapse, and is available until expended. The complement of the department of commerce is increased by 11 positions.*

*Subd. 2. \$600,000 is appropriated from the special compensation fund to the department of labor and industry for the purpose of this article, is available immediately, does not lapse, and is available until expended. The complement of the department of labor and industry is increased by ten positions.*

*Subd. 3. \$120,000 is appropriated from the special compensation fund to the attorney general for the purpose of this article, is available immediately, does not lapse, and is available until expended. The complement of the attorney general is increased by three positions.*

Sec. 38. [REPEALER.]

*Minnesota Statutes 1986, sections 79.50; 79.51; 79.52; 79.53; 79.54; 79.55; 79.56; 79.57; 79.58; 79.59; 79.60; 79.61; and 79.62, are repealed.*

ARTICLE 3

WORKERS' COMPENSATION COURT OF APPEALS ABOLISHED

Section 1. Minnesota Statutes 1986, section 176.421, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR TAKING; GROUNDS.] When a petition has been heard before a compensation judge, within 30 days after a party in interest has been served with notice of an award or disallowance of compensation, or other order affecting the merits of the case, the party may appeal to the workers' compensation court of appeals on any of the following grounds:

- (1) the order does not conform with this chapter; or
- (2) the compensation judge committed an error of law; or
- (3) the findings of fact and order were *clearly erroneous and* unsupported by substantial evidence in view of the entire record as submitted; or
- (4) the findings of fact and order were procured by fraud, or coercion, or other improper conduct of a party in interest.

Sec. 2. Minnesota Statutes 1986, section 176.421, subdivision 6, is amended to read:

Subd. 6. [POWERS OF WORKERS' COMPENSATION COURT OF APPEALS ON APPEAL.] On an appeal taken under this section, the workers' compensation court of appeals' review is limited to the issues raised by the parties in the notice of appeal or by a cross-appeal. *On review, the court may not substitute its judgment for that of the compensation judge as to the weight or credibility of the evidence on any finding of fact.* In these cases, on those issues raised by the appeal, the workers' compensation court of appeals may:

(1) grant an oral argument based on the record before the compensation judge;

(2) examine the record;

(3) ~~substitute for the findings of fact made by the compensation judge findings based on the total evidence;~~

(4) sustain, reverse, make or modify an award or disallowance of compensation or other order based on the facts, findings, and law; and,

(5) (4) remand or make other appropriate order.

Sec. 3. Minnesota Statutes 1986, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations and public officials, except the tax court ~~and the workers' compensation court of appeals~~. The court of appeals shall have jurisdiction to review decisions of the commissioner of jobs and training, pursuant to section 268.10.

Sec. 4. Minnesota Statutes 1986, section 480A.06, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE REVIEW.] The court of appeals shall have jurisdiction to review on the record: the validity of administrative rules, as provided in sections 14.44 and 14.45; ~~and~~; the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69; ~~and workers' compensation cases and peace officer death benefits cases, as provided under chapters 176 and 176A.~~

Sec. 5. [TRANSFER OF JURISDICTION AND PERSONNEL.]

*The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 2, is transferred to the court of appeals. All contracts, books, plans, papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that, all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.*

Sec. 6. [INCREASED JUDGES.]

(a) *The number of judges on the court of appeals as of June 1, 1989, shall be increased by three. The additional judges are subject to senate confirmation.*

(b) *For purposes of establishing the number of judges on the court of appeals pursuant to Minnesota Statutes, section 480A.01, subdivision 3, the number of appeals filed in the court of appeals for the calendar years 1987 and 1988 shall be considered to include three-fourths of the number of appeals filed in the workers' compensation court of appeals for those two years.*

Sec. 7. [INSTRUCTION TO REVISOR.]



*In every instance in Minnesota Statutes in which the term "workers' compensation court of appeals" appears, the revisor of statutes shall change that reference to the "court of appeals."*

**Sec. 8. [REAPPROPRIATION.]**

*\$62,000 is reappropriated from the special compensation fund, as a result of the savings to that fund in fiscal year 1989 due to the abolishment of the workers' compensation court of appeals, to the court of appeals for the purposes of this article.*

**Sec. 9. [REPEALER.]**

*Minnesota Statutes 1986, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; and 175A.10, are repealed. Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2, is repealed.*

**Sec. 10. [EFFECTIVE DATE.]**

*This article is effective June 1, 1989.*

**ARTICLE 4**

**REPORTS TO THE LEGISLATURE**

**Section 1. [REPORT TO THE LEGISLATURE ON MEDICAL ISSUES.]**

*The commissioner of labor and industry shall present a report to the legislature concerning medical issues in the workers' compensation system. Specifically, the report must include findings and recommendations designed to contain or reduce the cost of workers' compensation related medical services, including methods of controlling the cost of ongoing therapy treatments. The report must be presented by January 1, 1990.*

*The state fund mutual insurance company shall be consulted, as part of the medical services study, in order to assist the department in developing a proposal to collect and analyze all medical bills. The ultimate goal of this consultation will be the development of a flagging and monitoring system to identify cases which significantly deviate from normal utilization patterns, costs and outcomes. The department shall make a preliminary report on the progress of the proposal to the legislature on January 1, 1989. The department shall make a final recommendation on implementation of the proposal at the time it makes its report to the legislature concerning medical issues in the workers' compensation system on January 1, 1990.*

**Sec. 2. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL PHYSICIANS.]**

*The commissioner of labor and industry shall present a report to the legislature concerning workers' compensation before January 1, 1989, which develops and evaluates a detailed proposal for establishing a system of neutral doctors for use in such areas as determining maximum medical improvement and rating permanent partial disabilities. The report must contain a bill proposal to implement the commissioner's recommendations.*

**Sec. 3. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL QUALIFIED REHABILITATION CONSULTANTS.]**

*To reduce cost and contention in the rehabilitation system, the commissioner of labor and industry shall develop and evaluate a detailed proposal*

*to establish a system to ensure that qualified rehabilitation consultants will not be aligned with either insurers or claimants. The commissioner shall consider alternative methods of selection and payment to ensure neutrality. The commissioner shall present a report and proposal to the legislature by January 1, 1989.*

**Sec. 4. [REPORT TO THE LEGISLATURE ON LEGAL FEES.]**

*The commissioner of labor and industry shall present a report to the legislature concerning legal fee issues in the workers' compensation system. Specifically, the report must include findings and recommendations designed to contain or reduce legal fees related to workers' compensation dispute resolution. The report must be presented March 1, 1989.*

**Sec. 5. [REPORT TO THE LEGISLATURE ON IMPLEMENTATION OF MANDATED RATE REDUCTIONS.]**

*The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under article 2, section 33, have been implemented by insurers, both as to amount and in a manner that is uniform and non-discriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner must present a report detailing findings and conclusions to the legislature by February 1, 1989.*

**Sec. 6. [REPORT TO THE LEGISLATURE ON RECODIFICATION OF WORKERS' COMPENSATION LAW.]**

*The revisor of statutes shall recodify the workers' compensation law, including Minnesota Statutes, chapter 176, and its judicial and administrative interpretation.*

*The recodification must not make any substantive changes but shall provide a comprehensive, accurate, and complete restatement.*

*Each state department agency and legislative staff, including senate counsel and house of representatives research, shall provide assistance in the recodification as requested by the revisor of statutes.*

*The revisor shall report to the legislature by January 1, 1989, on the progress of the recodification. The revisor shall prepare a bill to implement its recommendations for recodification by January 1, 1990.*

**Sec. 7. [HEARINGS AT THE OFFICE OF ADMINISTRATIVE HEARINGS; REPORT OF THE CHIEF ADMINISTRATIVE LAW JUDGE.]**

*The chief administrative law judge shall consider methods to reduce the formality and length of hearings in workers' compensation cases at the office of administrative hearings, with a goal of completing 50 percent of the hearings in less than two hours, 75 percent in less than four hours and nearly all of the cases in less than one day. Before January 1, 1989, the chief judge shall report to the legislature on the efforts to meet these goals, including any recommendations for legislation needed to achieve these goals.*

**Sec. 8. [APPROPRIATION.]**

*\$341,500 is appropriated from the special compensation fund to the commissioner of labor and industry for the purposes of sections 2, 3, 4, and 5.*

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 workers' compensation benefits and administration; regulating workers' compensation insurance; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.01, subdivision 1; 79.074, by adding subdivisions; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10; 176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; and 176.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1986, sections 79.50; 79.51; 79.52; 79.53; 79.54; 79.55; 79.56; 79.57; 79.58; 79.59; 79.60; 79.61; 79.62; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2."

**CALL OF THE SENATE**

Mr. Berg imposed a call of the Senate for the balance of the proceedings on S.F. No. 2428. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Berg moved to amend the Chmielewski amendment to S.F. No. 2428 as follows:

Delete from page 1, line 3, "ARTICLE" to page 61, line 25, "2." and insert:

**"ARTICLE 1**

**WORKERS' COMPENSATION SYSTEM CHANGES**

Section 1. Minnesota Statutes 1986, section 176.011, subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] "Family farm" means any farm operation which (1) pays or is obligated to pay less than ~~\$8,000~~ \$20,000 in cash wages, exclusive of machine hire, to farm laborers for services rendered during the preceding calendar year, and (2) has total liability and medical payment coverage equal to \$250,000 and \$5,000, respectively, under a farm liability insurance policy. For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of

a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 2. Minnesota Statutes 1986, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed ~~66~~ <sup>2/3</sup> 80 percent of the ~~product of the daily wage times the number of days normally worked~~ *employee's after-tax weekly wage*, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 3. Minnesota Statutes 1986, section 176.011, is amended by adding a subdivision to read:

*Subd. 18a. [AFTER-TAX WEEKLY WAGE.] After-tax weekly wage means the weekly wage reduced by the amounts required to be withheld by the Federal Insurance Contributions Act, United States Code, Title 16, sections 3101 to 3126, but without regard to the yearly maximum, and by state and federal income tax laws using as the number of allowances the number of exemptions that the employee is entitled to under federal law for the employee and the employee's dependents.*

Sec. 4. Minnesota Statutes 1986, section 176.021, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other

nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section 176.101 13. If doubt exists as to the eventual permanent partial disability, payment for the economic recovery compensation or impairment compensation, whichever is due, pursuant to section 176.101, shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of economic recovery compensation or lump sum or periodic payment of impairment compensation permanent partial disability compensation, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. Economic recovery compensation or impairment compensation pursuant to section 176.101 is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. Impairment compensation is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. Economic recovery compensation or impairment compensation pursuant to section 176.101 shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of economic recovery compensation or impairment compensation against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.

The right to receive economic recovery compensation or impairment permanent partial compensation vests in an injured employee or in the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained, provided that the employee lives for at least 30 days beyond the date of the injury. The right is not abrogated by the employee's death prior to the making of the payment. Upon the death of an employee who is receiving economic recovery compensation or impairment compensation, further compensation is payable pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred; the employee dies prior to reaching

maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.

Disability ratings for permanent partial disability shall be based on objective medical evidence.

Sec. 5. Minnesota Statutes 1987 Supplement, section 176.041, subdivision 4, is amended to read:

Subd. 4. [OUT-OF-STATE EMPLOYMENTS.] (a) *Except as provided in paragraph (b), if an employee who regularly performs the primary duties of employment outside of this state or is hired to perform the primary duties of employment outside of this state, receives an injury within this state in the employ of the same employer, such injury shall be covered within the provisions of this chapter if the employee chooses to forego any workers' compensation claim resulting from the injury that the employee may have a right to pursue in some other state, provided that the special compensation fund is not liable for payment of benefits pursuant to section 176.183 if the employer is not insured against workers' compensation liability pursuant to this chapter and the employee is a nonresident of Minnesota on the date of the personal injury.*

(b) *An employee who has been hired outside of this state, or regularly performs the primary duties of employment outside of this state, and the employee's employer, are exempt from the provisions of this chapter while the employee is temporarily within this state performing work for the employer provided the employer has furnished workers' compensation insurance coverage under the workers' compensation law or other similar law of another state which covers the employee's employment while in this state. The benefits under the workers' compensation law or similar law of the other state, or other remedies under that state's law, are the exclusive remedy against the employer for any injury, whether resulting in death or not, received by the employee while working for that employer within this state. A certificate from the commissioner of labor and industry or other similar official of another state certifying that the employer is insured in that state and has provided extraterritorial coverage insuring its employees while working within this state is prima facie evidence that the employer carries workers' compensation insurance on those employees.*

Sec. 6. Minnesota Statutes 1986, section 176.061, subdivision 10, is amended to read:

Subd. 10. [INDEMNITY.] Notwithstanding the provisions of chapter 65B or any other law to the contrary, an employer has a right of indemnity for any compensation paid or payable pursuant to this chapter, including temporary total compensation, temporary partial compensation, permanent partial disability, ~~economic recovery compensation, impairment compensation,~~ medical compensation, rehabilitation, death, and permanent total compensation.

Sec. 7. Minnesota Statutes 1986, section 176.081, subdivision 1, is amended to read:

Subdivision 1. (a) A fee for legal services of 25 percent of the first \$4,000 of compensation awarded to the employee and 20 percent of the next \$27,500 of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or any other party except as provided in ~~clause~~ paragraph (b). If the employer or the insurer or the defendant is given written notice of claims for legal

services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. Fees for administrative conferences under ~~section 176.242, 176.2421, 176.243, or 176.244~~ sections 176.106 and 176.239 shall be determined on an hourly basis, according to the criteria in subdivision 5.

(b) An attorney who is claiming legal fees ~~under this section~~ for representing an employee in a workers' compensation matter shall file a statement of ~~attorney's~~ attorney fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the amount requested shall be awarded to the party requesting the fee. If a timely objection is filed, or the fee is determined on an hourly basis, the commissioner, compensation judge, or court of appeals shall review the matter and make a determination based on the criteria in subdivision 5. If no timely objection is made by an employer or insurer, reimbursement under subdivision 7 shall be made if the statement of fees requested this reimbursement.

(c) An attorney representing employers or insurers shall file a statement of attorney fees or wages with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. The statement of attorney fees or wages must contain the following information: the average hourly wage or the value of hours worked on that case if the attorney is an employee of the employer or insurer, the number of hours worked on that case, and the average hourly rate or amount charged an employer or insurer for that case if the attorney is not an employee of the employer or insurer.

(d) Employers and insurers may not pay attorney fees or wages for legal services of more than \$6,500 per case unless the additional fees or wages are approved under subdivision 2.

Sec. 8. Minnesota Statutes 1987 Supplement, section 176.081, subdivision 2, is amended to read:

Subd. 2. An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the commissioner, compensation judge, or district judge, before whom the matter was heard. An appeal of a decision by the commissioner, a compensation judge, or district court judge on additional fees may be made to the workers' compensation court of appeals. The application shall set forth the fee requested ~~and~~, the number of hours spent on the case, the basis for the request, and whether or not a hearing is requested. The application, with affidavit of service upon the ~~employee~~ attorney's client, shall be filed by the attorney requesting the

fee. If a hearing is requested by an interested party, a hearing shall be set with notice of the hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 9. Minnesota Statutes 1986, section 176.081, subdivision 3, is amended to read:

Subd. 3. ~~An employee who~~ *A party that* is dissatisfied with its attorney fees, may file an application for review by the workers' compensation court of appeals. Such application shall state the basis for the need of review and whether or not a hearing is requested. A copy of such application shall be served upon the *party's* attorney ~~for the employee~~ by the court administrator and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. ~~The attorney for the employee shall be served with a notice of the hearing.~~ The workers' compensation court of appeals shall have the authority to raise ~~the question of~~ the issue of the attorney fees at any time upon its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 10. Minnesota Statutes 1986, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For an injury producing temporary total disability, the compensation is ~~66-2/3~~ 80 percent of the *after-tax* weekly wage at the time of injury.

(1) ~~provided that during the year commencing on October 1, 1979, and each year thereafter, commencing on October 1,~~ (b) The maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31, of the preceding year.

(2) (c) The minimum weekly compensation benefits for temporary total disability shall be not less than ~~50~~ 20 percent of the statewide average weekly wage or the injured employee's ~~actual~~ *after-tax* weekly wage, whichever is less. ~~In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.~~

(d) ~~Subject to subdivisions 3a to 3u~~ This compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be, ~~and shall cease whenever any one of the following occurs:~~

(1) *the disability ends;*

(2) *the employee returns to work;*

(3) *the employee retires by withdrawing from the labor market;*

(4) *the employee refuses an offer of work that is consistent with a plan of rehabilitation filed with the commissioner, which meets the requirements of section 176.102, subdivision 1, or, if no plan has been filed, that the employee can do in the employee's physical condition; or*

(5) *90 days have passed after the employee has reached maximum medical improvement, except as provided in section 176.102, subdivision 11, paragraph (b).*

(e) *For purposes of paragraph (d), clause (5), the 90-day period after maximum medical improvement commences on the earlier of:*

(1) *the date that the employee receives a written medical report indicating that the employee has reached maximum medical improvement; or*



(2) the date that the employer or insurer serves the report on the employee and the employee's legal representative and files a copy with the division.

(f) Once compensation has ceased under paragraph (d), clauses (1), (2), and (3), it may be recommenced at a later date if: the employee returns to work, the employee is laid off due to economic conditions or is medically unable to continue at the job, and the layoff or inability to continue occurs prior to 90 days after the employee reaches maximum medical improvement. Compensation recommenced under this paragraph is subject to cessation under paragraph (d). Recommenced compensation may not be paid beyond 90 days after the employee reaches maximum medical improvement, except as provided under section 176.102, subdivision 11, paragraph (b).

(g) Once compensation has ceased under paragraph (d), clauses (4) and (5), it may not be recommenced at a later date except as provided under section 176.102, subdivision 11, paragraph (b).

Sec. 11. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

*Subd. 1a. [EXTENDED DISABILITY COMPENSATION.] (a) If an employee, who has a permanent partial disability, is not working because of the personal injury after payment of permanent partial disability benefits is complete, the employee shall be eligible for extended disability compensation. If an employee received any permanent partial compensation in a lump sum, payment will be considered complete after expiration of the period that the employee would have received permanent partial compensation had it been paid periodically.*

*(b) Extended disability compensation is paid at the rate for temporary total compensation, escalated under section 176.645, for the number of weeks equal to 246 multiplied by the employee's percentage rating of permanent partial disability, determined according to the rules adopted by the commissioner pursuant to section 176.105, subdivision 4. The total extended compensation for any injury may not exceed this product.*

*(c) Extended disability compensation shall cease if the employee is no longer disabled, returns to work, refuses a job offer described in subdivision 1, paragraph (d), clause (4), or retires from the labor market.*

*(d) An employee is not eligible for extended disability compensation if, at any time before the employee would have become eligible:*

*(1) the employee refuses a job offer, as described in subdivision 1, paragraph (d), clause (4); or*

*(2) the employee returns to work and terminates employment, unless the employee was medically unable to continue work or was terminated without just cause;*

*(e) An employee is eligible for extended compensation at any time after payment of permanent partial benefits is complete so long as the employee meets the qualifications of this section and has not been paid the maximum number of weeks under paragraph (b) for that injury; provided that, extended compensation may not be paid beyond 350 weeks after the date of injury.*

Sec. 12. Minnesota Statutes 1986, section 176.101, subdivision 2, is amended to read:

*Subd. 2. [TEMPORARY PARTIAL DISABILITY.] (a) In all cases of temporary partial disability the compensation shall be ~~66-2/3 percent~~ of*

the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition, paid as follows:

(1) for the first 26 weeks that the employee returns to work, the compensation shall be 80 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition;

(2) for the second 26 weeks that the employee returns to work, the compensation shall be 60 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition; and

(3) for the third 26 weeks that the employee returns to work, the compensation shall be 40 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition.

(b) This compensation shall be paid during the period of disability except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to a maximum compensation equal to 105 percent of the statewide average weekly wage.

(c) Temporary partial compensation may be paid only while the employee is working and earning less than the employee's weekly wage at the time of the injury. Except as provided in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid after the employee has returned to work for 78 weeks or after 350 weeks after the date of injury, whichever occurs first.

Sec. 13. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

*Subd. 3. [PERMANENT PARTIAL DISABILITY.] (a) Compensation for permanent partial disability is as provided in this subdivision. For permanent partial disability up to the percent of the whole body shown in the following schedule, the amount of compensation is equal to the proportion that the loss of function of the disabled part bears to the whole body multiplied by the amount aligned with that percent in the following schedule:*

<i>Percent of Disability</i>	<i>Amount</i>
0-25	\$ 75,000
26-30	80,000
31-35	85,000
36-40	90,000
41-45	95,000
46-50	100,000
51-55	120,000
56-60	140,000
61-65	160,000
66-70	180,000
71-75	200,000
76-80	240,000
81-85	280,000
86-90	320,000

91-95  
96-100

360,000  
400,000

*An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.*

*(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee is not working, the compensation is payable in installments at the same intervals and in the same amount as the initial temporary total disability rate. If the employee returns to work, the remaining compensation is payable in a lump sum 30 days after the employee returned to work provided the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at the job at the end of the period.*

Sec. 14. Minnesota Statutes 1986, section 176.101, subdivision 4, is amended to read:

Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be ~~66-2/3~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 15. Minnesota Statutes 1986, section 176.101, subdivision 5, is amended to read:

Subd. 5. [TOTAL DISABILITY DEFINITION.] (a) For purposes of subdivision 4, permanent total disability means only:

(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties; or

(2) any other injury which both results in permanent partial disability of 20 percent or more of the whole body and totally and permanently incapacitates the employee from working at an occupation which brings the employee an income constitutes total disability.

*(b) For purposes of paragraph (a), clause (2), totally and permanently incapacitated means that the employee's physical disability, in combination with the employee's age, education and training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income. Local labor market conditions may not be considered in making the total and permanent incapacitation determination.*

Sec. 16. Minnesota Statutes 1986, section 176.102, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] *(a) This section only applies to vocational rehabilitation of injured employees and their spouses as provided under subdivision 1a. Physical rehabilitation of injured employees is considered treatment subject to section 176.135.*

*(b) Rehabilitation is intended to restore the injured employee, through physical and vocational rehabilitation, so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.*

Sec. 17. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATORS.] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services *and shall by rule, subject to chapter 14, establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors.* The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 18. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3, is amended to read:

Subd. 3. [REVIEW PANEL.] There is created a rehabilitation review panel composed of the commissioner or a designee, who shall serve as an ex officio member and ~~two members~~ *one member* each ~~from representing employers, insurers, rehabilitation, and medicine, one member representing chiropractors, and four~~ *two members* each representing labor and rehabilitation vendors, and ~~six members~~ *who are qualified rehabilitation consultants.* The members shall be appointed by the commissioner and shall serve four-year terms which may be renewed. Compensation for members shall be governed by section 15.0575. The panel shall select a chair. The panel shall review and make a determination with respect to appeals from orders of the commissioner regarding certification approval of qualified rehabilitation consultants and vendors. The hearings are de novo and initiated by the panel under the contested case procedures of chapter 14, and

are appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

Sec. 19. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3a, is amended to read:

Subd. 3a. [DISCIPLINARY ACTIONS.] The panel has authority to discipline qualified rehabilitation consultants and vendors and may impose a penalty of up to \$1,000 per violation, and may suspend or revoke certification. Complaints against registered qualified rehabilitation consultants and vendors shall be made to the commissioner who shall investigate all complaints. If the investigation indicates a violation of this chapter or rules adopted under this chapter, the commissioner may initiate a contested case proceeding under the provisions of chapter 14. In these cases, the rehabilitation review panel shall make the final decision following receipt of the report of an administrative law judge. The decision of the panel is appealable to the workers' compensation court of appeals in the manner provided by section 176.421. The panel shall continuously study rehabilitation services and delivery, develop and recommend rehabilitation rules to the commissioner, and assist the commissioner in accomplishing public education.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one labor member, one employer or insurer member, and one member representing medicine, chiropractic, or rehabilitation vendors, and one member representing qualified rehabilitation consultants.

Sec. 20. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] (a) ~~An employer or insurer shall provide rehabilitation consultation by a qualified rehabilitation consultant or by another person permitted by rule to provide consultation to an injured employee within five days after the employee has 60 days of lost work time due to the personal injury, except as otherwise provided in this subdivision. Where an employee has incurred an injury to the back, the consultation shall be made within five days after the employee has 30 days of lost work time due to the injury. The lost work time in either case may be intermittent lost work time. If an employer or insurer has medical information at any time prior to the time specified in this subdivision that the employee will be unable to return to the job the employee held at the time of the injury rehabilitation consultation shall be provided immediately after receipt of this information.~~

For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time. A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant; except that, if the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own choosing within 30 days following the first in-person contact between the employee and the original qualified rehabilitation

consultant. If the consultation indicates that rehabilitation services are appropriate pursuant to subdivision 1, the employer shall provide such services. If the consultation indicates that rehabilitation services are not appropriate pursuant to subdivision 1, the employer shall notify the employee of this determination within seven days after the consultation.

(b) In order to assist the commissioner in determining whether or not to request rehabilitation consultation for an injured employee, an employer must notify the commissioner whenever the employee's temporary total disability will likely exceed 13 weeks. The notification must be made within 90 days from the date of the injury or when the likelihood of at least a 13-week disability can be determined, whichever is earlier, and must include a current physician's report.

(c) The qualified rehabilitation consultant appointed by the employer or insurer shall disclose in writing at the first meeting or written communication with the employee any ownership interest or affiliation between the firm which employs the qualified rehabilitation consultant and the employer, insurer, adjusting or servicing company, including the nature and extent of the affiliation or interest. The consultant shall also disclose to all parties any affiliation, business referral or other arrangement between the consultant or the firm employing the consultant and any other party to the case, including or to any attorneys, doctors, or chiropractors.

If the employee objects to the employer's selection of a qualified rehabilitation consultant, the employee shall notify the employer and the commissioner in writing of the objection. The notification shall include the name, address, and telephone number of the qualified rehabilitation consultant chosen by the employee to provide rehabilitation consultation.

(d) After the initial provision or selection of a qualified rehabilitation consultant as provided under paragraph (a), the employee may choose request a different qualified rehabilitation consultant as follows:

(1) once during the first 60 days following the first in-person contact between the employee and the original consultant;

(2) once after the 60-day period referred to in clause (1); and

(3) subsequent requests which shall be determined granted or denied by the commissioner or compensation judge according to the best interests of the parties.

(e) The employee and employer shall enter into a program if one is prescribed in develop a rehabilitation plan within 30 days of the rehabilitation consultation if the qualified rehabilitation consultant determines that rehabilitation is appropriate. A copy of the plan, including a target date for return to work, shall be submitted to the commissioner within 15 days after the plan has been developed.

(b) (f) If the employer does not provide rehabilitation consultation, or the employee does not select a qualified rehabilitation consultant, as required by this section provided under paragraph (a), the commissioner or compensation judge shall notify the employer that if the employer fails to appoint provide, or the employee fails to select, whichever is applicable, a qualified rehabilitation consultant or other persons as permitted by clause (a) within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless

the commissioner or compensation judge determines the consultation is not required.

(e) (g) In developing a rehabilitation plan consideration shall be given to the employee's qualifications, including but not limited to age, education, previous work history, interest, transferable skills, and present and future labor market conditions.

(d) (h) The commissioner or compensation judge may waive rehabilitation services under this section if the commissioner or compensation judge is satisfied that the employee will return to work in the near future or that rehabilitation services will not be useful in returning an employee to work.

Sec. 21. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify, or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled. *A plan that is not completed within six months or that will cost more than \$3,000 must be specifically approved by the commissioner. This approval may not be waived by the parties.*

Sec. 22. Minnesota Statutes 1986, section 176.102, subdivision 7, is amended to read:

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] (a) Upon request by the commissioner, insurer, employer or employee, medical and rehabilitation reports shall be made by the provider of the medical and rehabilitation service to the commissioner, insurer, employer, or employee.

(b) *If a rehabilitation plan has not already been filed pursuant to subdivision 4, an employer shall report to the commissioner after 90 days from the date of the injury, but before 120 days therefrom, as to what rehabilitation consultation and services, if any, have been provided to the injured employee or why rehabilitation consultation and services have not been provided.*

Sec. 23. Minnesota Statutes 1986, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; COMPENSATION.] (a) Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition ~~the commissioner~~ for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner or compensation judge determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner or compensation judge may award additional compensation in an amount ~~the commissioner determines is appropriate~~, not to exceed the employee's request. This additional compensation shall cease at any time the commissioner or compensation judge determines the special circumstances are no longer present.

(b) *Pursuant to section 176.101, subdivisions 1 and 2, temporary total*

*disability or temporary partial disability shall be paid during a retraining plan that has been specifically approved under this section and for up to 90 days after the end of the plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101, subdivision 1, paragraph (d), clauses (1) to (4). Compensation paid under this paragraph must cease if the employee terminates participation in the approved retraining plan without good cause.*

Sec. 24. Minnesota Statutes 1986, section 176.105, subdivision 1, is amended to read:

Subdivision 1. (a) The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. *The commissioner, in consultation with the medical services review board, shall annually review these rules to determine whether any injuries omitted from the schedule should be compensable and, if so, amend the rules accordingly.*

*(b) Disability ratings for permanent partial disability must be based on objective medical evidence.*

Sec. 25. Minnesota Statutes 1986, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ 80 percent of the *after-tax* weekly wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 26. Minnesota Statutes 1986, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child ~~60~~ 80 percent of the ~~daily~~ *after-tax* weekly wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. ~~At that time there shall be paid to the dependent surviving spouse weekly benefits at a rate which is 16-2/3 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, including adjustments as provided in section 176.645.~~

Sec. 27. Minnesota Statutes 1986, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children ~~66-2/3~~ 80 percent of the ~~daily~~ *after-tax* weekly wage at the time of the injury of the deceased until the last dependent child is no longer dependent. ~~At that time the dependent surviving spouse shall be paid weekly benefits at a rate which is 25 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, adjusted according to section 176.645.~~

Sec. 28. Minnesota Statutes 1986, section 176.111, subdivision 12, is amended to read:



Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid ~~55~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased, for two or more orphans there shall be paid ~~66-2/3~~ 80 percent of the ~~wages~~ *after-tax weekly wage*.

Sec. 29. Minnesota Statutes 1986, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee leave no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on deceased, there shall be paid to such parents jointly 45 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased. In case of the death of either of the wholly dependent parents the survivor shall receive 35 80 percent of the *after-tax* weekly wage thereafter. If the deceased employee leave one parent wholly dependent on the deceased, there shall be paid to such parent 35 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 30. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, 30 40 percent of the *after-tax* weekly wage at the time of injury of the deceased, or if more than one, 35 45 percent of the *after-tax* weekly wage at the time of the injury of the deceased, divided among them share and share alike.

Sec. 31. Minnesota Statutes 1986, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66-2/3~~ 80 percent of the *after-tax* weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 32. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the *after-tax* weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week

in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program.

Sec. 33. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 1, is amended to read:

Subdivision 1. If an employee incurs personal injury and suffers disability from that injury alone that is substantially greater, because of a preexisting physical impairment, than what would have resulted from the personal injury alone, the employer or insurer shall pay all compensation provided by this chapter, but the employer shall be reimbursed from the special compensation fund for ~~all~~ compensation paid in excess of 52 weeks of monetary benefits and ~~\$2,000~~ \$3,500 in medical expenses, subject to the exceptions in paragraphs (a), (b), and (c):

(a) If the disability caused by the subsequent injury is made substantially greater by the employee's registered preexisting physical impairment, there shall be apportionment of liability among all injuries. The special compensation fund shall only reimburse for that portion of the compensation, medical expenses, and rehabilitation expenses attributed to the subsequent injury after the applicable deductible has been met.

(b) If the subsequent personal injury alone results in permanent partial disability to a scheduled member under the schedule adopted by the commissioner pursuant to section 176.105, the special compensation fund shall not reimburse permanent partial disability, medical expenses, or rehabilitation expenses.

(c) *Reimbursement for compensation paid shall be at the rate of 75 percent.*

Sec. 34. Minnesota Statutes 1986, section 176.131, subdivision 1a, is amended to read:

Subd. 1a. If an employee is employed in an on-the-job training program pursuant to an approved rehabilitation plan under section 176.102 and the employee incurs a personal injury that aggravates the personal injury for which the employee has been certified to enter the on-the-job training program, the on-the-job training employer shall pay the medical expenses and compensation required by this chapter, and shall be reimbursed from the special compensation fund for the compensation and medical expense that is attributable to the aggravated injury; *except that, reimbursement for compensation paid shall be at the rate of 75 percent.* The employer, at the time of the personal injury for which the employee has been approved for on-the-job training, is liable for the portion of the disability that is attributable to that injury.

Sec. 35. Minnesota Statutes 1986, section 176.131, subdivision 2, is amended to read:

Subd. 2. If the employee's personal injury results in disability or death, and if the injury, death, or disability would not have occurred except for the preexisting physical impairment registered with the special compensation fund, the employer shall pay all compensation provided by this chapter, and shall be fully reimbursed from the special compensation fund for the compensation, except that:

(1) this full reimbursement shall not be made for cardiac disease or a condition registered pursuant to subdivision 8, clause (t) or (u) unless the commissioner by rule provides otherwise; and

(2) reimbursement for compensation paid shall be at the rate of 75 percent.

Sec. 36. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 8, is amended to read:

Subd. 8. As used in this section the following terms have the meanings given them:

"Physical impairment" means any physical or mental condition that is permanent in nature, whether congenital or due to injury, disease or surgery and which is or is likely to be a hindrance or obstacle to obtaining employment except that physical impairment is limited to the following:

- (a) Epilepsy,
- (b) Diabetes,
- (c) Hemophilia,
- (d) Cardiac disease, provided that objective medical evidence substantiates at least the minimum permanent partial disability listed in the workers' compensation permanent partial disability schedule,
- (e) Partial or entire absence of thumb, finger, hand, foot, arm or leg,
- (f) Lack of sight in one or both eyes or vision in either eye not correctable to 20/40,
- (g) Residual disability from poliomyelitis,
- (h) Cerebral Palsy,
- (i) Multiple Sclerosis,
- (j) Parkinson's disease,
- (k) Cerebral vascular accident,
- (l) Chronic Osteomyelitis,
- (m) Muscular Dystrophy,
- (n) Thrombophlebitis,
- (o) Brain tumors,
- (p) Pott's disease,
- (q) Seizures,
- (r) Cancer of the bone,
- (s) Leukemia,
- (t) Any other physical impairment resulting in a disability rating of at

least ten 25 percent of the whole body if the physical impairment were evaluated according to standards used in workers' compensation proceedings, and

(u) Any other physical impairments of a permanent nature which the commissioner may by rule prescribe;

"Compensation" has the meaning defined in section 176.011;

"Employer" includes insurer;

"Disability" means, unless otherwise indicated, any condition causing either temporary total, temporary partial, permanent total, permanent partial, death, medical expense, or rehabilitation.

Sec. 37. Minnesota Statutes 1986, section 176.131, is amended by adding a subdivision to read:

*Subd. 13. [APPLICABLE LAW.] The right to reimbursement under this section is governed by the law in effect on the date of the subsequent injury.*

Sec. 38. Minnesota Statutes 1986, section 176.132, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] (a) An employee who has suffered personal injury prior to October 1, 1983 for which benefits are payable under section 176.101 and who has been totally disabled for more than 104 weeks shall be eligible for supplementary benefits as prescribed in this section after 104 weeks have elapsed and for the remainder of the total disablement. Regardless of the number of weeks of total disability, no totally disabled person is ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, except as provided by clause (b), provided that all periods of disability are caused by the same injury.

(b) An employee who has suffered personal injury after October 1, 1983, and before August 1, 1988, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving temporary total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

(b) An employee who has suffered personal injury after August 1, 1988, that caused a permanent total disability, as defined in section 176.101, subdivision 5, is eligible to receive supplementary benefits after four years have elapsed since the first date of the total disability, provided that the employee continues to have a permanent total disability.

Sec. 39. Minnesota Statutes 1986, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually. The supplementary benefit payable under this section is:

(1) the sum of the amount the employee receives under section 176.101, subdivision 4, plus the amount of any disability benefits being paid by any

*government disability benefit program if those benefits are occasioned by the same injury or injuries giving rise to payments under section 176.101, subdivision 4, plus any old age and survivor's insurance benefits, subtracted from*

(2) 50 percent of the statewide average weekly wage, as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 50 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.

(e) (d) In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

Sec. 40. Minnesota Statutes 1986, section 176.132, subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The payment of supplementary benefits shall be the responsibility of the employer or insurer ~~currently paying total disability benefits, or any other payer of such benefits. When the eligible individual is not currently receiving benefits because the total paid has reached the maximum prescribed by law the employer and insurer shall, nevertheless, pay the supplementary benefits that are prescribed by law.~~ The employer or insurer paying the supplementary benefit shall have the right of full reimbursement from the special compensation fund for the amount of such benefits paid.

Sec. 41. Minnesota Statutes 1986, section 176.136, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE.] (a) The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner

shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups. The procedures established by the commissioner shall *must* limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, to the 75th percentile of usual and customary fees or charges based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing.

*(b) The medical fee rules for providers other than hospitals, which are promulgated on October 1, 1987, and based upon 1986 medical cost data, must remain in effect until September 30, 1989; and the medical fee rules for providers other than hospitals, which are promulgated on October 1, 1989, must be based on the 1987 medical cost data and must remain in effect until September 30, 1990.*

*(c) The procedures established by the commissioner for determining whether or not the charge for a health service is excessive shall *must* be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures shall *must* incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.*

Sec. 42. Minnesota Statutes 1986, section 176.136, is amended by adding a subdivision to read:

*Subd. 1a. [CHARGES FOR INDEPENDENT MEDICAL EXAMINATIONS.] The commissioner shall adopt rules that reasonably limit amounts which may be charged for, or in connection with, independent or adverse medical examinations requested by any party, including the amount that may be charged for depositions, witness fees, or other expenses. The scheduled amount for the examination itself may not exceed the scheduled amount for complex consultations by treating physicians, although additional reasonable charges may be permitted to reflect additional duties or activities. An insurer or employer may not pay fees above the amount in the schedule.*

Sec. 43. Minnesota Statutes 1987 Supplement, section 176.221, subdivision 1, is amended to read:

Subdivision 1. [COMMENCEMENT OF PAYMENT.] Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown

that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within 30 60 days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within 30 60 days of notice or knowledge. After the ~~30-day~~ 60-day period, payment may be terminated only by the filing of a notice as provided under section 176.239. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail specific reasons explaining why the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

Sec. 44. Minnesota Statutes 1986, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, 1977 or thereafter under this section shall exceed ~~six~~ four percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be ~~six~~ four percent.

Sec. 45. Minnesota Statutes 1986, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ is deferred until the first anniversary of the date of the injury. *For injuries occurring on or after August 1, 1988, the initial adjustment under subdivision 1 is deferred until the third anniversary of the date of injury.*

Sec. 46. Minnesota Statutes 1986, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an

occupational disease is ~~66-2/3~~ 80 percent of the employee's *after-tax* weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 47. [176.90] [AFTER-TAX CALCULATION.]

*For purposes of section 176.011, subdivision 18, section 176.101, subdivisions 1, 2, 3, and 4, section 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21, and section 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on the preceding April 1. These tables or formulas are conclusive for the purposes of converting weekly wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14.*

Sec. 48. [176.95] [ADMINISTRATIVE COSTS.]

*The annual cost to the commissioner of labor and industry of administering the workers' compensation system under this chapter must be charged to the state general fund. Administrative costs include the cost of administering the workers' compensation division of the department of labor and industry and the workers' compensation division of the office of administrative hearings.*

Sec. 49. [ADMINISTRATIVE COSTS CHANGE-OVER.]

*For the biennium beginning July 1, 1989, 50 percent of the costs of administering the workers' compensation system must be charged to the state general fund and 50 percent to the special compensation fund.*

Sec. 50. [EXISTING DISABILITY RATINGS.]

*Existing disability ratings adopted under section 176.105, subdivision 1, may not be changed before June 1, 1989.*

Sec. 51. [AFTER-TAX CALCULATION.]

*Notwithstanding section 47, the commissioner of labor and industry shall publish by July 15, 1988, a table or formula for determining the after-tax weekly wage effective August 1, 1988, until October 1, 1988, as otherwise required under that section.*

Sec. 52. [REPEALER.]

*Minnesota Statutes 1986, sections 176.011, subdivision 26; and 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6, are repealed.*

Sec. 53. [EFFECTIVE DATE.]

*Sections 5, 17, 18, 19, 24, 43, 47, 50, and 51 are effective the day following final enactment. Section 48 is effective July 1, 1991. Notwithstanding section 176.1321, sections 1 to 4, 6 to 16, 20 to 23, 25 to 41,*



44 to 46, 49, and 52 are effective August 1, 1988. Section 42 is effective January 1, 1989.

## ARTICLE 2

### WORKERS' COMPENSATION INSURANCE

Section 1. Minnesota Statutes 1986, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market,~~ Premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Sec. 2. Minnesota Statutes 1986, section 79.56, is amended by adding a subdivision to read:

Subd. 5. [RATE REGULATION.] *(a) Whenever an insurer files a change in its existing rate level or rating plan, the commissioner may hold a hearing to determine if the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. The hearing must be conducted pursuant to chapter 14. The commissioner shall give notice of intent to hold a hearing within 90 days of the filing of the change. It is the responsibility of the insurer to show that the rate level or rating plan is not excessive, inadequate, or unfairly discriminatory. The rate level or rating plan is effective unless it is determined as a result of the hearing that the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. Upon such a finding, the rate level or rating plan is retroactively rescinded and any premiums collected thereunder must be refunded. This subdivision applies only to changes resulting from an insurer's utilization of either: (1) the pure premium base rate level filed by any data service organization, plus the insurer's loading for expenses and profit; or (2) the insurer's own filed rate levels and rating plan. This subdivision does not apply to any changes resulting from assessments for the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, or statutory benefit level changes to sections 176.101, subdivisions 1, 2, and 4, 176.111, 176.132, and 176.645 as a result of annual adjustments in the statewide average weekly wage. The disapproval of a rate level or rating plan under this subdivision must be done in the same manner as under section 70A.11, except that the standards of section 79.55 apply.*

*(b) Notwithstanding paragraph (a), if the commissioner of labor and industry petitions the commissioner for a hearing pursuant to this subdivision, the commissioner must hold a hearing if the commissioner of labor and industry certifies that the hearing is necessary because a decision of the supreme court or enactment of a statute has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner of labor and industry must make a prima facie showing that law change has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed.*

*(c) Notwithstanding paragraph (a), the commissioner may hold a hearing if the commissioner determines that the hearing is necessary because of circumstances which result in a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner must make a prima facie showing that the circumstances resulted in a substantial*

*change in the basis upon which the existing rate levels or rating plan was filed.*

Sec. 3. [79.561] [PARTICIPATION.]

*An employer, or person representing a group of employers, which will be directly affected by a change in an insurer's existing rate level or rating plan filed under section 2, and the commissioner of labor and industry, must be allowed to participate in any hearing under that subdivision challenging the change in rate level or rating plan as being excessive, inadequate, or unfairly discriminatory.*

Sec. 4. Minnesota Statutes 1986, section 79.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; ~~and~~

(h) Assess its members for operating expenses on a fair and equitable basis;

(i) Separate the incurred but not reported losses of its members;

(j) Separate paid and outstanding losses of its members;

(k) Provide information indicating cases in which its members have established a reserve in excess of \$50,000;

(l) Provide information on the income on invested reserves of its members;

(m) Provide information as to policies written at other than the filed rates;

(n) File information based solely on Minnesota premium income of its members concerning investment income, legal expenses, subrogation recoveries, administrative expenses, and commission expenses;

(o) File information based solely on Minnesota data concerning its members' reserving practices, premium income, indemnity, and medical benefits paid; and

(p) Provide any records of the data service organizations that are requested by the commissioner or otherwise required by statute.

#### Sec. 5. [79.65] [CHAPTER APPLICABILITY TO DATA SERVICE ORGANIZATIONS.]

*Subdivision 1. [EXAMINATION BY COMMISSIONER.] Data service organizations are subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the rating association at any reasonable time and examine, audit, or evaluate the rating association's operations, records, and practices. For purposes of this section, "authorized representative of the commissioner" includes employees of the departments of commerce or labor and industry or other parties retained by the commissioner. Examination under this section may be done of any member of data service organizations for purposes of workers' compensation insurance regulation.*

*Subd. 2. [COSTS AND EXPENSES.] The commissioner may order and the data service organization shall pay the costs and expenses of any examination, audit, or evaluation conducted pursuant to subdivision 1. A sum sufficient to pay these costs and expenses is appropriated from the special compensation fund to the commissioner of commerce.*

Sec. 6. Minnesota Statutes 1986, section 176A.03, is amended by adding a subdivision to read:

*Subd. 3. [COVERAGE OUTSIDE STATE.] Policies issued by the fund pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The fund may apply for and obtain any licensure required in any other state in order to issue such coverage.*

#### Sec. 7. [MANDATED REDUCTIONS.]

*(a) As a result of the workers' compensation law changes in article 1 and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of rates in effect on August 1, 1988, must be reduced by 15 percent and applied by the insurer to all policies*

issued, renewed, or outstanding on or after that date. An insurer may not adjust its filed rating plan to recoup the 15 percent mandated rate reduction under this section. The reduction must be computed on the basis of a 15 percent premium reduction prorated to the expiration of that policy. An insurer shall provide written notice by September 1, 1988, to all employers having an outstanding policy with the insurer as of August 1, 1988, to read as follows: "As a result of the changes in the workers' compensation insurance system enacted by the 1988 legislature, you are entitled to a credit or refund to your current premium in an amount of \$ . . . . . which reflects a 15 percent mandated premium reduction prorated to the expiration of your policy."

(b) An insurer may not file more than one rate increase between January 1, 1988, and August 1, 1988. A rate increase filed between April 11, 1988, and August 1, 1988, must not exceed 10.7 percent. No rate increases may be filed between August 1, 1988, and January 1, 1989.

**Sec. 8. [NOTICE OF INTENT TO CHALLENGE RATE LEVEL CHANGE.]**

*Notwithstanding section 2, the commissioner shall have an additional 90 days to give notice of intent to hold a hearing pursuant to that section. This section applies only to challenges to an insurer's change in existing rate levels or rating plan filed between the date the 1989 rate-making report is approved by the commissioner of commerce and six months thereafter.*

**Sec. 9. [RECORDS DEPOSITED WITH THE COMMISSIONER.]**

*All records of data services organizations authorized by section 79.61, or its predecessors, pertaining to proceedings before the department of commerce or its predecessors regarding rates or classifications must be deposited with the commissioner no later than August 1, 1988.*

**Sec. 10. [CONTINGENT APPROPRIATION.]**

(a) \$250,000 is appropriated from the special compensation fund to a workers' compensation contingent account for the purposes of this article. The appropriation in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30. The appropriation in this section does not cancel but is available until June 30, 1989.

(b) \$100,000 from the general contingent account for workers' compensation appropriated under Laws 1987, chapter 404, section 44, is available for the purposes of article 2.

**Sec. 11. [REPEALER.]**

*Minnesota Statutes 1986, sections 79.54, 79.57, and 79.58 are repealed.*

**Sec. 12. [EFFECTIVE DATE.]**

*Section 7, paragraph (b), is effective the day following final enactment.*

**ARTICLE 3**

**WORKERS' COMPENSATION COURT OF APPEALS ABOLISHED**

Section 1. Minnesota Statutes 1986, section 176.421, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR TAKING; GROUNDS.] When a petition has been heard before a compensation judge, within 30 days after a party in

interest has been served with notice of an award or disallowance of compensation, or other order affecting the merits of the case, the party may appeal to the workers' compensation court of appeals on any of the following grounds:

- (1) the order does not conform with this chapter; or
- (2) the compensation judge committed an error of law; or
- (3) the findings of fact and order were *clearly erroneous and unsupported* by substantial evidence in view of the entire record as submitted; or
- (4) the findings of fact and order were procured by fraud, or coercion, or other improper conduct of a party in interest.

Sec. 2. Minnesota Statutes 1986, section 176.421, subdivision 6, is amended to read:

Subd. 6. [POWERS OF WORKERS' COMPENSATION COURT OF APPEALS ON APPEAL.] On an appeal taken under this section, the workers' compensation court of appeals' review is limited to the issues raised by the parties in the notice of appeal or by a cross-appeal. *On review, the court may not substitute its judgment for that of the compensation judge as to the weight or credibility of the evidence on any finding of fact.* In these cases, on those issues raised by the appeal, the workers' compensation court of appeals may:

- (1) grant an oral argument based on the record before the compensation judge;
- (2) examine the record;
- (3) ~~substitute for the findings of fact made by the compensation judge findings based on the total evidence;~~
- (4) sustain, reverse, make or modify an award or disallowance of compensation or other order based on the facts, findings, and law; and,
- (5) (4) remand or make other appropriate order.

Sec. 3. Minnesota Statutes 1986, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations and public officials, except the tax court ~~and the workers' compensation court of appeals~~. The court of appeals shall have jurisdiction to review decisions of the commissioner of jobs and training, pursuant to section 268.10.

Sec. 4. Minnesota Statutes 1986, section 480A.06, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE REVIEW.] The court of appeals shall have jurisdiction to review on the record: the validity of administrative rules, as provided in sections 14.44 and 14.45, ~~and~~; the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69; ~~and workers' compensation cases and peace officer death benefits cases, as provided under chapters 176 and 176A.~~

Sec. 5. [TRANSFER OF JURISDICTION AND PERSONNEL.]

*The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 2, is transferred to the court of appeals. All contracts, books, plans, papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that, all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.*

**Sec. 6. [INCREASED JUDGES.]**

*(a) The number of judges on the court of appeals as of January 1, 1989, shall be increased by three. The additional judges are subject to senate confirmation.*

*(b) For purposes of establishing the number of judges on the court of appeals pursuant to Minnesota Statutes, section 480A.01, subdivision 3, the number of appeals filed in the court of appeals for the calendar years 1987 and 1988 shall be considered to include three-fourths of the number of appeals filed in the workers' compensation court of appeals for those two years.*

**Sec. 7. [INSTRUCTION TO REVISOR.]**

*In every instance in Minnesota Statutes in which the term "workers' compensation court of appeals" appears, the revisor of statutes shall change that reference to the "court of appeals."*

**Sec. 8. [REAPPROPRIATION.]**

*\$386,064 is reappropriated from the special compensation fund, as a result of the savings to that fund in fiscal year 1989 due to the abolishment of the workers' compensation court of appeals, to the court of appeals for the purposes of this article.*

**Sec. 9. [REPEALER.]**

*Minnesota Statutes 1986, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; and 175A.10, are repealed. Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2, is repealed.*

**Sec. 10. [EFFECTIVE DATE.]**

*This article is effective January 1, 1989.*

**ARTICLE 4**

**REPORTS TO THE LEGISLATURE**

**Section 1. [REPORT TO THE LEGISLATURE ON MEDICAL ISSUES.]**

*The commissioner of labor and industry shall present a report to the legislature concerning medical issues in the workers' compensation system. Specifically, the report must include findings and recommendations designed to contain or reduce the cost of workers' compensation related medical services, including methods of controlling the cost of ongoing therapy treatments. The report must be presented by January 1, 1990.*

*The state fund mutual insurance company shall be consulted, as part of*

*the medical services study, in order to assist the department in developing a proposal to collect and analyze all medical bills. The ultimate goal of this consultation will be the development of a flagging and monitoring system to identify cases which significantly deviate from normal utilization patterns, costs and outcomes. The department shall make a preliminary report on the progress of the proposal to the legislature on January 1, 1989. The department shall make a final recommendation on implementation of the proposal at the time it makes its report to the legislature concerning medical issues in the workers' compensation system on January 1, 1990.*

**Sec. 2. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL PHYSICIANS.]**

*The commissioner of labor and industry shall present a report to the legislature concerning workers' compensation before January 1, 1989, which develops and evaluates a detailed proposal for establishing a system of neutral doctors for use in such areas as determining maximum medical improvement and rating permanent partial disabilities. The report must contain a bill proposal to implement the commissioner's recommendations.*

**Sec. 3. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL QUALIFIED REHABILITATION CONSULTANTS.]**

*To reduce cost and contention in the rehabilitation system, the commissioner of labor and industry shall develop and evaluate a detailed proposal to establish a system to ensure that qualified rehabilitation consultants will not be aligned with either insurers or claimants. The commissioner shall consider alternative methods of selection and payment to ensure neutrality. The commissioner shall present a report and proposal to the legislature by January 1, 1989.*

**Sec. 4. [REPORT TO THE LEGISLATURE ON LEGAL FEES.]**

*The commissioner of labor and industry shall present a report to the legislature concerning legal fee issues in the workers' compensation system. Specifically, the report must include findings and recommendations designed to contain or reduce legal fees related to workers' compensation dispute resolution. The report must be presented March 1, 1989.*

**Sec. 5. [REPORT TO THE LEGISLATURE ON IMPLEMENTATION OF MANDATED RATE REDUCTIONS.]**

*The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under article 2, section 7, have been implemented by insurers, both as to amount and in a manner that is uniform and nondiscriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner must present a report detailing findings and conclusions to the legislature by February 1, 1989.*

**Sec. 6. [REPORT TO THE LEGISLATURE ON RECODIFICATION OF WORKERS' COMPENSATION LAW.]**

*The revisor of statutes shall recodify the workers' compensation law, including Minnesota Statutes, chapter 176, and its judicial and administrative interpretation.*

*The recodification must not make any substantive changes but shall provide a comprehensive, accurate, and complete restatement.*

*Each state department agency and legislative staff, including senate counsel and house of representatives research, shall provide assistance in the recodification as requested by the revisor of statutes.*

*The revisor shall report to the legislature by January 1, 1989, on the progress of the recodification. The revisor shall prepare a bill to implement its recommendations for recodification by January 1, 1990.*

**Sec. 7. [HEARINGS AT THE OFFICE OF ADMINISTRATIVE HEARINGS; REPORT OF THE CHIEF ADMINISTRATIVE LAW JUDGE.]**

*The chief administrative law judge shall consider methods to reduce the formality and length of hearings in workers' compensation cases at the office of administrative hearings, with a goal of completing 50 percent of the hearings in less than two hours, 75 percent in less than four hours and nearly all of the cases in less than one day. Before January 1, 1989, the chief judge shall report to the legislature on the efforts to meet these goals, including any recommendations for legislation needed to achieve these goals.*

**Sec. 8. [REPORT TO THE LEGISLATURE ON STATE REGULATION OF WORKERS' COMPENSATION INSURANCE.]**

*Senate research and house of representatives research shall jointly prepare and present a report to the legislature surveying the different processes for regulation of workers' compensation insurance rating plans under other states' workers' compensation insurance laws. The report must be presented to the legislature by January 1, 1989.*

**Sec. 9. [APPROPRIATION.]**

*\$341,000 is appropriated from the special compensation fund to the commissioner of labor and industry for the purposes of sections 2, 3, 4, and 5.*

**Sec. 10. [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 workers' compensation; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.55, subdivision 2; 79.56, by adding a subdivision; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10; 176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; 176.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79*



and 176; repealing Minnesota Statutes 1986, sections 79.54; 79.57; 79.58; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2."

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 25 and nays 42, as follows:

Those who voted in the affirmative were:

Anderson	Bertram	Gustafson	Langseth	Ramstad
Belanger	Brataas	Johnson, D.E.	Larson	Renneke
Benson	Decker	Knaak	McQuaid	Storm
Berg	Frederick	Knutson	Mehrkens	Stumpf
Bernhagen	Frederickson, D.R.	Laidig	Olson	Taylor

Those who voted in the negative were:

Adkins	Dicklich	Lantry	Novak	Schmitz
Beckman	Diessner	Lessard	Pehler	Solon
Berglin	Frank	Luther	Peterson, D.C.	Spear
Brandl	Frederickson, D.J.	Marty	Peterson, R.W.	Vickerman
Chmielewski	Freeman	Merriam	Piper	Waldorf
Cohen	Hughes	Metzen	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Moe, D.M.	Purfeerst	
Davis	Jude	Moe, R.D.	Reichgott	
DeCramer	Kroening	Morse	Samuelson	

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

The question recurred on the adoption of the Chmielewski amendment.

The roll was called, and there were yeas 36 and nays 31, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Luther	Peterson, D.C.	Stumpf
Beckman	DeCramer	Marty	Peterson, R.W.	Vickerman
Berglin	Frederickson, D.J.	Merriam	Piper	Waldorf
Bertram	Freeman	Moe, D.M.	Purfeerst	Wegscheid
Brandl	Hughes	Moe, R.D.	Reichgott	
Chmielewski	Jude	Morse	Schmitz	
Cohen	Langseth	Novak	Solon	
Dahl	Lessard	Pehler	Spear	

Those who voted in the negative were:

Anderson	Dicklich	Johnson, D.J.	McQuaid	Samuelson
Belanger	Diessner	Knaak	Mehrkens	Storm
Benson	Frank	Knutson	Metzen	Taylor
Berg	Frederick	Kroening	Olson	
Bernhagen	Frederickson, D.R.	Laidig	Pogemiller	
Brataas	Gustafson	Lantry	Ramstad	
Decker	Johnson, D.E.	Larson	Renneke	

The motion prevailed. So the amendment was adopted.

Mr. Marty moved to amend the Chmielewski amendment to S.F. No. 2428, adopted by the Senate April 12, 1988, as follows:

Page 35, after line 3, insert:

"Sec. 52. [APPROPRIATION.]

*\$434,800 is appropriated from the workers' compensation special compensation fund to the commissioner of labor and industry to administer the workers' compensation system in accordance with this article. \$124,800 is for fiscal year 1988 and is available until June 30, 1989. \$310,000 is for fiscal year 1989. The approved complement of the department of labor and industry is increased by ten positions."*

Page 35, line 14, delete "52" and insert "53"

Renumber the sections of article 1 in sequence

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

Mr. Knaak moved to amend the Chmielewski amendment to S.F. No. 2428, adopted by the Senate April 12, 1988, as follows:

Pages 32 and 33, delete sections 44 and 45

Page 35, line 6, delete "and"

Page 35, line 7, after "6" insert "; and 176.645, subdivisions 1 and 2"

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 19 and nays 43, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Gustafson	Larson	Renneke
Belanger	Decker	Johnson, D.E.	McQuaid	Storm
Benson	Frederick	Knaak	Olson	Taylor
Bernhagen	Frederickson, D.R.	Knutson	Ramstad	

Those who voted in the negative were:

Adkins	DeCramer	Kroening	Morse	Samuelson
Beckman	Dicklich	Langseth	Novak	Schmitz
Berg	Diessner	Lantry	Pehler	Soion
Bertram	Frank	Lessard	Peterson, D.C.	Spear
Brandl	Frederickson, D.J.	Luther	Peterson, R.W.	Stumpf
Chmielewski	Freeman	Marty	Piper	Vickerman
Cohen	Hughes	Metzen	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Moe, D.M.	Purfeerst	
Davis	Jude	Moe, R.D.	Reichgott	

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

Mr. Marty moved to amend the Chmielewski amendment to S.F. No. 2428, adopted by the Senate April 12, 1988, as follows:

Pages 4 and 5, delete section 5

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 9 and nays 52, as follows:

Those who voted in the affirmative were:

Dicklich Frank	Kroening Lantry	Marty Novak	Peterson, D.C. Piper	Pogemiller
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Those who voted in the negative were:

Adkins	Cohen	Hughes	Mehrkens	Schmitz
Anderson	Dahl	Johnson, D.E.	Metzen	Solon
Beckman	Davis	Johnson, D.J.	Moe, D.M.	Spear
Belanger	Decker	Jude	Moe, R.D.	Storm
Benson	DeCramer	Knaak	Morse	Stumpf
Berg	Diessner	Knutson	Olson	Taylor
Bernhagen	Frederick	Langseth	Pehler	Vickerman
Bertram	Frederickson, D.J.	Larson	Peterson, R.W.	Wegscheid
Brandl	Frederickson, D.R.	Lessard	Ramstad	
Brataas	Freeman	Luther	Reichgott	
Chmielewski	Gustafson	McQuaid	Renneke	

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

Mr. Knaak moved to amend the Chmielewski amendment to S.F. No. 2428, adopted by the Senate April 12, 1988, as follows:

Page 57, line 19, delete "June" and insert "January"

Page 57, line 34, delete "\$62,000" and insert "\$380,064"

Page 58, line 10, delete "June" and insert "January"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Bertram	Gustafson	Larson	Purfeerst
Belanger	Brataas	Johnson, D.E.	Lessard	Ramstad
Benson	Decker	Knaak	McQuaid	Renneke
Berg	Frederick	Knutson	Mehrkens	Storm
Bernhagen	Frederickson, D.R.	Langseth	Olson	

Those who voted in the negative were:

Adkins	Davis	Johnson, D.J.	Moe, R.D.	Reichgott
Beckman	DeCramer	Jude	Morse	Samuelson
Berglin	Diessner	Kroening	Novak	Schmitz
Brandl	Frank	Lantry	Peterson, D.C.	Spear
Chmielewski	Frederickson, D.J.	Marty	Peterson, R.W.	Stumpf
Cohen	Freeman	Metzen	Piper	Vickerman
Dahl	Hughes	Moe, D.M.	Pogemiller	Wegscheid

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

Mr. Freeman moved to amend the Chmielewski amendment to S.F. No. 2428, adopted by the Senate April 12, 1988, as follows:

Page 58, delete line 10 and insert:

*"Sections 1 and 2 are effective the day following final enactment. Sections 3 to 9 are effective June 1, 1989."*

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

S.F. No. 2428 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 32 and nays 35, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Langseth	Novak	Spear
Beckman	DeCramer	Lessard	Pehler	Stumpf
Bertram	Frederickson, D.J.	Luther	Peterson, R.W.	Vickerman
Brandl	Freeman	Merriam	Purfeerst	Wegscheid
Chmielewski	Gustafson	Moe, D.M.	Reichgott	
Cohen	Hughes	Moe, R.D.	Schmitz	
Dahl	Jude	Morse	Solon	

Those who voted in the negative were:

Anderson	Decker	Johnson, D.J.	Marty	Pogemiller
Belanger	Dicklich	Knaak	McQuaid	Ramstad
Benson	Diessner	Knutson	Mehrkens	Renneke
Berg	Frank	Kroening	Metzen	Samuelson
Berglin	Frederick	Laidig	Olson	Storm
Bernhagen	Frederickson, D.R.	Lantry	Peterson, D.C.	Taylor
Brataas	Johnson, D.E.	Larson	Piper	Waldorf

So the bill, as amended, 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 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. 2182:

H.F. No. 2182: A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, section 5; permitting state-run lotteries; providing for the distribution of their proceeds; establishing a Minnesota environment and natural resources trust fund; providing implementing legislation; creating a legislative commission, an advisory committee, and a review panel; providing for trust fund expenditures; amending Minnesota Statutes 1986, sections 86.72, subdivisions 2 and 3; and 290.431; Minnesota Statutes 1987 Supplement, sections 116C.69, subdivision 3; and 297.13, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; 86.08; 86.10; 86.11; 86.12; 86.31; 86.32; 86.33, subdivision 1; 86.34; 86.35; 86.41; 86.42; 86.51; 86.53; 86.61; and 86.75.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Munger; Wynia; Anderson, G.; Bishop and Osthoff have been appointed as such committee on the part of the House.

House File No. 2182 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 April 12, 1988

Mr. Moe, R.D. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2182, 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. 1966:

H.F. No. 1966: A bill for an act relating to zoning; providing for filing requirements of variances and certain official maps to real property; amending Minnesota Statutes 1986, section 462.36, subdivision 1.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Blatz, Jennings and Bauerly have been appointed as such committee on the part of the House.

House File No. 1966 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 April 12, 1988

Mr. Belanger moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1966, 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 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:

S.F. No. 1268: Messrs. Marty, Frank and Johnson, D.E.

H.F. No. 2182: Messrs. Moe, R.D.; Merriam; Ms. Peterson, D.C.; Messrs. Knaak and Lessard.

H.F. No. 1966: Mr. Belanger, Mrs. Adkins and Mr. Frederickson, D.J.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MEMBERS EXCUSED

Ms. Berglin was excused from the Session of today from 12:00 noon to 12:35 p.m. Mr. Cohen was excused from the Session of today from 7:15 to 8:00 p.m.

The following member was excused from today's Session for brief periods of time: Ms. Reichgott.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 1:00 p.m., Wednesday, April 13, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**EIGHTY-SIXTH DAY**

St. Paul, Minnesota, Wednesday, April 13, 1988

The Senate met at 1:00 p.m. and was called to order by the President.

**CALL OF THE SENATE**

Mr. Pogemiller 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. Robert C. Fisher.

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

Adkins	Davis	Jude	Metzen	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Samuelson
Beckman	DeCramer	Knutson	Moe, R.D.	Schmitz
Belanger	Dicklich	Kroening	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berg	Frank	Langseth	Olson	Storm
Berglin	Frederick	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Brandl	Freeman	Luther	Piper	Waldorf
Brataas	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.J.	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.

April 12, 1988

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. 1121, 1632, 1717, 1834, 2264, 2286 and 2384.

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, herewith returned: S.F. No. 2402.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

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. 121: A bill for an act relating to traffic regulations; clarifying that a child under four is not required to use a seat belt; imposing penalty for failure to wear seat belt; amending Minnesota Statutes 1986, section 169.686, subdivision 1.

Senate File No. 121 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

### CONCURRENCE AND REPASSAGE

Mr. Frank moved that the Senate concur in the amendments by the House to S.F. No. 121 and that the bill be placed on its repassage as amended. The motion prevailed.

### CALL OF THE SENATE

Mr. Frank imposed a call of the Senate for the balance of the proceedings on S.F. No. 121. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 121: A bill for an act relating to traffic regulations; clarifying that a child under four is not required to use a seat belt; imposing penalty for failure to wear seat belt; creating an emergency medical services relief account; appropriating money; amending Minnesota Statutes 1986, section 169.686, subdivision 1, and by adding a subdivision.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 42 and nays 23, as follows:

Those who voted in the affirmative were:



Beckman	Diessner	Knaak	Merriam	Reichgott
Belanger	Frank	Kroening	Moe, R.D.	Solon
Berglin	Frederick	Laidig	Novak	Spear
Brandl	Frederickson, D.J.	Langseth	Olson	Storm
Brataas	Freeman	Lantry	Pehler	Waldorf
Cohen	Gustafson	Luther	Peterson, D.C.	Wegscheid
Dahl	Hughes	Marty	Peterson, R.W.	
Davis	Johnson, D.E.	McQuaid	Piper	
DeCramer	Johnson, D.J.	Mehrkens	Purfeerst	

Those who voted in the negative were:

Adkins	Bertram	Knutson	Morse	Stumpf
Anderson	Chmielewski	Larson	Ramstad	Taylor
Benson	Decker	Lessard	Renneke	Vickerman
Berg	Frederickson, D.R.	Metzen	Samuelson	
Bernhagen	Jude	Moe, D.M.	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 Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1086: A bill for an act relating to commerce; permitting certain charitable trusts to dispose of certain bank assets; proposing coding for new law in Minnesota Statutes, chapter 501.

Senate File No. 1086 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

Mr. Pehler moved that S.F. No. 1086 be laid on the table. The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mrs. Lantry moved that the following members be excused for a Conference Committee on S.F. No. 1661 at 2:00 p.m.:

Messrs. Diessner; Johnson, D.E. and Mrs. Lantry. The motion prevailed.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1590: A bill for an act relating to transportation; providing that uniform relocation assistance standards comply with recent amendments to federal law; authorizing commissioner of transportation to accept gifts to department; appropriating gift funds to commissioner, exempting lessees of highway easement property from tax on its use and possession; providing that governmental body may file deed conveying partial parcel of land

without current taxes having been paid on whole parcel; repealing conflicting provision related to charges for users of air transportation services provided by the commissioner of transportation; amending Minnesota Statutes 1986, section 161.20, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 117.52, subdivision 1; 272.01, subdivision 3; and 272.121; repealing Minnesota Statutes 1986, section 360.015, subdivision 20.

Senate File No. 1590 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

Mr. Vickerman moved that the Senate do not concur in the amendments by the House to S.F. No. 1590, 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. 2111: A bill for an act relating to public utilities; pipeline safety; authorizing the office of pipeline safety to inspect and regulate intrastate pipeline facilities carrying liquefied natural gas, liquefied petroleum gas, and hazardous liquids; adopting federal safety regulations; removing the depth limitation for the one call excavation notice system; providing for the calculation of pipeline inspection fees; appropriating money; amending Minnesota Statutes 1986, sections 299F56, subdivisions 1, 2, 4, 6, and by adding subdivisions; and 299F59; Minnesota Statutes 1987 Supplement, sections 116I.015, subdivision 3; 216D.01, subdivision 5; 299F57, subdivision 1, and by adding a subdivision; 299F58; 299F62; 299F63, subdivision 1; 299F64; and 299J.12, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 299F; repealing Minnesota Statutes 1987 Supplement, section 299F63, subdivision 4.

Senate File No. 2111 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

### CONCURRENCE AND REPASSAGE

Mr. Novak moved that the Senate concur in the amendments by the House to S.F. No. 2111 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2111 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 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Moe, R.D.	Samuelson
Anderson	Decker	Knutson	Morse	Spear
Beckman	DeCramer	Kroening	Novak	Storm
Belanger	Frank	Laidig	Olson	Stumpf
Benson	Frederick	Langseth	Pehler	Taylor
Berglin	Frederickson, D.J.	Larson	Peterson, D.C.	Vickerman
Bernhagen	Frederickson, D.R.	Luther	Peterson, R.W.	Waldorf
Bertram	Freeman	Marty	Piper	Wegscheid
Brataas	Gustafson	McQuaid	Purfeerst	
Chmielewski	Hughes	Mehrkens	Ramstad	
Cohen	Johnson, D.E.	Merriam	Reichgott	
Dahl	Jude	Metzen	Renneke	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2025: A bill for an act relating to financial institutions; regulating the business of mortgage bankers, loan officers, general mortgage brokers, and individual mortgage brokers; establishing licensing requirements; detailing the supervising powers of the commissioner; prohibiting certain practices; prescribing penalties; appropriating money; amending Minnesota Statutes 1986, sections 56.01; and 82.18; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 57; repealing Minnesota Statutes 1987 Supplement, sections 47.206, subdivision 6; and 82.175.

Senate File No. 2025 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

Mr. Freeman moved that the Senate do not concur in the amendments by the House to S.F. No. 2025, 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 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. 2055: A bill for an act relating to human services; defining terms; requiring that court receive annual reviews of people with indeterminate commitments; providing for court-ordered community-based treatment; defining procedures for community-based commitment; requiring procedures for release before commitment and provisional discharge; appropriating money; amending Minnesota Statutes 1986, sections 253B.02, subdivisions 13, 19, and by adding subdivisions; 253B.03, subdivision 5; 253B.09, subdivision 1; 253B.15, subdivisions 1, 3, 5, 6, 7, and by adding

a subdivision; and 253B.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 253B; repealing Minnesota Statutes 1986, section 253B.09, subdivision 4.

Senate File No. 2055 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

Ms. Berglin moved that the Senate do not concur in the amendments by the House to S.F. No. 2055, 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. 462: A bill for an act relating to marriage dissolution; providing a date for valuing marital assets; providing for partial distribution of marital assets; requiring parties to file a statement of assets and liabilities; providing that parties owe each other a fiduciary duty with respect to marital assets; amending Minnesota Statutes 1986, sections 518.54, subdivision 5; and 518.58.

Senate File No. 462 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

### CONCURRENCE AND REPASSAGE

Mr. Cohen moved that the Senate concur in the amendments by the House to S.F. No. 462 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 462 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 49 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Jude	Moe, D.M.	Reichgott
Anderson	Davis	Knaak	Moe, R.D.	Renneke
Beckman	Decker	Kroening	Morse	Samuelson
Belanger	DeCramer	Laidig	Olson	Spear
Benson	Frank	Langseth	Pehler	Storm
Berglin	Frederickson, D.J.	Luther	Peterson, D.C.	Stumpf
Bernhagen	Frederickson, D.R.	Marty	Peterson, R.W.	Vickerman
Bertram	Freeman	McQuaid	Piper	Waldorf
Brataas	Gustafson	Mehrkens	Purfeerst	Wegscheid
Cohen	Hughes	Merriam	Ramstad	

Those who voted in the negative were:

Chmielewski      Knutson      Larson      Lessard      Metzen  
Frederick

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2275: A bill for an act relating to juveniles; eliminating statutory references to "dependency" and "neglect" and substituting the term "child in need of protection or services"; eliminating juvenile court jurisdiction over children who are "habitually disobedient"; transferring alleged truants and runaways to the court's protective services jurisdiction; transferring certain young alleged delinquents to the court's protective services jurisdiction; limiting the duration of the court's continuing jurisdiction over truants; expanding the court's dispositional authority in certain child protection cases; limiting the juvenile court's contempt authority over non-delinquents; amending Minnesota Statutes 1986, sections 242.19, subdivision 2; 260.011, subdivision 2; 260.015, subdivisions 21, 22, 23, and by adding a subdivision; 260.111, subdivisions 1, 3, and by adding a subdivision; 260.121, subdivisions 1 and 2; 260.131, subdivision 1; 260.132, subdivisions 1 and 3; 260.133, subdivision 2; 260.135, subdivisions 1 and 3; 260.155, subdivisions 4 and 4a; 260.171, subdivisions 1 and 4; 260.172, subdivision 1; 260.173, subdivision 3; 260.181, subdivision 4; 260.191, subdivisions 1, 4, and by adding a subdivision; 260.195; 260.235; 260.255; 260.291, subdivision 1; 260.301; 260.315; 260.35; 260.36; and 484.73, subdivision 2; and Minnesota Statutes 1987 Supplement, sections 260.155, subdivision 1; 260.156; and 260.221; repealing Minnesota Statutes 1986, sections 260.015, subdivisions 6 and 10; 260.103; and 260.194.

Senate File No. 2275 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

### CONCURRENCE AND REPASSAGE

Mr. Cohen moved that the Senate concur in the amendments by the House to S.F. No. 2275 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2275 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Metzen	Reichgott
Anderson	Decker	Kroening	Moe, D.M.	Renneke
Beckman	DeCramer	Laidig	Moe, R.D.	Samuelson
Belanger	Frank	Langseth	Morse	Schmitz
Benson	Frederick	Larson	Olson	Spear
Berglin	Frederickson, D.J.	Lessard	Pehler	Storm
Bernhagen	Frederickson, D.R.	Luther	Peterson, D.C.	Stumpf
Bertram	Freeman	Marty	Peterson, R.W.	Vickerman
Chmielewski	Gustafson	McQuaid	Piper	Wegscheid
Cohen	Hughes	Mehrkens	Purfeerst	
Dahl	Jude	Merriam	Ramstad	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1708: A bill for an act relating to credit unions; permitting managers to be directors; providing conditions for the expulsion of members; amending Minnesota Statutes 1986, sections 52.08; and 52.19.

Senate File No. 1708 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

### CONCURRENCE AND REPASSAGE

Mr. Dahl moved that the Senate concur in the amendments by the House to S.F. No. 1708 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1708 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 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Metzen	Renneke
Anderson	Davis	Knutson	Moe, D.M.	Samuelson
Beckman	Decker	Kroening	Moe, R.D.	Schmitz
Belanger	DeCramer	Laidig	Morse	Spear
Benson	Frank	Langseth	Olson	Storm
Berg	Frederick	Larson	Pehler	Stumpf
Berglin	Frederickson, D.J.	Lessard	Peterson, D.C.	Taylor
Bernhagen	Frederickson, D.R.	Luther	Peterson, R.W.	Vickerman
Bertram	Freeman	Marty	Piper	Wegscheid
Brataas	Gustafson	McQuaid	Purfeerst	
Chmielewski	Hughes	Mehrkens	Ramstad	
Cohen	Jude	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 Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1462: A bill for an act relating to housing; creating a low-income housing trust account; providing for the uses of the account; placing certain requirements on real estate trust accounts; appropriating money; amending Minnesota Statutes 1986, sections 82.24, by adding a subdivision; and 82.34, subdivisions 6 and 15; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 462A.

Senate File No. 1462 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

**CONCURRENCE AND REPASSAGE**

Mr. Dahl moved that the Senate concur in the amendments by the House to S.F. No. 1462 and that the bill be placed on its repassage as amended.

Mr. Waldorf moved that the Senate do not concur in the amendments by the House to S.F. No. 1462, 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.

**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

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

S.F. No. 1821: A bill for an act relating to crimes; police pursuit; requiring certain driver's manual information; providing for civil forfeiture of vehicle used to flee a peace officer; requiring local governments to establish pursuit procedures and training requirements by October 1, 1989; authorizing peace officer standards and training board to assist local governments in establishing procedures and training requirements; requiring reporting of all police pursuits to department of public safety; amending Minnesota Statutes 1986, sections 171.13, by adding a subdivision; 626.843, subdivision 1; and 626.845, subdivision 1; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 626.

Senate File No. 1821 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

Ms. Reichgott moved that the Senate do not concur in the amendments by the House to S.F. No. 1821, 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. 2266: A bill for an act relating to child abuse; authorizing counties to establish pilot programs; allowing the appointment of a child intermediary in certain criminal child abuse proceedings; prescribing powers and duties of the intermediary.

Senate File No. 2266 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

Mr. Cohen moved that the Senate do not concur in the amendments by the House to S.F. No. 2266, 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 that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1643: A bill for an act relating to crimes; child abuse; eliminating the need to show emotional harm in proving unreasonable restraint or malicious punishment of a child; amending Minnesota Statutes 1986, sections 609.255, subdivision 3; and 609.377.

There has been appointed as such committee on the part of the House: Kelly, Pappas and Quist.

Senate File No. 1643 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2150: A bill for an act relating to state contracts; prohibiting



the state from requiring Indian tribes or bands to deny their sovereignty to contract with the state; amending Minnesota Statutes 1986, section 16B.06, by adding a subdivision.

There has been appointed as such committee on the part of the House: Peterson, Rukavina and Knickerbocker.

Senate File No. 2150 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2255: A bill for an act relating to agriculture; extending certain benefits under the family farm security act; amending Minnesota Statutes 1986, section 41.57, subdivision 4.

There has been appointed as such committee on the part of the House: Winter, Brown and McDonald.

Senate File No. 2255 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2165, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2165: A bill for an act relating to environment; requiring persons to notify the pollution control agency of and take steps to avoid air pollution; proposing coding for new law in Minnesota Statutes, chapter 116.

Senate File No. 2165 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2071, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2071: A bill for an act relating to crimes; requiring a neighborhood impact statement to be submitted as part of the presentence investigation report for controlled substance offenses; amending Minnesota Statutes 1987 Supplement, section 609.115, subdivision 1.

Senate File No. 2071 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1727, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1727: A bill for an act relating to government data practices; defining employment and training data as private data on individuals; providing for the dissemination of certain data; amending Minnesota Statutes 1986, section 13.46, subdivision 2; Minnesota Statutes 1987 Supplement, section 13.43, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13.

Senate File No. 1727 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 321, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 321: A bill for an act relating to public safety; expanding the crimes of driving a motor vehicle or a motorboat while under the influence of alcohol or certain substances; amending Minnesota Statutes 1986, sections 169.121, subdivisions 1 and 2; and 361.12, subdivisions 1 and 4.

Senate File No. 321 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2485 and 2561.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 12, 1988

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2485: A bill for an act relating to state government; authorizing the sale or lease of property within the jurisdiction of the commissioner of administration under certain conditions.

Referred to the Committee on Governmental Operations.

H.F. No. 2561: A bill for an act relating to human services; establishing a demonstration project for child and adolescent crisis intervention and suicide prevention; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 245.

Referred to the Committee on Health and Human Services.

### MOTIONS AND RESOLUTIONS

Mr. Pehler moved that S.F. No. 1086 be taken from the table. The motion prevailed.

S.F. No. 1086: A bill for an act relating to commerce; permitting certain charitable trusts to dispose of certain bank assets; proposing coding for new law in Minnesota Statutes, chapter 501.

### CONCURRENCE AND REPASSAGE

Mr. Pehler moved that the Senate concur in the amendments by the House to S.F. No. 1086 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1086 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 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Metzen	Renneke
Anderson	Davis	Knutson	Moe, D.M.	Samuelson
Beckman	Decker	Laidig	Morse	Schmitz
Belanger	DeCramer	Langseth	Olson	Solon
Berg	Frank	Larson	Pehler	Spear
Berglin	Frederick	Lessard	Peterson, D.C.	Storm
Bernhagen	Frederickson, D.J.	Luther	Peterson, R.W.	Stumpf
Bertram	Frederickson, D.R.	Marty	Piper	Taylor
Brataas	Freeman	McQuaid	Purfeerst	Vickerman
Chmielewski	Gustafson	Mehrkens	Ramstad	Wegscheid
Cohen	Jude	Merriam	Reichgott	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, 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.

Messrs. Spear; Moe, D.M.; Cohen and Luther introduced—

S.F. No. 2578: A bill for an act relating to criminal procedure; authorizing criminal defendants to deposit ten percent of the defendant's bail with the court as a condition of pretrial release in certain criminal cases; proposing coding for new law in Minnesota Statutes, chapter 629.

Referred to the Committee on Judiciary.

**MOTIONS AND RESOLUTIONS - CONTINUED****RECESS**

Mr. Luther 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. 2055: Ms. Berglin, Messrs. Spear and Ramstad.

S.F. No. 2025: Mr. Freeman, Ms. Peterson, D.C.; Mr. Peterson, R.W.; Mrs. Lantry and Mr. Belanger.

S.F. No. 1590: Messrs. Vickerman, Mehrkens and Langseth.

S.F. No. 2266: Mr. Cohen, Ms. Berglin and Mr. Ramstad.

S.F. No. 1821: Ms. Reichgott, Messrs. Ramstad and Spear.

Mr. Luther moved that the foregoing appointments be approved. The motion prevailed.

**APPOINTMENTS**

Mr. Moe, R.D. from the Subcommittee on Committees recommends that on the Conference Committee for S.F. No. 1686 the name of Mr. Frederickson, D.J. be stricken and the name of Mr. Chmielewski be inserted.

Mr. Luther moved that the foregoing change be approved. The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Ms. Berglin moved that S.F. No. 1582 be taken from the table. The motion prevailed.

S.F. No. 1582: A bill for an act relating to marriage dissolution; providing for child support and maintenance enforcement; specifying conditions for judgment by operation of law; amending Minnesota Statutes 1986, sections

256.87, subdivisions 1, 1a, and 6; 257.66, subdivision 5; 518.55, subdivision 2, and by adding a subdivision; 518.551, subdivision 9; 518C.17, subdivision 1; 548.091, subdivisions 2, 3, and by adding subdivisions; and Minnesota Statutes 1987 Supplement, section 548.091, subdivision 1.

### CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 1582 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1582: A bill for an act relating to marriage dissolution; providing for child support enforcement; specifying conditions for judgment by operation of law; amending Minnesota Statutes 1986, sections 256.87, subdivisions 1, 1a, 6, and by adding a subdivision; 257.66, subdivision 5; 518.55, subdivision 2, and by adding a subdivision; 518.551, subdivision 9; 518C.17, subdivision 1; 548.091, subdivisions 2, 3, and by adding subdivisions; Minnesota Statutes 1987 Supplement, section 548.091, 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 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Merriam	Renneke
Anderson	Decker	Knutson	Metzen	Samuelson
Beckman	DeCramer	Kroening	Moe, D.M.	Schmitz
Belanger	Frank	Laidig	Olson	Solon
Benson	Frederick	Langseth	Pehler	Spear
Berglin	Frederickson, D.J.	Larson	Peterson, D.C.	Storm
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Stumpf
Brataas	Freeman	Luther	Piper	Taylor
Chmielewski	Gustafson	Marty	Purfeerst	Vickerman
Cohen	Hughes	McQuaid	Ramstad	Wegscheid
Dahl	Jude	Mehrkens	Reichgott	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Luther moved that the Senate take up the Special Orders Calendar. The motion prevailed.

### SPECIAL ORDER

S.F. No. 2163: A bill for an act relating to metropolitan government; limiting the metropolitan council's taxing authority; amending Minnesota Statutes 1986, sections 473.167, subdivision 2, and by adding a subdivision; and 473.249, by adding a subdivision.

Mr. Luther moved to amend S.F. No. 2163 as follows:

Page 1, line 26, before "or" insert "*and to update an expired environmental impact statement on a project for which the right-of-way is being purchased;*"

The motion prevailed. So the amendment was adopted.

S.F. No. 2163 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 41 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Gustafson	Mehrkens	Spear
Anderson	Davis	Hughes	Metzen	Storm
Beckman	Decker	Jude	Moe, R. D.	Taylor
Belanger	DeCramer	Knaak	Olson	Vickerman
Benson	Dicklich	Kroening	Purfeerst	Wegscheid
Berglin	Frank	Laidig	Ramstad	
Bertram	Frederick	Larson	Renneke	
Brataas	Frederickson, D.J.	Luther	Schmitz	
Chmielewski	Freeman	McQuaid	Solon	

Those who voted in the negative were:

Langseth	Merriam	Morse	Peterson, R.W.	Stumpf
Lessard				

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

### SPECIAL ORDER

S.F. No. 2473: A bill for an act relating to workers' compensation; regulating self-insurance; establishing a self-insurer guaranty fund; prescribing a penalty; proposing coding for new law as Minnesota Statutes, chapter 176C.

Mr. Chmielewski moved to amend S.F. No. 2473 as follows:

Page 2, line 10, after "or" insert "a" and after "group" insert "which is"

Page 19, line 2, after the second "commissioner" insert "of labor and industry"

Page 19, line 27, delete "of commerce"

The motion prevailed. So the amendment was adopted.

Mr. Chmielewski then moved to amend S.F. No. 2473 as follows:

Page 1, line 8, delete "176C.01" and insert "79B.01"

Page 2, after line 18, insert:

*"Subd. 9. [CERTIFICATE OF DEFAULT.] "Certificate of default" means a notice issued by the commissioner of commerce based upon information received from the commissioner of labor and industry, that a private self-insurer has failed to pay compensation as required by Minnesota Statutes, chapter 176.*

Sec. 2. [79B.02] [SELF-INSURERS' ADVISORY COMMITTEE.]

*Subdivision 1. [MEMBERSHIP.] For the purposes of assisting the commissioner, there is established a workers' compensation self-insurers' advisory committee of five members that are employers authorized to self-insure in Minnesota. Three of the members shall be elected by the members of the self-insurers' security fund and two shall be appointed by the commissioner.*

*Subd. 2. [ADVICE TO COMMISSIONER.] At the request of the commissioner, the committee shall meet and shall advise the commissioner with respect to whether or not an applicant to become a private self-insurer in the state of Minnesota has met the statutory requirements to self-insure. The committee shall advise the commissioner if it has any information that any private self-insurer may become insolvent."*

Page 2, line 19, delete "176C.02" and insert "79B.03"

Page 2, line 23, delete "30" and insert "60"

Page 2, line 36, after the period, insert "*The commissioner may require additional financial information necessary to carry out the purpose of chapter 79B.*"

Page 3, line 15, delete "act" and insert "chapter"

Page 4, line 14, delete "30" and insert "60"

Page 5, line 1, delete "item" and insert "paragraph"

Page 5, lines 7 and 26, delete "act" and insert "chapter"

Page 8, line 8, delete "176C.03" and insert "79B.04"

Page 9, line 11, delete "securities" and insert "security"

Page 9, line 12, after "depositing" insert "*and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond*"

Page 10, line 11, delete "EXONERATION" and insert "DEPOSIT"

Page 11, line 35, after "notify" insert "*by certified mail*"

Page 12, line 4, after "notify" insert "*by certified mail*"

Page 12, line 8, after "days of" insert "*receipt of*"

Page 14, line 24, delete "176C.04" and insert "79B.05"

Page 15, line 2, delete "176C.05" and insert "79B.06"

Page 17, line 15, delete "176C.06" and insert "79B.07"

Page 17, line 21, delete "176C.07" and insert "79B.08"

Page 18, line 7, delete "176C.08" and insert "79B.09"

Page 19, line 2, after the second "commissioner" insert "*of labor and industry*"

Page 19, line 24, delete "176C.09" and insert "79B.10"

Page 20, line 29, delete "176C.10" and insert "79B.11"

Page 21, line 28, delete "176C.11" and insert "79B.12"

Page 22, lines 10 and 11, delete "*workers' compensation*" and insert "*supplementary*"

Page 22, line 18, delete "176C.12" and insert "79B.13"

Page 22, lines 25 and 29, delete "*new and renewal*"

Page 23, line 3, delete "176C.13" and insert "79B.14"

Page 23, line 34, delete "176C.14" and insert "79B.15"

Page 23, line 35, delete "hereunder" and insert "under this chapter"

Page 24, line 33, delete the comma

Page 25, line 3, after "named" insert a semicolon

Page 25, delete lines 23 to 36 and insert:

"4. The aggregate liability of the surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.

5. This bond shall be continuous in form and shall remain in full force and effect unless terminated as follows:

(a) The obligation of this bond shall terminate upon written notice of cancellation from the surety, given by registered or certified mail to the commissioner of commerce, state of Minnesota, save and except as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred but not yet reported, as a self-insurer prior to effective date of termination. This termination is effective 60 days after receipt of notice of cancellation by the commissioner of commerce, state of Minnesota.

(b) This bond shall also terminate upon the revocation of the certificate to self-insure, save and except as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred but not yet reported, as a self-insurer prior to effective date of termination. The principal and the surety, herein named, shall be immediately notified in writing by said commissioner, in the event of such revocation.

6. Where the principal posts with the commissioner of commerce, state of Minnesota, or the state treasurer, state of Minnesota, a replacement security deposit, in the form of a surety bond, irrevocable letter of credit, cash, securities, or any combination thereof, in the full amount as may be required by the commissioner of commerce, state of Minnesota, to secure all incurred liabilities for the payment of compensation of said principal under Minnesota Statutes, chapter 176, the surety is released from obligations under the surety bond upon the date of acceptance by the commissioner of commerce, state of Minnesota, of said replacement security deposit."

Page 26, delete lines 1 to 6

Page 26, line 9, after the comma, insert "or the commissioner of commerce, state of Minnesota, issues a certificate of default,"

Page 26, line 11, delete "and" and insert a period

Page 26, line 12, delete "30" and insert "14" and delete "after receipt of written"

Page 26, line 13, delete everything before "to" and insert "under paragraph 8 herein, or 30 days under paragraph 10 herein, after receipt of written notification by certified mail from the commissioner of commerce, state of Minnesota,"

Page 26, delete lines 15 to 31 and insert:

"8. If the surety exercises its option to administer claims, it shall pay benefits due to the principal's injured workers within 14 days of the receipt of the notification by the commissioner of commerce, state of Minnesota,



pursuant to paragraph 7 herein, without a formal award of a compensation judge, the commissioner of labor and industry, any intermediate appellate court, or the Minnesota supreme court and such payment will be a charge against the penal sum of the bond. Administrative and legal costs incurred by the surety in discharging its obligations and payment of the principal's obligations for administration and legal expenses under Minnesota Statutes, chapter 176, and sections 1 to 18, shall also be a charge against the penal sum of the bond; however, the total amount of this surety bond set aside for the payment of said administrative and legal expenses shall be limited to a maximum ten percent of the total penal sum of the bond unless otherwise authorized by the security fund."

Page 26, delete line 36

Page 27, delete lines 1 to 6 and insert:

"10. If the surety does not give notice to the security fund and the commissioner of commerce, state of Minnesota, within two business days of receipt of written notification from the commissioner of commerce, state of Minnesota, pursuant to paragraph 7 herein, to exercise its option to administer claims pursuant to paragraph 8 herein, then the self-insurer's security fund will assume the payments of the workers' compensation obligations of the principal pursuant to Minnesota Statutes, chapter 176. The surety shall pay, within thirty (30) days of the receipt of the notification by the commissioner of commerce, state of Minnesota, pursuant to paragraph 7 herein, to the self-insurer's security fund as an initial deposit an amount equal to ten percent of the penal sum of the bond, and shall thereafter, upon notification from the security fund that the balance of the initial deposit had fallen to one percent of the penal sum of the bond, remit to the security fund an amount equal to the payments made by the security fund in the three calendar months immediately preceding said notification. All such payments will be a charge against the penal sum of the bond."

Page 27, delete lines 18 to 20 and insert:

"12. Written notification to the surety required by this bond shall be sent to:"

Page 27, after line 22, insert:

.....  
To the attention of Person or  
Position"

Page 27, after line 26, insert:

"Written notification to the principal required by this bond shall be sent to:

.....  
Name of Principal

.....  
To the attention of Person or  
Position

.....  
Address

.....  
City, State, Zip

13. This bond is executed by the surety to comply with Minnesota Statutes, chapter 176, and said bond shall be subject to all terms and provisions thereof.

.....  
Name of Surety

.....  
Address

.....  
City, State, Zip”

Page 28, line 7, delete “176C.15” and insert “79B.16”

Page 28, line 10, after “to” insert “(1)” and after the first comma, insert “(2)” and after the second comma, insert “(3)”

Page 28, line 11, delete “or,” and insert “and (4)”

Page 28, after line 12, insert:

“The self-insurers’ advisory committee shall not be subject to clauses (2) and (4).”

Page 28, line 13, delete “176C.16” and insert “79B.17”

Page 29, after line 2, insert:

“The self-insurers’ advisory committee may make recommendations to the commissioner under this section as it deems appropriate.

Sec. 18. Minnesota Statutes 1986, 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 liability for compensation and permitting self-insurance of 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 operations as a distinct and separate risk. An employer desiring to be exempted from insuring liability for compensation shall make application to the commissioner of commerce, showing financial ability to pay the compensation, whereupon by written order the commissioner of commerce, on deeming it proper, may make an exemption. ~~The commissioner of commerce may require further statements of financial ability of the employer to pay compensation.~~ An employer may establish financial ability to pay compensation by: (1) providing financial statements of the employer to the commissioner of commerce; or (2) filing a surety bond or bank letter of credit with the commissioner of commerce in an amount equal to the anticipated annual

*compensation costs of the employer, but in no event less than \$100,000.* Upon ten days written notice the commissioner of commerce may revoke the order granting an exemption, in which event the employer shall immediately insure the 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 the treasurer 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.

Sec. 19. Minnesota Statutes 1987 Supplement, section 176.183, subdivision 2, is amended to read:

Subd. 2. The commissioner of labor and industry, in accordance with the terms of the order awarding compensation, shall pay compensation to the employee or the employee's dependent from the special compensation fund. The commissioner of labor and industry shall certify to the commissioner of finance and to the legislature annually the total amount of compensation paid from the special compensation fund under ~~subdivisions subdivision 1 and 1a~~. The commissioner of finance shall upon proper certification reimburse the special compensation fund from the general fund appropriation provided for this purpose. The amount reimbursed shall be limited to the certified amount paid under this section or the appropriation made for this purpose, whichever is the lesser amount. Compensation paid under this section which is not reimbursed by the general fund shall remain a liability of the special compensation fund and shall be financed by the percentage assessed under section 176.129.

Sec. 20. Minnesota Statutes 1986, section 176.183, subdivision 3, is amended to read:

Subd. 3. (a) Notwithstanding subdivision 2, the commissioner may direct payment from the special compensation fund for compensation payable pursuant to ~~subdivisions subdivision 1 and 1a~~, including benefits payable under sections 176.102 and 176.135, prior to issuance of an order of a compensation judge or the workers' compensation court of appeals directing payment or awarding compensation.

(b) The commissioner may suspend or terminate an order under clause (a) for good cause as determined by the commissioner."

Page 29, delete section 18 and insert:

"Sec. 22. [REPEALER.]

*Minnesota Statutes 1987 Supplement, sections 60A.101; and 176.183, subdivision 1a, are repealed.*

Sec. 23. [EFFECTIVE DATE.]

*This act is effective July 1, 1988.*"

Renumber the sections in sequence and correct the internal references

Delete the title and insert:

"A bill for an act relating to workers' compensation; regulating self-insurance; establishing a self-insurer guaranty fund; prescribing a penalty; amending Minnesota Statutes 1986, sections 176.181, subdivision 2; 176.183, subdivision 3; Minnesota Statutes 1987 Supplement, section 176.183, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 79B; repealing Minnesota Statutes 1987 Supplement, sections 60A.101; and 176.183, subdivision 1a."

The motion prevailed. So the amendment was adopted.

Mr. Chmielewski moved that S.F. No. 2473 be laid on the table. 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. 2590 at 2:30 p.m.:

Messrs. Bernhagen, Brandl, Novak, Pogemiller and Johnson, D.J. The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Larson moved that the following members be excused for a Conference Committee on H.F. No. 1831:

Messrs. Berg, Freeman and Larson. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2009 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2009

A bill for an act relating to family law; modifying and clarifying provisions for the collection and enforcement of child support; providing for cost-of-living adjustments in spousal maintenance awards; providing for grandparent visitation rights in all family law proceedings; providing for reopening of judgments; providing for custody rights; clarifying and modifying provisions relating to pension plan rights in marriage dissolutions; amending Minnesota Statutes 1986, sections 69.62; 256.978; 257.022, subdivision 2; 270A.03, subdivision 4; 383B.51; 423A.16; 424A.02, subdivision 6; 490.126, by adding a subdivision; 518.145; 518.156, subdivision 1; 518.17, subdivision 3; 518.171, by adding a subdivision; 518.175, by adding a subdivision; 518.551, by adding a subdivision; 518.552, by adding a subdivision; 518.54, by adding a subdivision; 518.611, subdivision 10; 518.64, subdivision 2; and 518.641; Minnesota Statutes 1987 Supplement, sections 356.80; 518.54, subdivision 10; 518.58, subdivision 2; 518.581, subdivision 4; and 518.611, subdivision 2.

April 13, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2009, report that we have

agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2009 be further amended as follows:

Page 2, after line 3, insert:

“Sec. 2. Minnesota Statute 1986, section 123.35, is amended by adding a subdivision to read:

*Subd. 17. [NONCUSTODIAL PARENT ACCESS TO RECORDS.] Upon request, a noncustodial parent has the right of access to, and to receive copies of, school records and information, to attend conferences, and to be informed about the child's welfare, educational progress, and status, as authorized under section 518.17, subdivision 3. The school is not required to hold a separate conference for each parent.”*

Page 2, line 17, delete “requested” and insert “upon written request”

Page 7, line 7, after the semicolon, insert “or”

Page 7, line 12, delete “; or” and insert a period

Page 7, delete lines 13 and 14

Pages 7 and 8, delete section 11

Page 9, line 5, after the period insert “The school is not required to hold a separate conference for each party.”

Page 10, after line 9, insert:

“Sec. 17. Minnesota Statutes 1986, section 518.551, subdivision 5, is amended to read:

*Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] (a) The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families with dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, the court shall set child support as provided in this subdivision. The court may order either or both parents owing a duty of support to a child of the marriage to pay an amount reasonable or necessary for the child's support, without regard to marital misconduct. The court shall approve a child support agreement of the parties if each party is represented by independent counsel, unless the agreement is not in the interest of justice. In other cases the court shall order child support in accordance with the guidelines and the other factors set forth in paragraph (b) and any departure therefrom.*

The court shall multiply the obligor's net income by the percentage indicated by the following guidelines:

Net Income Per Month of Obligor	Number of Children					
	1	2	3	4	5	6
\$400 and Below	Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.					

\$401 - 500	14%	17%	20%	22%	24%	26%	28%
\$501 - 550	15%	18%	21%	24%	26%	28%	30%
\$551 - 600	16%	19%	22%	25%	28%	30%	32%
\$601 - 650	17%	21%	24%	27%	29%	32%	34%
\$651 - 700	18%	22%	25%	28%	31%	34%	36%
\$701 - 750	19%	23%	27%	30%	33%	36%	38%
\$751 - 800	20%	24%	28%	31%	35%	38%	40%
\$801 - 850	21%	25%	29%	33%	36%	40%	42%
\$851 - 900	22%	27%	31%	34%	38%	41%	44%
\$901 - 950	23%	28%	32%	36%	40%	43%	46%
\$951 - 1000	24%	29%	34%	38%	41%	45%	48%
\$1001- 4000	25%	30%	35%	39%	43%	47%	50%

Guidelines for support for an obligor with a monthly income of \$4001 or more shall be the same dollar amounts as provided for in the guidelines for an obligor with a monthly income of \$4000.

Net Income defined as:

Total monthly  
income less

- \*(i) Federal Income Tax
- \*(ii) State Income Tax
- (iii) Social Security  
Deductions
- (iv) Reasonable  
Pension Deductions

\*Standard

Deductions apply-  
use of tax tables  
recommended

- (v) Union Dues
- (vi) Cost of Dependent  
Insurance Coverage
- (vii) Cost of Individual or Group  
Health/Hospitalization  
Coverage or an  
Amount for Actual  
Medical Expenses
- (viii) A Child Support or  
Maintenance Order that is  
Currently Being Paid.

"Net income" does not include the income of the obligor's spouse.

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

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

(2) the financial needs and resources, physical and emotional condition, and educational needs of the child or children to be supported;

(3) the standards of living the child would have enjoyed had the marriage not been dissolved, *but recognizing that the parents now have separate households;*

(4) the amount of the aid to families with dependent children grant for the child or children; ~~and~~

(5) *which parent receives the income taxation dependency exemption and what financial benefit the parent receives from it; and*

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

(c) In establishing or modifying a support obligation, the court may consider debts owed to private creditors, but only if:

(1) the right to support has not been assigned under section 256.74;

(2) the court determines that the debt was reasonably incurred for necessary support of the child or parent or for the necessary generation of income. If the debt was incurred for the necessary generation of income, the court shall consider only the amount of debt that is essential to the continuing generation of income; and

(3) the party requesting a departure produces a sworn schedule of the debts, with supporting documentation, showing goods or services purchased, the recipient of them; the amount of the original debt, the outstanding balance, the monthly payment, and the number of months until the debt will be fully paid.

Any schedule prepared under paragraph (c), clause (3), shall contain a statement that the debt will be fully paid after the number of months shown in the schedule, barring emergencies beyond the party's control.

Any further departure below the guidelines that is based on a consideration of debts owed to private creditors shall not exceed 18 months in duration, after which the support shall increase automatically to the level ordered by the court. Nothing in this section shall be construed to prohibit one or more step increases in support to reflect debt retirement during the 18-month period.

Where payment of debt is ordered pursuant to this section, the payment shall be ordered to be in the nature of child support.

(d) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.

(e) The above guidelines are binding in each case unless the court makes express findings of fact as to the reason for departure below or above the guidelines."

Page 15, line 1, strike "The" and insert "An"

Page 15, line 2, after "order" insert "*that provides for a cost-of-living adjustment*"

Page 15, line 10, strike "It" and insert "*The court*"

Page 15, line 19, after the period insert "*The court may waive a cost-of-living adjustment in a maintenance order if the parties so agree in writing.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, after the first semicolon insert "123.35, by adding a subdivision;"

Page 1, line 14, delete "518.156, subdivision 1;"

Page 1, line 16, after the comma insert "subdivision 5, and"

We request adoption of this report and repassage of the bill.



Senate Conferees: (Signed) Linda Berglin, Ember D. Reichgott, Fritz Knaak

House Conferees: (Signed) Kathleen O. Vellenga, Ann H. Rest

Ms. Berglin moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2009 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2009 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 48 and nays 3, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	McQuaid	Solon
Anderson	Davis	Johnson, D.E.	Mehrkens	Spear
Beckman	Decker	Jude	Metzen	Storm
Belanger	DeCramer	Knutson	Morse	Stumpf
Benson	Dicklich	Kroening	Pehler	Taylor
Berglin	Frank	Laidig	Piper	Vickerman
Bertram	Frederick	Langseth	Ramstad	Waldorf
Brataas	Frederickson, D.J.	Lantry	Reichgott	Wegscheid
Chmielewski	Frederickson, D.R.	Luther	Renneke	
Cohen	Gustafson	Marty	Schmitz	

Mr. Diessner, Ms. Olson and Mr. Peterson, R.W. voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Chmielewski moved that S.F. No. 2473 be taken from the table. The motion prevailed.

## SPECIAL ORDER

S.F. No. 2473: A bill for an act relating to workers' compensation; regulating self-insurance; establishing a self-insurer guaranty fund; prescribing a penalty; proposing coding for new law as Minnesota Statutes, chapter 176C.

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	Davis	Hughes	Metzen	Solon
Anderson	Decker	Johnson, D.E.	Moe, D.M.	Spear
Beckman	DeCramer	Jude	Morse	Storm
Belanger	Dicklich	Kroening	Olson	Stumpf
Benson	Diessner	Laidig	Pehler	Taylor
Berglin	Frank	Langseth	Peterson, R.W.	Vickerman
Bertram	Frederick	Lantry	Piper	Waldorf
Brataas	Frederickson, D.J.	Luther	Ramstad	Wegscheid
Chmielewski	Frederickson, D.R.	Marty	Reichgott	
Cohen	Freeman	McQuaid	Renneke	
Dahl	Gustafson	Mehrkens	Schmitz	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2003 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2003

A bill for an act relating to state government; providing for salary ranges for certain state employees; clarifying requirements for submitting certain salaries for legislative approval; requiring certain reports; regulating emergency civil service appointments; clarifying limits on certain salaries; authorizing the governor to change the salaries of newly appointed agency heads; regulating affirmative action; regulating separation from certain bargaining units; regulating health and other fringe benefit coverages; providing duties for the commissioner of employee relations; amending Minnesota Statutes 1986, sections 43A.04, subdivision 7; 43A.15, subdivisions 2 and 11; 43A.17, subdivisions 1 and 9; 43A.18, subdivision 5; 43A.19, subdivision 1; 43A.23, subdivisions 1 and 3; 43A.27, subdivision 3, and by adding a subdivision; 175.101, by adding a subdivision; and 179A.10, subdivision 3; Minnesota Statutes 1987 Supplement, sections 15A.081, subdivisions 1 and 7b; 15A.083, subdivision 7; 43A.08, subdivision 1a; 43A.191, subdivision 3; 43A.316, subdivisions 2, 4, 8, and by adding a subdivision; 43A.421; 44A.02, subdivision 1; 79.34, subdivision 1; 176.611, subdivisions 2 and 3a; and 214.04, subdivision 3.

April 12, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2003, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2003 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1987 Supplement, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Salary Range Effective July 1, 1987
Commissioner of finance; Commissioner of education; Commissioner of transportation; Commissioner of human services; Commissioner of revenue; Executive director, state board of investment;	\$57,500-\$78,500
Commissioner of administration; Commissioner of agriculture; Commissioner of commerce; Commissioner of corrections; Commissioner of jobs and training; Commissioner of employee relations; <del>Commissioner of energy and economic development;</del>	\$50,000-\$67,500
Commissioner of health; Commissioner of labor and industry; Commissioner of natural resources; Commissioner of public safety; <i>Commissioner of trade and economic development;</i> Chair, waste management board; Chief administrative law judge; office of administrative hearings; Director, pollution control agency; Director, state planning agency; Executive director, housing finance agency; Executive director, public employees retirement association; Executive director, teacher's retirement association; Executive director, state retirement system; Chair, metropolitan council; Chair, regional transit board;	
Commissioner of human rights; Director, department of public service; Commissioner of veterans' affairs; Director, bureau of mediation services; Commissioner, public utilities commission; Member, transportation regulation board; <i>Ombudsman for corrections;</i> <i>Ombudsman for mental health and retardation.</i>	\$42,500-\$60,000

Sec. 2. Minnesota Statutes 1987 Supplement, section 15A.081, subdivision 7b, is amended to read:

Subd. 7b. [HIGHER EDUCATION OFFICERS.] The state university board, the state board for community colleges, the state board of vocational technical education, and the higher education coordinating board shall set the salary rates for, respectively, the chancellor of the state universities, the

chancellor of the community colleges, the state director of vocational technical education, and the executive director of the higher education coordinating board. ~~At least 30 days before the respective board adopts a salary increase according to this subdivision.~~ The *respective* board shall submit the proposed salary increase to the legislative commission on employee relations for approval, modification, or rejection in the manner provided in section 43A.18, subdivision 2. Salary rates for the positions specified in this subdivision may not exceed 95 percent of the salary set ~~for~~ of the governor under *section 15A.082*, subdivision 6 3.

Sec. 3. Minnesota Statutes 1986, section 15A.083, subdivision 7, is amended to read:

Subd. 7. [WORKERS' COMPENSATION COURT OF APPEALS AND COMPENSATION JUDGES.] Salaries of judges of the workers' compensation court of appeals shall be 90 percent of the salary for district judges as provided in subdivision 1. Salaries of compensation judges shall be 75 percent of the salary of district court judges as provided in subdivision 1. *The chief workers' compensation settlement judge at the department of labor and industry may be paid an annual salary that is up to five percent greater than the salary of workers' compensation settlement judges at the department of labor and industry.*

Sec. 4. Minnesota Statutes 1986, section 43A.04, subdivision 7, is amended to read:

Subd. 7. [REPORTING.] The commissioner shall issue a written report by ~~January~~ *February* 1 and ~~July~~ *August* 1 of each year to the chair of the legislative commission on employee relations. The report ~~shall~~ *must* list the number of appointments made ~~pursuant to~~ *under* each of the categories in section 43A.15, ~~subdivisions 2 to 4~~ *the number made to the classified service other than under section 43A.15*, and the number made ~~pursuant to~~ *under* section 43A.08, subdivision 2a, during the six-month ~~period covered by the report periods ending June 30 and December 31, respectively.~~

Sec. 5. Minnesota Statutes 1987 Supplement, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the departments of administration; agriculture; commerce; corrections; jobs and training; education; employee relations; ~~energy trade~~ and economic development; finance; health; human rights; labor and industry; natural resources; office of administrative hearings; public safety; public service; ~~public welfare~~ *human services*; revenue; transportation; and veterans affairs; the housing finance, state planning, and pollution control agencies; the state board of investment; *the waste management board*; the offices of the secretary of state, state auditor, and state treasurer; the state board of vocational technical education; and the school and resource center for the arts.

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

(a) (1) the designation of the position would not be contrary to other law relating specifically to that agency;

(b) (2) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the

agency head's management team;

(e) (3) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(e) (4) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(e) (5) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with the governor and the agency head, or the employing constitutional officer;

(e) (6) the position would be at the level of division or bureau director or assistant to the agency head; and

(e) (7) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 6. Minnesota Statutes 1986, section 43A.15, subdivision 2, is amended to read:

Subd. 2. [EMERGENCY APPOINTMENTS.] An appointing authority may make an emergency appointment for up to 30 working days. *If necessary, the commissioner may grant an extension of the emergency appointment for 15 additional working days.* No person ~~shall~~ *may* be employed in any one agency on an emergency basis for more than ~~30~~ *45* working days in any 12-month period.

Sec. 7. Minnesota Statutes 1986, section 43A.17, subdivision 1, is amended to read:

Subdivision 1. [SALARY LIMITS.] As used in ~~this section~~ *subdivisions 1 to 8*, "salary" means hourly, monthly, or annual rate of pay including any lump-sum payments and cost-of-living adjustment increases but excluding payments due to overtime worked, shift or equipment differentials, work-out of class as required by collective bargaining agreements or plans established ~~pursuant to~~ *under* section 43A.18, and back pay on reallocation or other payments related to the hours or conditions under which work is performed rather than to the salary range or rate to which a class is assigned.

The salary, as established in section 15A.081, of the head of a state agency in the executive branch is the upper limit of compensation in the agency. The salary of the commissioner of labor and industry is the upper limit of compensation of employees in the bureau of mediation services. However, if an agency head is assigned a salary that is lower than the current salary of another agency employee, the employee ~~shall retain~~ *retains* the salary, but ~~shall may~~ *may* not receive ~~any an~~ increase in salary as long as the salary is above that of the agency head. The commissioner may grant exemptions from these upper limits as provided in subdivisions 3 and 4.

Sec. 8. Minnesota Statutes 1986, section 43A.17, subdivision 9, is amended to read:

Subd. 9. [POLITICAL SUBDIVISION SALARY LIMIT.] The salary of a person employed by a statutory or home rule charter city, county, town, school district, metropolitan or regional agency, or other political subdivision of this state, or employed ~~pursuant to~~ *under* section 422A.03, may not exceed 95 percent of the salary of the governor *as set under section 15A.082*, except as provided in this subdivision. *Deferred compensation*

*and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. The salary of a medical doctor occupying a position that the governing body of the political subdivision has determined requires an M.D. degree is excluded from the limitation in this subdivision. The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the legislative commission on employee relations and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have recommended approval.*

Sec. 9. Minnesota Statutes 1986, section 43A.18, subdivision 5, is amended to read:

Subd. 5. [GOVERNOR TO RECOMMEND CERTAIN SALARIES.] The governor shall, ~~on or before~~ by July 1 of each odd-numbered year, submit to the legislative commission on employee relations recommendations for salaries within the salary range for the positions listed in section 15A.081, subdivisions 1 and 7. The governor may also propose additions or deletions of positions from those listed.

(a) Before submitting the recommendations, the governor shall consult with the commissioner of administration, the commissioner of finance, and the commissioner of employee relations concerning the recommendations.

(b) In making recommendations, the governor shall consider only ~~those~~ the criteria established in subdivision 8 and ~~shall may~~ not take into account performance of individual incumbents. The governor shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities, and accountabilities and in determining recommendations rate each position by this system.

(c) Before the governor's recommended salaries take effect, the recommendations ~~shall must~~ be reviewed and approved, rejected, or modified by the legislative commission on employee relations and the legislature in the same manner as provided for the commissioner's plan in subdivision 2. The governor may also at any time propose changes in the salary rate of any positions covered by this subdivision, which ~~shall must~~ be submitted and approved in the same manner as provided in this subdivision.

(d) The governor shall set the initial salary of a head of ~~an a~~ new agency or a chair of a new metropolitan board or commission ~~hereafter established~~ whose salary is not specifically prescribed by law ~~shall be fixed by the governor,~~ after consultation with the commissioner, whose recommendation ~~shall be~~ is advisory only; ~~in an.~~ The amount of the new salary must be comparable to the salary of an agency head or commission chair having similar duties and responsibilities.

(e) The salary of a newly appointed head of an agency or chair of a metropolitan agency listed in section 15A.081, subdivision 1 or 7, may be increased or decreased by the governor from the salary previously set for that position within 30 days of the new appointment after consultation with

*the commissioner. If the governor increases a salary under this paragraph, the governor shall submit the new salary to the legislative commission on employee relations and the full legislature for approval, modification, or rejection in the manner provided in section 43A.18, subdivision 2. If the legislature rejects an increased salary or adjourns without action during the following legislative session, the salary for the position reverts to the level in effect before the governor proposed the change.*

Sec. 10. Minnesota Statutes 1986, section 43A.19, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE AFFIRMATIVE ACTION PROGRAM.]

(a) To assure that positions in the executive branch of the civil service are equally accessible to all qualified persons, and to eliminate the underutilization of qualified members of protected groups, the commissioner shall adopt and periodically revise, if necessary, a statewide affirmative action program. The statewide affirmative action program shall *must* consist of at least the following:

(1) objectives, ~~long range and interim~~ goals, and policies;

(2) procedures, standards and assumptions to be used by agencies in the preparation of agency affirmative action plans, including methods by which goals and timetables shall ~~be are~~ established; and

(3) requirements for annual *objectives and* submission of affirmative action progress reports from heads of agencies.

(b) The commissioner shall base ~~interim~~ *affirmative action* goals on at least the following factors:

(1) the percentage of members of each protected class in the recruiting area population who have the necessary skills;

(2) the availability for promotion or transfer of members of protected classes in the recruiting area population;

(3) the extent of unemployment of members of protected classes in the recruiting area population;

(4) the existence of training programs in needed skill areas offered by employing agencies and other institutions; and

(5) the expected number of available positions to be filled.

(c) The commissioner shall designate a state director of equal employment opportunity who may be delegated the preparation, revision, implementation and administration of the program. The commissioner of employee relations may place the director's position in the unclassified service if the position meets the criteria established in section 43A.08, subdivision 1a.

Sec. 11. Minnesota Statutes 1987 Supplement, section 43A.191, subdivision 3, is amended to read:

Subd. 3. [SANCTIONS AND INCENTIVES.] (a) The director of equal employment opportunity shall annually audit the record of each agency to determine the rate of compliance with annual hiring goals of each goal unit and to evaluate the agency's overall progress toward its affirmative action goals and objectives.

(b) By ~~February~~ *March* 1 of each year, the commissioner shall submit a report on affirmative action progress of each agency and the state as a

whole to the governor and to the finance committee of the senate, the appropriations committee of the house of representatives, and the governmental operations committees of both houses of the legislature, and the legislative commission on employee relations. The report must include *noncompetitive appointments made under section 43A.08, subdivision 2a, or 43A.15, and cover each agency's rate of compliance with annual hiring goals.* In addition, any agency that has not met its affirmative action hiring goals, that fails to make an affirmative action hire, or fails to justify its nonaffirmative action hire in 25 percent or more of the appointments made in the previous calendar year must be designated in the report as an agency not in compliance with affirmative action requirements.

(c) The commissioner shall study methods to improve the performance of agencies not in compliance with affirmative action requirements. ~~By January 15, 1986, the commissioner shall submit to the legislature a proposal for improving compliance rates. This proposal must include penalties for noncompliance.~~

(d) The commissioner shall establish a program to recognize agencies that have made significant and measurable progress toward achieving affirmative action objectives.

Sec. 12. Minnesota Statutes 1986, section 43A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The commissioner is authorized to request bids from carriers or to negotiate with carriers and to enter into contracts with carriers which in the judgment of the commissioner are best qualified to underwrite and service the benefit plans. The commissioner may negotiate premium rates and coverage provisions with all carriers licensed under chapters 62A, 62C, and 62D. The commissioner may also negotiate reasonable restrictions to be applied to all carriers under chapters 62A, 62C, and 62D. Contracts to underwrite the benefit plans ~~shall~~ *must* be bid or negotiated separately from contracts to service the benefit plans, which ~~shall~~ *may* be awarded only on the basis of competitive bids. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers and any other factors which the commissioner deems appropriate. Each benefit contract ~~shall~~ *must* be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. The commissioner shall, to the extent feasible, make hospital and medical benefits available from at least one carrier licensed to do business pursuant to each of chapters 62A, 62C and 62D. The commissioner need not provide health maintenance organization services to an employee who resides in an area which is not served by a licensed health maintenance organization. The commissioner may refuse to allow a health maintenance organization to continue as a carrier if it was selected by less than 200 employees in the preceding benefit year. The commissioner may elect not to offer all three types of carriers if there are no bids or no acceptable bids by that type of carrier or if the offering of additional carriers would result in substantial additional administrative costs. ~~Any~~ A carrier licensed pursuant to under chapter 62A ~~shall be~~ *is* exempt from the tax imposed by section 60A.15 on premiums paid to it by the state.

Sec. 13. Minnesota Statutes 1986, section 43A.23, subdivision 3, is amended to read:



Subd. 3. [CONTRACT WITH INSURANCE CARRIERS.] The commissioner of ~~labor and industry~~ *employee relations* may contract with carriers authorized to provide coverage under the state employees group insurance plan to extend coverage to eligible employees who incur medical expenses due to a personal injury which results from their state employment which is compensable under chapter 176.

Sec. 14. Minnesota Statutes 1986, section 43A.27, subdivision 3, is amended to read:

Subd. 3. [RETIRED EMPLOYEES.] A retired employee of the state who receives an annuity under a state retirement program may elect to purchase at personal expense individual and dependent hospital, medical and dental coverages *that are actuarially equivalent to those made available through collective bargaining agreements or plans established pursuant to section 43A.18 to employees in positions equivalent to that from which retired.* A spouse of a deceased retired employee who received an annuity under a state retirement program may purchase the coverage listed in this subdivision if the spouse was a dependent under the retired employee's coverage at the time of the employee's death. Coverages ~~shall~~ *must* be coordinated with relevant health insurance benefits provided through the federally sponsored medicare program. Appointing authorities shall provide notice to employees no later than the effective date of their retirement of the right to exercise the option provided in this subdivision. The retired employee must notify the commissioner or designee of the commissioner within 30 days after the effective date of the retirement of intent to exercise this option.

Sec. 15. Minnesota Statutes 1986, section 43A.27, is amended by adding a subdivision to read:

Subd. 6. [FOOD SERVICE EMPLOYEES.] *Employees of a contracted food service operation at a member institution of the state university system, if the food service was operated by the institution itself before it was turned over to a contractor and if the employer and the representative of employees, defined under section 179.01, subdivision 5, agree, may, before January 1, 1990, elect to enroll themselves and their dependents at their own or their employer's expense in the appropriate state plans for life insurance, hospital, medical, and dental benefits, and optional coverages at the time, in the manner, and under the conditions of eligibility the commissioner prescribes and otherwise approves.*

Sec. 16. Minnesota Statutes 1987 Supplement, section 43A.316, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the meaning given them.

(a) [COMMISSIONER.] "Commissioner" means the commissioner of employee relations.

(b) [EMPLOYEE.] "Employee" means (1) a person who is a public employee within the definition of section 179A.03, subdivision 14, *who is insurance eligible* and is employed by an eligible employer or (2) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public employer approved by the commissioner.

(c) [ELIGIBLE EMPLOYER.] "Eligible employer" means

(1) a public employer within the definition of section 179A.03, subdivision 15, that is a town, county, city, school district as defined in section 120.02, educational cooperative service unit as defined in section 123.58, intermediate district as defined in section 136C.02, subdivision 7, cooperative center for vocational education as defined in section 123.351, regional management information center as defined in section 121.935, or an education unit organized under the joint powers action, section 471.59; or

(2) an exclusive representative of employees, as defined in paragraph (b); or

(3) another public employer approved by the commissioner.

(d) [EXCLUSIVE REPRESENTATIVE.] "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

(e) [LABOR-MANAGEMENT COMMITTEE.] "Labor-management committee" means the committee established by subdivision 4.

(f) [PLAN.] "Plan" means the statewide public employees insurance plan created by subdivision 3.

Sec. 17. Minnesota Statutes 1987 Supplement, section 43A.316, subdivision 4, is amended to read:

Subd. 4. [LABOR-MANAGEMENT COMMITTEE.] ~~There is created a~~ *The labor-management committee consists of ten members appointed by the commissioner. The labor-management committee shall consist of must comprise five members who represent employees, including at least one retired employee, and five members who represent eligible employers. Committee members are eligible for expense reimbursement in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. The commissioner shall consult with the labor-management committee in major decisions that affect the plan. The committee shall study issues relating to the insurance plan including, but not limited to, flexible benefits, utilization review, quality assessment, and cost efficiency.*

Sec. 18. Minnesota Statutes 1987 Supplement, section 43A.316, subdivision 8, is amended to read:

Subd. 8. [CONTINUATION OF COVERAGE.] (a) A participating employee who is laid off or is on ~~unrequested~~ leave may elect to continue the plan coverage. This coverage is at the expense of the employee unless otherwise provided by a collective bargaining agreement. Premiums for these employees ~~shall~~ *must* be established by the commissioner. Coverage continues until one of the following occurs:

(1) the employee is reemployed and eligible for health care coverage under a group policy; or

(2) the insurance continuation periods required by state and federal laws expire.

(b) A participating employee who retires and is receiving an annuity or is eligible for and has applied for an annuity under chapter 352, 352B, 352C, 352D, 353, 354, 354A, 356, 422A, 423, 423A, 424, or 490 is eligible to continue participation in the plan. Any employer's contribution must cease when the retiree reaches age 65. These employees, and employees who have already retired prior to the group from which they retired entering the plan, are eligible to participate as long as their group continues to

participate. This participation is at the retiree's expense unless a collective bargaining agreement provides otherwise. *Premiums for these participants must be established by the commissioner.* An employer shall notify an employee of this option no later than the effective date of retirement. The retired employee shall notify the employer within 30 days of the effective date of retirement of intent to exercise this option.

(c) The spouse of a deceased, *active, or retired* employee may purchase the benefits provided at premiums established by the commissioner ~~if the deceased retired employee received an annuity under chapter 352, 353, 354, 354A, 356, 422A, 423, 423A, or 424~~ and if the spouse was a dependent under the *active or retired* employee's coverage under this section at the time of the death ~~of the retired employee.~~ *These participants are eligible to participate as long as the group which included their spouse participates.* Coverage under this clause ~~shall~~ must be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(~~e~~) (d) The plan benefits ~~shall~~ must continue in the event of strike permitted by section 179A.18, if the exclusive representative chooses to have coverage continue and the employee pays the total monthly premiums when due.

(~~d~~) (e) A person who desires to participate under paragraphs (a) to (~~e~~) (d) shall notify the eligible employer or former employer of intent to participate according to rules established by the commissioner. The eligible employer shall notify the commissioner, and coverage ~~shall begin~~ *begins* as soon as the commissioner permits.

Persons participating under these paragraphs shall make appropriate premium payments in the time and manner established by the commissioner.

Sec. 19. Minnesota Statutes 1987 Supplement, section 43A.316, is amended by adding a subdivision to read:

*Subd. 10. [BIDDING REQUIREMENT EXEMPTION.] The public employee insurance plan is exempt from the requirements imposed by section 471.616, subdivision 1.*

Sec. 20. Minnesota Statutes 1987 Supplement, section 43A.421, is amended to read:

**43A.421 [SUPPORTED WORK PROGRAM.]**

A total of 50 additional full-time positions within agencies of state government may be selected for inclusion for a supported work program for persons with severe disabilities. A full-time position may be shared by up to three persons with severe disabilities and their job coach. *The job coach is not a state employee within the scope of section 43A.02, subdivision 21, or 179A.03, subdivision 14, unless the job coach holds another position within the scope of section 43A.02, subdivision 21, or 179A.03, subdivision 14.*

Sec. 21. Minnesota Statutes 1987 Supplement, section 44A.02, subdivision 1, is amended to read:

Subdivision 1. [SELECTION.] The president of the world trade center corporation is selected by a majority of the board and serves at the pleasure of the board. The president must be familiar with the international business community, and have demonstrated proficiency in communication skills, administration, and management. The salary of the president is set by the

board, but may not exceed the *top of the salary range* set for the commissioner of finance under section 15A.081, subdivision 1.

Sec. 22. Minnesota Statutes 1987 Supplement, section 79.34, subdivision 1, is amended to read:

Subdivision 1. A *The* nonprofit association known as the workers' compensation reinsurance association is ~~created, which~~ may be incorporated under chapter 317 with all the powers of a corporation formed under that chapter, except that if the provisions of that chapter are inconsistent with sections 79.34 to 79.40 ~~or any amendments thereto~~, sections 79.34 to 79.40 ~~shall~~ govern. Each insurer as defined by section 79.01, subdivision 2, shall, as a condition of its authority to transact workers' compensation insurance in this state, be a member of the reinsurance association and ~~shall be~~ is bound by the plan of operation of the reinsurance association; provided, that all affiliated insurers within a holding company system as defined in sections 60D.01 to 60D.13 ~~shall be are~~ considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association. Each self-insurer approved ~~pursuant to~~ under section 176.181 and each political subdivision ~~which that~~ self-insures shall, as a condition of its authority to self-insure workers' compensation liability in this state, be a member of the reinsurance association and ~~shall be is~~ bound by its plan of operation; provided, that:

(a) (1) all affiliated companies within a holding company system, as determined by the commissioner in a manner consistent with the standards and definitions in sections 60D.01 to 60D.13, ~~shall be are~~ considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association; and

(b) (2) all group self-insurers granted authority to self-insure pursuant to section 176.181 ~~shall be are~~ considered a single ~~entity~~ *entities* for purposes of the exercise of all the rights and duties of membership in the reinsurance association. As a condition of its authority to self-insure workers' compensation liability, and for losses incurred ~~on or after January 1, 1984~~ *December 31, 1983*, the state ~~shall be is~~ a member of the reinsurance association and is bound by its plan of operation. The commissioner of ~~labor and industry employee relations~~ represents the state in the exercise of all the rights and duties of membership in the reinsurance association. The state treasurer shall pay the premium to the reinsurance association from the state compensation revolving fund upon warrants of the commissioner of ~~labor and industry employee relations~~. For the purposes of this section "state" means the administrative branch of state government, the legislative branch, the judicial branch, the University of Minnesota, and any other entity whose workers' compensation liability is paid from the state revolving fund. The commissioner of finance may calculate, prorate, and charge a department or agency the portion of premiums paid to the reinsurance association for employees who are paid wholly or in part by federal funds, dedicated funds, or special revenue funds. The reinsurance association is not a state agency. Actions of the reinsurance association and its board of directors and actions of the commissioner of labor and industry with respect to the reinsurance association are not subject to chapters 13, 14, and 15. All property owned by the association is exempt from taxation. The reinsurance association is not obligated to make any payments or pay any assessments to any funds or pools established pursuant to this chapter or chapter 176 or any other law.

Sec. 23. Minnesota Statutes 1986, section 175.101, is amended by adding a subdivision to read:

*Subd. 4. The commissioner may designate a workers' compensation settlement judge at the department of labor and industry to serve as chief workers' compensation settlement judge. The commissioner may revoke the designation at any time. A revocation does not affect the revoked designee's status as a workers' compensation settlement judge.*

Sec. 24. Minnesota Statutes 1987 Supplement, section 176.611, subdivision 2, is amended to read:

*Subd. 2. [STATE DEPARTMENTS.] Every department of the state, including the University of Minnesota, shall reimburse the fund for money paid for its claims and the costs of administering the revolving fund at such times and in such amounts as the commissioner of labor and industry employee relations shall certify has been paid out of the fund on its behalf. The heads of the departments shall anticipate these payments by including them in their budgets. In addition, the commissioner of labor and industry employee relations, with the approval of the commissioner of finance, may require an agency to make advance payments to the fund sufficient to cover the agency's estimated obligation for a period of at least 60 days. Reimbursements and other money received by the commissioner of labor and industry employee relations under this subdivision must be credited to the state compensation revolving fund.*

Sec. 25. Minnesota Statutes 1987 Supplement, section 176.611, subdivision 3a, is amended to read:

*Subd. 3a. [LOANS.] To maintain an ongoing balance sufficient to pay sums currently due for benefits and administrative costs, the commissioner of finance, upon request of the commissioner of labor and industry employee relations, may transfer money from the general fund to the state compensation revolving fund. Before requesting the transfer, the commissioner of labor and industry employee relations must decide there is not enough money in the fund for an immediate, necessary expenditure. The amount necessary to make the transfer is appropriated from the general fund to the commissioner of finance. The commissioner of labor and industry employee relations shall make schedules to repay the transferred money to the general fund. The repayment may not extend beyond five years.*

Sec. 26. Minnesota Statutes 1986, section 179A.10, subdivision 3, is amended to read:

*Subd. 3. [STATE EMPLOYEE SEVERANCE.] Each of the following groups of employees has the right, as specified in this subdivision, to separate from the general professional, health treatment, or general supervisory units provided for in subdivision 2: attorneys, physicians, professional employees of the higher education coordinating board who are compensated pursuant to under section 43A.18, subdivision 4, state patrol-supervisors, regional enforcement officers employed by the department of natural resources, and criminal apprehension investigative-supervisors. This right shall must be exercised by petition during the 60-day period commencing 270 days prior to the termination of a contract covering the units. If one of these groups of employees exercises the right to separate from the units they shall have no right to meet and negotiate, but shall retain the right to meet and confer with the commissioner of employee relations and with the appropriate appointing authority on any matter of concern to them.*

The manner of exercise of the right to separate shall be *must be exercised* as follows: An employee organization or group of employees claiming that a majority of any one of these groups of employees on a statewide basis wish to separate from their units may petition the director for an election during the petitioning period. If the petition is supported by a showing of at least 30 percent support for the petitioner from the employees, the director shall hold an election to ascertain the wishes of the majority with respect to the issue of remaining within or severing from the units provided in subdivision 2. This election shall *must* be conducted within 30 days of the close of the petition period. If a majority of votes cast endorse severance from the unit in favor of separate meet and confer status for any one of these groups of employees, the director shall certify that result. This election shall, where not inconsistent with other provisions of this section, be *is* governed by section 179A.16. If a group of employees elects to sever *they, the group* may rejoin that unit by following the same procedures specified above for severance, but may only do so during the periods provided for severance.

Sec. 27. Minnesota Statutes 1987 Supplement, section 214.04, subdivision 3, is amended to read:

Subd. 3. The executive secretary of each health-related and non-health-related board shall be the chief administrative officer for the board but shall not be a member of the board. The executive secretary shall maintain the records of the board, account for all fees received by it, supervise and direct employees servicing the board, and perform other services as directed by the board. The executive secretaries and other employees of the following boards shall be hired by the board, and the executive secretaries shall be in the unclassified civil service, except as provided in this subdivision:

- (1) dentistry;
- (2) medical examiners;
- (3) nursing;
- (4) pharmacy;
- (5) accountancy;
- (6) architecture, engineering, land surveying and landscape architecture;
- (7) barber examiners;
- (8) cosmetology;
- (9) electricity;
- (10) teaching;
- (11) peace officer standards and training;
- (12) social work;
- (13) marriage and family therapy;
- (14) unlicensed mental health service providers; and
- (15) office of social work and mental health boards.

The board of medical examiners shall set the salary of its executive director, which may not exceed 95 percent of the top of the salary range set for the commissioner of health in section 15A.081, subdivision 1. ~~In~~ June of the year in which a salary increase is to be adopted; and at least

30 days before the board of medical examiners adopts a salary increase for its executive director. The board shall submit the a proposed salary increase to the legislative commission on employee relations and the full legislature for approval, modification, or rejection in the manner provided in section 43A.18, subdivision 2.

The executive secretaries serving the remaining boards shall be are hired by those boards, and shall be are in the unclassified civil service, except for part-time executive secretaries, who are not required to be in the unclassified service. Boards not requiring a full-time executive secretary secretaries may employ such services them on a part-time basis. To the extent practicable, the sharing of part-time executive secretaries by boards being serviced by the same department is encouraged. Persons providing services to those boards not listed in this subdivision, except executive secretaries of the boards and employees of the attorney general, shall be are classified civil service employees of the department servicing the board. To the extent practicable, the commissioner shall ensure that staff services are shared by the boards being serviced by the department. If necessary, a board may hire part-time, temporary employees to administer and grade examinations.

Sec. 28. [WASTE MANAGEMENT BOARD EMPLOYEES.]

*By January 1, 1989, the commissioner of employee relations shall transfer employees of the waste management board in the unclassified service to the classified service of the state without competitive or qualifying examination and shall place them in their proper classifications. A transferred employee with less than six months of service in the employee's position at the time of the transfer shall serve a probationary period appropriate for the employee's classification under section 43A.16. The probation period must include the time since the employee's hire in the unclassified position from which the employee was transferred. This section does not apply to the chair of the board, the assistant to the chair, and one confidential secretary to the board.*

Sec. 29. [CERTAIN FOOD SERVICE EMPLOYEES.]

*Food service employees covered by section 15 who participate in the state group insurance plan are transferred to the public employees insurance plan under Minnesota Statutes, section 43A.316, effective January 1, 1990, or when the commissioner of employee relations certifies that the plan is able to enroll and provide coverage for groups, whichever is later. Food service employees covered by section 15 who do not participate in the state group insurance plan are eligible to participate in the public employees insurance plan under Minnesota Statutes, section 43A.316, effective September 1, 1989."*

Amend the title as follows:

Page 1, line 13, after "sections" insert "15A.083, subdivision 7;"

Page 1, line 14, delete "subdivisions 2 and 11" and insert "subdivision 2"

Page 1, lines 20 and 21, delete "15A.083, subdivision 7;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Donald M. Moe, Darril Wegscheid, Gen Olson

House Conferees: (Signed) Richard Jefferson, Wayne Simoneau, Gerald

Knickerbocker

Mr. Moe, D.M. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2003 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2003 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Davis	Hughes	Metzen	Solon
Anderson	Decker	Johnson, D.E.	Moe, D.M.	Spear
Beckman	DeCramer	Jude	Morse	Storm
Belanger	Dicklich	Knutson	Olson	Stumpf
Benson	Diessner	Laidig	Pehler	Taylor
Berglin	Frank	Langseth	Peterson, R.W.	Vickerman
Bertram	Frederick	Lantry	Piper	Waldorf
Brataas	Frederickson, D.J.	Luther	Ramstad	Wegscheid
Chmielewski	Frederickson, D.R.	Marty	Reichgott	
Cohen	Freeman	McQuaid	Renneke	
Dahl	Gustafson	Mehrken's	Schmitz	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on S.F. No. 2428. The Sergeant at Arms was instructed to bring in the absent members.

### RECONSIDERATION

Mr. Berg moved that the vote whereby S.F. No. 2428 failed to pass the Senate on April 12, 1988, be now reconsidered. The motion prevailed.

S.F. No. 2428: A bill for an act relating to workers' compensation benefits and administration; regulating workers' compensation insurance; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.01, subdivision 1; 79.074, by adding subdivisions; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10; 176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8;



and 176.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1986, sections 79.50; 79.51; 79.52; 79.53; 79.54; 79.55; 79.56; 79.57; 79.58; 79.59; 79.60; 79.61; 79.62; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2.

Mr. Chmielewski moved to amend S.F. No. 2428, as amended by the Senate April 12, 1988, as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
WORKERS' COMPENSATION SYSTEM CHANGES

Section 1. Minnesota Statutes 1986, section 176.011, subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] "Family farm" means any farm operation which (1) pays or is obligated to pay less than ~~\$8,000~~ \$20,000 in cash wages, exclusive of machine hire, to farm laborers for services rendered during the preceding calendar year, and (2) has total liability and medical payment coverage equal to \$250,000 and \$5,000, respectively, under a farm liability insurance policy. For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 2. Minnesota Statutes 1986, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed 66

~~2/3~~ 80 percent of the product of the daily wage times the number of days normally worked employee's after-tax weekly wage, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 3. Minnesota Statutes 1986, section 176.011, is amended by adding a subdivision to read:

*Subd. 18a. [AFTER-TAX WEEKLY WAGE.] After-tax weekly wage means the weekly wage reduced by the amounts required to be withheld by the Federal Insurance Contributions Act, United States Code, Title 16, sections 3101 to 3126, but without regard to the yearly maximum, and by state and federal income tax laws using as the number of allowances the number of exemptions that the employee is entitled to under federal law for the employee and the employee's dependents.*

Sec. 4. Minnesota Statutes 1986, section 176.021, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section ~~176.101~~ 13. If doubt exists as to the eventual permanent partial disability, payment for the economic recovery compensation or impairment compensation, whichever is due, pursuant to section ~~176.101~~, shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of economic recovery compensation or lump sum or periodic payment of impairment compensation permanent partial disability compensation, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. Economic recovery compensation or impairment compensation pursuant to section ~~176.101~~ is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section ~~176.101~~. Impairment compensation is payable concurrently and in addition to compensation for permanent total disability pursuant to section ~~176.101~~. Economic recovery compensation or impairment compensation pursuant to section ~~176.101~~ shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of economic recovery compensation or impairment compensation against liability for temporary total or future permanent total

disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.

The right to receive economic recovery compensation or impairment permanent partial compensation vests in an injured employee or in the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained, provided that the employee lives for at least 30 days beyond the date of the injury. The right is not abrogated by the employee's death prior to the making of the payment. Upon the death of an employee who is receiving economic recovery compensation or impairment compensation, further compensation is payable pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.

Disability ratings for permanent partial disability shall be based on objective medical evidence.

Sec. 5. Minnesota Statutes 1987 Supplement, section 176.041, subdivision 4, is amended to read:

Subd. 4. [OUT-OF-STATE EMPLOYMENTS.] (a) Except as provided in paragraph (b), if an employee who regularly performs the primary duties of employment outside of this state or is hired to perform the primary duties of employment outside of this state, receives an injury within this state in the employ of the same employer, such injury shall be covered within the provisions of this chapter if the employee chooses to forego any workers' compensation claim resulting from the injury that the employee may have a right to pursue in some other state, provided that the special compensation fund is not liable for payment of benefits pursuant to section 176.183 if the employer is not insured against workers' compensation liability pursuant to this chapter and the employee is a nonresident of Minnesota on the date of the personal injury.

(b) An employee who has been hired outside of this state, or regularly performs the primary duties of employment outside of this state, and the employee's employer, are exempt from the provisions of this chapter while the employee is temporarily within this state performing work for the employer provided the employer has furnished workers' compensation insurance coverage under the workers' compensation law or other similar law of another state which covers the employee's employment while in this state. The benefits under the workers' compensation law or similar law of the other state, or other remedies under that state's law, are the exclusive remedy against the employer for any injury, whether resulting in death or

*not, received by the employee while working for that employer within this state. A certificate from the commissioner of labor and industry or other similar official of another state certifying that the employer is insured in that state and has provided extraterritorial coverage insuring its employees while working within this state is prima facie evidence that the employer carries workers' compensation insurance on those employees.*

Sec. 6. Minnesota Statutes 1986, section 176.061, subdivision 10, is amended to read:

Subd. 10. [INDEMNITY.] Notwithstanding the provisions of chapter 65B or any other law to the contrary, an employer has a right of indemnity for any compensation paid or payable pursuant to this chapter, including temporary total compensation, temporary partial compensation, permanent partial disability, ~~economic recovery compensation, impairment compensation,~~ medical compensation, rehabilitation, death, and permanent total compensation.

Sec. 7. Minnesota Statutes 1986, section 176.081, subdivision 1, is amended to read:

Subdivision 1. (a) A fee for legal services of 25 percent of the first \$4,000 of compensation awarded to the employee and 20 percent of the next \$27,500 of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or any other party except as provided in ~~clause~~ paragraph (b). If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. Fees for administrative conferences under ~~section 176.242, 176.2421, 176.243, or 176.244 sections 176.106 and 176.239~~ shall be determined on an hourly basis, according to the criteria in subdivision 5.

(b) An attorney who is claiming legal fees ~~under this section~~ for representing an employee in a workers' compensation matter shall file a statement of ~~attorney's attorney~~ fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the amount requested shall be awarded to the party requesting the fee. If a timely objection is filed, or the fee is determined on an hourly basis, the commissioner, compensation judge, or court of appeals shall review the matter and make a determination based on the criteria in subdivision 5. If no timely objection is made by an employer or insurer, reimbursement under subdivision 7 shall be made if the statement of fees requested this reimbursement.

(c) An attorney representing employers or insurers shall file a statement of attorney fees or wages with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. The statement of attorney fees or wages must contain the following information: the average hourly wage or the value of hours worked on that case if the attorney is an employee of the employer or insurer, the number of hours worked on that case, and the average hourly rate or amount charged an employer or insurer for that case if the attorney is not an employee of the employer or insurer.

(d) Employers and insurers may not pay attorney fees or wages for legal services of more than \$6,500 per case unless the additional fees or wages are approved under subdivision 2.

Sec. 8. Minnesota Statutes 1987 Supplement, section 176.081, subdivision 2, is amended to read:

Subd. 2. An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the commissioner, compensation judge, or district judge, before whom the matter was heard. An appeal of a decision by the commissioner, a compensation judge, or district court judge on additional fees may be made to the workers' compensation court of appeals. The application shall set forth the fee requested ~~and, the number of hours spent on the case,~~ the basis for the request, and whether or not a hearing is requested. The application, with affidavit of service upon the ~~employee attorney's client,~~ shall be filed by the attorney requesting the fee. If a hearing is requested by an interested party, a hearing shall be set with notice of the hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 9. Minnesota Statutes 1986, section 176.081, subdivision 3, is amended to read:

Subd. 3. ~~An employee who~~ A party that is dissatisfied with its attorney fees, may file an application for review by the workers' compensation court of appeals. Such application shall state the basis for the need of review and whether or not a hearing is requested. A copy of such application shall be served upon the party's attorney ~~for the employee~~ by the court administrator and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. ~~The attorney for the employee shall be served with a notice of the hearing.~~ The workers' compensation court of appeals shall have the authority to raise ~~the question of~~ the issue of the attorney fees at any time upon its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 10. Minnesota Statutes 1986, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For an injury producing temporary total disability, the compensation is ~~66-2/3~~ 80 percent of the after-tax weekly wage at the time of injury.

(1) ~~provided that during the year commencing on October 1, 1979, and each year thereafter, commencing on October 1,~~ (b) The maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31, of the preceding year.

(2) (c) The minimum weekly compensation benefits for temporary total disability shall be not less than ~~50~~ 20 percent of the statewide average

weekly wage or the injured employee's actual *after-tax* weekly wage, whichever is less. ~~In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.~~

(d) Subject to subdivisions 3a to 3u This compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be, and shall cease whenever any one of the following occurs:

(1) the disability ends;

(2) the employee returns to work;

(3) the employee retires by withdrawing from the labor market;

(4) the employee refuses an offer of work that is consistent with a plan of rehabilitation filed with the commissioner, which meets the requirements of section 176.102, subdivision 1, or, if no plan has been filed, that the employee can do in the employee's physical condition; or

(5) 90 days have passed after the employee has reached maximum medical improvement, except as provided in section 176.102, subdivision 11, paragraph (b).

(e) For purposes of paragraph (d), clause (5), the 90-day period after maximum medical improvement commences on the earlier of:

(1) the date that the employee receives a written medical report indicating that the employee has reached maximum medical improvement; or

(2) the date that the employer or insurer serves the report on the employee and the employee's legal representative and files a copy with the division.

(f) Once compensation has ceased under paragraph (d), clauses (1), (2), and (3), it may be recommenced at a later date if: the employee returns to work, the employee is laid off due to economic conditions or is medically unable to continue at the job, and the layoff or inability to continue occurs prior to 90 days after the employee reaches maximum medical improvement. Compensation recommenced under this paragraph is subject to cessation under paragraph (d). Recommenced compensation may not be paid beyond 90 days after the employee reaches maximum medical improvement, except as provided under section 176.102, subdivision 11, paragraph (b).

(g) Once compensation has ceased under paragraph (d), clauses (4) and (5), it may not be recommenced at a later date except as provided under section 176.102, subdivision 11, paragraph (b).

Sec. 11. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

*Subd. 1a. [EXTENDED DISABILITY COMPENSATION.] (a) If an employee, who has a permanent partial disability, is not working because of the personal injury after payment of permanent partial disability benefits is complete, the employee shall be eligible for extended disability compensation. If an employee received any permanent partial compensation in a lump sum, payment will be considered complete after expiration of the period that the employee would have received permanent partial compensation had it been paid periodically.*

*(b) Extended disability compensation is paid at the rate for temporary total compensation, escalated under section 176.645, for the number of*

weeks equal to 246 multiplied by the employee's percentage rating of permanent partial disability, determined according to the rules adopted by the commissioner pursuant to section 176.105, subdivision 4. The total extended compensation for any injury may not exceed this product.

(c) Extended disability compensation shall cease if the employee is no longer disabled, returns to work, refuses a job offer described in subdivision 1, paragraph (d), clause (4), or retires from the labor market.

(d) An employee is not eligible for extended disability compensation if, at any time before the employee would have become eligible:

(1) the employee refuses a job offer, as described in subdivision 1, paragraph (d), clause (4); or

(2) the employee returns to work and terminates employment, unless the employee was medically unable to continue work or was terminated without just cause;

(e) An employee is eligible for extended compensation at any time after payment of permanent partial benefits is complete so long as the employee meets the qualifications of this section and has not been paid the maximum number of weeks under paragraph (b) for that injury; provided that, extended compensation may not be paid beyond 350 weeks after the date of injury.

Sec. 12. Minnesota Statutes 1986, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] (a) In all cases of temporary partial disability the compensation shall be ~~66-2/3 percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition.~~ paid as follows:

(1) for the first 26 weeks that the employee returns to work, the compensation shall be 80 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition;

(2) for the second 26 weeks that the employee returns to work, the compensation shall be 60 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition; and

(3) for the third 26 weeks that the employee returns to work, the compensation shall be 40 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition.

(b) This compensation shall be paid during the period of disability except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to a maximum compensation equal to 105 percent of the statewide average weekly wage.

(c) Temporary partial compensation may be paid only while the employee is working and earning less than the employee's weekly wage at the time of the injury. Except as provided in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid after the employee has returned to work for 78 weeks or after 350 weeks after the date of injury, whichever occurs first.

Sec. 13. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

*Subd. 3. [PERMANENT PARTIAL DISABILITY.] (a) Compensation for permanent partial disability is as provided in this subdivision. For permanent partial disability up to the percent of the whole body shown in the following schedule, the amount of compensation is equal to the proportion that the loss of function of the disabled part bears to the whole body multiplied by the amount aligned with that percent in the following schedule:*

<i>Percent of Disability</i>	<i>Amount</i>
0-25	\$ 75,000
26-30	80,000
31-35	85,000
36-40	90,000
41-45	95,000
46-50	100,000
51-55	120,000
56-60	140,000
61-65	160,000
66-70	180,000
71-75	200,000
76-80	240,000
81-85	280,000
86-90	320,000
91-95	360,000
96-100	400,000

*An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.*

*(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee is not working, the compensation is payable in installments at the same intervals and in the same amount as the initial temporary total disability rate. If the employee returns to work, the remaining compensation is payable in a lump sum 30 days after the employee returned to work provided the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at the job at the end of the period.*

Sec. 14. Minnesota Statutes 1986, section 176.101, subdivision 4, is amended to read:

*Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be ~~66-2/3~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply*



to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 15. Minnesota Statutes 1986, section 176.101, subdivision 5, is amended to read:

Subd. 5. [~~TOTAL DISABILITY DEFINITION.~~] (a) For purposes of subdivision 4, permanent total disability means only:

(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties; or

(2) any other injury which totally and permanently incapacitates the employee from working at an occupation which brings the employee an income ~~constitutes total disability.~~

(b) For purposes of paragraph (a), clause (2), totally and permanently incapacitated means that the employee's physical disability, in combination with the employee's age, education and training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income. Local labor market conditions may not be considered in making the total and permanent incapacitation determination.

Sec. 16. Minnesota Statutes 1986, section 176.102, subdivision 1, is amended to read:

Subdivision 1. [~~SCOPE.~~] (a) This section only applies to vocational rehabilitation of injured employees and their spouses as provided under subdivision 1a. Physical rehabilitation of injured employees is considered treatment subject to section 176.135.

(b) Rehabilitation is intended to restore the injured employee, ~~through physical and vocational rehabilitation,~~ so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.

Sec. 17. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 2, is amended to read:

Subd. 2. [~~ADMINISTRATORS.~~] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited

to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services *and shall by rule, subject to chapter 14, establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors.* The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 18. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3, is amended to read:

Subd. 3. [REVIEW PANEL.] There is created a rehabilitation review panel composed of the commissioner or a designee, who shall serve as an ex officio member and ~~two members~~ *one member* each ~~from representing employers, insurers, rehabilitation, and medicine, one member representing chiropractors, and four~~ *two members each* representing labor and *rehabilitation vendors, and six members who are qualified rehabilitation consultants.* The members shall be appointed by the commissioner and shall serve four-year terms which may be renewed. Compensation for members shall be governed by section 15.0575. The panel shall select a chair. The panel shall review and make a determination with respect to appeals from orders of the commissioner regarding certification approval of qualified rehabilitation consultants and vendors. The hearings are de novo and initiated by the panel under the contested case procedures of chapter 14, and are appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

Sec. 19. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3a, is amended to read:

Subd. 3a. [DISCIPLINARY ACTIONS.] The panel has authority to discipline qualified rehabilitation consultants and vendors and may impose a penalty of up to \$1,000 per violation, and may suspend or revoke certification. Complaints against registered qualified rehabilitation consultants and vendors shall be made to the commissioner who shall investigate all complaints. If the investigation indicates a violation of this chapter or rules adopted under this chapter, the commissioner may initiate a contested case proceeding under the provisions of chapter 14. In these cases, the rehabilitation review panel shall make the final decision following receipt of the report of an administrative law judge. The decision of the panel is appealable to the workers' compensation court of appeals in the manner provided by section 176.421. The panel shall continuously study rehabilitation services and delivery, develop and recommend rehabilitation rules to the commissioner, and assist the commissioner in accomplishing public education.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one labor member, one employer or insurer member, ~~and one member representing medicine, chiropractic, or rehabilitation vendors, and one member representing qualified rehabilitation consultants.~~

Sec. 20. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] (a) ~~An employer~~

or insurer shall provide rehabilitation consultation by a qualified rehabilitation consultant or by another person permitted by rule to provide consultation to an injured employee within five days after the employee has 60 days of lost work time due to the personal injury, except as otherwise provided in this subdivision. Where an employee has incurred an injury to the back, the consultation shall be made within five days after the employee has 30 days of lost work time due to the injury. The lost work time in either case may be intermittent lost work time. If an employer or insurer has medical information at any time prior to the time specified in this subdivision that the employee will be unable to return to the job the employee held at the time of the injury rehabilitation consultation shall be provided immediately after receipt of this information.

For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time. A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant; except that, if the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own choosing within 30 days following the first in-person contact between the employee and the original qualified rehabilitation consultant. If the consultation indicates that rehabilitation services are appropriate pursuant to subdivision 1, the employer shall provide such services. If the consultation indicates that rehabilitation services are not appropriate pursuant to subdivision 1, the employer shall notify the employee of this determination within seven days after the consultation.

(b) In order to assist the commissioner in determining whether or not to request rehabilitation consultation for an injured employee, an employer must notify the commissioner whenever the employee's temporary total disability will likely exceed 13 weeks. The notification must be made within 90 days from the date of the injury or when the likelihood of at least a 13-week disability can be determined, whichever is earlier, and must include a current physician's report.

(c) The qualified rehabilitation consultant appointed by the employer or insurer shall disclose in writing at the first meeting or written communication with the employee any ownership interest or affiliation between the firm which employs the qualified rehabilitation consultant and the employer, insurer, adjusting or servicing company, including the nature and extent of the affiliation or interest. The consultant shall also disclose to all parties any affiliation, business referral or other arrangement between the consultant or the firm employing the consultant and any other party to the case, including or to any attorneys, doctors, or chiropractors.

If the employee objects to the employer's selection of a qualified rehabilitation consultant, the employee shall notify the employer and the commissioner in writing of the objection. The notification shall include the name, address, and telephone number of the qualified rehabilitation consultant chosen by the employee to provide rehabilitation consultation.

(d) After the initial provision or selection of a qualified rehabilitation

consultant as provided under paragraph (a), the employee may choose request a different qualified rehabilitation consultant as follows:

(1) once during the first 60 days following the first in-person contact between the employee and the original consultant;

(2) once after the 60-day period referred to in clause (1); and

(3) subsequent requests which shall be determined granted or denied by the commissioner or compensation judge according to the best interests of the parties.

(e) The employee and employer shall enter into a program if one is prescribed in develop a rehabilitation plan within 30 days of the rehabilitation consultation if the qualified rehabilitation consultant determines that rehabilitation is appropriate. A copy of the plan, including a target date for return to work, shall be submitted to the commissioner within 15 days after the plan has been developed.

(b) (f) If the employer does not provide rehabilitation consultation, or the employee does not select a qualified rehabilitation consultant, as required by this section provided under paragraph (a), the commissioner or compensation judge shall notify the employer that if the employer fails to appoint provide, or the employee fails to select, whichever is applicable, a qualified rehabilitation consultant or other persons as permitted by clause (a) within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner or compensation judge determines the consultation is not required.

(e) (g) In developing a rehabilitation plan consideration shall be given to the employee's qualifications, including but not limited to age, education, previous work history, interest, transferable skills, and present and future labor market conditions.

(d) (h) The commissioner or compensation judge may waive rehabilitation services under this section if the commissioner or compensation judge is satisfied that the employee will return to work in the near future or that rehabilitation services will not be useful in returning an employee to work.

Sec. 21. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify, or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled. A plan that is not completed within six months or that will cost more than \$3,000 must be specifically approved by the commissioner. This approval may not be waived by the parties.

Sec. 22. Minnesota Statutes 1986, section 176.102, subdivision 7, is amended to read:

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] (a) Upon request by the commissioner, insurer, employer or employee, medical and rehabilitation reports shall be made by the provider of the medical and rehabilitation service to the commissioner, insurer, employer, or employee.

(b) *If a rehabilitation plan has not already been filed pursuant to subdivision 4, an employer shall report to the commissioner after 90 days from the date of the injury, but before 120 days therefrom, as to what rehabilitation consultation and services, if any, have been provided to the injured employee or why rehabilitation consultation and services have not been provided.*

Sec. 23. Minnesota Statutes 1986, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; COMPENSATION.] (a) Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition ~~the commissioner~~ for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner *or compensation judge* determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner *or compensation judge* may award additional compensation in an amount ~~the commissioner determines is appropriate~~, not to exceed the employee's request. This additional compensation shall cease at any time the commissioner *or compensation judge* determines the special circumstances are no longer present.

(b) *Pursuant to section 176.101, subdivisions 1 and 2, temporary total disability or temporary partial disability shall be paid during a retraining plan that has been specifically approved under this section and for up to 90 days after the end of the plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101, subdivision 1, paragraph (d), clauses (1) to (4). Compensation paid under this paragraph must cease if the employee terminates participation in the approved retraining plan without good cause.*

Sec. 24. Minnesota Statutes 1986, section 176.105, subdivision 1, is amended to read:

Subdivision 1. (a) The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. *The commissioner, in consultation with the medical services review board, shall annually review these rules to determine whether any injuries omitted from the schedule should be compensable and, if so, amend the rules accordingly.*

(b) *Disability ratings for permanent partial disability must be based on objective medical evidence.*

Sec. 25. Minnesota Statutes 1986, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ 80 percent of the *after-tax* weekly wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 26. Minnesota Statutes 1986, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child 60 80 percent of the *daily after-tax weekly wage* at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. At that time there shall be paid to the dependent surviving spouse weekly benefits at a rate which is  $16\frac{2}{3}$  percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, including adjustments as provided in section 176.645.

Sec. 27. Minnesota Statutes 1986, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children  $66\frac{2}{3}$  80 percent of the *daily after-tax weekly wage* at the time of the injury of the deceased until the last dependent child is no longer dependent. At that time the dependent surviving spouse shall be paid weekly benefits at a rate which is 25 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, adjusted according to section 176.645.

Sec. 28. Minnesota Statutes 1986, section 176.111, subdivision 12, is amended to read:

Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid 55 80 percent of the *after-tax weekly wage* at the time of the injury of the deceased, for two or more orphans there shall be paid  $66\frac{2}{3}$  80 percent of the *wages after-tax weekly wage*.

Sec. 29. Minnesota Statutes 1986, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee leave no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on deceased, there shall be paid to such parents jointly 45 80 percent of the *after-tax weekly wage* at the time of the injury of the deceased. In case of the death of either of the wholly dependent parents the survivor shall receive 35 80 percent of the *after-tax weekly wage* thereafter. If the deceased employee leave one parent wholly dependent on the deceased, there shall be paid to such parent 35 80 percent of the *after-tax weekly wage* at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 30. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, 30 40 percent of the *after-tax weekly wage* at the time of injury of the deceased, or if more than one, 35

45 percent of the *after-tax* weekly wage at the time of the injury of the deceased, divided among them share and share alike.

Sec. 31. Minnesota Statutes 1986, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66-2/3~~ 80 percent of the *after-tax* weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 32. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the *after-tax* weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program.

Sec. 33. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 1, is amended to read:

Subdivision 1. If an employee incurs personal injury and suffers disability from that injury alone that is substantially greater, because of a preexisting physical impairment, than what would have resulted from the personal injury alone, the employer or insurer shall pay all compensation provided by this chapter, but the employer shall be reimbursed from the special compensation fund for all compensation paid in excess of 52 weeks of monetary benefits and ~~\$2,000~~ \$3,500 in medical expenses, subject to the exceptions in paragraphs (a), (b), and (c):

(a) If the disability caused by the subsequent injury is made substantially greater by the employee's registered preexisting physical impairment, there shall be apportionment of liability among all injuries. The special compensation fund shall only reimburse for that portion of the compensation, medical expenses, and rehabilitation expenses attributed to the subsequent injury after the applicable deductible has been met.

(b) If the subsequent personal injury alone results in permanent partial disability to a scheduled member under the schedule adopted by the commissioner pursuant to section 176.105, the special compensation fund shall not reimburse permanent partial disability, medical expenses, or rehabilitation expenses.

(c) *Reimbursement for compensation paid shall be at the rate of 75 percent.*

Sec. 34. Minnesota Statutes 1986, section 176.131, subdivision 1a, is amended to read:

Subd. 1a. If an employee is employed in an on-the-job training program pursuant to an approved rehabilitation plan under section 176.102 and the employee incurs a personal injury that aggravates the personal injury for which the employee has been certified to enter the on-the-job training program, the on-the-job training employer shall pay the medical expenses and compensation required by this chapter, and shall be reimbursed from the special compensation fund for the compensation and medical expense that is attributable to the aggravated injury; *except that, reimbursement for compensation paid shall be at the rate of 75 percent.* The employer, at the time of the personal injury for which the employee has been approved for on-the-job training, is liable for the portion of the disability that is attributable to that injury.

Sec. 35. Minnesota Statutes 1986, section 176.131, subdivision 2, is amended to read:

Subd. 2. If the employee's personal injury results in disability or death, and if the injury, death, or disability would not have occurred except for the preexisting physical impairment registered with the special compensation fund, the employer shall pay all compensation provided by this chapter, and shall be ~~fully~~ reimbursed from the special compensation fund for the compensation, except that:

(1) this ~~full~~ reimbursement shall not be made for cardiac disease or a condition registered pursuant to subdivision 8, clause (t) or (u) unless the commissioner by rule provides otherwise; and

(2) *reimbursement for compensation paid shall be at the rate of 75 percent.*

Sec. 36. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 8, is amended to read:

Subd. 8. As used in this section the following terms have the meanings given them:

"Physical impairment" means any physical or mental condition that is permanent in nature, whether congenital or due to injury, disease or surgery and which is or is likely to be a hindrance or obstacle to obtaining employment except that physical impairment is limited to the following:

(a) Epilepsy,

(b) Diabetes,

(c) Hemophilia,

(d) Cardiac disease, provided that objective medical evidence substantiates at least the minimum permanent partial disability listed in the workers' compensation permanent partial disability schedule,



- (e) Partial or entire absence of thumb, finger, hand, foot, arm or leg,
- (f) Lack of sight in one or both eyes or vision in either eye not correctable to 20/40,
- (g) Residual disability from poliomyelitis,
- (h) Cerebral Palsy,
- (i) Multiple Sclerosis,
- (j) Parkinson's disease,
- (k) Cerebral vascular accident,
- (l) Chronic Osteomyelitis,
- (m) Muscular Dystrophy,
- (n) Thrombophlebitis,
- (o) Brain tumors,
- (p) Pott's disease,
- (q) Seizures,
- (r) Cancer of the bone,
- (s) Leukemia,
- (t) Any other physical impairment resulting in a disability rating of at least ~~ten~~ 25 percent of the whole body if the physical impairment were evaluated according to standards used in workers' compensation proceedings, and
- (u) Any other physical impairments of a permanent nature which the commissioner may by rule prescribe;

"Compensation" has the meaning defined in section 176.011;

"Employer" includes insurer;

"Disability" means, unless otherwise indicated, any condition causing either temporary total, temporary partial, permanent total, permanent partial, death, medical expense, or rehabilitation.

Sec. 37. Minnesota Statutes 1986, section 176.131, is amended by adding a subdivision to read:

*Subd. 13. [APPLICABLE LAW.] The right to reimbursement under this section is governed by the law in effect on the date of the subsequent injury.*

Sec. 38. Minnesota Statutes 1986, section 176.132, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] (a) An employee who has suffered personal injury prior to October 1, 1983 for which benefits are payable under section 176.101 and who has been totally disabled for more than 104 weeks shall be eligible for supplementary benefits as prescribed in this section after 104 weeks have elapsed and for the remainder of the total disablement. Regardless of the number of weeks of total disability, no totally disabled person is ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, except as provided by clause (b), provided that all periods of disability are caused by the same injury.

(b) An employee who has suffered personal injury after October 1, 1983, and before August 1, 1988, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving temporary total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

*(b) An employee who has suffered personal injury after August 1, 1988, that caused a permanent total disability, as defined in section 176.101, subdivision 5, is eligible to receive supplementary benefits after four years have elapsed since the first date of the total disability, provided that the employee continues to have a permanent total disability.*

Sec. 39. Minnesota Statutes 1986, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually. The supplementary benefit payable under this section is:

(1) the sum of the amount the employee receives under section 176.101, subdivision 4, plus the amount of any disability benefits being paid by any government disability benefit program if those benefits are occasioned by the same injury or injuries giving rise to payments under section 176.101, subdivision 4, plus any old age and survivor's insurance benefits, subtracted from

(2) 50 percent of the statewide average weekly wage, as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 50 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.

(e) (d) In the event that an eligible recipient is receiving simultaneous

benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

Sec. 40. Minnesota Statutes 1986, section 176.132, subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The payment of supplementary benefits shall be the responsibility of the employer or insurer ~~currently paying total disability benefits, or any other payer of such benefits. When the eligible individual is not currently receiving benefits because the total paid has reached the maximum prescribed by law the employer and insurer shall, nevertheless, pay the supplementary benefits that are prescribed by law.~~ The employer or insurer paying the supplementary benefit shall have the right of full reimbursement from the special compensation fund for the amount of such benefits paid.

Sec. 41. Minnesota Statutes 1986, section 176.136, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE.] (a) The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups. The procedures established by the commissioner ~~shall~~ *must* limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, to the 75th percentile of usual and customary fees or charges based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing.

*(b) The medical fee rules for providers other than hospitals, which are promulgated on October 1, 1987, and based upon 1986 medical cost data, must remain in effect until September 30, 1989; and the medical fee rules for providers other than hospitals, which are promulgated on October 1, 1989, must be based on the 1987 medical cost data and must remain in effect until September 30, 1990.*

*(c) The procedures established by the commissioner for determining whether or not the charge for a health service is excessive shall must be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures shall must incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.*

Sec. 42. Minnesota Statutes 1986, section 176.136, is amended by adding a subdivision to read:

*Subd. 1a. [CHARGES FOR INDEPENDENT MEDICAL EXAMINATIONS.] The commissioner shall adopt rules that reasonably limit amounts which may be charged for, or in connection with, independent or adverse*

*medical examinations requested by any party, including the amount that may be charged for depositions, witness fees, or other expenses. The scheduled amount for the examination itself may not exceed the scheduled amount for complex consultations by treating physicians, although additional reasonable charges may be permitted to reflect additional duties or activities. An insurer or employer may not pay fees above the amount in the schedule.*

Sec. 43. Minnesota Statutes 1987 Supplement, section 176.221, subdivision 1, is amended to read:

Subdivision 1. [COMMENCEMENT OF PAYMENT.] Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within ~~30~~ 60 days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within ~~30~~ 60 days of notice or knowledge. After the ~~30-day~~ 60-day period, payment may be terminated only by the filing of a notice as provided under section 176.239. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail specific reasons explaining why the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

Sec. 44. Minnesota Statutes 1986, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator

of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, 1977 or thereafter under this section shall exceed ~~six~~ four percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be ~~six~~ four percent.

Sec. 45. Minnesota Statutes 1986, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ is deferred until the first anniversary of the date of the injury. *For injuries occurring on or after August 1, 1988, the initial adjustment under subdivision 1 is deferred until the third anniversary of the date of injury.*

Sec. 46. Minnesota Statutes 1986, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is ~~66-2/3~~ 80 percent of the employee's *after-tax* weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 47. [176.90] [AFTER-TAX CALCULATION.]

*For purposes of section 176.011, subdivision 18, section 176.101, subdivisions 1, 2, 3, and 4, section 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21, and section 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on the preceding April 1. These tables or formulas are conclusive for the purposes of converting weekly wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14.*

Sec. 48. [176.95] [ADMINISTRATIVE COSTS.]

*The annual cost to the commissioner of labor and industry of administering the workers' compensation system under this chapter must be charged to the state general fund. Administrative costs include the cost of administering the workers' compensation division of the department of labor and industry and the workers' compensation division of the office of administrative hearings.*

Sec. 49. [ADMINISTRATIVE COSTS CHANGE-OVER.]

*For the biennium beginning July 1, 1989, 50 percent of the costs of administering the workers' compensation system must be charged to the state general fund and 50 percent to the special compensation fund.*

Sec. 50. [EXISTING DISABILITY RATINGS.]

*Existing disability ratings adopted under section 176.105, subdivision 1, may not be changed before June 30, 1991.*

Sec. 51. [AFTER-TAX CALCULATION.]

*Notwithstanding section 47, the commissioner of labor and industry shall publish by July 15, 1988, a table or formula for determining the after-tax weekly wage effective August 1, 1988, until October 1, 1988, as otherwise required under that section.*

Sec. 52. [REPEALER.]

*Minnesota Statutes 1986, sections 176.011, subdivision 26; and 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6, are repealed.*

Sec. 53. [EFFECTIVE DATE.]

*Sections 5, 17, 18, 19, 24, 43, 47, 50, and 51 are effective the day following final enactment. Section 48 is effective July 1, 1991. Notwithstanding section 176.1321, sections 1 to 4, 6 to 16, 20 to 23, 25 to 41, 44 to 46, 49, and 52 are effective August 1, 1988. Section 42 is effective January 1, 1989.*

## ARTICLE 2

### WORKERS' COMPENSATION INSURANCE

Section 1. Minnesota Statutes 1986, section 79.095, is amended to read:  
79.095 [APPOINTMENT OF ACTUARY.]

The commissioner ~~shall~~ may employ the services of a casualty ~~actuary~~ ~~actuaries~~ experienced in ~~worker's~~ workers' compensation whose duties shall include but not be limited to investigation of complaints by insured parties relative to rates, rate classifications, or discriminatory practices of an insurer. The salary of ~~the~~ an actuary employed pursuant to this section is not subject to the provisions of section 43A.17, subdivision 1.

Sec. 2. Minnesota Statutes 1986, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market,~~ Premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Sec. 3. Minnesota Statutes 1986, section 79.56, is amended by adding a subdivision to read:

Subd. 5. [RATE REGULATION.] (a) *Whenever an insurer files a change in its existing rate level or rating plan, the commissioner may hold a hearing to determine if the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. The hearing must be conducted pursuant to*

chapter 14. The commissioner shall give notice of intent to hold a hearing within 90 days of the filing of the change. It is the responsibility of the insurer to show that the rate level or rating plan is not excessive, inadequate, or unfairly discriminatory. The rate level or rating plan is effective unless it is determined as a result of the hearing that the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. Upon such a finding, the rate level or rating plan is retroactively rescinded and any premiums collected thereunder must be refunded. This subdivision applies only to changes resulting from an insurer's utilization of either: (1) the pure premium base rate level filed by any data service organization, plus the insurer's loading for expenses and profit; or (2) the insurer's own filed rate levels and rating plan. This subdivision does not apply to any changes resulting from assessments for the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, or statutory benefit level changes to sections 176.101, subdivisions 1, 2, and 4, 176.111, 176.132, and 176.645 as a result of annual adjustments in the statewide average weekly wage. The disapproval of a rate level or rating plan under this subdivision must be done in the same manner as under section 70A.11, except that the standards of section 79.55 apply.

(b) Notwithstanding paragraph (a), if the commissioner of labor and industry petitions the commissioner for a hearing pursuant to this subdivision, the commissioner must hold a hearing if the commissioner of labor and industry certifies that the hearing is necessary because a decision of the supreme court or enactment of a statute has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner of labor and industry must make a prima facie showing that law change has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed.

(c) Notwithstanding paragraph (a), the commissioner may hold a hearing if the commissioner determines that the hearing is necessary because of circumstances which result in a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner must make a prima facie showing that the circumstances resulted in a substantial change in the basis upon which the existing rate levels or rating plan was filed.

#### Sec. 4. [79.561] [PARTICIPATION.]

An employer, or person representing a group of employers, which will be directly affected by a change in an insurer's existing rate level or rating plan filed under section 2, and the commissioner of labor and industry, must be allowed to participate in any hearing under that subdivision challenging the change in rate level or rating plan as being excessive, inadequate, or unfairly discriminatory.

Sec. 5. Minnesota Statutes 1986, section 79.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to

maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; ~~and~~

(h) Assess its members for operating expenses on a fair and equitable basis;

(i) *Separate the incurred but not reported losses of its members;*

(j) *Separate paid and outstanding losses of its members;*

(k) *Provide information indicating cases in which its members have established a reserve in excess of \$50,000;*

(l) *Provide information on the income on invested reserves of its members;*

(m) *Provide information as to policies written at other than the filed rates;*

(n) *File information based solely on Minnesota premium income of its members concerning investment income, legal expenses, subrogation recoveries, administrative expenses, and commission expenses;*

(o) *File information based solely on Minnesota data concerning its members' reserving practices, premium income, indemnity, and medical benefits paid; and*

(p) *Provide any records of the data service organizations that are requested*



by the commissioner or otherwise required by statute.

**Sec. 6. [79.65] [CHAPTER APPLICABILITY TO DATA SERVICE ORGANIZATIONS.]**

*Subdivision 1. [EXAMINATION BY COMMISSIONER.] Data service organizations are subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the rating association at any reasonable time and examine, audit, or evaluate the rating association's operations, records, and practices. For purposes of this section, "authorized representative of the commissioner" includes employees of the departments of commerce or labor and industry or other parties retained by the commissioner. Examination under this section may be done of any member of data service organizations for purposes of workers' compensation insurance regulation.*

*Subd. 2. [COSTS AND EXPENSES.] The commissioner may order and the data service organization shall pay the costs and expenses of any examination, audit, or evaluation conducted pursuant to subdivision 1. A sum sufficient to pay these costs and expenses is appropriated from the special compensation fund to the commissioner of commerce.*

Sec. 7. Minnesota Statutes 1986, section 176A.03, is amended by adding a subdivision to read:

*Subd. 3. [COVERAGE OUTSIDE STATE.] Policies issued by the fund pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The fund may apply for and obtain any licensure required in any other state in order to issue such coverage.*

**Sec. 8. [MANDATED REDUCTIONS.]**

*(a) As a result of the workers' compensation law changes in article 1 and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of rates in effect on August 1, 1988, must be reduced by 16 percent and applied by the insurer to all policies issued, renewed, or outstanding on or after that date. An insurer may not adjust its filed rating plan to recoup the 16 percent mandated rate reduction under this section. The reduction must be computed on the basis of a 16 percent premium reduction prorated to the expiration of that policy. An insurer shall provide written notice by September 1, 1988, to all employers having an outstanding policy with the insurer as of August 1, 1988, to read as follows: "As a result of the changes in the workers' compensation insurance system enacted by the 1988 legislature, you are entitled to a credit or refund to your current premium in an amount of \$ . . . . . which reflects a 16 percent mandated premium reduction prorated to the expiration of your policy."*

*(b) No rate increases may be filed between the day following final enactment and January 1, 1989.*

**Sec. 9. [NOTICE OF INTENT TO CHALLENGE RATE LEVEL CHANGE.]**

*Notwithstanding section 3, the commissioner shall have an additional 90 days to give notice of intent to hold a hearing pursuant to that section. This section applies only to challenges to an insurer's change in existing rate levels or rating plan filed between the date the 1989 rate-making report is*

*approved by the commissioner of commerce and six months thereafter.*

**Sec. 10. [RECORDS DEPOSITED WITH THE COMMISSIONER.]**

*All records of data services organizations authorized by section 79.61, or its predecessors, pertaining to proceedings before the department of commerce or its predecessors regarding rates or classifications must be deposited with the commissioner no later than August 1, 1988.*

**Sec. 11. [CONTINGENT APPROPRIATION.]**

*(a) \$250,000 is appropriated from the special compensation fund to a workers' compensation contingent account for the purposes of this article. The appropriation in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30. The appropriation in this section does not cancel but is available until June 30, 1989.*

*(b) \$100,000 from the general contingent account for workers' compensation appropriated under Laws 1987, chapter 404, section 44, is available for the purposes of article 2.*

**Sec. 12. [REPEALER.]**

*Minnesota Statutes 1986, sections 79.54, 79.57, and 79.58 are repealed.*

**Sec. 13. [EFFECTIVE DATE.]**

*Section 8, paragraph (b), is effective the day following final enactment.*

**ARTICLE 3**

**WORKERS' COMPENSATION COURT OF APPEALS ABOLISHED**

Section 1. Minnesota Statutes 1986, section 176.421, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR TAKING; GROUNDS.] When a petition has been heard before a compensation judge, within 30 days after a party in interest has been served with notice of an award or disallowance of compensation, or other order affecting the merits of the case, the party may appeal to the workers' compensation court of appeals on any of the following grounds:

- (1) the order does not conform with this chapter; or
- (2) the compensation judge committed an error of law; or
- (3) the findings of fact and order were *clearly erroneous and* unsupported by substantial evidence in view of the entire record as submitted; or
- (4) the findings of fact and order were procured by fraud, or coercion, or other improper conduct of a party in interest.

Sec. 2. Minnesota Statutes 1986, section 176.421, subdivision 6, is amended to read:

Subd. 6. [POWERS OF WORKERS' COMPENSATION COURT OF APPEALS ON APPEAL.] On an appeal taken under this section, the workers' compensation court of appeals' review is limited to the issues raised by the parties in the notice of appeal or by a cross-appeal. *On review, the court may not substitute its judgment for that of the compensation judge as to the weight or credibility of the evidence on any finding of fact.* In these cases, on those issues raised by the appeal, the workers' compensation

court of appeals may:

- (1) grant an oral argument based on the record before the compensation judge;
- (2) examine the record;
- (3) substitute for the findings of fact made by the compensation judge findings based on the total evidence;
- (4) sustain, reverse, make or modify an award or disallowance of compensation or other order based on the facts, findings, and law; and,
- (5) (4) remand or make other appropriate order.

Sec. 3. Minnesota Statutes 1986, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations and public officials, except the tax court and the workers' compensation court of appeals. The court of appeals shall have jurisdiction to review decisions of the commissioner of jobs and training, pursuant to section 268.10.

Sec. 4. Minnesota Statutes 1986, section 480A.06, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE REVIEW.] The court of appeals shall have jurisdiction to review on the record: the validity of administrative rules, as provided in sections 14.44 and 14.45; and; the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69; and workers' compensation cases and peace officer death benefits cases, as provided under chapters 176 and 176A.

Sec. 5. [TRANSFER OF JURISDICTION AND PERSONNEL.]

*The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 2, is transferred to the court of appeals. All contracts, books, plans, papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that, all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.*

Sec. 6. [INCREASED JUDGES.]

(a) *The number of judges on the court of appeals as of January 1, 1989, shall be increased by three. The three additional judges are subject to senate confirmation.*

(b) *For purposes of establishing the number of judges on the court of appeals pursuant to Minnesota Statutes, section 480A.01, subdivision 3, the number of appeals filed in the court of appeals for the calendar years 1987 and 1988 shall be considered to include three-fourths of the number of appeals filed in the workers' compensation court of appeals for those two years.*

Sec. 7. [INSTRUCTION TO REVISOR.]

*In every instance in Minnesota Statutes in which the term "workers' compensation court of appeals" appears, the revisor of statutes shall change that reference to the "court of appeals."*

Sec. 8. [REAPPROPRIATION.]

*\$386,064 is reappropriated from the special compensation fund, as a result of the savings to that fund in fiscal year 1989 due to the abolishment of the workers' compensation court of appeals, to the court of appeals for the purposes of this article.*

Sec. 9. [REPEALER.]

*Minnesota Statutes 1986, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; and 175A.10, are repealed. Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2, is repealed.*

Sec. 10. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective the day following final enactment. Sections 3 to 9 are effective January 1, 1989.*

#### ARTICLE 4

#### REPORTS TO THE LEGISLATURE

Section 1. [REPORT TO THE LEGISLATURE ON MEDICAL ISSUES.]

*The commissioner of labor and industry shall present a report to the legislature concerning medical issues in the workers' compensation system. Specifically, the report must include findings and recommendations designed to contain or reduce the cost of workers' compensation related medical services, including methods of controlling the cost of ongoing therapy treatments. The report must be presented by January 1, 1990.*

*The state fund mutual insurance company shall be consulted, as part of the medical services study, in order to assist the department in developing a proposal to collect and analyze all medical bills. The ultimate goal of this consultation will be the development of a flagging and monitoring system to identify cases which significantly deviate from normal utilization patterns, costs and outcomes. The department shall make a preliminary report on the progress of the proposal to the legislature on January 1, 1989. The department shall make a final recommendation on implementation of the proposal at the time it makes its report to the legislature concerning medical issues in the workers' compensation system on January 1, 1990.*

Sec. 2. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL PHYSICIANS.]

*The commissioner of labor and industry shall present a report to the legislature concerning workers' compensation before January 1, 1989, which develops and evaluates a detailed proposal for establishing a system of neutral doctors for use in such areas as determining maximum medical improvement and rating permanent partial disabilities. The report must contain a bill proposal to implement the commissioner's recommendations.*

Sec. 3. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL QUALIFIED REHABILITATION CONSULTANTS.]

*To reduce cost and contention in the rehabilitation system, the commissioner of labor and industry shall develop and evaluate a detailed proposal to establish a system to ensure that qualified rehabilitation consultants will not be aligned with either insurers or claimants. The commissioner shall consider alternative methods of selection and payment to ensure neutrality. The commissioner shall present a report and proposal to the legislature by January 1, 1989.*

**Sec. 4. [REPORT TO THE LEGISLATURE ON LEGAL FEES.]**

*The commissioner of labor and industry shall present a report to the legislature concerning legal fee issues in the workers' compensation system. Specifically, the report must include findings and recommendations designed to contain or reduce legal fees related to workers' compensation dispute resolution. The report must be presented March 1, 1989.*

**Sec. 5. [REPORT TO THE LEGISLATURE ON IMPLEMENTATION OF MANDATED RATE REDUCTIONS.]**

*The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under article 2, section 8, have been implemented by insurers, both as to amount and in a manner that is uniform and nondiscriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner must present a report detailing findings and conclusions to the legislature by February 1, 1989.*

**Sec. 6. [REPORT TO THE LEGISLATURE ON RECODIFICATION OF WORKERS' COMPENSATION LAW.]**

*The revisor of statutes shall recodify the workers' compensation law, including Minnesota Statutes, chapter 176, and its judicial and administrative interpretation.*

*The recodification must not make any substantive changes but shall provide a comprehensive, accurate, and complete restatement.*

*Each state department agency and legislative staff, including senate counsel and house of representatives research, shall provide assistance in the recodification as requested by the revisor of statutes.*

*The revisor shall report to the legislature by January 1, 1989, on the progress of the recodification. The revisor shall prepare a bill to implement its recommendations for recodification by January 1, 1990.*

**Sec. 7. [HEARINGS AT THE OFFICE OF ADMINISTRATIVE HEARINGS; REPORT OF THE CHIEF ADMINISTRATIVE LAW JUDGE.]**

*The chief administrative law judge shall consider methods to reduce the formality and length of hearings in workers' compensation cases at the office of administrative hearings, with a goal of completing 50 percent of the hearings in less than two hours, 75 percent in less than four hours and nearly all of the cases in less than one day. Before January 1, 1989, the chief judge shall report to the legislature on the efforts to meet these goals, including any recommendations for legislation needed to achieve these goals.*

**Sec. 8. [REPORT TO THE LEGISLATURE ON STATE REGULATION OF WORKERS' COMPENSATION INSURANCE.]**

*Senate research and house of representatives research shall jointly prepare and present a report to the legislature surveying the different processes for regulation of workers' compensation insurance rating plans under other states' workers' compensation insurance laws. The report must be presented to the legislature by January 1, 1989.*

Sec. 9. [APPROPRIATION.]

*\$100,000 is appropriated from the special compensation fund to the commissioner of labor and industry for the purposes of sections 2, 3, 4, and 5.*

Sec. 10. [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 workers' compensation; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; providing for the appointment of actuaries; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.095; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10; 176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; 176.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1986, sections 79.54; 79.57; 79.58; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2."

Mr. Luther moved to amend the Chmielewski amendment to S.F. No. 2428 as follows:

Page 36, line 17, delete everything after the period

Page 36, delete lines 18 to 21

Page 36, line 22, delete "*plan.*"

The question was taken on the adoption of the amendment to the amendment.

Mr. Chmielewski moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 30 and nays 36, as follows:

Those who voted in the affirmative were:

Berglin	Diessner	Kroening	Moe, D.M.	Pogemiller
Brandl	Frank	Lantry	Moe, R.D.	Reichgott
Cohen	Freeman	Luther	Pehler	Samuelson
Dahl	Hughes	Marty	Peterson, D.C.	Solon
DeCramer	Johnson, D.J.	Merriam	Peterson, R.W.	Spear
Dicklich	Jude	Metzen	Piper	Waldorf

Those who voted in the negative were:

Adkins	Brataas	Johnson, D.E.	Mehrkens	Stumpf
Anderson	Chmielewski	Knaak	Morse	Taylor
Beckman	Davis	Knutson	Olson	Vickerman
Belanger	Decker	Laidig	Purfeerst	Wegscheid
Benson	Frederick	Langseth	Ramstad	
Berg	Frederickson, D.J.	Larson	Renneke	
Bernhagen	Frederickson, D.R.	Lessard	Schmitz	
Bertram	Gustafson	McQuaid	Storm	

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

Mr. Freeman moved to amend the Chmielewski amendment to S.F. No. 2428 as follows:

Page 40, lines 15, 18, 20, and 27, delete "16" and insert "20"

Page 40, lines 29 and 30, delete "*the day following final enactment*" and insert "*April 10, 1988,*"

Mr. Peterson, R.W. requested division of the amendment to the amendment as follows:

First portion:

Page 40, lines 15, 18, 20, and 27, delete "16" and insert "20"

Second portion:

Page 40, lines 29 and 30, delete "*the day following final enactment*" and insert "*April 10, 1988,*"

The question was taken on the adoption of the second portion of the Freeman amendment to the amendment. The motion prevailed. So the second portion of the amendment to the amendment was adopted.

The question was taken on the adoption of the first portion of the Freeman amendment to the amendment.

The roll was called, and there were yeas 28 and nays 37, as follows:

Those who voted in the affirmative were:

Berglin	Diessner	Kroening	Pehler	Spear
Brandl	Frank	Lantry	Peterson, D.C.	Taylor
Cohen	Freeman	Luther	Peterson, R.W.	Vickerman
Dahl	Hughes	Marty	Piper	Waldorf
DeCramer	Johnson, D.J.	Moe, R.D.	Pogemiller	
Dicklich	Jude	Novak	Samuelson	

Those who voted in the negative were:

Adkins	Brataas	Johnson, D.E.	Mehrkens	Schmitz
Anderson	Chmielewski	Knaak	Merriam	Solon
Beckman	Davis	Knutson	Metzen	Storm
Belanger	Decker	Laidig	Morse	Stumpf
Benson	Frederick	Langseth	Olson	Wegscheid
Berg	Frederickson, D.J.	Larson	Purfeerst	
Bernhagen	Frederickson, D.R.	Lessard	Ramstad	
Bertram	Gustafson	McQuaid	Renneke	

The motion did not prevail. So the first portion of the amendment to the amendment was not adopted.

Mr. Marty moved to amend the Chmielewski amendment to S.F. No. 2428 as follows:

Page 35, after line 2, insert:

"Sec. 52. [APPROPRIATION.]

*\$434,800 is appropriated from the workers' compensation special compensation fund to the commissioner of labor and industry to administer the workers' compensation system in accordance with this article. \$124,800 is for fiscal year 1988 and is available until June 30, 1989. \$310,000 is for fiscal year 1989. The approved complement of the department of labor and industry is increased by 10 positions."*

Page 35, line 13, delete "52" and insert "53"

Renumber the sections of article 1 in sequence

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

The question recurred on the Chmielewski amendment, as amended.

The roll was called, and there were yeas 43 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Johnson, D.E.	Mehrkens	Schmitz
Anderson	Chmielewski	Jude	Moe, D.M.	Solon
Beckman	Davis	Knaak	Moe, R.D.	Storm
Belanger	Decker	Knutson	Morse	Stumpf
Benson	DeCramer	Laidig	Olson	Taylor
Berg	Frederick	Langseth	Pehler	Vickerman
Bernhagen	Frederickson, D.J.	Larson	Purfeerst	Wegscheid
Bertram	Frederickson, D.R.	Lessard	Ramstad	
Brandl	Gustafson	McQuaid	Renneke	

Those who voted in the negative were:

Berglin	Frank	Lantry	Novak	Samuelson
Cohen	Freeman	Luther	Peterson, D.C.	Spear
Dahl	Hughes	Marty	Piper	Waldorf
Dicklich	Johnson, D.J.	Merriam	Pogemiller	
Diessner	Kroening	Metzen	Reichgott	

The motion prevailed. So the Chmielewski amendment, as amended, was adopted.

S.F. No. 2428 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 25, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Johnson, D.E.	Mehrkens	Schmitz
Anderson	Chmielewski	Jude	Moe, D.M.	Storm
Beckman	Davis	Knaak	Moe, R.D.	Stumpf
Belanger	Decker	Knutson	Morse	Taylor
Benson	DeCramer	Laidig	Olson	Vickerman
Berg	Frederick	Langseth	Pehler	Wegscheid
Bernhagen	Frederickson, D.J.	Larson	Purfeerst	
Bertram	Frederickson, D.R.	Lessard	Ramstad	
Brandl	Gustafson	McQuaid	Renneke	



Those who voted in the negative were:

Berglin	Frank	Lantry	Novak	Reichgott
Cohen	Freeman	Luther	Peterson, D.C.	Samuelson
Dahl	Hughes	Marty	Peterson, R.W.	Solon
Dicklich	Johnson, D.J.	Merriam	Piper	Spear
Diessner	Kroening	Metzen	Pogemiller	Waldorf

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Waldorf moved that the following members be excused for a Conference Committee on S.F. No. 2569 at 5:30 p.m.:

Messrs. Waldorf, Dahl, Dicklich, Taylor and Mrs. Brataas. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Luther moved that Senate Concurrent Resolution No. 14 be taken from the table. The motion prevailed.

Senate Concurrent Resolution No. 14: A Senate concurrent resolution deploring acts of violence, threats of violence, and other criminal acts against reproductive health care facilities, and exhorting law enforcement agencies to investigate such acts and apprehend and prosecute those responsible for their perpetration.

WHEREAS, as elected representatives of our citizens in the State of Minnesota, we take pride in our diverse communities, their historic respect for life and property, and the American tradition of open and peaceful discussion of issues of public policy; and

WHEREAS, bombing, arson, and any other form of violence, threats of violence, and other criminal acts cannot be tolerated as an appropriate means of addressing issues of public policy in the United States; and

WHEREAS, since January 1987 in Minnesota there have been 263 incidents of criminal acts directed against reproductive health care facilities, including two bombings, three acts of arson, eight acts of vandalism, eight invasions, 112 bomb threats, and 129 other threats; and

WHEREAS, only two of these criminal acts have resulted in arraignments; and

WHEREAS, such acts of criminal violence, threats of violence, and other criminal acts not only result in the destruction of property, but more importantly terrorize the lives of patients and medical staff, and jeopardize the safety of the community; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota, the House of Representatives concurring, that it deploras and condemns any and all acts of violence, threats of violence, and other criminal acts against reproductive health care facilities, their patients, and medical staff. We exhort all state and local law enforcement officials to take immediate action to investigate all such acts and to identify, apprehend, and prosecute all those who plan and perpetrate acts of violence, threats of violence, and other criminal acts directed against reproductive health care facilities, their patients, and medical staff.

BE IT FURTHER RESOLVED that the Secretary of the Senate is directed

to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Chairman of the Senate Rules and Administration Committee, the Chief Clerk of the House, and the Speaker of the House, and transmit it to the Minnesota Attorney General and the Minnesota County Attorneys Association.

Mr. Jude moved to amend Senate concurrent resolution No. 14 as follows:

Page 1, line 13, after "arson," insert "abortion"

Page 1, lines 14, 18, and 22, delete "criminal" and insert "immoral"

Page 1, line 18, delete "263" and insert "a number of"

Page 1, lines 18 and 19, delete "reproductive health care facilities" and insert "abortion clinics and unborn children"

Page 1, line 19, delete "two" and delete "three acts of"

Page 1, line 20, delete "eight acts of" and insert "abortion," and delete "eight" and delete "112"

Page 1, line 21, delete "129"

Page 1, line 24, delete "acts of criminal" and insert "immoral"

Page 1, line 25, delete "criminal"

Page 1, line 26, after "property" insert "and life"

Page 2, line 2, after "community" insert "and unborn children"

Page 2, line 5; before the first "violence" insert "abortion,"

Page 2, lines 6 and 11, delete "criminal" and insert "immoral"

Page 2, line 6, delete "reproductive health care facilities" and insert "unborn children, abortion clinics"

Page 2, line 7, delete "medical staff" and insert "abortionists"

Page 2, line 12, delete "reproductive health care facilities" and insert "abortion clinics"

Page 2, lines 12 and 13, delete "and medical staff" and insert "abortionists, and unborn children"

Amend the title as follows:

Page 1, line 3, delete "criminal" and insert "immoral"

Page 1, lines 3 and 4, delete "reproductive health care facilities" and insert "unborn children and abortion clinics"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Frank	Knutson	Lessard	Stumpf
Anderson	Frederickson, D.R.	Kroening	McQuaid	Vickerman
Beckman	Gustafson	Laidig	Metzen	Wegscheid
Bernhagen	Johnson, D.E.	Langseth	Olson	
Bertram	Johnson, D.J.	Lantry	Renneke	
Chmielewski	Jude	Larson	Schmitz	

Those who voted in the negative were:

Berglin	Frederick	Moe, D.M.	Piper	Solon
Brandl	Frederickson, D.J.	Moe, R.D.	Pogemiller	Spear
Cohen	Freeman	Morse	Purfeerst	Storm
Decker	Luther	Novak	Ramstad	
Diessner	Marty	Peterson, D.C.	Reichgott	

The motion prevailed. So the amendment was adopted.

Mr. Luther moved that Senate Concurrent Resolution No. 14 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 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. 2127:

H.F. No. 2127: A bill for an act relating to health maintenance organizations; requiring insolvency insurance policies to be filed; requiring a deposit; creating a net worth requirement; allowing for a reduction of net worth in certain circumstances; defining admitted assets; imposing investment restrictions; requiring quarterly reports; providing for the inclusion of certain items in provider contracts; regulating rehabilitation and liquidations; including health maintenance organizations in the Life and Health Guaranty Association; requiring health maintenance organizations to maintain liabilities for unpaid claims; amending Minnesota Statutes 1986, sections 62D.02, by adding subdivisions; 62D.03, subdivision 4; 62D.041, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 62D.05, subdivision 3; 62D.08, by adding a subdivision; 62D.12, subdivision 5, and by adding a subdivision; 62D.14, subdivision 1; 62D.18; 62D.19; 62E.02, subdivision 13; and 62E.14, subdivision 1; Minnesota Statutes 1987 Supplement, sections 62D.04, subdivision 1; and 62E.10, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 8.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Greenfield, Orenstein and Anderson, R., have been appointed as such committee on the part of the House.

House File No. 2127 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 April 13, 1988

Mr. Brandl moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2127, 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 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. 2291:

H.F. No. 2291: A bill for an act relating to state agencies; amending, enacting and repealing certain laws administered by the department of administration; increasing the powers of the state board for community colleges; changing the criteria for board membership; amending Minnesota Statutes 1986, sections 15.0591, subdivision 2; 15.50, by adding a subdivision; 16A.41, subdivision 1; 16B.07, subdivisions 2 and 3; 16B.08, subdivision 4; 16B.09, subdivision 3; 16B.24, by adding subdivisions; 16B.28; 16B.42, subdivision 1; 16B.48, subdivision 2; 16B.54, subdivision 8; 16B.55, subdivisions 3 and 6; 16B.65, subdivision 3; 16B.85; 94.12; 136.61, subdivision 1; 136.622; 136.67, subdivision 2; 214.07, subdivision 1; 268.0122, by adding a subdivision; and 382.153; Minnesota Statutes 1987 Supplement, sections 16B.09, subdivision 1; 16B.67; 115A.15, subdivision 6; and 168.012, subdivision 1; Laws 1987, chapter 365, section 24; proposing coding for new law in Minnesota Statutes, chapters 16B and 136; repealing Minnesota Statutes 1986, sections 15.38; 16B.29; and 214.07, subdivision 2.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Lasley, Pappas and Dille have been appointed as such committee on the part of the House.

House File No. 2291 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 April 13, 1988

Mr. Moe, D.M. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2291, 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 appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 392: A bill for an act relating to public safety; providing for the mandatory surrender of registration plates and certificates of motor vehicles operated by repeat DWI offenders; providing for administrative and judicial review; appropriating money; amending Minnesota Statutes 1986, sections 168.041; 169.123, subdivisions 5b, 5c, and 6; 169.1261; and 171.29, by adding a subdivision.

There has been appointed as such committee on the part of the House:

Rest, Kelly and Blatz.

Senate File No. 392 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1268: A bill for an act relating to energy and economic development; providing for the powers and duties of the commissioner of energy and economic development; clarifying definitions; authorizing certain Indian tribes to create community energy councils; providing the purpose for which an appropriation may be spent; amending Minnesota Statutes 1986, sections 116J.09; 116J.10; 116J.19, subdivision 6; 116J.36, subdivision 2; 116J.381, subdivision 2; and Laws 1981, chapter 334, section 11, subdivision 1.

There has been appointed as such committee on the part of the House: Nelson, C.; Dawkins and Bishop.

Senate File No. 1268 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1885: A bill for an act relating to commerce; motor fuel franchises; regulating certain building alterations; providing remedies; amending Minnesota Statutes 1986, section 80C.146, subdivisions 2 and 3; repealing Laws 1984, chapter 444, section 4, as amended by Laws 1986, chapter 343, section 1.

There has been appointed as such committee on the part of the House: Solberg, Sarna and Bennett.

Senate File No. 1885 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting

of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1963: A bill for an act relating to public finance; providing requirements for the issuance and use of public debt; amending Minnesota Statutes 1986, sections 123.35, by adding a subdivision; 375.83; 410.32; 475.54, by adding a subdivision; 475.67, subdivision 13; Minnesota Statutes 1987 Supplement, sections 469.012, subdivision 1; 469.015, subdivision 4; 469.071, by adding a subdivision; 469.155, subdivision 12; 475.60, subdivision 2; and 475.66, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 469; repealing Laws 1987, chapter 358, section 31.

There has been appointed as such committee on the part of the House: Rest, Voss and Sviggum.

Senate File No. 1963 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1608, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1608: A bill for an act relating to the city of Minneapolis; updating references in its development laws; amending Laws 1980, chapter 595, section 3, subdivisions 1, as amended, 3, 6, and 7; and section 4.

Senate File No. 1608 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2137, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2137: A bill for an act relating to education; modifying certain requirements relating to school health services; amending Minnesota Statutes 1986, section 123.35, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 126; repealing Minnesota Statutes 1987 Supplement, sections 123.35, subdivision 16; and 126.201.

Senate File No. 2137 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

**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. 1462: Messrs. Dahl, Frank and Gustafson.

H.F. No. 2291: Messrs. Moe, D.M.; Marty and Decker.

H.F. No. 2127: Messrs. Brandl, Pehler and Knutson.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Moe, R.D. moved that the following members be excused for a Conference Committee on S.F. No. 2000 from 3:30 to 4:45 p.m.:

Messrs. Knaak, Lessard, Merriam, Ms. Peterson, D.C. and Mr. Moe, R.D. The motion prevailed.

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Ms. Reichgott moved that the following members be excused for a Conference Committee on S.F. No. 1643 from 4:30 to 5:30 p.m.:

Mr. Laidig, Mses. Berglin and Reichgott. The motion prevailed.

**MEMBERS EXCUSED**

Mr. Pogemiller was excused from the Session of today from 1:30 to 2:00 p.m. Mr. Novak was excused from the Session of today from 2:05 to 5:30 p.m. Mr. Pehler was excused from the Session of today from 5:40 to 6:10 p.m. Mr. Diessner was excused from the Session of today from 5:45 to 6:10 p.m. Mr. Hughes was excused from the Session of today from 6:00 to 6:10 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 1:00 p.m., Thursday, April 14, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-SEVENTH DAY

St. Paul, Minnesota, Thursday, April 14, 1988

The Senate met at 1:00 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 Senator Donald A. Storm.

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

Adkins	Davis	Jude	Metzen	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Samuelson
Beckman	DeCramer	Knutson	Moe, R.D.	Schmitz
Belanger	Dicklich	Kroening	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berg	Frank	Langseth	Olson	Storm
Berglin	Frederick	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Brandl	Freeman	Luther	Piper	Waldorf
Brataas	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.J.	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 communications were received.

April 13, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

I have the honor of informing you that I have received and deposited in the Office of the Secretary of State, S.F. No. 2525.

Sincerely,  
Rudy Perpich, Governor



April 13, 1988

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. 1867, 1882, 2096 and 2243.

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, herewith returned: S.F. No. 2451.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

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. 2017: A bill for an act relating to Gillette children's hospital; authorizing the hospital board to incorporate as a nonprofit corporation; terminating its status as a public corporation; transferring its ownership of hospital property to the city of St. Paul; repealing Minnesota Statutes 1986, section 250.05, subdivisions 1, 2a, 3, 4, 5, and 6; and Minnesota Statutes 1987 Supplement, section 250.05, subdivisions 2 and 7.

Senate File No. 2017 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. Moe, R.D. moved that S.F. No. 2017 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. 1900: A bill for an act relating to the metropolitan airports commission; setting the borrowing authority of the commission; amending Minnesota Statutes 1986, section 473.667, subdivision 2.

Senate File No. 1900 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. Moe, R.D. moved that S.F. No. 1900 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. 412: A bill for an act relating to real property; creating a lien against real property where the state has incurred cleanup expenses and the owner is liable for the expenses under Minnesota Statutes, chapter 115B or 115C; providing procedures for implementation and enforcement of the lien; proposing coding for new law in Minnesota Statutes, chapter 514.

Senate File No. 412 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. Luther moved that the Senate do not concur in the amendments by the House to S.F. No. 412, 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. 203: A bill for an act relating to financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota Statutes 1986, section 48.92, subdivision 7.

Senate File No. 203 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. Freeman moved that the Senate do not concur in the amendments by the House to S.F. No. 203, 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. 1937: A bill for an act relating to crimes; providing for seizure and forfeiture of property used in commission of crime, proceeds of crime, and contraband; creating a presumption that money, precious metals, and jewels found near controlled substances, and vehicles containing controlled substances, are subject to forfeiture; providing for administrative forfeiture of such property with opportunity for judicial determination; providing for summary forfeiture of contraband, certain controlled substances, weapons following a conviction, and certain plants; providing for forfeiture by judicial action of property and proceeds associated with controlled substance violations and designated offenses; eliminating the requirement that forfeiture actions be dismissed if no associated conviction results; providing that a conviction creates the presumption that after-acquired property constitutes forfeitable proceeds of the offense; eliminating the defense of an owner who negligently allowed the unlawful use of the owner's property; providing that the right to forfeitable property passes to law enforcement agencies upon commission of unlawful act; allowing seizure without process incident to a lawful search without a warrant and in other circumstances; allocating the proceeds of forfeitures to law enforcement agencies and county attorneys; amending Minnesota Statutes 1986, sections 152.205; 152.21, subdivision 6; and 609.531, subdivisions 4, 5, and by adding subdivisions; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1986, sections 152.19; and 609.531, subdivisions 2, 3, and 6.

Senate File No. 1937 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. Freeman moved that S.F. No. 1937 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. 1932: A bill for an act relating to transportation; exempting certain private carriers of fuel for use in agriculture-related businesses from certain hazardous materials regulations; amending Minnesota Statutes 1986, section 221.033, subdivision 1, and by adding a subdivision.

Senate File No. 1932 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1988

Mr. Moe, R.D. moved that S.F. No. 1932 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 236, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 236 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 13, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 236

A bill for an act relating to elections; requiring fair campaign practices; imposing penalties; amending Minnesota Statutes 1986, sections 123.015; 200.015; 201.275; 204C.04; proposing coding for new law as Minnesota Statutes, chapters 211A and 211B; repealing Minnesota Statutes 1986, chapter 210A.

March 29, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 236, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 236 be further amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

Section 1. Minnesota Statutes 1987 Supplement, section 200.01, is amended to read:

200.01 [CITATION, MINNESOTA ELECTION LAW.]

This chapter and chapters 201, 202A, 203B, 204B, 204C, 204D, 205, 205A, 206, 208, 209, and ~~210A~~ *articles 2 and 3* shall be known as the Minnesota election law.

Sec. 2. Minnesota Statutes 1986, section 201.275, is amended to read:

201.275 [INVESTIGATIONS; PROSECUTIONS.]

*A county attorney receiving a report of a possible violation of this chapter shall immediately and diligently inquire into the facts of the possible violation. If there are reasonable grounds for instituting a prosecution, the county attorney shall present the charge, together with all the evidence that the county attorney can procure, to the grand jury of the county. A county attorney who fails or refuses to faithfully perform any duty imposed by this chapter is guilty of a misdemeanor and upon conviction shall forfeit the county attorney's office. A county attorney who is notified of an alleged violation of this chapter shall promptly investigate. If there is probable cause for instituting a prosecution, the county attorney shall proceed by complaint or present the charge, with whatever evidence has been found,*

to the grand jury. A county attorney who refuses or intentionally fails to faithfully perform this or any other duty imposed by this chapter is guilty of a misdemeanor and upon conviction shall forfeit his or her office. The county attorney, under the penalty of forfeiture of office, shall prosecute all violations of this chapter except violations of this section; if, however, a complainant withdraws an allegation under this chapter, the county attorney is not required to proceed with the prosecution.

Sec. 3. Minnesota Statutes 1986, section 204C.04, is amended to read:  
204C.04 [EMPLOYEES; TIME OFF TO VOTE.]

Every employee who is eligible to vote at a state general election or at an election to fill a vacancy in the office of United States senator or United States representative has the right to be absent from work for the purpose of voting during the morning of election day, without penalty or deduction from salary or wages because of the absence. An employer ~~who refuses, abridges or interferes~~ or other person may not directly or indirectly refuse, abridge, or interfere with this right ~~shall be subject to the penalty provisions of section 210A.141~~ or any other election right of an employee. A person who violates this section is guilty of a misdemeanor, and the county attorney shall prosecute the violation.

Sec. 4. Minnesota Statutes 1986, section 383A.297, is amended to read:  
383A.297 [POLITICAL ACTIVITY.]

No employee in the classified service shall be under any obligation to contribute to a political service or fund to any person, body, or committee, and no employee in the classified service may be discharged, suspended, demoted, or otherwise disciplined or prejudiced for refusal to do so. All employees in the classified and unclassified service shall be subject to the prohibition on political activities set forth in *article 3*, section ~~210A.081~~ 9.

Sec. 5. Minnesota Statutes 1987 Supplement, section 383B.041, is amended to read:

383B.041 [CAMPAIGN FINANCING, DISCLOSURE OF ECONOMIC INTERESTS.]

Sections 383B.041 to 383B.058 apply to the financing of campaigns for county elections in Hennepin county and for city elections in home rule charter cities and statutory cities located wholly within Hennepin county, having a population of 75,000 or more, and for school board elections in the special school district No. 1, Minneapolis, and to disclosure of economic interests by candidates and elected public officials of those jurisdictions. The provisions of *article 2*, sections ~~210A.22 to 210A.33~~ 2 to 7 do not apply to the financing of campaigns for elections subject to the provisions of sections 383B.041 to 383B.058.

## ARTICLE 2

### Section 1. [211A.01] [DEFINITIONS.]

*Subdivision 1.* [APPLICATION.] *The definitions in chapter 200 and this section apply to this chapter.*

*Subd. 2.* [BALLOT QUESTION.] *"Ballot question" means a proposition placed on the ballot to be voted on by the voters of one or more political subdivisions but not by all the voters of the state.*

*Subd. 3. [CANDIDATE.] "Candidate" means an individual who seeks nomination or election to a county, municipal, school district, or other political subdivision office. This definition does not include an individual seeking a judicial office. For purposes of sections 1 to 5 and 7, "candidate" also includes a candidate for the United States Senate or House of Representatives.*

*Subd. 4. [COMMITTEE.] "Committee" means a corporation or association or persons acting together to influence the nomination, election, or defeat of a candidate or to promote or defeat a ballot question. Promoting or defeating a ballot question includes efforts to qualify or prevent a proposition from qualifying for placement on the ballot.*

*Subd. 5. [CONTRIBUTION.] "Contribution" means anything of monetary value that is given or loaned to a candidate or committee for a political purpose. "Contribution" does not include a service provided without compensation by an individual.*

*Subd. 6. [DISBURSEMENT.] "Disbursement" means money, property, office, position, or any other thing of value that passes or is directly or indirectly conveyed, given, promised, paid, expended, pledged, contributed, or lent.*

*Subd. 7. [FILING OFFICER.] "Filing officer" means the officer authorized by law to accept affidavits of candidacy or nominating petitions for an office or the officer authorized by law to place a ballot question on the ballot.*

*Subd. 8. [POLITICAL PURPOSES.] An act is done for "political purposes" if it is of a nature, done with the intent, or done in a way to influence or tend to influence, directly or indirectly, voting at a primary or an election or if it is done because a person is about to vote, has voted, or has refrained from voting at a primary or an election.*

**Sec. 2. [211A.02] [FINANCIAL REPORT.]**

*Subdivision 1. [WHEN AND WHERE FILED BY COMMITTEES.] A committee or a candidate who receives contributions or makes disbursements of more than \$750 in a calendar year shall submit an initial report to the filing officer within 14 days after the candidate or committee receives or makes disbursements of more than \$750 and shall continue to make reports until a final report is filed. The committee or candidate must also file a report by January 31 of each year following the year when the initial report was filed. In addition, in a year when the candidate's name or a ballot question appears on the ballot, the candidate or committee shall file a report:*

- (1) ten days before the primary;*
- (2) ten days before the general election;*
- (3) seven days before a special primary;*
- (4) seven days before a special election; and*
- (5) 30 days after a special election.*

*Subd. 2. [INFORMATION REQUIRED.] The report to be filed by a candidate or committee must include:*

- (1) the name of the candidate or ballot question;*

- (2) *the name and address of the person responsible for filing the report;*
- (3) *the total amount of receipts and expenditures for the period from the last previous report to five days before the current report is due;*
- (4) *the purpose for each expenditure; and*
- (5) *the name of any individual or committee that during the year has made one or more contributions that in the aggregate are equal to or greater than \$500.*

*Subd. 3. [MUNICIPAL CHARTER PROVISIONS AND SPECIAL LAWS SAVED.] The provisions of this section requiring the filing of reports are in addition to the provisions of any municipal charter requiring the filing of reports in connection with a municipal primary, general election, special primary, or special election, but they do not replace special laws providing filing requirements for a municipality.*

*Subd. 4. [CONGRESSIONAL CANDIDATES.] Candidates for election to the United States House of Representatives or Senate and any political committees raising money and making disbursements exclusively on behalf of any one of those candidates may file copies of their financial disclosures required by federal law in lieu of the financial statement required by this section.*

### Sec. 3. [211A.03] [FINAL REPORT.]

*A candidate or committee may file a final report when all debts have been settled and all assets in excess of \$100 in the aggregate are disposed of. The final report may be filed at any time and must include the kinds of information contained in the financial statements required by section 2 for the period from the last previous report to the date of the final report.*

### Sec. 4. [211A.04] [SECRETARY OF STATE'S DUTIES.]

*Subdivision 1. [REPORT FORMS.] The secretary of state shall prepare blanks for reports required by section 2. Copies must be furnished through the county auditor or otherwise, as the secretary of state finds expedient, to a committee upon request or to a candidate upon filing for office.*

*Subd. 2. [DIGEST OF LAWS.] The secretary of state, with the approval of the attorney general, shall prepare and print an easily understandable annotated digest of this chapter. The secretary of state shall distribute the digest in the same manner as the report forms required by subdivision 1.*

### Sec. 5. [211A.05] [FAILURE TO FILE STATEMENT.]

*Subdivision 1. [PENALTY.] A candidate who intentionally fails to file a report required by section 2 is guilty of a misdemeanor. A member of a committee that fails to file a report required by section 2 is guilty of a misdemeanor. An officer who issues a certificate of election to a candidate with knowledge that the candidate's financial statement has not been filed is guilty of a misdemeanor.*

*Subd. 2. [NOTICE OF FAILURE TO FILE.] If a candidate or committee fails to file a report on the date it is due, the filing officer shall immediately notify the county attorney of the county where the candidate resides or where the committee headquarters is located. The county attorney shall then immediately notify the candidate or committee of the failure to file. If a report is not filed within ten days after the notification is mailed, the county attorney shall proceed under section 8.*

**Sec. 6. [211A.06] [FAILURE TO KEEP ACCOUNT; PENALTY.]**

*A treasurer or other individual who receives money for a committee is guilty of a misdemeanor if the individual:*

- (1) fails to keep a correct account as required by law;*
- (2) mutilates, defaces, or destroys an account record; or*
- (3) in the case of a committee, refuses upon request to provide financial information to a candidate; and*
- (4) does any of these things with the intent to conceal receipts or disbursements, the purpose of receipts or disbursements, or the existence or amount of an unpaid debt or the identity of the person to whom it is owed.*

**Sec. 7. [211A.07] [BILLS WHEN RENDERED AND PAID.]**

*A person who has a bill, charge, or claim against a candidate's committee shall render it in writing to the committee within 60 days after the material or service is provided. A bill, charge, or claim that is not presented within 60 days after the material or service is provided must not be paid.*

**Sec. 8. [211A.08] [COUNTY ATTORNEY INQUIRY.]**

*A county attorney who is notified of an alleged violation of this chapter shall promptly investigate. If there is probable cause to institute a prosecution, the county attorney shall proceed by complaint or present the charge with whatever evidence has been found to the grand jury. A county attorney who refuses or intentionally fails to faithfully perform this or any other duty imposed by this chapter is guilty of a misdemeanor and upon conviction shall forfeit his or her office. The county attorney, under penalty of forfeiture of office, shall prosecute all violations of this chapter except for a violation of this section; if, however, a complainant desires to withdraw a complaint under this chapter, the county attorney is not required to proceed with prosecution.*

*Subd. 2. [ASSOCIATE COUNSEL.] Anyone except the person under investigation or the person's agent may employ an attorney to assist the county attorney in the investigation and prosecution of a violation of this chapter. The county attorney and the court shall recognize the attorney as associate counsel for the proceeding. A prosecution, action, or proceeding may not be dismissed without notice to the associate counsel. If the associate counsel objects to the dismissal, the county attorney's reasons for dismissal and the associate counsel's objections must be filed with the court and heard within the time period the court requires.*

**Sec. 9. [211A.09] [FORFEITURE OF NOMINATION OR OFFICE.]**

*Subdivision 1. [FORFEITURE REQUIRED.] Except as provided in subdivision 2, if a candidate is convicted of violating a provision of this chapter or if an offense was committed by another individual with the knowledge, consent, or connivance of the candidate, the court, after entering the adjudication of guilty, shall enter a supplemental judgment declaring that the candidate has forfeited the nomination or office. If the court enters the supplemental judgment, it shall transmit to the filing officer a transcript of the supplemental judgment, the nomination or office becomes vacant, and the vacancy must be filled as provided by law.*

*Subd. 2. [CIRCUMSTANCES WHERE NOMINATION OR OFFICE NOT FORFEITED.] In a trial for a violation of this chapter, the candidate's*



*nomination or election is not void if the court finds that:*

*(1) an offense, though committed by the candidate or with the candidate's knowledge, consent, or connivance, was trivial; or*

*(2) an act or omission of a candidate arose from accidental miscalculation or other reasonable cause, but in any case not from a want of good faith, and that it would be unjust for the candidate to forfeit the nomination or election.*

*Neither of these findings is a defense to a conviction under this chapter.*

**Sec. 10. [211A.10] [DISQUALIFIED INDIVIDUALS NOT TO HOLD VARIOUS POSITIONS.]**

*A candidate whose election to office has been set aside for a violation of this chapter may not be appointed, during the period fixed by law as the term of the office, to fill a vacancy that may occur in the office. A candidate or other individual who is convicted of a violation of this chapter may not be appointed, during the period fixed by law as the term of the office with respect to which the election was held and the offense was committed, to fill a vacancy in the office. An appointment to an office made contrary to this section is void.*

*A candidate or other individual who is convicted of a violation of this chapter is not qualified, during the period fixed by law as the term of the office with respect to which the election was held and the offense was committed, to fill a vacancy in an office for which the legislature may establish qualifications under article XII, section 3, of the Minnesota Constitution.*

**Sec. 11. [211A.11] [PENALTIES FOR VIOLATIONS.]**

*A violation of this chapter for which no other penalty is provided is a misdemeanor.*

**Sec. 12. [REPEALER.]**

*Minnesota Statutes 1986, sections 210A.01, as amended by Laws 1987, chapter 266, article 1, section 66; 210A.02; 210A.03; 210A.04; 210A.05; 210A.06; 210A.07; 210A.08; 210A.081; 210A.09; 210A.091; 210A.10; 210A.11; 210A.12; 210A.13; 210A.14; 210A.141; 210A.15; 210A.16; 210A.17; 210A.18; 210A.19; 210A.20; 210A.21; 210A.23; 210A.24; 210A.25; 210A.26; 210A.27; 210A.28; 210A.29; 210A.30; 210A.31; 210A.32; 210A.33; 210A.34; 210A.35; 210A.36; 210A.37; 210A.38; 210A.39; 210A.40; 210A.41; 210A.42; 210A.43; 210A.44; and Minnesota Statutes 1987 Supplement, section 210A.265, are repealed.*

**Sec. 13. [EFFECTIVE DATE.]**

*This article applies to school district elections held after January 1, 1989.*

**ARTICLE 3**

**Section 1. [211B.01] [DEFINITIONS.]**

*Subdivision 1. [APPLICATION.] The definitions in chapter 200 and this section apply to this chapter.*

*Subd. 2. [CAMPAIGN MATERIAL.] "Campaign material" means any literature, publication, or material tending to influence voting at a primary or other election, except for news items or editorial comments by the news*

media.

*Subd. 3. [CANDIDATE.] "Candidate" means an individual who seeks nomination or election to a federal, statewide, legislative, judicial, or local office including special districts, school districts, towns, home rule charter and statutory cities, and counties, except candidates for president and vice-president of the United States.*

*Subd. 4. [COMMITTEE.] "Committee" means two or more persons acting together or a corporation or association acting to influence the nomination, election, or defeat of a candidate or to promote or defeat a ballot question. Promoting or defeating a ballot question includes efforts to qualify or prevent a proposition from qualifying for placement on the ballot.*

*Subd. 5. [DISBURSEMENT.] "Disbursement" means an act through which money, property, office, or position or other thing of value is directly or indirectly promised, paid, spent, contributed, or lent, and any money, property, office, or position or other thing of value so promised or transferred.*

*Subd. 6. [POLITICAL PURPOSES.] An act is done for "political purposes" when the act is intended or done to influence, directly or indirectly, voting at a primary or other election. This does not include news items or editorial comments published or broadcast by the news media.*

**Sec. 2. [211B.02] [FALSE CLAIM OF SUPPORT.]**

*A person or candidate may not knowingly make, directly or indirectly, a false claim stating or implying that a candidate or ballot question has the support or endorsement of a major political party or party unit or of an organization. A person or candidate may not state in written campaign material that the candidate or ballot question has the support or endorsement of an individual without first getting written permission from the individual to do so.*

**Sec. 3. [211B.021] [USE OF THE TERM REELECT.]**

*A person or candidate may not, in the event of redistricting, use the term "reelect" in a campaign for elective office unless the candidate is the incumbent of that office and the office represents any part of the new district.*

**Sec. 4. [211B.03] [CAMPAIGN LITERATURE MUST INCLUDE DISCLAIMER.]**

*(a) A person who participates in the preparation or dissemination of campaign material other than as provided in section 5, subdivision 1, that does not prominently include the name and address of the person or committee causing the material to be prepared or disseminated in a disclaimer substantially in the form provided in paragraph (b) or (c) is guilty of a misdemeanor.*

*(b) Except in cases covered by paragraph (c), the required form of disclaimer is:*

*"Prepared and paid for by the . . . . . committee,  
. . . . . (address)."*

*(c) In the case of broadcast media, the required form of disclaimer is:  
"Paid for by the . . . . . committee."*

(d) Campaign material that is not circulated on behalf of a particular candidate or ballot question must also include in the disclaimer either that it is "in opposition to . . . . (insert name of candidate or ballot question . . . .)"; or that "this publication is not circulated on behalf of any candidate or ballot question".

(e) This section does not apply to objects stating only the candidate's name and the office sought, fundraising tickets, or personal letters that are clearly being sent by the candidate.

(f) This section does not modify or repeal section 6.

#### Sec. 5. [211B.04] [PAID ADVERTISEMENTS IN NEWS.]

*Subdivision 1. [ACCEPTANCE OF PAID ADVERTISEMENTS.] A newspaper, periodical, or magazine may not intentionally accept for insertion in the newspaper, magazine, or periodical a political advertisement unless the words "PAID ADVERTISEMENT," and the disclaimer required under section 4 are included at the beginning or end of the advertisement. A radio station, television station, or cable system may not accept for broadcast a political advertisement unless the words "PAID ADVERTISEMENT" are included at the beginning or end of the advertisement.*

*Subd. 2. [ADVERTISING RATES.] Rates charged for advertising to support or oppose a candidate or ballot question must be the same as the charges made for any other political candidate and may be no greater than charges made for any other comparable purpose or use according to the seller's rate schedule.*

*Subd. 3. [COMPENSATION PROHIBITED, EXCEPT FOR PAID ADVERTISEMENT.] An owner, publisher, editor, reporter, agent, broadcaster, or employee of a newspaper, periodical, magazine, radio or television broadcast station, or cable system may not directly or indirectly solicit, receive, or accept a payment, promise, or compensation, nor may a person pay or promise to pay or in any manner compensate an owner, publisher, editor, reporter, agent, broadcaster, or employee directly or indirectly for influencing or attempting to influence voting at an election or primary through printed material in the newspaper or periodical, or radio, television, or cable broadcast, except as a "PAID ADVERTISEMENT" as provided in this section.*

*Subd. 4. [UNPAID MATERIAL IDENTIFICATION.] Unpaid material published in a newspaper, magazine, or other publication that is: (1) in unique typeset or otherwise differentiated from other unpaid material, (2) designed to influence or attempt to influence the voting at any election or the passage or defeat of legislation, and (3) not placed on the editorial page must be clearly identified as an editorial opinion.*

#### Sec. 6. [211B.05] [FALSE POLITICAL AND CAMPAIGN MATERIAL; PENALTY; EXCEPTIONS.]

*Subdivision 1. [GROSS MISDEMEANOR.] A person is guilty of a gross misdemeanor who intentionally participates in the preparation, dissemination, or broadcast of paid political advertising or campaign material with respect to the personal or political character or acts of a candidate, whether or not defamatory, or with respect to the effect of a ballot question, that the person knows or has reason to believe is false and that is designed or tends to elect, injure, or defeat a candidate for nomination or election to a public office or to promote or defeat a ballot question.*

*A person is guilty of a misdemeanor who intentionally participates in the drafting of a letter to the editor with respect to the personal or political character or acts of a candidate, if defamatory, or with respect to the effect of a ballot question, that the person knows is false and which is designed or tends to elect, injure, or defeat any candidate for nomination or election to a public office or to promote or defeat a ballot question.*

*Subd. 2. [EXCEPTION.] Subdivision 1 does not apply to any person or organization whose sole act is, in the normal course of their business, the printing, manufacturing, or dissemination of the false information.*

**Sec. 7. [211B.06] [UNDUE INFLUENCE ON VOTERS PROHIBITED.]**

*A person may not directly or indirectly use or threaten force, coercion, violence, restraint, damage, harm, loss, including loss of employment or economic reprisal, undue influence, or temporal or spiritual injury against an individual to compel the individual to vote for or against a candidate or ballot question. Abduction, duress, or fraud may not be used to obstruct or prevent the free exercise of the right to vote of a voter at a primary or election, or compel a voter to vote at a primary or election. Violation of this section is a gross misdemeanor.*

**Sec. 8. [211B.07] [SOLICITATION OF CONTRIBUTIONS PROHIBITED.]**

*A religious, charitable, or educational organization may not request a candidate or committee to contribute to the organization, to subscribe for the support of a club or organization, to buy tickets to entertainment, or to pay for space in a publication. This section does not apply to:*

*(1) the solicitation of a business advertisement in periodicals in which the candidate was a regular contributor, before candidacy;*

*(2) ordinary business advertisements;*

*(3) regular payments to a religious, charitable, or educational organization, of which the candidate was a member, or to which the candidate was a contributor for more than six months before candidacy; or*

*(4) ordinary contributions at church services.*

**Sec. 9. [211B.08] [PROHIBITED PUBLIC EMPLOYEE ACTIVITIES.]**

*An employee or official of the state or of a political subdivision may not use official authority or influence to compel a person to apply for membership in or become a member of a political organization, to pay or promise to pay a political contribution, or to take part in political activity. A political subdivision may not impose or enforce additional limitations on the political activities of its employees.*

**Sec. 10. [211B.09] [INDUCING OR REFRAINING CANDIDACY; TIME OFF FOR PUBLIC OFFICE MEETINGS.]**

*Subdivision 1. [INDUCING OR REFRAINING FROM CANDIDACY.] A person may not reward or promise to reward another in any manner to induce the person to be or refrain from or cease being a candidate. A person may not solicit or receive a payment, promise, or reward from another for this purpose.*

*Subd. 2. [TIME OFF FOR PUBLIC OFFICE MEETINGS.] A person elected to a public office must be permitted time off from regular employment to attend meetings required by reason of the public office. The time off may be without pay, with pay, or made up with other hours, as agreed between*

*the employee and employer. When an employee takes time off without pay, the employer shall make an effort to allow the employee to make up the time with other hours when the employee is available. No retaliatory action may be taken by the employer for absences to attend meetings necessitated by reason of the employee's public office.*

**Sec. 11. [211B.10] [ELECTION DAY PROHIBITIONS.]**

*Subdivision 1. [SOLICITING NEAR POLLING PLACES.] A person may not display campaign material, post signs, ask, solicit, or in any manner try to induce or persuade a voter within a polling place or within 100 feet of the building in which a polling place is situated on primary or election day to vote for or refrain from voting for a candidate or ballot question. A person may not provide political badges, political buttons, or other political insignia to be worn at or about the polling place on the day of a primary or election. A political badge, political button, or other political insignia may not be worn at or about the polling place on primary or election day.*

*Subd. 2. [ELECTION DAY CAMPAIGNING.] A person may not broadcast, circulate, or distribute campaign material, or cause campaign material to be broadcast, circulated, or distributed on the day of a primary or election. This subdivision does not modify or repeal section 7.*

*Subd. 3. [TRANSPORTATION OF VOTERS TO POLLING PLACE; PENALTY.] A person transporting a voter to or from the polling place may not ask, solicit, or in any manner try to induce or persuade a voter on primary or election day to vote or refrain from voting for a candidate or ballot question.*

*Subd. 4. [PENALTY.] Violation of this section is a petty misdemeanor.*

**Sec. 12. [211B.11] [LEGAL EXPENDITURES.]**

*Use of funds collected for political purposes is prohibited unless the use is reasonably related to the conduct of election campaigns. The following are permitted expenditures when made for political purposes:*

- (1) salaries, wages, and fees;*
- (2) communications, mailing, transportation, and travel;*
- (3) campaign advertising;*
- (4) printing;*
- (5) office and other space and necessary equipment, furnishings, and incidental supplies;*
- (6) charitable contributions of not more than \$100 to any charity annually;*  
*and*
- (7) other expenses, not included in clauses (1) to (6), that are reasonably related to the conduct of election campaigns. In addition, expenditures made for the purpose of providing information to constituents, whether or not related to the conduct of an election, are permitted expenses.*

**Sec. 13. [211B.12] [BRIBERY, TREATING, AND SOLICITATION.]**

*Subdivision 1. [BRIBERY, ADVANCING MONEY, AND TREATING PROHIBITED.] A person who willfully, directly or indirectly, advances, pays, gives, promises, or lends any money, food, liquor, clothing, entertainment, or other thing of monetary value, or who offers, promises, or endeavors to obtain any money, position, appointment, employment, or other valuable*

*consideration, to or for a person, in order to induce a voter to refrain from voting, or to vote in a particular way, at an election, is guilty of a felony. This section does not prevent a candidate from stating publicly preference for or support of another candidate to be voted for at the same primary or election. Refreshments of food or nonalcoholic beverages of nominal value consumed on the premises at a private gathering or public meeting are not prohibited under this section.*

*Subd. 2. [CERTAIN SOLICITATIONS PROHIBITED.] A person may not knowingly solicit, receive, or accept any money, property, or other thing of monetary value, or a promise or pledge of these that is a disbursement prohibited by this section or section 15.*

**Sec. 14. [211B.13] [DIGEST OF LAWS.]**

*The secretary of state, with the approval of the attorney general, shall prepare and print an easily understandable digest of this chapter and annotations of it.*

*The secretary of state shall distribute the digest to candidates and committees through the county auditor or otherwise as the secretary of state considers expedient.*

**Sec. 15. [211B.14] [CORPORATE POLITICAL CONTRIBUTIONS.]**

*Subdivision 1. [DEFINITION.] "Corporation" for purposes of this section means a corporation organized for profit that does business in Minnesota.*

*Subd. 2. [PROHIBITED CONTRIBUTIONS.] A corporation may not make a contribution or offer or agree to make a contribution, directly or indirectly, of any money, property, free service of its officers or employees, or thing of monetary value to a major political party, organization, committee, or individual to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office. For the purpose of this subdivision, "contribution" includes an expenditure to promote or defeat the election or nomination of a candidate to a political office that is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate.*

*Subd. 3. [INDEPENDENT EXPENDITURES.] A corporation may not make an independent expenditure or offer or agree to make an independent expenditure to promote or defeat the candidacy of an individual for nomination, election, or appointment to a political office. For the purpose of this subdivision, "independent expenditure" means an expenditure that is not made with the authorization or expressed or implied consent of, or in cooperation or concert with, or at the request or suggestion of, a candidate or committee established to support or oppose a candidate.*

*Subd. 4. [BALLOT QUESTION.] A corporation may make contributions or expenditures to promote or defeat a ballot question, to qualify a question for placement on the ballot unless otherwise prohibited by law, or to express its views on issues of public concern. A corporation may not take a deduction as provided in section 290.09 for an expenditure made under this subdivision. A corporation may not make a contribution to a candidate for nomination, election, or appointment to a political office or to a committee organized wholly or partly to promote or defeat a candidate.*

*Subd. 5. [NEWS MEDIA.] This section does not prohibit publication or broadcasting of news items or editorial comments by the news media.*

*Subd. 6. [PENALTY FOR INDIVIDUALS.] An officer, stockholder, agent, employee, attorney, or other representative of a corporation acting in behalf of the corporation who violates this section may be fined not more than \$20,000 or be imprisoned for not more than five years, or both.*

*Subd. 7. [PENALTY FOR CORPORATIONS.] A corporation convicted of violating this section is subject to a fine not greater than \$40,000. A convicted domestic corporation may be dissolved as well as fined. If a foreign or nonresident corporation is convicted, in addition to being fined, its right to do business in this state may be declared forfeited.*

*Subd. 8. [PERMITTED ACTIVITY; POLITICAL PARTY.] It is not a violation of this section for a political party, as defined in section 200.02, subdivision 7, to form a nonprofit corporation for the sole purpose of holding real property to be used exclusively as the party's headquarters.*

*Subd. 9. [MEDIA PROJECTS.] It is not a violation of this section for a corporation to contribute to or conduct public media projects to encourage individuals to attend precinct caucuses, register, or vote if the projects are not controlled by or operated for the advantage of a candidate, political party, or committee.*

*Subd. 10. [MEETING FACILITIES.] It is not a violation of this section for a corporation to provide meeting facilities to a committee, political party, or candidate on a nondiscriminatory and nonpreferential basis.*

*Subd. 11. [MESSAGES ON CORPORATE PREMISES.] It is not a violation of this section for a corporation selling products or services to the public to post on its public premises messages that promote participation in precinct caucuses, voter registration, or elections if the messages are not controlled by or operated for the advantage of a candidate, political party, or committee.*

*Subd. 12. [REPORTS REQUIRED.] The total amount of an expenditure or contribution for any one project permitted by subdivisions 9 and 11 that is more than \$200, together with the date, purpose, and the names and addresses of the persons receiving the contribution or expenditures, must be reported to the secretary of state. The reports must be filed on forms provided by the secretary of state on the dates required for committees under article 2, section 2. Failure to file is a misdemeanor.*

*Subd. 13. [AIDING VIOLATION; PENALTY.] An individual who aids, abets, or advises a violation of this section is guilty of a gross misdemeanor.*

*Subd. 14. [PROSECUTIONS; VENUE.] Violations of this section may be prosecuted in the county where the payment or contribution was made, where services were rendered, or where money was paid or distributed.*

**Sec. 16. [211B.15] [COUNTY ATTORNEY INQUIRY; ASSOCIATE COUNSEL.]**

*Subdivision 1. [COUNTY ATTORNEY INQUIRY.] A county attorney who is notified of an alleged violation of this chapter shall promptly investigate. If there is probable cause for instituting a prosecution, the county attorney shall proceed by complaint or present the charge, with whatever evidence has been found, to the grand jury. A county attorney who refuses or intentionally fails to faithfully perform this or any other duty imposed by this chapter is guilty of a misdemeanor and upon conviction forfeits the office.*

*The county attorney, under the penalty of forfeiture of office, shall prosecute all violations of this chapter except violations of this section. If, however, a complainant withdraws an allegation under this chapter, the county attorney is not required to proceed with prosecution.*

*Subd. 2. [ASSOCIATE COUNSEL.] Anyone except the person under investigation or the person's agent may employ an attorney to assist the county attorney in the investigation and prosecution of a violation of this chapter. The county attorney and the court shall recognize the attorney as associate counsel for the proceeding. A prosecution, action, or proceeding must not be dismissed without notice to the associate counsel. If the associate counsel objects to the dismissal, the county attorney's reasons for dismissal and the associate counsel's objections must be filed with the court and heard within the time period the court requires.*

**Sec. 17. [211B.16] [FORFEITURE OF NOMINATION OR OFFICE; CIRCUMSTANCES WHERE NOT FORFEITED.]**

*Subdivision 1. [FORFEITURE OF NOMINATION OR OFFICE.] Except as provided in subdivision 2, if a candidate is found guilty of violating this chapter or an offense was committed by another individual with the knowledge, consent, or connivance of the candidate, the court, after entering the adjudication of guilty, shall enter a supplemental judgment declaring that the candidate has forfeited the nomination or office. If the court enters the supplemental judgment, it shall transmit to the filing officer a transcript of the supplemental judgment, the nomination or office becomes vacant, and the vacancy must be filled as provided by law.*

*Subd. 2. [CIRCUMSTANCES WHERE NOMINATION OR OFFICE NOT FORFEITED.] In a trial for a violation of this chapter, the candidate's nomination or election is not void if the court finds that:*

*(1) an offense, though committed by the candidate or with the candidate's knowledge, consent, or connivance, was trivial; or*

*(2) an act or omission of a candidate arose from accidental miscalculation or other reasonable cause, but in any case not from a want of good faith; and the court also finds that it would be unjust for a candidate to forfeit the nomination or election.*

*None of these findings is a defense to a conviction under this chapter.*

**Sec. 18. [211B.17] [DISQUALIFIED CANDIDATE NOT TO HOLD VARIOUS POSITIONS.]**

*A candidate whose election to office has been set aside for a violation of this chapter may not be appointed, during the period fixed by law as the term of the office, to fill a vacancy in that office. A candidate or other individual who is convicted of a violation of this chapter may not be appointed, during the period fixed by law as the term of the office with respect to which the election was held and the offense was committed, to fill a vacancy that may occur in the office. An appointment to an office made contrary to the provisions of this section is void.*

*A candidate or other individual who is convicted of a violation of this chapter is not qualified, during the period fixed by law as the term of the office with respect to which the election was held and the offense was committed, to fill a vacancy in an office for which the legislature may establish qualifications under article XII, section 3, of the Minnesota Constitution.*



Sec. 19. [211B.18] [PENALTIES FOR VIOLATION.]

*A violation of this chapter for which no other penalty is provided is a misdemeanor.*

Sec. 20. [211B.19] [DENIAL OF ACCESS BY POLITICAL CANDIDATES TO MULTIPLE UNIT DWELLINGS.]

*Subdivision 1. [PROHIBITION.] It is unlawful for a person, either directly or indirectly, to deny access to an apartment house, dormitory, nursing home, manufactured home park, other multiple unit facility used as a residence, or an area in which two or more single-family dwellings are located on private roadways to a candidate who has filed for election to public office or to campaign workers accompanied by the candidate, if the candidate and workers seeking admittance to the facility do so solely for the purpose of campaigning. A violation of this section is a petty misdemeanor.*

*Subd. 2. [EXCEPTIONS.] Subdivision 1 does not prohibit:*

*(1) denial of admittance into a particular apartment, room, manufactured home, or personal residential unit;*

*(2) requiring reasonable and proper identification as a necessary prerequisite to admission to a multiple unit dwelling;*

*(3) in the case of a nursing home, denial of permission to visit certain persons for valid health reasons;*

*(4) limiting visits by candidates or workers accompanied by the candidate to a reasonable number of persons or reasonable hours;*

*(5) requiring a prior appointment to gain access to the facility; or*

*(6) denial of admittance to or expulsion from a multiple unit dwelling for good cause.*

Sec. 21. [APPLICABILITY.]

*Nothing in section 17 or 18 may be construed to limit the ability of each house of the legislature to act as judge of the election returns and eligibility of its own members.*

Sec. 22. [EFFECTIVE DATE.]

*This act is effective July 1, 1988."*

Delete the title and insert:

*"A bill for an act relating to elections; requiring fair campaign practices; imposing penalties; amending Minnesota Statutes 1986, sections 201.275; 204C.04; and 383A.297; Minnesota Statutes 1987 Supplement, sections 200.01; and 383B.041; proposing coding for new law as Minnesota Statutes, chapters 211A and 211B; repealing Minnesota Statutes 1986, chapter 210A, as amended."*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Linda J. Scheid, Bob Neuenschwander, Gerald Knickerbocker

Senate Conferees: (Signed) Donna C. Peterson, William P. Luther, Dean E. Johnson

Ms. Peterson, D.C. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 236 be now adopted, and that the

bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 236 was read the third time.

Ms. Peterson, D.C. moved that H.F. No. 236 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2536, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2536 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 13, 1988.

#### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2536

A bill for an act relating to elections; providing that statewide computerized voter registration system satisfy requirements for duplicate registration file; establishing voter registration account and appropriating money; changing certain procedures related to registration cards, files, and records; changing certain procedures for voting, arranging names on ballots, and completing summary statements; permitting cities or counties to use their present voting systems for general elections; amending Minnesota Statutes 1986, sections 201.091, subdivisions 2 and 5; 204D.08, subdivision 5; Minnesota Statutes 1987 Supplement, sections 201.022, subdivision 1; 201.071, subdivision 4; 204C.24, subdivision 1; 204D.08, subdivision 4; and 206.80; proposing coding for new law in Minnesota Statutes, chapter 201.

April 11, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2536, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Howard R. Orenstein, Tom Osthoff, Gerald Knickerbocker

Senate Conferees: (Signed) William P. Luther, Donna C. Peterson, Gary W. Laidig

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2536 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

So the recommendations and Conference Committee Report were adopted.

H.F. No. 2536 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Merriam	Renneke
Anderson	Decker	Jude	Metzen	Solon
Beckman	DeCramer	Knutson	Moe, D.M.	Spear
Belanger	Dicklich	Kroening	Moe, R.D.	Storm
Benson	Diessner	Laidig	Morse	Stumpf
Berg	Frank	Langseth	Novak	Vickerman
Bernhagen	Frederick	Lantry	Pehler	Waldorf
Bertram	Frederickson, D.J.	Larson	Peterson, D.C.	Wegscheid
Brandl	Frederickson, D.R.	Luther	Peterson, R.W.	
Brataas	Freeman	Marty	Piper	
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2407.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 13, 1988

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2407: A bill for an act relating to the state and local governments; providing that municipal volunteers are employees for purposes of tort claims; providing that employees and officers of the world trade center board and greater Minnesota corporation are state employees for purposes of state tort claims; providing that officers and directors of public corporations are immune from liability under standards for nonprofit corporations; clarifying immunity from civil liability for certain athletic officials; amending Minnesota Statutes 1986, sections 317.22, subdivision 4; 317.28; 466.01, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 44A.02, subdivision 3; 116O.03, by adding a subdivision; 116O.04, subdivision 2; 317.201, subdivision 1; 340A.801, subdivisions 1 and 4; 340A.802; and 604.08, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2426, now on Special Orders.

## MOTIONS AND RESOLUTIONS

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

Senate Resolution No. 143: A Senate resolution commending Major General James G. Sieben for 40 years of service in the Minnesota National Guard.

Referred to the Committee on Rules and Administration.

Mr. Bertram introduced—

Senate Resolution No. 144: A Senate resolution congratulating Bob Brink for being named 1988 Boys Basketball Coach of the Year.

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 Special Orders Calendar. The motion prevailed.

## SPECIAL ORDER

H.F. No. 453: A bill for an act relating to state investments; limiting investments in companies doing business in Northern Ireland; protecting public pension investment policy; authorizing early unreduced retirement under the rule of 90 for the Minnesota state retirement system and the teachers retirement association; amending Minnesota Statutes 1986, sections 354.44, subdivision 6; 354A.23, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 352.116, by adding a subdivision; 354A.31, subdivision 6, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 11A.

## CALL OF THE SENATE

Mr. Hughes imposed a call of the Senate for the balance of the proceedings on H.F. No. 453. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Brandl moved to amend H.F. No. 453, as amended pursuant to Rule 49, adopted by the Senate March 24, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 722.)

Page 1, delete lines 7 to 17 and insert:

“BE IT RESOLVED by the Legislature of the State of Minnesota that the British government should speedily enact legislation to promote affirmative action to eliminate political, religious, and ethnic discrimination in employment in Northern Ireland.

BE IT FURTHER RESOLVED that the Secretary of State of Minnesota shall transmit enrolled copies of this memorial to the British Ambassador in Washington, D.C., and the British Secretary of State for Northern Ireland.”

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Bernhagen	Dicklich	Moe, R.D.	Storm
Beckman	Brandl	Diessner	Novak	Taylor
Belanger	Brataas	Knaak	Pehler	Waldorf
Benson	Decker	Moe, D.M.	Peterson, R.W.	Wegscheid

Those who voted in the negative were:

Adkins	Frank	Kroening	Mehrkens	Samuelson
Berg	Frederick	Langseth	Merriam	Schmitz
Bertram	Frederickson, D.J.	Lantry	Metzen	Solon
Chmielewski	Frederickson, D.R.	Larson	Morse	Spear
Cohen	Hughes	Lessard	Peterson, D.C.	Vickerman
Dahl	Johnson, D.E.	Luther	Piper	
Davis	Jude	Marty	Ramstad	
DeCramer	Knutson	McQuaid	Renneke	

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

Mr. Ramstad moved that the amendment made to H.F. No. 453 by the Committee on Rules and Administration in the report adopted March 24, 1988, pursuant to Rule 49, be stricken.

Mr. Moe, D.M. raised a point of order on the Ramstad motion as to germaneness. The President ruled the motion was in order.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 29 and nays 36, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Johnson, D.E.	Lessard	Ramstad
Anderson	Dicklich	Jude	McQuaid	Samuelson
Belanger	Frank	Knutson	Mehrkens	Solon
Benson	Frederick	Kroening	Metzen	Storm
Bernhagen	Frederickson, D.J.	Laidig	Pehler	Vickerman
Bertram	Frederickson, D.R.	Larson	Purfeerst	

Those who voted in the negative were:

Beckman	Decker	Lantry	Olson	Spear
Berg	DeCramer	Luther	Peterson, D.C.	Stumpf
Berglin	Diessner	Marty	Peterson, R.W.	Waldorf
Brandl	Freeman	Merriam	Piper	Wegscheid
Brataas	Gustafson	Moe, D.M.	Pogemiller	
Cohen	Hughes	Moe, R.D.	Reichgott	
Dahl	Knaak	Morse	Renneke	
Davis	Langseth	Novak	Schmitz	

The motion did not prevail.

Mrs. McQuaid moved to amend H.F. No. 453, as amended pursuant to Rule 49, adopted by the Senate March 24, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 722.)

Page 1, delete lines 7 to 17 and insert:

**"BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:**

Section 1. [11A.241] [INVESTMENT IN NORTHERN IRELAND.]

*Subdivision 1. [LIST OF INVESTMENTS.] (a) By January 1 of each year, the state board shall:*

*(1) compile a list of corporations that, directly or through a subsidiary, do business in Northern Ireland and in whose stocks or obligations the board has invested under section 11A.24, subdivision 3 or 5;*

(2) determine whether each corporation on the list has, during the preceding year, taken affirmative action to eliminate religious or ethnic discrimination in Northern Ireland.

(b) In making the determination required by clause (2) of paragraph (a), the state board shall consider whether a corporation has during the preceding year taken substantial action designed to lead toward the achievement of the following goals, known internationally as the MacBride principles:

(1) increasing representation of persons from underrepresented religious groups at all levels on its workforce;

(2) providing adequate security for employees who are members of minority religious groups, both at the workplace and while traveling to and from work;

(3) banning provocative religious or political emblems from the workplace;

(4) publicly advertising all job openings and making special recruiting efforts to attract applicants from underrepresented religious groups;

(5) providing that layoff, recall, and termination procedures do not in practice favor workers who are members of particular religious groups;

(6) abolishing job reservations, apprenticeship restrictions, and differential employment criteria that discriminate on the basis of religious or ethnic origin;

(7) developing new programs and expanding existing programs to prepare current employees who are members of minority religious groups for skilled jobs;

(8) establishing procedures to assess, identify, and recruit employees who are members of minority religious groups and who have potential for advancement; and

(9) appointing senior management employees to oversee affirmative action efforts and the setting of timetables for carrying out clauses (1) to (8).

*Subd. 2. [INVESTMENT POLICY.] (a) Notwithstanding section 11A.24, with respect to corporations doing business in Northern Ireland the state board shall, consistent with sound investment policy, invest in corporate stocks or obligations in a manner to encourage corporations that, in the board's determination, pursue a policy of affirmative action in Northern Ireland.*

*(b) Whenever feasible, the board shall sponsor, cosponsor, or support shareholder resolutions designed to encourage corporations in which the board has invested to pursue a policy of affirmative action in Northern Ireland.*

*Subd. 3. [DIVESTMENT NOT REQUIRED.] Nothing in this section may be construed to require the state board to dispose of existing investments."*

Delete the title and insert:

"A bill for an act relating to state investments; limiting investments in companies doing business in Northern Ireland; proposing coding for new law in Minnesota Statutes, chapter 11A."

Mr. Moe, D.M. questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Knaak moved to amend H.F. No. 453, as amended pursuant to Rule 49, adopted by the Senate March 24, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 722.)

Page 1, delete lines 7 to 17 and insert:

“WHEREAS, the State of Minnesota has benefited by many of its citizens and their ancestors having come from Ireland;

WHEREAS, the contributions of persons of Irish ancestry to the welfare of the State have been great and the people of Minnesota wish to acknowledge their contributions to our state;

WHEREAS, the citizens of Minnesota deplore the violence now associated with conditions in Northern Ireland, as well as acts of terrorism and violence throughout the world;

BE IT RESOLVED that March 17, 1989, be declared International Anti-Terrorism Day;

BE IT FURTHER RESOLVED that the Secretary of State of the State of Minnesota is directed to prepare certified copies of this resolution and transmit them to the government of the Republic of Ireland as an expression of gratitude to the contributions of its citizens and of hope for continuing friendship between those citizens and the people of Minnesota.”

Amend the title accordingly

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

Mr. Knaak then moved to amend H.F. No. 453, as amended pursuant to Rule 49, adopted by the Senate March 24, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 722.)

Page 1, after line 11, insert:

“BE IT FURTHER RESOLVED that the Legislature and the State of Minnesota intend to oppose and boycott any participation in the Olympic siting process and discourage participation by Minnesota athletes in the Olympics until the Berlin wall is removed and democratic elections are held in the German Democratic Republic.”

Amend the title accordingly

Mrs. Lantry questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Knaak then moved to amend H.F. No. 453, as amended pursuant to Rule 49, adopted by the Senate March 24, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 722.)

Page 1, delete lines 7 to 17 and insert:

“BE IT RESOLVED by the Legislature and the State of Minnesota that Congress should speedily enact legislation to establish a bipartisan commission, in consultation with the United States Department of State and the foreign relations committees of the United States Senate and House of Representatives, to study and report on current topics of foreign policy and

international diplomacy, and to make recommendations in order to encourage the development of a coherent and uniform foreign policy and to curtail the growing trend of states' involvement in foreign policy matters beyond their jurisdiction.

BE IT FURTHER RESOLVED that the Secretary of State of Minnesota shall transmit enrolled copies of this memorial to the President of the United States, the President and the Secretary of the United States Senate, the Speaker and the Clerk of the United States House of Representatives, and to Minnesota's Senators and Representatives in Congress."

Delete the title and insert:

"A resolution memorializing the President and Congress to establish a bipartisan commission to study and report on foreign policy and to recommend ways to curtail the trend of states' involvement in foreign policy matters beyond their jurisdiction."

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

Mr. Knaak then moved to amend H.F. No. 453, as amended pursuant to Rule 49, adopted by the Senate March 24, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 722.)

Page 1, after line 11, insert:

"BE IT FURTHER RESOLVED that the state board of investment should invest only in companies that actively seek to recruit, hire and promote Minnesota native Americans."

Amend the title accordingly

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

H.F. No. 453 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 39 and nays 21, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Knutson	Merriam	Purfeerst
Berglin	Frank	Kroening	Metzen	Ramstad
Bertram	Frederickson, D.J.	Langseth	Moe, R.D.	Renneke
Brataas	Freeman	Lantry	Morse	Schmitz
Chmielewski	Hughes	Lessard	Pehler	Solon
Cohen	Johnson, D.E.	Luther	Peterson, D.C.	Spear
Dahl	Johnson, D.J.	Marty	Piper	Vickerman
Davis	Jude	McQuaid	Pogemiller	

Those who voted in the negative were:

Anderson	Bernhagen	Frederickson, D.R.	Moe, D.M.	Wegscheid
Beckman	Brandl	Gustafson	Novak	
Belanger	Decker	Knaak	Peterson, R.W.	
Benson	Diessner	Larson	Storm	
Berg	Frederick	Mehrkens	Taylor	

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 has adopted the recommendation and report of the Conference Committee on House File No. 1795, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1795 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1988

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 1795**

A bill for an act relating to human services; creating a task force to study building code standards for family and group family day care homes; changing building code requirements concerning certain child care facilities; amending Minnesota Statutes 1987 Supplement, sections 16B.61, subdivision 3; and 245A.09, by adding a subdivision.

April 12, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1795, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1795 be further amended as follows:

Page 2, line 27, delete "R" and insert "R-3"

Page 3, after line 6, insert:

*(h) No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger."*

Page 3, delete lines 7 to 18, and insert:

"Sec. 2. Minnesota Statutes 1987 Supplement, section 245A.04, is amended by adding a subdivision to read:

*Subd. 9. [VARIANCES.] The commissioner may grant variances to rules that do not affect the health or safety of persons in a licensed program if the following conditions are met:*

(1) the variance must be requested by an applicant or license holder on a form and in a manner prescribed by the commissioner;

(2) the request for a variance must include the reasons that the applicant or license holder cannot comply with a requirement as stated in the rule and the alternative equivalent measures that the applicant or license holder will follow to comply with the intent of the rule; and

(3) the request must state the period of time for which the variance is requested.

The commissioner's decision to grant or deny a variance request is final and not subject to appeal under the provisions of chapter 14.

Sec. 3. Minnesota Statutes 1987 Supplement, section 245A.14, is amended by adding a subdivision to read:

*Subd. 4. [SPECIAL FAMILY DAY CARE HOMES.] Nonresidential child care programs that are conducted at a location other than the license holder's own residence shall be licensed under the rules governing family day care or group family day care if:*

(a) the license holder is the primary provider of care;

(b) the nonresidential child care program is conducted in a dwelling that is located on a residential lot; and

(c) the license holder complies with all other requirements of sections 245A.01 to 245A.15 and the rules governing family day care or group family day care.

Sec. 4. Minnesota Statutes 1987 Supplement, section 245A.14, is amended by adding a subdivision to read:

*Subd. 5. [RULES GOVERNING STAFF QUALIFICATIONS IN NON-RESIDENTIAL CHILD CARE CENTERS.] The education and training requirements for nonresidential child care center staff contained in the rules that were in effect on January 1, 1988, shall be the minimum qualifications until July 1, 1991."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the semicolon insert "allowing variance to rules for child care facilities in some circumstances; allowing use of double cylinder dead bolt locks in certain instances;"

Page 1, line 7, delete everything after the semicolon and insert "245A.04, by adding a"

Page 1, line 8, before the period insert "; and 245A.14, by adding subdivisions"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Paul Anders Ogren, Roger M. Cooper, Steve A. Sviggum

Senate Conferees: (Signed) Linda Berglin, Pat Piper, Donald A. Storm

Ms. Berglin moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1795 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

So the recommendations and Conference Committee Report were adopted.

H.F. No. 1795 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Gustafson	Moe, D.M.	Samuelson
Anderson	Dahl	Johnson, D.E.	Moe, R.D.	Solon
Beckman	Davis	Jude	Morse	Spear
Belanger	Decker	Kroening	Novak	Storm
Benson	DeCramer	Langseth	Olson	Stumpf
Berg	Dicklich	Lantry	Peterson, D.C.	Vickerman
Berglin	Diessner	Lessard	Peterson, R.W.	Waldorf
Bernhagen	Frank	Luther	Piper	Wegscheid
Bertram	Frederick	McQuaid	Pogemiller	
Brandl	Frederickson, D.J.	Mehrkens	Purfeerst	
Brataas	Frederickson, D.R.	Merriam	Ramstad	
Chmielewski	Freeman	Metzen	Renneke	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Pogemiller moved that the following members be excused for a Conference Committee on S.F. No. 1963 from 1:30 to 3:00 p.m.:

Mr. Gustafson, Ms. Reichgott and Mr. Pogemiller. The motion prevailed.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 63: A bill for an act relating to motor vehicles; providing that passenger automobile license plates be issued for a six-year period; providing for license plate replacement fees; amending Minnesota Statutes 1986, section 168.12, subdivisions 1, 2a, and 5; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4.

There has been appointed as such committee on the part of the House: Simoneau; Johnson, A. and Knickerbocker.

Senate File No. 63 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2025: A bill for an act relating to financial institutions; regulating the business of mortgage bankers, loan officers, general mortgage brokers, and individual mortgage brokers; establishing licensing requirements; detailing the supervising powers of the commissioner; prohibiting certain practices; prescribing penalties; appropriating money; amending Minnesota Statutes 1986, sections 56.01; and 82.18; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 4; proposing coding for new law as Minnesota Statutes, chapter 57; repealing Minnesota Statutes 1987 Supplement, sections 47.206, subdivision 6; and 82.175.

There has been appointed as such committee on the part of the House: Voss, Skoglund, Boo, Scheid and Hartle.

Senate File No. 2025 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1462: A bill for an act relating to housing; creating a low-income housing trust account; providing for the uses of the account; placing certain requirements on real estate trust accounts; appropriating money; amending Minnesota Statutes 1986, sections 82.24, by adding a subdivision; and 82.34, subdivisions 6 and 15; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 462A.

There has been appointed as such committee on the part of the House: Clark, Otis and Morrison.

Senate File No. 1462 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1590: A bill for an act relating to transportation; providing that uniform relocation assistance standards comply with recent amendments

to federal law; authorizing commissioner of transportation to accept gifts to department; appropriating gift funds to commissioner; exempting lessees of highway easement property from tax on its use and possession; providing that governmental body may file deed conveying partial parcel of land without current taxes having been paid on whole parcel; repealing conflicting provision related to charges for users of air transportation services provided by the commissioner of transportation; amending Minnesota Statutes 1986, section 161.20, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 117.52, subdivision 1; 272.01, subdivision 3; and 272.121; repealing Minnesota Statutes 1986, section 360.015, subdivision 20.

There has been appointed as such committee on the part of the House:  
Lieder, Kalis and Johnson, V.

Senate File No. 1590 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1821: A bill for an act relating to crimes; police pursuit; requiring certain driver's manual information; providing for civil forfeiture of vehicle used to flee a peace officer; requiring local governments to establish pursuit procedures and training requirements by October 1, 1989; authorizing peace officer standards and training board to assist local governments in establishing procedures and training requirements; requiring reporting of all police pursuits to department of public safety; amending Minnesota Statutes 1986, sections 171.13, by adding a subdivision; 626.843, subdivision 1; and 626.845, subdivision 1; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 626.

There has been appointed as such committee on the part of the House:  
Segal, Kelly and Seaberg.

Senate File No. 1821 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2009, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2009: A bill for an act relating to family law; modifying and clarifying provisions for the collection and enforcement of child support; providing for cost-of-living adjustments in spousal maintenance awards; providing for grandparent visitation rights in all family law proceedings; providing for reopening of judgments; providing for custody rights; clarifying and modifying provisions relating to pension plan rights in marriage dissolutions; amending Minnesota Statutes 1986, sections 69.62; 256.978; 257.022, subdivision 2; 270A.03, subdivision 4; 383B.51; 423A.16; 424A.02, subdivision 6; 490.126, by adding a subdivision; 518.145; 518.156, subdivision 1; 518.17, subdivision 3; 518.171, by adding a subdivision; 518.175, by adding a subdivision; 518.551, by adding a subdivision; 518.552, by adding a subdivision; 518.54, by adding a subdivision; 518.611, subdivision 10; 518.64, subdivision 2; and 518.641; Minnesota Statutes 1987 Supplement, sections 356.80; 518.54, subdivision 10; 518.58, subdivision 2; 518.581, subdivision 4; and 518.611, subdivision 2.

Senate File No. 2009 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2003, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2003: A bill for an act relating to state government; providing for salary ranges for certain state employees; clarifying requirements for submitting certain salaries for legislative approval; requiring certain reports; regulating emergency civil service appointments; clarifying limits on certain salaries; authorizing the governor to change the salaries of newly appointed agency heads; regulating affirmative action; regulating separation from certain bargaining units; regulating health and other fringe benefit coverages; providing duties for the commissioner of employee relations; amending Minnesota Statutes 1986, sections 43A.04, subdivision 7; 43A.15, subdivisions 2 and 11; 43A.17, subdivisions 1 and 9; 43A.18, subdivision 5; 43A.19, subdivision 1; 43A.23, subdivisions 1 and 3; 43A.27, subdivision 3, and by adding a subdivision; 175.101, by adding a subdivision; and 179A.10, subdivision 3; Minnesota Statutes 1987 Supplement, sections 15A.081, subdivisions 1 and 7b; 15A.083, subdivision 7; 43A.08, subdivision 1a; 43A.191, subdivision 3; 43A.316, subdivisions 2, 4, 8, and by adding a subdivision; 43A.421; 44A.02, subdivision 1; 79.34, subdivision 1; 176.611, subdivisions 2 and 3a; and 214.04, subdivision 3.

Senate File No. 2003 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce the passage by the House of the following

Senate File, herewith returned: S.F. No. 2465.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1966, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1966 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1988

#### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1966

A bill for an act relating to zoning; providing for filing requirements of variances and certain official maps to real property; amending Minnesota Statutes 1986, section 462.36, subdivision 1.

April 13, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1966, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Kathleen A. Blatz, Loren G. Jennings, Jerry J. Bauerly

Senate Conferees: (Signed) William B. Belanger, Jr., Betty A. Adkins, David J. Frederickson

Mr. Belanger moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1966 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1966 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Freeman	Luther	Solon
Anderson	Dahl	Gustafson	McQuaid	Storm
Beckman	Davis	Hughes	Mehrkens	Stumpf
Belanger	Decker	Johnson, D.E.	Metzen	Taylor
Benson	DeCramer	Jude	Morse	Vickerman
Berg	Diessner	Kroening	Peterson, D.C.	Waldorf
Berglin	Frank	Langseth	Piper	Wegscheid
Bernhagen	Frederick	Lantry	Purfeerst	
Bertram	Frederickson, D.J.	Larson	Ramstad	
Chmielewski	Frederickson, D.R.	Lessard	Renneke	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Spear moved that the following members be excused for a Conference Committee on S.F. No. 2119 at 4:00 p.m.:

Messrs. Merriam; Peterson, R.W. and Spear. The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Spear moved that the following members be excused for a Conference Committee on S.F. No. 392 at 5:00 p.m.:

Messrs. Laidig, Marty and Spear. The motion prevailed.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1851, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1851 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1851

A bill for an act relating to local government; regulating duties of town officers; setting town powers; amending Minnesota Statutes 1986, sections 18.272; 465.71; and 471.653; and Minnesota Statutes 1987 Supplement, section 115A.921; and repealing Minnesota Statutes 1986, section 365.03.

April 12, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1851, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment.



We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Jerry J. Bauerly, Loren G. Jennings, Bob Anderson

Senate Conferees: (Signed) Jim M. Vickerman, Robert J. Schmitz, Dennis R. Frederickson

Mr. Vickerman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1851 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1851 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Frederickson, D.R.	Luther	Ramstad
Anderson	Cohen	Freeman	McQuaid	Renneke
Beckman	Dahl	Gustafson	Mehrkens	Solon
Belanger	Davis	Hughes	Metzen	Storm
Benson	Decker	Johnson, D.E.	Moe, R.D.	Stumpf
Berg	DeCramer	Jude	Morse	Taylor
Berglin	Diessner	Kroening	Olson	Vickerman
Bernhagen	Frank	Lantry	Peterson, D.C.	Waldorf
Bertram	Frederick	Larson	Piper	Wegscheid
Brataas	Frederickson, D.J.	Lessard	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1817, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1817 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1817

A bill for an act relating to watercraft; requiring lifesaving devices in duck boats; amending Minnesota Statutes 1986, section 361.141, subdivision 1.

April 13, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1817, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1817 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 97B.425, is amended to read:

97B.425 [BAITING BEARS.]

*Notwithstanding section 609.68, a person ~~placing~~ may place bait to take bear and 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. To attract bear a person may not use a bait with:~~*

*(1) a carcass from a mammal, if the carcass contains more than 25 percent of the intact carcass;*

*(2) solid waste containing bottles, cans, plastic, paper, or metal; or*

*(3) materials that are not readily biodegradable.*

Sec. 2. Minnesota Statutes 1986, section 97B.811, is amended to read:

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.

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~~ *lawful shooting hours* for waterfowl.

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~~ *lawful shooting hours* 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.

Subd. 4. [DECOYS THAT ARE NAVIGATIONAL HAZARD PROHIBITED.] A person may not leave decoys in public waters between sunset and one hour before ~~sunrise~~ *lawful shooting hours* if the decoys constitute a navigational hazard.

Sec. 3. Minnesota Statutes 1986, section 361.141, subdivision 1, is amended to read:

Subdivision 1. [PERSONAL FLOTATION OR LIFESAVING DEVICES.]

Watercraft and duck boats using the waters of this state shall be equipped with the number and type of personal flotation or lifesaving devices prescribed by the commissioner. The commissioner shall not require sailboards to be equipped with personal flotation or lifesaving devices. Nor shall the commissioner require persons on sailboards to wear those devices or have them readily available."

Delete the title and insert:

"A bill for an act relating to game and fish; prohibiting the use of certain meat in baiting bears; regulating placing decoys in public waters or on public lands; requiring lifesaving devices in duckboats; amending Minnesota Statutes 1986, sections 97B.425; 97B.811; and 361.141, subdivision 1."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Brad G. Stanius, Bob Neuenschwander, Leo J. Reding

Senate Conferees: (Signed) Darril Wegscheid, Bob Lessard, John Bernhagen

Mr. Wegscheid moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1817 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1817 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Freeman	Luther	Ramstad
Anderson	Dahl	Gustafson	McQuaid	Renneke
Beckman	Davis	Hughes	Mehrkens	Solon
Belanger	Decker	Johnson, D.E.	Metzen	Storm
Benson	DeCramer	Jude	Moe, R.D.	Stumpf
Berg	Diessner	Kroening	Morse	Taylor
Berglin	Frank	Langseth	Novak	Vickerman
Bernhagen	Frederick	Lantry	Olson	Waldorf
Bertram	Frederickson, D.J.	Larson	Peterson, D.C.	Wegscheid
Brataas	Frederickson, D.R.	Lessard	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Peterson, D.C. moved that H.F. No. 236 be taken from the table. The motion prevailed.

H.F. No. 236: A bill for an act relating to elections; requiring fair campaign practices; imposing penalties; amending Minnesota Statutes 1986, sections 123.015; 200.015; 201.275; 204C.04; proposing coding for new law as Minnesota Statutes, chapters 211A and 211B; repealing Minnesota Statutes 1986, chapter 210A.

Was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Cohen	Freeman	Luther	Ramstad
Anderson	Dahl	Gustafson	McQuaid	Renneke
Beckman	Davis	Hughes	Mehrkens	Schmitz
Belanger	Decker	Johnson, D.E.	Metzen	Solon
Benson	DeCramer	Jude	Moe, R.D.	Storm
Berg	Diessner	Kroening	Morse	Stumpf
Berglin	Frank	Langseth	Novak	Taylor
Bernhagen	Frederick	Lantry	Olson	Vickerman
Bertram	Frederickson, D.J.	Larson	Peterson, D.C.	Waldorf
Brataas	Frederickson, D.R.	Lessard	Purfeerst	Wegscheid

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Frederick moved that S.F. No. 1932 be taken from the table. The motion prevailed.

S.F. No. 1932: A bill for an act relating to transportation; exempting certain private carriers of fuel for use in agriculture-related businesses from certain hazardous materials regulations; amending Minnesota Statutes 1986, section 221.033, subdivision 1, and by adding a subdivision.

### CONCURRENCE AND REPASSAGE

Mr. Frederick moved that the Senate concur in the amendments by the House to S.F. No. 1932 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1932 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 44 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Freeman	Lessard	Schmitz
Anderson	Davis	Gustafson	Mehrkens	Solon
Beckman	Decker	Hughes	Moe, R.D.	Storm
Belanger	DeCramer	Johnson, D.E.	Morse	Stumpf
Benson	Diessner	Jude	Novak	Taylor
Berg	Frank	Kroening	Peterson, D.C.	Vickerman
Berglin	Frederick	Langseth	Purfeerst	Waldorf
Bernhagen	Frederickson, D.J.	Lantry	Ramstad	Wegscheid
Bertram	Frederickson, D.R.	Larson	Renneke	

Mr. Luther voted in the negative.

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Novak moved that S.F. No. 2217 be taken from the table. The motion prevailed.

S.F. No. 2217: A bill for an act relating to state lands; authorizing transfer of certain state lands in Ramsey county to the city of Mounds View.

### CONCURRENCE AND REPASSAGE

Mr. Novak moved that the Senate concur in the amendments by the House to S.F. No. 2217 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2217 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Freeman	McQuaid	Renneke
Anderson	Dahl	Gustafson	Mehrkens	Schmitz
Beckman	Davis	Hughes	Moe, R.D.	Solon
Belanger	Decker	Johnson, D.E.	Morse	Storm
Benson	DeCramer	Jude	Novak	Stumpf
Berg	Diessner	Langseth	Olson	Taylor
Berglin	Frank	Lantry	Peterson, D.C.	Vickerman
Bernhagen	Frederick	Larson	Piper	Waldorf
Bertram	Frederickson, D.J.	Lessard	Purfeerst	Wegscheid
Brataas	Frederickson, D.R.	Luther	Ramstad	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mrs. Adkins moved that S.F. No. 1900 be taken from the table. The motion prevailed.

S.F. No. 1900: A bill for an act relating to the metropolitan airports commission; setting the borrowing authority of the commission; amending Minnesota Statutes 1986, section 473.667, subdivision 2.

### CONCURRENCE AND REPASSAGE

Mrs. Adkins moved that the Senate concur in the amendments by the House to S.F. No. 1900 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1900: A bill for an act relating to the metropolitan airports commission; setting the borrowing authority of the commission; providing for commission purposes, environmental review, and reports; amending Minnesota Statutes 1986, sections 473.602; and 473.667, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 473.

Was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Chmielewski	Frederickson, D.R.	Lessard	Ramstad
Anderson	Cohen	Freeman	Luther	Renneke
Beckman	Dahl	Gustafson	McQuaid	Schmitz
Belanger	Davis	Hughes	Mehrkens	Solon
Benson	Decker	Johnson, D.E.	Moe, R.D.	Storm
Berglin	DeCramer	Jude	Morse	Stumpf
Bernhagen	Diessner	Kroening	Olson	Taylor
Bertram	Frank	Langseth	Peterson, D.C.	Vickerman
Brandl	Frederick	Lantry	Piper	Waldorf
Brataas	Frederickson, D.J.	Larson	Purfeerst	Wegscheid

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Ms. Berglin moved that S.F. No. 2017 be taken from the table. The motion prevailed.

S.F. No. 2017: A bill for an act relating to Gillette children's hospital; authorizing the hospital board to incorporate as a nonprofit corporation; terminating its status as a public corporation; transferring its ownership of hospital property to the city of St. Paul; repealing Minnesota Statutes 1986, section 250.05, subdivisions 1, 2a, 3, 4, 5, and 6; and Minnesota Statutes 1987 Supplement, section 250.05, subdivisions 2 and 7.

### CONCURRENCE AND REPASSAGE

Ms. Berglin moved that the Senate concur in the amendments by the House to S.F. No. 2017 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2017: A bill for an act relating to Gillette children's hospital; authorizing the hospital board to incorporate as a nonprofit corporation; terminating its status as a public corporation; transferring its ownership of hospital property to the city of St. Paul; permitting repayment of a refund; repealing Minnesota Statutes 1986, section 250.05, subdivisions 1, 2a, 3, 4, 5, and 6; and Minnesota Statutes 1987 Supplement, section 250.05, subdivisions 2 and 7.

Was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Chmielewski	Frederickson, D.R.	Lessard	Purfeerst
Anderson	Cohen	Freeman	Luther	Ramstad
Beckman	Dahl	Gustafson	Mehrkens	Renneke
Belanger	Davis	Hughes	Moe, D.M.	Schmitz
Benson	Decker	Johnson, D.E.	Moe, R.D.	Storm
Berg	DeCramer	Jude	Morse	Stumpf
Berglin	Diessner	Kroening	Olson	Taylor
Bernhagen	Frank	Langseth	Pehler	Vickerman
Bertram	Frederick	Lantry	Peterson, D.C.	Waldorf
Brataas	Frederickson, D.J.	Larson	Piper	Wegscheid

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Freeman moved that S.F. No. 1937 be taken from the table. The motion prevailed.

S.F. No. 1937: A bill for an act relating to crimes; providing for seizure and forfeiture of property used in commission of crime, proceeds of crime, and contraband; creating a presumption that money, precious metals, and jewels found near controlled substances, and vehicles containing controlled substances, are subject to forfeiture; providing for administrative forfeiture of such property with opportunity for judicial determination; providing for summary forfeiture of contraband, certain controlled substances, weapons following a conviction, and certain plants; providing for forfeiture by judicial action of property and proceeds associated with controlled substance violations and designated offenses; eliminating the requirement that forfeiture actions be dismissed if no associated conviction results; providing that a conviction creates the presumption that after-acquired property constitutes forfeitable proceeds of the offense; eliminating the defense of an owner who negligently allowed the unlawful use of the owner's property; providing that the right to forfeitable property passes to law enforcement agencies upon commission of unlawful act; allowing seizure without process incident to a lawful search without a warrant and in other circumstances; allocating the proceeds of forfeitures to law enforcement agencies and county attorneys; amending Minnesota Statutes 1986, sections 152.205; 152.21, subdivision 6; and 609.531, subdivisions 4, 5, and by adding subdivisions; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1986, sections 152.19; and 609.531, subdivisions 2, 3, and 6.

**CONCURRENCE AND REPASSAGE**

Mr. Freeman moved that the Senate concur in the amendments by the House to S.F. No. 1937 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1937: A bill for an act relating to crimes; providing for seizure and forfeiture of property used in commission of crime, proceeds of crime, and contraband; creating a presumption that money, precious metals, and jewels found near controlled substances, and vehicles containing controlled substances, are subject to forfeiture; providing for administrative forfeiture of such property with opportunity for judicial determination; providing for summary forfeiture of contraband, certain controlled substances, weapons following a conviction, and certain plants; providing for forfeiture by judicial action of property and proceeds associated with controlled substance violations and designated offenses; eliminating the requirement that forfeiture actions be dismissed if no associated conviction results; providing that a conviction creates the presumption that after-acquired property constitutes forfeitable proceeds of the offense; eliminating the defense of an owner who negligently allowed the unlawful use of the owner's property; providing that the right to forfeitable property passes to law enforcement agencies upon commission of unlawful act; allowing seizure without process incident to a lawful search without a warrant and in other circumstances; allocating the proceeds of forfeitures to law enforcement agencies and county attorneys; including the cost of facilities and improvements in calculating the

confinement per diem for the Hennepin county corrections facility; increasing the amount that may be credited to the sheriff's contingent fund; amending Minnesota Statutes 1986, sections 152.205; 152.21, subdivision 6; 383B.128, subdivision 1; 387.212; and 609.531, subdivisions 4, 5, and by adding subdivisions; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1986, sections 152.19; and 609.531, subdivisions 2, 3, and 6.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 44 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Frederickson, D.R.	Larson	Pehler
Anderson	Dahl	Freeman	Lessard	Peterson, D.C.
Beckman	Davis	Gustafson	Luther	Ramstad
Belanger	Decker	Hughes	McQuaid	Renneke
Benson	DeCramer	Johnson, D.E.	Mehrkens	Schmitz
Berg	Dicklich	Jude	Metzen	Storm
Berglin	Diessner	Knutson	Moe, D.M.	Taylor
Bernhagen	Frank	Langseth	Moe, R.D.	Vickerman
Bertram	Frederickson, D.J.	Lantry	Morse	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2150 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2150

A bill for an act relating to state contracts; prohibiting the state from requiring Indian tribes or bands to deny their sovereignty to contract with the state; amending Minnesota Statutes 1986, section 16B.06, by adding a subdivision.

April 13, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2150, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2150 be further amended as follows:

Page 1, after line 15, insert:

"Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment."*

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Charles R. Davis, Gary M. DeCramer, Donna



**C. Peterson**

House Conferees: (Signed) Jerome "J.P." Peterson, Tom Rukavina, Gerald Knickerbocker

Mr. Davis moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2150 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2150 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 43 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Frederickson, D.R.	Lessard	Renneke
Anderson	Cohen	Freeman	Luther	Schmitz
Beckman	Dahl	Gustafson	McQuaid	Storm
Belanger	Davis	Hughes	Mehrkens	Stumpf
Benson	Decker	Jude	Metzen	Taylor
Berg	DeCramer	Kroening	Moe, R. D.	Vickerman
Berglin	Diessner	Langseth	Morse	Waldorf
Bernhagen	Frank	Lantry	Pehler	
Bertram	Frederickson, D.J.	Larson	Peterson, D.C.	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Brandl moved that the following members be excused for a Conference Committee on H.F. No. 2127 from 3:35 to 4:30 p.m.:

Messrs. Knutson, Pehler and Brandl. The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 1661 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1661**

A bill for an act relating to charitable gambling; changing the definition of lawful purpose expenditures; clarifying the definition of organization; increasing the percentage of profit that may be used for expenses for certain organizations; licensing bingo halls; changing the definition of bingo occasion; requiring organizations to be directly responsible for the conducting of bingo; changing the definition of gross receipts for the purposes of bingo; changing the prize limits for bingo; amending Minnesota Statutes 1986, sections 349.19, subdivision 1; 349.211, subdivision 1; Minnesota Statutes 1987 Supplement, sections 349.12, subdivision 11; 349.17, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1986, section 349.211, subdivision 2.

April 13, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1661, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1661 be further amended as follows:

Page 2, line 3, strike the second "the"

Page 2, line 4, strike "maintaining or repairing real property"

Page 2, line 5, strike "owned or leased by an organization" and delete the new language

Page 2, line 6, delete the new language and strike "; or (e)"

Page 2, line 10, delete "or" and after "expansion" insert ". repair, or maintenance"

Page 2, line 13, reinstate the stricken language and delete the new language

Page 2, line 14, delete everything after "(c)"

Page 2, delete line 15

Page 2, line 16, delete everything before the period

Page 3, line 26, delete "admission" and delete "for entering the premises" and insert "to a person at a bingo occasion, without which the person could not play a bingo game."

Page 3, delete line 27

Page 5, delete sections 6 and 7, and insert:

"Sec. 6. [STUDY.]

*The senate committee on general legislation and public gaming and the house committee on general legislation, veterans affairs, and gaming shall conduct a joint study to examine whether charitable gambling laws are being properly enforced, whether the amount being devoted to charitable purposes from charitable gambling is appropriate, and whether taxes due on the conduct of charitable gambling are actually being collected. The charitable gambling control board, the commissioner of revenue, and the director of the bureau of criminal apprehension shall cooperate in the conduct of this study. The study must be completed by January 15, 1989.*

Sec. 7. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment."*

Amend the title as follows:

Page 1, line 10, delete everything after the semicolon

Page 1, line 11, delete "limits for bingo" and insert "requiring a study on charitable gambling"

Page 1, line 12, delete everything after the semicolon

Page 1, line 13, delete "1;"

Page 1, line 16, delete everything after "349"

Page 1, line 17, delete everything before the period

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Marilyn M. Lantry, A.W. "Bill" Diessner, Dean E. Johnson

House Conferees: (Signed) Leo J. Reding, Ben Boo, Richard Kostohryz

Mrs. Lantry moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1661 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1661 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 41 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Gustafson	Luther	Schmitz
Anderson	Decker	Hughes	McQuaid	Storm
Beckman	DeCramer	Jude	Mehrkens	Stumpf
Benson	Diessner	Knutson	Metzen	Taylor
Berg	Frank	Kroening	Morse	Vickerman
Berglin	Frederick	Langseth	Pehler	
Bernhagen	Frederickson, D.J.	Lantry	Peterson, D.C.	
Cohen	Frederickson, D.R.	Larson	Ramstad	
Dahl	Freeman	Lessard	Renneke	

Messrs. Bertram and Waldorf voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1610 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1610

A bill for an act relating to advertising devices; providing for specific service signs relating to rural agricultural businesses and places of worship to be displayed along highways; amending Minnesota Statutes 1986, sections 160.292, subdivisions 2 and 10; 160.293, subdivisions 1 and 3; and 160.295, by adding a subdivision.

April 13, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1610, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Joe Bertram, Sr., Lyle G. Mehrkens, Gene Merriam

House Conferees: (Signed) Harold F. Lasley, Phil Carruthers, Virgil J. Johnson

Mr. Bertram moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1610 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1610 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Gustafson	McQuaid	Ramstad
Anderson	Dahl	Hughes	Mehrkens	Renneke
Beckman	Davis	Johnson, D.E.	Metzen	Schmitz
Belanger	Decker	Jude	Moe, D.M.	Storm
Benson	DeCramer	Knutson	Moe, R.D.	Stumpf
Berg	Diessner	Kroening	Morse	Taylor
Berglin	Frank	Langseth	Pehler	Vickerman
Bernhagen	Frederick	Larson	Peterson, D.C.	
Bertram	Frederickson, D.J.	Lessard	Piper	
Brataas	Frederickson, D.R.	Luther	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1646 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1646

A bill for an act relating to insurance; accident and health; clarifying certain coverages for newborn infants; amending Minnesota Statutes 1986, section 62A.042.

April 13, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1646, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1646 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 62A.042, is amended to read:

**62A.042 [FAMILY COVERAGE; COVERAGE OF NEWBORN INFANTS.]**

Subdivision 1. [INDIVIDUAL FAMILY POLICIES; RENEWALS.] (a) No policy of individual accident and sickness insurance which provides for insurance for more than one person under section 62A.03, subdivision 1, clause (3), and no individual health maintenance contract which provides for coverage for more than one person under chapter 62D, shall be renewed to insure or cover any person in this state or be delivered or issued for delivery to any person in this state unless such the policy or contract includes as insured or covered members of the family any newborn infants immediately from the moment of birth and thereafter which insurance or contract shall provide coverage for illness, injury, congenital malformation or premature birth.

*(b) The coverage under paragraph (a) includes benefits for inpatient or outpatient expenses arising from medical and dental treatment up to age 18, including orthodontic and oral surgery treatment, involved in the management of birth defects known as cleft lip and cleft palate. If orthodontic services are eligible for coverage under a dental insurance plan and another policy or contract, the dental plan shall be primary and the other policy or contract shall be secondary in regard to the coverage required under paragraph (a). Payment for dental or orthodontic treatment not related to the management of the congenital condition of cleft lip and cleft palate shall not be covered under this provision.*

Subd. 2. [GROUP POLICIES; RENEWALS.] (a) No group accident and sickness insurance policy and no group health maintenance contract which provide for coverage of family members or other dependents of an employee or other member of the covered group shall be renewed to cover members of a group located in this state or delivered or issued for delivery to any person in this state unless such the policy or contract includes as insured or covered family members or dependents any newborn infants immediately from the moment of birth and thereafter which insurance or contract shall provide coverage for illness, injury, congenital malformation or premature birth.

*(b) The coverage under paragraph (a) includes benefits for inpatient or outpatient expenses arising from medical and dental treatment up to age 18, including orthodontic and oral surgery treatment, involved in the management of birth defects known as cleft lip and cleft palate. If orthodontic services are eligible for coverage under a dental insurance plan and another policy or contract, the dental plan shall be primary and the other policy or contract shall be secondary in regard to the coverage required under paragraph (a). Payment for dental or orthodontic treatment not related to the management of the congenital condition of cleft lip and cleft palate shall not be covered under this provision.*

Sec. 2. Minnesota Statutes 1986, section 62A.044, is amended to read:

**62A.044 [PAYMENTS TO GOVERNMENTAL INSTITUTIONS.]**

No group or individual policy of accident and sickness insurance issued or renewed after May 22, 1973 pursuant to this chapter, no group or individual service plan or subscriber contract issued or renewed after May 22,

1973 pursuant to chapter 62C, and no group or individual health maintenance contract issued or renewed after August 1, 1984, pursuant to chapter 62D, shall contain any provision *excluding*, denying, or prohibiting payments for covered and authorized services rendered or paid by a hospital or medical institution owned or operated by the federal, state, or local government, *including correctional facilities*, or practitioners therein in any instance wherein charges for such services are imposed against the policy holder, subscriber, or enrollee. The unit of government operating the institution may maintain an action for recovery of such charges.

Sec. 3. [62A.161] [COVERAGE FOR SERVICES PROVIDED TO A VENTILATOR-DEPENDENT PERSON.]

*Subdivision 1. [SCOPE OF COVERAGE.] This section applies to all policies of accident and health insurance, group subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C, health maintenance contracts regulated under chapter 62D, and health benefit certificates offered through a fraternal beneficiary association regulated under chapter 64B. This section does not apply to policies designed primarily to provide coverage payable on a per diem, fixed indemnity or nonexpense incurred basis, or policies that provide only accident coverage.*

*Subd. 2. [REQUIRED COVERAGE.] If a policy, plan, certificate, or contract referred to in subdivision 1 issued or renewed after August 1, 1988, provides coverage for services provided by a private duty nurse or personal care assistant to a ventilator-dependent person in the person's home, it must provide coverage for up to 120 hours of services provided by a private duty nurse or personal care assistant to the ventilator-dependent person during the time the ventilator-dependent person is in a hospital licensed under chapter 144. The personal care assistant or private duty nurse shall perform only the services of communicator or interpreter for the ventilator-dependent patient during a transition period of up to 120 hours to assure adequate training of the hospital staff to communicate with the patient and to understand the unique comfort, safety and personal care needs of the patient.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 62A.27, is amended to read:

62A.27 [COVERAGE FOR ADOPTED CHILDREN.]

~~No~~ An individual or group policy or plan of health and accident insurance regulated under this chapter or chapter 64B, subscriber contract regulated under chapter 62C, or health maintenance contract regulated under chapter 62D, ~~providing coverage for more than one person may be issued or renewed in this state after August 1, 1983, unless the policy, plan, or contract covers that provides coverage to a Minnesota resident must cover~~ adopted children of the insured, subscriber, or enrollee on the same basis as other dependents. Consequently, the policy or plan shall not contain any provision concerning preexisting condition limitations, insurability, eligibility, or health underwriting approval concerning adopted children.

The coverage required by this section is effective from the date of placement for the purpose of adoption and continues unless the placement is disrupted prior to legal adoption and the child is removed from placement.

Sec. 5. [243.255] [PRIVATE INSURANCE POLICIES; SUBROGATION.]

*Subdivision 1. [DEFINITIONS.] As used in this section:*

(a) "Commissioner" means the commissioner of corrections;

(b) "Inmate" means a person who has been sentenced to incarceration in a state or local correctional facility, including persons committed in accordance with section 631.425 or released for employment under section 241.26; and

(c) "Private insurance coverage" means coverage for medical care or services under any insurance plan regulated by chapter 62A, 62C, 62D, 64B, or 65B. Private insurance coverage also includes any self-insurance plan providing medical care or services.

Subd. 2. [SUBROGATION RIGHTS.] When the commissioner or a county agency provides medical care or services pursuant to section 241.021, subdivision 4, or any rule adopted under it to any inmate having private insurance coverage, the commissioner or county agency shall be subrogated, to the extent of the cost of services provided, to any rights the inmate may have under the terms of any private insurance coverage. This provision supersedes any inconsistent policy provision.

Subd. 3. [CIVIL ACTION.] The county attorney may institute a civil action against the carrier of the private insurance coverage to recover under this section on behalf of the county agency.

Subd. 4. [POLICY EXCLUSIONS PROHIBITED.] The provisions of section 62A.044 apply to this section.

#### Sec. 6. [EFFECTIVE DATES.]

Sections 1 and 3 are effective August 1, 1988, and apply to policies issued or renewed on or after that date. Section 4 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to insurance; accident and health; clarifying certain coverages for newborn infants; requiring coverage for services provided to a ventilator-dependent person; modifying coverage for adopted children; providing certain payment and subrogation rights for medical care and services provided to inmates; amending Minnesota Statutes 1986, sections 62A.042; and 62A.044; Minnesota Statutes 1987 Supplement, section 62A.27; proposing coding for new law in Minnesota Statutes, chapters 62A and 243."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gary M. DeCramer, Richard J. Cohen, Sam G. Solon, James C. Pehler

House Conferees: (Signed) Norman R. DeBlieck, Wes Skoglund, Howard R. Orenstein, Joseph Quinn, David T. Bishop

Mr. DeCramer moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1646 be now adopted, and that the bill be repassed as amended by the Conference committee.

Mr. Larson moved that the recommendations and Conference Committee Report on S.F. No. 1646 be rejected, the Conference Committee discharged, and that a new Conference Committee be appointed by the Subcommittee on Committees to act with a like Conference Committee appointed on the part of the House.

### CALL OF THE SENATE

Mr. DeCramer imposed a call of the Senate for the balance of the proceedings on S.F. No. 1646. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Larson.

The roll was called, and there were yeas 23 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Bernhagen	Frederickson, D.R.	Larson	Renneke
Anderson	Brataas	Gustafson	McQuaid	Storm
Belanger	Decker	Johnson, D.E.	Mehrkens	Taylor
Benson	Diessner	Jude	Olson	
Berg	Frederick	Knaak	Ramstad	

Those who voted in the negative were:

Beckman	DeCramer	Luther	Pehler	Stumpf
Bertram	Dicklich	Merriam	Peterson, D.C.	Vickerman
Chmielewski	Frank	Moe, D.M.	Pogemiller	Waldorf
Cohen	Frederickson, D.J.	Moe, R.D.	Purfeerst	Wegscheid
Dahl	Kroening	Morse	Schmitz	
Davis	Langseth	Novak	Solon	

The motion did not prevail.

The question recurred on the adoption of the motion of Mr. DeCramer. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1646 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 36 and nays 18, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Jude	Novak	Taylor
Beckman	Dicklich	Kroening	Pehler	Vickerman
Bertram	Diessner	Langseth	Peterson, D.C.	Waldorf
Brandl	Frank	Luther	Pogemiller	Wegscheid
Chmielewski	Frederickson, D.J.	McQuaid	Purfeerst	
Cohen	Hughes	Merriam	Schmitz	
Dahl	Johnson, D.E.	Moe, R.D.	Solon	
Davis	Johnson, D.J.	Morse	Stumpf	

Those who voted in the negative were:

Anderson	Bernhagen	Frederickson, D.R.	Mehrkens	Renneke
Belanger	Brataas	Gustafson	Moe, D.M.	Storm
Benson	Decker	Knaak	Olson	
Berg	Frederick	Larson	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on S.F. No. 2025 at 5:00 p.m.:

Mrs. Lantry, Ms. Peterson, D.C.; Messrs. Belanger; Peterson, R.W. and



Freeman. The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Dahl moved that the following members be excused for a Conference Committee on H.F. No. 1935 at 6:00 p.m.:

Messrs. Dicklich, Lessard and Dahl. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2255 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2255

A bill for an act relating to agriculture; extending certain benefits under the family farm security act; amending Minnesota Statutes 1986, section 41.57, subdivision 4.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2255, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2255 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 41.57, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL PAYMENT; PRINCIPAL REDUCTION.] (a) The commissioner must annually pay to qualified sellers of property, financed by a family farm security loan, an amount approximately equal to the additional state income tax paid as a result of the inclusion in gross income of the interest and payment adjustment earned on a seller sponsored family farm security loan. No payment may be made under this subdivision to a qualified seller, unless the seller agrees to reduce the outstanding principal amount of the loan by three percent effective *prior to or beginning for* the year in which application is made.

(b) The payment amount must be determined as follows:

(+) In order to qualify for a payment, the seller must apply to the commissioner by October 1, ~~1986~~ *following the previous tax year*. The application must include a copy of the seller's ~~1985~~ *previous tax year* state income tax return. The commissioner must recompute the seller's total state income tax liability that would be due if the interest and payment adjustment amounts were not includable in gross income for state income tax purposes. The commissioner may require the seller to compute these amounts as part of the application. For *any* calendar year ~~1986~~ the amount of the payment equals the reduction in state income tax liability that would occur if the interest and payment adjustment were not included in gross income for

state tax purposes.

(2) For calendar years beginning with 1987, the additional payment amount must be determined as follows: (A) The calendar year 1986 payment must be divided by the amount of interest and payment adjustment received during calendar year 1986. (B) The resulting quotient must be multiplied by the interest and payment adjustment received for the calendar year. (C) The product determined under clause (B) is the payment for the calendar year.

(e) If for a tax year after 1986 the qualified seller's taxable income has changed substantially, the commissioner may provide by rule that upon reapplication a later tax year will be used to compute the quotient under clause (b)(2)(A).

(d)(1) (c) If the seller elects to receive payments under this subdivision, the buyer's payments of principal and interest under the loan must be recalculated. The revised payment schedule must reflect the three percent reduction in the outstanding principal required by paragraph (a) and must provide for equal payments over the remaining term of the loan. The interest rate on the loan may not be increased.

(2) The state's payment adjustment under subdivision 2 and the amount of the payment under paragraph (b) must be calculated on the basis of the outstanding principal amount of the loan before the reduction required by paragraph (a).

(e) (d) The commissioner may make the payments under this subdivision in the same manner provided for the payment adjustment under subdivision 2.

(f) (e) For purposes of this subdivision, the following terms have the meanings given:

(1) "Gross income" means gross income as defined for purposes of chapter 290.

(2) "Qualified seller" means an individual who sold farm land under a seller sponsored loan after April 1, 1978 and before June 28 December 31, 1985, and who is a resident of Minnesota during the calendar year and is subject to the payment of Minnesota income taxes.

#### Sec. 2. [41.63] [DATA PRIVACY.]

*Personal financial information, credit reports, financial statements, tax refund calculations, and net worth statements, received or prepared by the commissioner regarding any family farm security loans, are private data on individuals under chapter 13.*

#### Sec. 3. [EFFECTIVE DATE.]

*This act is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to agriculture; extending certain benefits under the family farm security act; amending Minnesota Statutes 1986, section 41.57, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 41."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Jim M. Vickerman, Gene Merriam, Earl W.

**Renneke**

House Conferees: (Signed) Ted Winter, Chuck Brown, K.J. McDonald

Mr. Vickerman moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2255 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2255 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	Moe, R.D.	Storm
Anderson	Davis	Jude	Morse	Stumpf
Beckman	DeCramer	Knaak	Novak	Taylor
Benson	Dicklich	Kroening	Olson	Vickerman
Berg	Diessner	Larson	Pehler	Waldorf
Bernhagen	Frank	Luther	Ramstad	
Bertram	Frederick	McQuaid	Reichgott	
Brataas	Frederickson, D.J.	Merriam	Renneke	
Cohen	Frederickson, D.R.	Moe, D.M.	Schmitz	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2055: A bill for an act relating to human services; defining terms; requiring that court receive annual reviews of people with indeterminate commitments; providing for court-ordered community-based treatment; defining procedures for community-based commitment; requiring procedures for release before commitment and provisional discharge; appropriating money; amending Minnesota Statutes 1986, sections 253B.02, subdivisions 13, 19, and by adding subdivisions; 253B.03, subdivision 5; 253B.09, subdivision 1; 253B.15, subdivisions 1, 3, 5, 6, 7, and by adding a subdivision; and 253B.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 253B; repealing Minnesota Statutes 1986, section 253B.09, subdivision 4.

There has been appointed as such committee on the part of the House:

Vellenga, Stanius and Carruthers.

Senate File No. 2055 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2266: A bill for an act relating to child abuse; authorizing counties to establish pilot programs; allowing the appointment of a child intermediary in certain criminal child abuse proceedings; prescribing powers and duties of the intermediary.

There has been appointed as such committee on the part of the House: Carruthers, Kelly and Blatz.

Senate File No. 2266 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 14, 1988

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2477:

H.F. No. 2477: A bill for an act relating to retirement; local government correctional service retirement plan; clarifying coverage periods; adjusting member and employer contribution rates; clarifying annuity calculations for fractional service; clarifying the duration of initial annuity payments; providing for the augmentation of deferred annuities; clarifying certain provisions of law relating to retirement annuities and disability benefits of military affairs personnel; amending Minnesota Statutes 1987 Supplement, sections 352.85, subdivisions 1 and 2; 353C.03; 353C.05; 353C.06, subdivisions 3 and 4; and 353C.07.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Simoneau, Rukavina and Knickerbocker have been appointed as such committee on the part of the House.

House File No. 2477 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 April 14, 1988

Mr. Wegscheid moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2477, 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 appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2265, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2265 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2265

A bill for an act relating to natural resources; correcting certain provisions for net size for the taking of ciscoes; amending Minnesota Statutes 1986, section 97C.805, subdivision 2.

April 12, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2265, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2265 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 97A.015, 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. 2. Minnesota Statutes 1986, section 97A.121, subdivision 2, is amended to read:

Subd. 2. [SEASON.] The *open* season for hunting in private shooting preserves is from ~~September 1~~ July 15 through ~~March 31~~ April 15. *Sanctioned registered field trials in private shooting preserves may be held from April 16 to July 14 after notification to the commissioner.* The commissioner may restrict the *open* 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.

Sec. 3. Minnesota Statutes 1986, section 97A.121, is amended by adding a subdivision to read:

Subd. 4a. [PHEASANTS.] *A private shooting preserve licensed to release*

*pheasants must release at least 500 pheasants on the licensed shooting preserve area during the private shooting preserve hunting season. At least 20 pheasants must be released within 14 days before a day that pheasants are hunted. The number of pheasants harvested may not exceed 95 percent of the number of pheasants released during the private shooting preserve hunting season.*

Sec. 4. Minnesota Statutes 1986, section 97A.435, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Persons eligible for a turkey license shall be determined by this section and commissioner's order. A person is eligible for a turkey license only if the person is a resident and at least age 16 before the season opens *or possesses a firearms safety certificate.*

Sec. 5. Minnesota Statutes 1986, section 97A.445, subdivision 2, is amended to read:

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 Veterans Administration hospital; ~~and~~
- (3) an inmate of a state correctional facility; *and*
- (4) *a resident of a nursing home.*

Sec. 6. [97B.106] [CROSSBOW PERMITS FOR HUNTING.]

*The commissioner may issue a special permit, without a fee, to take deer or turkey with a crossbow to a person that is unable to hunt by archery because of a permanent physical disability. The disability, established by medical evidence, and the inability to hunt by archery must be verified in writing by a licensed physician. The person must obtain the appropriate 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 at least ten inches long with a broadhead.*

Sec. 7. Minnesota Statutes 1986, section 97B.715, subdivision 1, is amended to read:

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.~~

Sec. 8. Minnesota Statutes 1986, section 97B.731, is amended by adding

a subdivision to read:

*Subd. 3. [CROW SEASON.] The commissioner shall prescribe a 124-day open season and restrictions for taking crows. The open season may not be shorter than the maximum season allowed under federal law. The remainder of the year crows may be taken as allowed by federal law.*

**Sec. 9. [97C.347] [LANDING NETS.]**

*Subdivision 1. [USE AND POSSESSION.] A person may use and possess a landing net to net a fish taken by angling.*

*Subd. 2. [ELECTRIC LANDING NETS.] A person may net fish taken by angling with a battery powered landing net that discharges an electric current if the net is designed to temporarily immobilize the fish so that it can be safely released, provided the batteries do not exceed nine volts and the current produced does not exceed 40 milliamps.*

*Subd. 3. [STUDY; LIMITATION.] The commissioner must conduct a study to determine how electric landing nets affect the fishery resource, including proper law enforcement. The study must be completed by January 1, 1990.*

**Sec. 10. [97C.403] [RAINY RIVER WALLEYE RESTRICTIONS.]**

*Subdivision 1. [POSSESSION LIMIT.] The possession limit for walleyes taken from the Rainy River is six per day.*

*Subd. 2. [SIZE LIMIT.] (a) Except as provided in paragraph (b), only one walleye over 19-1/2 inches in length may be included in the limit taken from the Rainy River each day.*

*(b) From March 1 until April 14, a person may take walleyes from the Rainy River but the walleyes possessed for a limit may not exceed 19-1/2 inches.*

*Subd. 3. [OPEN SEASON.] The open season for walleye in the Rainy River is from the third Saturday in May until April 14.*

*Subd. 4. [COMMISSIONER'S RESTRICTIONS.] The commissioner shall attempt to negotiate an agreement with the province of Ontario for walleye seasons and limits that substantially comply with subdivisions 1, 2, and 3, and make every effort to bilaterally close the Rainy River during the spawning season between March 1 and April 14. If an agreement is made, the commissioner may, by order, set different limits and seasons for taking walleyes from the Rainy River in accordance with the agreement, provided the size limits in subdivision 2 are not exceeded.*

**Sec. 11. Minnesota Statutes 1987 Supplement, section 97C.211, subdivision 1, is amended to read:**

*Subdivision 1. [LICENSE REQUIRED.] A person may not operate a private fish hatchery without a private fish hatchery license. A private fish hatchery is a facility for raising fish, including minnows, for sale for, stocking waters or for, angling, or processing.*

**Sec. 12. Minnesota Statutes 1987 Supplement, section 97C.211, subdivision 2a, is amended to read:**

*Subd. 2a. [ACQUISITION OF FISH.] (a) A private fish hatchery may not obtain fish outside of the state unless the fish or the source of the fish are approved by the commissioner. The commissioner may apply more*

*stringent requirements to fish or a source of fish from outside the state than are applied to fish and sources of fish from within the state. The commissioner must either approve or deny the acquisition within 30 days after receiving a written request for approval. Minnows acquired must be processed and not released into public waters, except as provided in section 97C.515, subdivision 4. A request may be for annual acquisition.*

(b) If the commissioner denies approval, a written notice must be submitted to the applicant stating the reasons for the denial and the commissioner must:

(1) designate approved sources to obtain the desired fish or fish eggs; or

(2) sell the fish or fish eggs from state fish hatcheries at fair market value.

Sec. 13. Minnesota Statutes 1986, section 97C.515, is amended by adding a subdivision to read:

*Subd. 4. [PRIVATE FISH HATCHERY.] A person with a private fish hatchery license may transport minnows from contiguous states to the private fish hatchery, provided the minnows are used for processing or feeding hatchery fish. The commissioner may require inspection of minnows transported from outside the state.*

Sec. 14. Minnesota Statutes 1986, section 97C.805, subdivision 2, is amended to read:

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) 1-3/4 inches, extension measure, for nets used to take ciscoes in Lake Superior; and

(2) 3-1/2 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.

Sec. 15. Minnesota Statutes 1987 Supplement, section 378.22, subdivision 2, is amended to read:

Subd. 2. [POSTING REQUIREMENTS.] (a) Where an aeration system is used on the ice of public waters, signs shall be posted by the permittee at a height of from four to six feet in a rectangular pattern at each corner



of the open water, and additional signs between the corner signs so that a sign is posted at least every 100 feet.

(b) Additional signs shall be posted by the permittee on the shoreline of the public waters at each public access point and other areas commonly used by the public for access to the lake.

(c) The signs shall comply with the applicable order of the commissioner of natural resources.

Sec. 16. Minnesota Statutes 1986, section 378.22, is amended by adding a subdivision to read:

*Subd. 6. [PUBLIC WATERS WITHOUT ACCESS.] (a) A riparian landowner may aerate public waters with a permit under this subdivision if the public waters do not have a public access and the person aerating the public waters owns all of the riparian land or all of the possessory rights to the riparian lands.*

*(b) The provisions of this section do not apply to the aeration under this subdivision except the public waters must be posted as provided under subdivision 2, paragraphs (a) and (c).*

Sec. 17. [REPEALER.]

*Section 9 is repealed December 1, 1990. Minnesota Statutes 1987 Supplement, sections 97B.315 and 97C.402, are repealed.*

Sec. 18. [EFFECTIVE DATE.]

*This act is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to game and fish; affording protection to and authorizing a season on crows; regulating seasons and release and taking of pheasants on private shooting preserves; authorizing residents under 16 to take turkeys if they possess a firearms safety certificate; authorizing nursing home residents to fish without a license and disabled hunters to take deer or turkey with crossbows; exempting hunters on shooting preserves from the pheasant stamp requirement; authorizing use of battery powered landing nets in taking fish; regulating the taking of walleyed pike in the Rainy River; redefining a private fish hatchery for licensing purposes and regulating the acquisition of fish and acquisition and transportation of minnows; regulating the mesh size of Lake Superior ciscoe nets and authorizing aeration of public waters by riparian landowners under permit; amending Minnesota Statutes 1986, sections 97A.015, subdivision 52; 97A.121, subdivision 2, and by adding a subdivision; 97A.435, subdivision 2; 97A.445, subdivision 2; 97B.715, subdivision 1; 97B.731, by adding a subdivision; 97C.515, by adding a subdivision; 97C.805, subdivision 2; 378.22, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 97C.211, subdivisions 1 and 2a; and 378.22, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 97B and 97C; repealing Minnesota Statutes 1987 Supplement, sections 97B.315 and 97C.402."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Leo J. Reding, Brad G. Stanius, David P. Battaglia, Bob A. Johnson, Marcus M. Marsh

Senate Conferees: (Signed) Charles A. Berg, Roger D. Moe, Gene Merriam,

Dennis R. Frederickson, Bob Lessard

Mr. Berg moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2265 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2265 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 47 and nays 3, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Moe, D.M.	Schmitz
Anderson	Decker	Jude	Moe, R.D.	Solon
Beckman	DeCramer	Knaak	Morse	Storm
Benson	Dicklich	Langseth	Olson	Stumpf
Berg	Frank	Larson	Pehler	Taylor
Bernhagen	Frederick	Lessard	Pogemiller	Vickerman
Bertram	Frederickson, D.J.	Luther	Purfeerst	Wegscheid
Brataas	Frederickson, D.R.	McQuaid	Ramstad	
Chmielewski	Gustafson	Mehrkens	Reichgott	
Cohen	Hughes	Merriam	Renneke	

Messrs. Dahl, Kroening and Waldorf voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2568, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2568 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2568

A bill for an act relating to agriculture; providing for terms and compensation for members of the Minnesota agricultural and economic development board; changing and clarifying the small business development loan portion of the agricultural resource loan guarantee program; establishing requirements for revenues that can be used in a local revolving fund; amending Minnesota Statutes 1987 Supplement, sections 41A.02, subdivisions 3 and 16; 41A.036, by adding subdivisions; and 116N.08, subdivision 8.

April 13, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2568, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2568 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1987 Supplement, section 41A.02, subdivision 3, is amended to read:

Subd. 3. [MINNESOTA AGRICULTURAL AND ECONOMIC DEVELOPMENT BOARD; BOARD.] “Minnesota agricultural and economic development board” or “board” consists of the commissioner of finance as chair, the commissioner of agriculture, the commissioner of energy and economic development, the director of the pollution control agency, the president of the Greater Minnesota Corporation or the president's designee, and two public members with experience in finance, appointed by the Greater Minnesota Corporation. *The membership terms, compensation, removal, and filling of vacancies of public members of the board are as provided in section 15.0575.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 41A.02, subdivision 16, is amended to read:

Subd. 16. [ELIGIBLE SMALL BUSINESS.] “Eligible small business” means:

- (1) an enterprise determined by the board to constitute a small business concern as defined in regulations of the United States Small Business Administration under United States Code, title 15, sections 631 to 647; or
- (2) a business an enterprise eligible to receive assistance under section ~~42~~ 41A.036.

Sec. 3. Minnesota Statutes 1987 Supplement, section 41A.036, is amended by adding a subdivision to read:

Subd. 4. [EXEMPTION FROM LIMITATION.] *If the board determines that a revenue-producing enterprise is eligible for special assistance, the \$1,000,000 limitation established in subdivision 1 does not apply.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 41A.036, is amended by adding a subdivision to read:

Subd. 5. [DESIGNATION; CRITERIA.] *A revenue-producing enterprise is not eligible to receive special assistance unless the board has passed a resolution designating the revenue-producing enterprise as being in need of special assistance. The resolution must include findings that the designation and receipt of the special assistance will be of exceptional benefit to the state of Minnesota in that at least three of the following criteria are met:*

- (1) to expand or remain in Minnesota, the revenue-producing enterprise has demonstrated that it cannot obtain suitable financing from other sources;
- (2) special assistance will enable a revenue-producing enterprise not currently located in Minnesota to locate a facility in Minnesota that directly increases the number of jobs in the state;

(3) the revenue-producing enterprise will create or retain significant numbers of jobs in a Minnesota community;

(4) the revenue-producing enterprise has a significant potential for growth in jobs or economic activities in Minnesota during the ensuing five-year period; and

(5) the revenue-producing enterprise will maintain a significant level of productivity in Minnesota during the ensuing five-year period.

Sec. 5. Minnesota Statutes 1987 Supplement, section 41A.036, is amended by adding a subdivision to read:

*Subd. 6. [SET ASIDE.] The board shall reserve at least \$3,000,000 for the purpose of making or purchasing small business development loans not exceeding \$250,000 in principal amount with respect to small business loans made or purchased by the board and not exceeding \$250,000 in principal amount with respect to the board's share when the board participates in making or purchasing small business loans.*

Sec. 6. Minnesota Statutes 1987 Supplement, section 116N.08, subdivision 8, is amended to read:

*Subd. 8. [LOCAL GOVERNMENTAL UNIT LOANS.] A local governmental unit may receive a loan under this section if the local governmental unit has established a local revolving loan fund and can provide at least an equal match to the loan received from a regional organization. For the purpose of providing the match to establish the local revolving loan fund, the local governmental unit may use any unencumbered money in the general fund of the unit. Revenues from tax increments derived from a district located within the boundaries of the local governmental unit may be used to fund a second local revolving loan fund only if (1) those revenues are loaned in a manner authorized in the district's tax increment financing plan to a business located within the tax increment district, and (2) the revenues are deposited in a loan fund that is separate from the loan fund in which general fund money is established. The local governmental unit may deposit up to \$50,000 of local public money in each of the local revolving funds that may be established under this subdivision. The maximum loan available to a local governmental unit under this section is \$50,000. The money loaned to a local governmental unit by a regional organization must be matched by the local revolving loan fund and used to provide loans to businesses to promote local economic development. One-half of the money loaned to a local governmental unit under this section by a regional organization must be repaid to the rural rehabilitation revolving fund. One-half of the money may be retained by the local governmental unit's revolving loan fund for further distribution by the local governmental unit.*

Sec. 7. [REPEALER.]

*Section 5 is repealed July 1, 1989.*

Sec. 8. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment."*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Katy Olson, Elton R. Redalen, Roger M. Cooper

Senate Conferees: (Signed) Tracy L. Beckman, David J. Frederickson, Jim M. Vickerman

Mr. Beckman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2568 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2568 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 45 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Frederickson, D.R.	Mehrkens	Reichgott
Anderson	Dahl	Gustafson	Moe, D.M.	Renneke
Beckman	Davis	Hughes	Moe, R.D.	Schmitz
Benson	Decker	Johnson, D.E.	Morse	Solon
Berg	DeCramer	Jude	Olson	Stumpf
Bernhagen	Diessner	Kroening	Pehler	Taylor
Bertram	Frank	Langseth	Pogemiller	Vickerman
Brataas	Frederick	Larson	Purfeerst	Waldorf
Chmielewski	Frederickson, D.J.	Luther	Ramstad	Wegscheid

Messrs. Merriam and Storm voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2036, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2036 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2036

A bill for an act relating to crimes; prohibiting possession of fireworks; increasing penalties for selling or possessing certain quantities of fireworks; providing penalties; amending Minnesota Statutes 1986, sections 624.21; 624.23; and 624.25.

April 12, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2036, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2036 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, 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 *obstructs, resists or interferes* with a peace officer while the officer is engaged in the performance of official duties, or by force or threat of force endeavors to obstruct any employee of the department of revenue while the employee is lawfully engaged in the performance of official duties for the purpose of deterring or interfering with the performance of those duties, may be sentenced as follows:

(1) If the act was accompanied by force or violence or the threat thereof, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(2) In other cases to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both.

Sec. 2. Minnesota Statutes 1986, section 624.20, is amended to read:

**624.20 [FIREWORKS.]**

*Subdivision 1.* As used in sections 624.20 to 624.25, the term “fireworks” means any substance or combination of substances or article prepared for the purpose of producing a visible or an audible effect by combustion, explosion, deflagration, or detonation, and includes blank cartridges, toy cannons, and toy canes in which explosives are used, the type of balloons which require fire underneath to propel them, firecrackers, torpedoes, sky-rockets, Roman candles, daygo bombs, sparklers, or other fireworks of like construction, and any fireworks containing any explosive or inflammable compound, or any tablets or other device containing any explosive substance and commonly used as fireworks. The term “fireworks” shall not include toy pistols, toy guns, in which paper caps containing 25 hundredths grains or less of explosive compound are used and toy pistol caps which contain less than 20 hundredths grains of explosive mixture.

*Subd. 2.* As used in sections 624.20 to 624.25, the term “explosive fireworks” means any fireworks that contain pyrotechnic or flash powder, gunpowder, black powder, or any other explosive compound constructed to produce detonation or deflagration.

Sec. 3. Minnesota Statutes 1986, section 624.21, is amended to read:

**624.21 [SALE, POSSESSION, AND USE OF FIREWORKS PROHIBITED.]**

Except as otherwise provided in sections 624.20 to 624.25, it shall be unlawful for any person to offer for sale, expose for sale, sell at retail, or wholesale, ~~or possess~~, use, or explode any fireworks. This section shall not be construed to prohibit the *possession*, use, or explosion of fireworks

by an engineer licensed pursuant to sections 326.02 and 326.03 or a person under the engineer's direct supervision when undertaking acoustical testing; or sales at wholesale to those persons holding valid permits for a fireworks display from a governmental subdivision of the state; or sales outside the state or sales to licensed professional engineers for acoustical testing purposes only.

Sec. 4. [624.221] [EXEMPTIONS FOR LICENSE OR PERMIT HOLDER.]

*Sections 624.20, 624.21, and 624.23 to 624.25 do not apply to:*

*(a) the holders of a federal explosives license or permit issued pursuant to United States Code, title 18, chapter 40, or their agents when the holder or agent is acting in compliance with the conditions of licensure; or*

*(b) the holders of permits issued pursuant to section 624.22 or their agents, from the date of issuance until 20 days after the date of exhibition authorized by the permit, when the holder or agent is acting in compliance with the conditions of the permit and section 624.22.*

Sec. 5. Minnesota Statutes 1986, section 624.23, is amended to read:

624.23 [CONSTRUCTION OF SECTIONS 624.20 TO 624.25.]

Nothing in sections 624.20 to 624.25 shall be construed to prohibit any resident wholesaler, dealer, or jobber, from *possessing or selling at wholesale such fireworks as which are not herein prohibited; or the possession or sale of any kind of fireworks for shipment directly out of the state; or the possession or use of fireworks by airplanes and railroads, or other transportation agencies for signal purposes or illumination; or the possession, sale, or use of blank cartridges for a show or theater, or for signal or ceremonial purposes in athletics or sports, or for use by military organizations or for use as a bird or animal repelling device.*

Sec. 6. Minnesota Statutes 1986, section 624.25, is amended to read:

624.25 [VIOLATION.]

Any person violating the provisions of sections 624.20 to 624.24 ~~shall~~ *may be guilty of a misdemeanor sentenced as follows:*

*(1) if the violation involves explosive fireworks in an amount of 35 pounds gross container weight or more, to imprisonment for not more than one year, or to payment of a fine of not more than \$3,000, or both;*

*(2) if the violation involves explosive fireworks in an amount of less than 35 pounds gross container weight, to imprisonment for not more than 90 days, or to payment of a fine of not more than \$700, or both; and*

*(3) if the violation involves any amount of fireworks other than explosive fireworks, to imprisonment for not more than 90 days, or to payment of a fine of not more than \$700, or both.*

Sec. 7. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment. Sections 2 to 6 are effective August 1, 1988, and apply to crimes committed on or after that date."*

Delete the title and insert:

"A bill for an act relating to crimes; clarifying the crime of obstructing

legal process or arrest; defining explosive fireworks; prohibiting possession of fireworks; increasing penalties for selling or possessing certain quantities of fireworks; providing penalties; amending Minnesota Statutes 1986, sections 609.50; 624.20; 624.21; 624.23; and 624.25; proposing coding for new law in Minnesota Statutes, chapter 624."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Phil Carruthers, Bob Milbert, Randy C. Kelly

Senate Conferees: (Signed) William P. Luther, John J. Marty, Howard A. Knutson

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2036 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2036 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Merriam	Renneke
Anderson	Davis	Johnson, D.E.	Moe, R.D.	Schmitz
Beckman	Decker	Jude	Morse	Spear
Benson	DeCramer	Kroening	Olson	Storm
Bernhagen	Diessner	Laidig	Pehler	Stumpf
Bertram	Frank	Luther	Pogemiller	Taylor
Brandl	Frederickson, D.J.	Marty	Purfeerst	Vickerman
Brataas	Frederickson, D.R.	McQuaid	Ramstad	Waldorf
Chmielewski	Gustafson	Mehrkens	Reichgott	Wegscheid

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2185, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2185 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 14, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2185

A bill for an act relating to game and fish; adjusting the height of deer stands; regulating placing decoys in public waters or on public lands; amending Minnesota Statutes 1986, sections 97B.325; and 97B.811.

April 12, 1988



The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2185, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2185 be further amended as follows:

Page 1, line 12, delete "12" and insert "16"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Wally A. Sparby, Phyllis Kahn, Willard Munger

Senate Conferees: (Signed) LeRoy A. Stumpf, Gene Merriam, Bob Lessard

Mr. Stumpf moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2185 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2185 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 36 and nays 12, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Lessard	Novak	Spear
Berg	Frank	Luther	Olson	Storm
Bernhagen	Frederickson, D.J.	Marty	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.R.	McQuaid	Purfeerst	Vickerman
Chmielewski	Gustafson	Merriam	Ramstad	
Cohen	Hughes	Moe, D.M.	Reichgott	
Davis	Jude	Moe, R.D.	Renneke	
Decker	Larson	Morse	Schmitz	

Those who voted in the negative were:

Adkins	Brataas	Kroening	Mehrkens	Taylor
Benson	Diessner	Laidig	Pehler	Waldorf
Brandl	Johnson, D.E.			

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### 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. 412: Messrs. Luther, Stumpf and Laidig.

S.F. No. 203: Messrs. Freeman, Luther and Anderson.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

### SPECIAL ORDER

H.F. No. 2041: A bill for an act relating to agriculture; limiting ownership of agricultural land by certain corporations and limited partnerships; amending Minnesota Statutes 1986, section 500.24, subdivision 3; Minnesota Statutes 1987 Supplement, section 500.24, subdivision 2.

Mr. Davis moved to amend H.F. No. 2041, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1996.)

Page 3, line 28, after the first "the" insert "*land assets of the*"

The motion prevailed. So the amendment was adopted.

Mr. Davis then moved to amend H.F. No. 2041, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1996.)

Page 2, line 22, delete "and"

Page 2, line 23, delete "it" and insert "*the authorized farm corporation*"

Page 2, line 26, before the period, insert "; and

*(7) a shareholder of the authorized farm corporation is not a shareholder in other authorized farm corporations that directly or indirectly in combination with the authorized farm corporation own not more than 1,500 acres of real estate used for farming or capable of being used for farming in this state"*

Page 3, line 29, after "farming" insert "*not more than 1,500 acres as a general partner in an authorized limited partnership*"

Page 3, line 32, delete "and"

Page 3, line 33, delete "it" and insert "*the authorized farm partnership*"

Page 3, line 36, before the period, insert "; and

*(8) a limited partner of the authorized farm partnership is not a limited partner in other authorized farm partnerships that directly or indirectly in combination with the authorized farm partnership own not more than 1,500 acres of real estate used for farming or capable of being used for farming in this state"*

The motion prevailed. So the amendment was adopted.

Mr. DeCramer moved to amend H.F. No. 2041, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1996.)

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1986, section 40.43, is amended by adding a subdivision to read:

*Subd. 8. [CORRECTION OF CONSERVATION EASEMENT BOUNDARY LINES.] To correct errors in legal descriptions for easements obtained that affect the ownership interests in the state and adjacent landowners, the commissioner may, in the name of the state, with the approval of the attorney general, convey, without consideration, interests of the state necessary to correct legal descriptions of boundaries. The conveyance must be by quitclaim deed or release in a form approved by the attorney general."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Storm questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the DeCramer amendment. The motion prevailed. So the amendment was adopted.

Mr. DeCramer then moved to amend H.F. No. 2041, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1996.)

Page 8, line 31, delete the semicolon

Page 8, delete lines 32 to 36

Page 9, lines 1 to 3, delete the new language

### CALL OF THE SENATE

Mr. DeCramer imposed a call of the Senate for the balance of the proceedings on H.F. No. 2041. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment of Mr. DeCramer. The motion prevailed. So the amendment was adopted.

Mr. Frederickson, D.R. moved to amend H.F. No. 2041, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1996.)

Page 7, line 7, before the semicolon, insert "*. Notwithstanding the five-year divestiture requirement under this paragraph, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must divest of the agricultural land within the ten-year period"*

The motion prevailed. So the amendment was adopted.

Mr. Morse moved to amend H.F. No. 2041, as amended pursuant to Rule 49, adopted by the Senate March 23, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1996.)

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1987 Supplement, section 40.43, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE LAND.] (a) Land may be placed in the conservation reserve program if the land:

(1) is marginal agricultural land, or is adjacent to marginal agricultural land and is either beneficial to resource protection or necessary for efficient recording of the land description, or consists of a drained wetland, or is land that with a windbreak would be beneficial to resource protection, or *is land consisting of a susceptible groundwater recharge area*. Cropland adjacent to the restored wetland may also be enrolled to the extent of up to four acres of cropland for each acre of wetland restored;

(2) was owned by the landowner on January 1, 1985, or was owned by the landowner, or a parent or other blood relative of the landowner, for at least three years before the date of application;

(3) is at least five acres in size, except for a windbreak, or is a whole field as defined by the United States Agricultural Stabilization and Conservation Services;

(4) is not set aside, enrolled or diverted under another federal or state government program; and

(5) was in agricultural crop production for at least two years during the period 1981 to 1985.

(b) The enrolled land of a landowner may not exceed 20 percent of the landowner's total agricultural land acreage in the state, if the landowner owns at least 200 acres of agricultural land as defined by section 500.24, subdivision 2. If a landowner owns less than 200 acres of agricultural land the amount that may be enrolled in the conservation reserve is:

(a) (1) all agricultural land owned, if 20 acres or less; or

(b) (2) if the total agricultural land owned is more than 20 acres but less than 200 acres, 20 acres plus ten percent of the balance of the agricultural land.

(c) In selecting land for enrollment in the program, highest priority must be given to permanent easements that are consistent with the purposes stated in section 40.41.

Sec. 2. Minnesota Statutes 1986, section 40.43, is amended by adding a subdivision to read:

Subd. 2a. [SUSCEPTIBLE GROUNDWATER RECHARGE AREA DESIGNATION.] *The commissioner of natural resources, in cooperation with the board of water and soil resources, the director of the Minnesota geological survey, and the commissioner of the pollution control agency, shall develop criteria for identifying susceptible groundwater recharge areas by December 31, 1988, and provide maps identifying susceptible recharge areas to the board for use in administration of the pilot conservation reserve program for protecting susceptible groundwater recharge areas.*

Sec. 3. Minnesota Statutes 1986, section 40.42, is amended by adding a subdivision to read:

Subd. 4a. [SUSCEPTIBLE GROUNDWATER RECHARGE AREA.] *"Susceptible groundwater recharge area" means an area of land with*

*unique hydrogeological characteristics that make the area highly susceptible to groundwater contamination from land use practices.*

**Sec. 4. [40.435] [LIABILITY AFTER PROTECTION OF SUSCEPTIBLE GROUNDWATER RECHARGE AREA.]**

*A landowner is not liable for contamination of groundwater through a susceptible groundwater recharge area occurring after a project is implemented if:*

*(1) the soil and water conservation district adopts a plan protecting the groundwater recharge area;*

*(2) projects or practices are implemented according to the plan and certified as being implemented by the district;*

*(3) unlawful practices are not allowed by the landowner on the property subject to the plan; and*

*(4) after implementation the project and practices are maintained according to the plan.*

**Sec. 5. [105E.50] [GROUNDWATER DEGRADATION POLICY.]**

*It is the policy of the state that the state, a state agency, or a person may not allow degradation of groundwater in the state.*

**Sec. 6. [105E.51] [IDENTIFICATION OF WELLS ON STATE PROPERTY.]**

*Subdivision 1. [PLAN AND APPROPRIATION REQUEST FOR WELL SEALING.] In each budget year of a biennium, the commissioner must present a plan and an appropriation request to properly seal wells on state property.*

*Subd. 2. [PROHIBITION ON STATE LAND PURCHASES WITHOUT WELL IDENTIFICATION.] The state may not purchase or sell real property or an interest in real property without identifying the location of all wells in use and not in use on the property and making provisions to have the unused wells properly sealed at the cost of the seller as part of the contract and deed for sale. A transfer of land is void if this subdivision is not complied with.*

**Sec. 7. [BOARD OF WATER AND SOIL RESOURCES.]**

*\$97,100 is appropriated from the general fund to the board of water and soil resources to be available until June 30, 1989, for the pilot project for conservation easements on susceptible groundwater recharge areas."*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Storm questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

H.F. No. 2041 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 7, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Merriam	Schmitz
Anderson	Decker	Jude	Morse	Solon
Beckman	DeCramer	Kroening	Novak	Stumpf
Benson	Dicklich	Laidig	Pehler	Vickerman
Berglin	Diessner	Langseth	Piper	Waldorf
Bernhagen	Frank	Lantry	Pogemiller	Wegscheid
Bertram	Frederick	Larson	Purfeerst	
Chmielewski	Frederickson, D.J.	Luther	Ramstad	
Cohen	Frederickson, D.R.	Marty	Reichgott	
Dahl	Hughes	McQuaid	Renneke	

Those who voted in the negative were:

Belanger	Brandl	Gustafson	Storm	Taylor
Berg	Brataas			

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

### SPECIAL ORDER

S.F. No. 1093: A bill for an act relating to employees; providing for a wage protection program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 181.

### CALL OF THE SENATE

Mr. Chmielewski imposed a call of the Senate for the balance of the proceedings on S.F. No. 1093. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 1093 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 35 and nays 18, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Metzen	Pogemiller
Beckman	DeCramer	Kroening	Moe, R.D.	Reichgott
Berglin	Dicklich	Lantry	Morse	Schmitz
Brandl	Diessner	Lessard	Novak	Stumpf
Chmielewski	Frank	Luther	Pehler	Vickerman
Cohen	Frederickson, D.J.	Marty	Peterson, R.W.	Waldorf
Dahl	Hughes	Merriam	Piper	Wegscheid

Those who voted in the negative were:

Benson	Brataas	Gustafson	McQuaid	Storm
Berg	Decker	Johnson, D.E.	Olson	Taylor
Bernhagen	Frederick	Laidig	Ramstad	
Bertram	Frederickson, D.R.	Larson	Renneke	

So the bill passed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Samuelson moved that the following members be excused for a Conference Committee on H.F. No. 2126 at 5:00 p.m.:

Mses. Berglin, Piper, Messrs. Freeman, Knutson and Samuelson. The motion prevailed.

**CONFERENCE COMMITTEE EXCUSED**

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on S.F. No. 203 at 7:00 p.m.:

Messrs. Anderson, Luther and Freeman. The motion prevailed.

**MEMBERS EXCUSED**

Mr. Johnson, D.J. was excused from the Session of today at 1:00 p.m. Ms. Berglin was excused from the Session of today from 1:00 to 3:00 p.m. Ms. Peterson, D.C. was excused from the Session of today from 1:30 to 3:00 p.m. Ms. Olson was excused from the Session of today from 1:00 to 3:15 p.m. Mr. Lessard was excused from the Session of today from 1:30 to 3:00 p.m. Mr. Gustafson was excused from the Session of today from 1:30 to 3:30 p.m. Ms. Reichgott, Messrs. Knaak, Laidig and Marty were excused from the Session of today from 3:45 to 5:00 p.m. Mr. Novak was excused from the Session of today from 3:00 to 6:00 p.m. Mr. Knaak was excused from the Session of today at 6:00 p.m. Mr. Mehrkens was excused from the Session of today at 6:30 p.m. Mr. Spear was excused from the Session of today at 7:00 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 1:00 p.m., Friday, April 15, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-EIGHTH DAY

St. Paul, Minnesota, Friday, April 15, 1988

The Senate met at 1:00 p.m. and was called to order by the President.

## CALL OF THE SENATE

Mr. DeCramer 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. Martin F. Rath.

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

Adkins	Davis	Jude	Moe, D.M.	Samuelson
Anderson	Decker	Knaak	Moe, R.D.	Schmitz
Beckman	DeCramer	Kroening	Morse	Solon
Belanger	Dicklich	Laidig	Novak	Spear
Benson	Diessner	Langseth	Olson	Storm
Berg	Frank	Lantry	Pehler	Stumpf
Berglin	Frederick	Larson	Peterson, D.C.	Taylor
Bernhagen	Frederickson, D.J.	Lessard	Peterson, R.W.	Vickerman
Bertram	Frederickson, D.R.	Luther	Piper	Waldorf
Brandl	Freeman	Marty	Pogemiller	Wegscheid
Brataas	Gustafson	McQuaid	Purfeerst	
Chmielewski	Hughes	Mehrkens	Ramstad	
Cohen	Johnson, D.E.	Merriam	Reichgott	
Dahl	Johnson, D.J.	Metzen	Renneke	

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 committee indicated.

March 28, 1988

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:

John James, 4233 Sheridan Ave. S., Minneapolis, Hennepin County, has been appointed by me, effective December 18, 1987, for a term expiring the first Monday in January, 1991.



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

Sincerely,  
Rudy Perpich, Governor

April 12, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
1622		474	April 7	April 7
	1459	475	April 12	April 12
	1534	476	April 12	April 12
	1589	477	April 12	April 12
	1731	478	April 12	April 12
	1773	479	April 12	April 12
	1877	480	April 12	April 12
	1923	481	April 12	April 12
	1961	482	April 12	April 12
	1983	483	April 12	April 12
	2000	484	April 12	April 12
	2018	485	April 12	April 12
	2029	486	April 12	April 12
	2086	487	April 12	April 12
	2254	488	April 12	April 12
	2317	489	April 12	April 12
	2422	490	April 12	April 12
	2446	491	April 12	April 12
	2489	492	April 12	April 12
	2546	493	April 12	April 12
	2551	494	April 12	April 12
	2559	495	April 12	April 12
1121		496	April 12	April 12
1632		497	April 12	April 12
1717		498	April 12	April 12
1834		499	April 12	April 12
2264		500	April 12	April 12
2286		501	April 12	April 12
2384		502	April 12	April 12
	1493	503	April 12	April 12

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

I have the honor of informing you that I have received, signed and deposited in the Office of the Secretary of State, S.F. Nos. 1018, 1328, 1561, 1620, 1700, 1795, 1879, 2117 and 2191.

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. 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:

SPECIAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
2407	2426				

Pursuant to Rule 49, the Committee on Rules and Administration recommends 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. 2426, the first engrossment; further, delete the title of H.F. No. 2407 and insert the title of S.F. No. 2426, the first engrossment.

And when so amended H.F. No. 2407 will be identical to S.F. No. 2426, and further recommends that H.F. No. 2407 be given its second reading and substituted for S.F. No. 2426, 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 HOUSE BILLS

H.F. No. 2407 was read the second time.

### MOTIONS AND RESOLUTIONS

Mr. Laidig introduced—

Senate Resolution No. 145: A Senate resolution congratulating the Mahtomedi High School Girls Gymnastics Team for winning the 1988 State High School Class A Gymnastics Championship.

Referred to the Committee on Rules and Administration.

Messrs. Ramstad and Jude introduced—

Senate Resolution No. 146: A Senate resolution congratulating the Wayzata High School Boys Basketball Team for winning the Lake Blue Conference Championship.

Referred to the Committee on Rules and Administration.

S.F. No. 2214 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2214

A bill for an act relating to natural resources; authorizing the commissioner to sell certain surplus lands to local governments for local recreation or natural resource purposes; authorizing the commissioner of natural resources to convey road and flowage easements in certain circumstances; transferring duties and powers of county auditors and treasurers relating to sales of certain classes of state land to the commissioner; transferring the authority to issue state land patents from the governor to the commissioner; specifying the amount above appraised value that the commissioner may pay when acquiring land; authorizing long-term leases of state land for certain purposes; modifying certain provisions of land exchange laws relating to appraisals and fees; implementing exchanges of public land authorized by the constitution; authorizing exchange of school trust land located within a state park; appointing an independent trustee and legal counsel for land exchanges involving school trust land; providing a procedure for exchange of Class B land with Class A or Class C land; authorizing governmental units to exchange land in the same manner as private persons; amending Minnesota Statutes 1986, sections 84.027, by adding a subdivision; 84.631; 85.015, subdivision 1; 92.16, subdivision 1; 92.23; 92.24; 92.26; 92.27; 92.29; 92.50, subdivision 1; 94.342, subdivision 3, and by adding subdivisions; 94.343, subdivisions 3 and 9; 94.344, subdivisions 1, 3, 7, and 10; 94.348; Minnesota Statutes 1987 Supplement, sections 84.0272; and 105.392, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 84 and 92; repealing Minnesota Statutes 1986, section 92.25.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2214, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2214 be further amended as follows:

Pages 2 and 3, delete section 2

Page 3, line 24, reinstate the stricken language

Page 3, line 25, reinstate "requirements are met."

Page 3, line 33, before the period insert "(1) there are no reasonable alternatives to obtain access to the property; and (2) the exercise of the easement will not cause significant adverse environmental or natural resource

*management impacts”*

Page 10, after line 3, insert:

“Sec. 16. Minnesota Statutes 1986, section 94.342, is amended by adding a subdivision to read:

*Subd. 6. [REUNITING AND SEVERING OF SURFACE AND MINERAL INTERESTS.] (a) When making a land exchange, a goal of the land exchange board shall be to reunite the surface interest with the mineral interest whenever possible.*

*(b) If mineral interests are severed in an exchange, the land exchange board must consider the impact of severed mineral interests on minerals management.”*

Pages 10 and 11, delete section 18

Page 14, line 22, delete “11” and insert “10” and delete “25” and insert “24”

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 29, delete “subdivisions 3 and 9” and insert “subdivision 3”

Page 1, line 31, delete “sections 84.0272; and” and insert “section”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gene Merriam, Randolph W. Peterson, Dennis R. Frederickson

House Conferees: (Signed) Loren G. Jennings, Daniel J. Knuth, Craig H. Shaver

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2214 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2214 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Dahl	Jude	Metzen	Ramstad
Anderson	Davis	Knaak	Moe, R. D.	Reichgott
Beckman	Decker	Kroening	Morse	Renneke
Belanger	Diessner	Lantry	Novak	Samuelson
Benson	Frank	Larson	Olson	Schmitz
Berglin	Frederick	Lessard	Pehler	Spear
Bernhagen	Frederickson, D.J.	Luther	Peterson, D.C.	Storm
Bertram	Frederickson, D.R.	Marty	Peterson, R. W.	Stumpf
Brandl	Hughes	McQuaid	Piper	Taylor
Brataas	Johnson, D.E.	Mehrkens	Pogemiller	
Chmielewski	Johnson, D.J.	Merriam	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Moe, R.D. moved that H.F. No. 2253 be withdrawn from the Committee on Rules and Administration and laid on the table. The motion prevailed.

S.F. No. 1885 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1885**

A bill for an act relating to commerce; motor fuel franchises; regulating certain building alterations; providing remedies; amending Minnesota Statutes 1986, section 80C.146, subdivisions 2 and 3; repealing Laws 1984, chapter 444, section 4, as amended by Laws 1986, chapter 343, section 1.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1885, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from the Solberg amendment and that the Senate concur in the Kelly amendment.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Donna C. Peterson, Mel Frederick, Sam G. Solon

House Conferees: (Signed) Loren A. Solberg, John Sarna, Tony Bennett

Ms. Peterson, D.C. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1885 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1885 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Decker	Larson	Olson	Schmitz
Anderson	Diessner	Lessard	Pehler	Spear
Beckman	Frank	Luther	Peterson, D.C.	Storm
Benson	Frederickson, D.I.	Marty	Peterson, R.W.	Stumpf
Berg	Frederickson, D.R.	Mehrkens	Piper	Waldorf
Bernhagen	Freeman	Merriam	Pogemiller	Wegscheid
Bertram	Johnson, D.E.	Metzen	Purfeerst	
Brandl	Jude	Moe, R.D.	Ramstad	
Chmielewski	Knaak	Morse	Renneke	
Davis	Lantry	Novak	Samuelson	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1268 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1268

A bill for an act relating to energy and economic development; providing for the powers and duties of the commissioner of energy and economic development; clarifying definitions; authorizing certain Indian tribes to create community energy councils; providing the purpose for which an appropriation may be spent; amending Minnesota Statutes 1986, sections 116J.09; 116J.10; 116J.19, subdivision 6; 116J.36, subdivision 2; 116J.381, subdivision 2; and Laws 1981, chapter 334, section 11, subdivision 1.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1268, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) John J. Marty, Don Frank, Dean E. Johnson

House Conferees: (Signed) Clair L. Nelson, Andy Dawkins, David T. Bishop

Mr. Marty moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1268 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1268 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 48 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Moe, R.D.	Reichgott
Beckman	Decker	Kroening	Morse	Renneke
Berg	Dicklich	Lantry	Novak	Samuelson
Berglin	Diessner	Larson	Olson	Schmitz
Bernhagen	Frank	Lessard	Pehler	Spear
Bertram	Frederickson, D.J.	Luther	Peterson, D.C.	Stumpf
Brandl	Frederickson, D.R.	Marty	Peterson, R.W.	Taylor
Brataas	Freeman	McQuaid	Piper	Waldorf
Chmielewski	Johnson, D.E.	Merriam	Pogemiller	
Dahl	Jude	Metzen	Purfeerst	

Those who voted in the negative were:

Anderson  
BelangerBenson  
Frederick

Mehrkens

Ramstad

Storm

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2055 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2055

A bill for an act relating to human services; defining terms; requiring that court receive annual reviews of people with indeterminate commitments; providing for court-ordered community-based treatment; defining procedures for community-based commitment; requiring procedures for release before commitment and provisional discharge; appropriating money; amending Minnesota Statutes 1986, sections 253B.02, subdivisions 13, 19, and by adding subdivisions; 253B.03, subdivision 5; 253B.09, subdivision 1; 253B.15, subdivisions 1, 3, 5, 6, 7, and by adding a subdivision; and 253B.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 253B; repealing Minnesota Statutes 1986, section 253B.09, subdivision 4.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2055, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2055 be further amended as follows:

Page 4, line 22, delete "*professional judgment, practice, and standards*" and insert "*community standards of professional practice*"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Linda Berglin, Allan H. Spear, Jim Ramstad

House Conferees: (Signed) Kathleen O. Vellenga, Brad G. Stanius, Phil Carruthers

Ms. Berglin moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2055 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2055 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Dahl	Knaak	Metzen	Ramstad
Anderson	Davis	Kroening	Moe, D.M.	Reichgott
Beckman	Decker	Laidig	Moe, R.D.	Renneke
Belanger	Diessner	Lantry	Morse	Samuelson
Benson	Frank	Larson	Novak	Schmitz
Berg	Frederick	Lessard	Olson	Spear
Berglin	Frederickson, D.J.	Luther	Pehler	Storm
Bernhagen	Frederickson, D.R.	Marty	Peterson, D.C.	Stumpf
Bertram	Freeman	McQuaid	Peterson, R.W.	Waldorf
Brandl	Johnson, D.E.	Mehrkens	Piper	
Chmielewski	Jude	Merriam	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed 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 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 re-referred

H.F. No. 2468: A bill for an act relating to economic development; authorizing the commissioner to award set-aside procurements to local small businesses; amending Minnesota Statutes 1986, section 16B.19, subdivision 5; Minnesota Statutes 1987 Supplement, sections 16B.19, subdivision 6; and 645.445, subdivision 5.

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. 1892: A bill for an act relating to corporations; making certain corrections to shareholder protection and corporate take-over legislation; eliminating restrictions on certain business combinations with an interested shareholder after five years; amending Minnesota Statutes 1986, section 80B.03, subdivisions 1 and 6; 302A.243; Minnesota Statutes 1987 Supplement, sections 302A.011, subdivisions 37, 41, 42, 46, 49, 50, and 51; 302A.553, subdivision 3; 302A.671, subdivisions 2, 3, 4, and 4a; and 302A.673.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for March 22, 1988, be adopted; that committee recommendation being:

"the bill be 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 under Rule 35, together with the committee report thereon,

S.F. No. 2277: A bill for an act relating to education; establishing a records destruction schedule for chemical abuse preassessment teams; requiring law enforcement reports of certain violations to preassessment teams; amending Minnesota Statutes 1987 Supplement, sections 126.034; 126.035; 126.037; and 260.161, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 126; repealing Minnesota Statutes 1987 Supplement, section 126.033, subdivision 4.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for March 23, 1988, be adopted; that committee recommendation being:

“the bill be 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 re-referred

S.F. No. 762: A bill for an act proposing an amendment to the Minnesota Constitution, article IV, section 4; providing for a senate with six-year terms and a house of representatives with staggered four-year terms.

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

### **SECOND READING OF SENATE BILLS**

S.F. Nos. 1892, 2277 and 762 were read the second time.

### **SECOND READING OF HOUSE BILLS**

H.F. No. 2468 was read the second time.

### **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. Merriam imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2041:

H. F. No. 2041: A bill for an act relating to agriculture; limiting ownership of agricultural land by certain corporations and limited partnerships; amending Minnesota Statutes 1986, section 500.24, subdivision 3; Minnesota Statutes 1987 Supplement, section 500.24, subdivision 2.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Brown; Olson, E. and Sparby have been appointed as such committee on the part of the House.

House File No. 2041 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 April 15, 1988

Mr. Davis moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2041, 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 appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 10, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 10 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 15, 1988

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 10**

A bill for an act relating to crimes; raising the minimum term of imprisonment from 17 to 20 years for persons convicted of first degree murder; clarifying that the crying of a child does not constitute provocation under first degree manslaughter; amending Minnesota Statutes 1986, section 244.05, subdivision 4; and Minnesota Statutes 1987 Supplement, section 609.20.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 10, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment.

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Steve Wenzel, Randy C. Kelly, Phil Carruthers

Senate Conferees: (Signed) Tad Jude, Allan H. Spear, Donna C. Peterson

Mr. Jude moved that the foregoing recommendations and Conference Committee Report on H.F. No. 10 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 10 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Mehrkens	Ramstad
Anderson	Decker	Jude	Merriam	Reichgott
Beckman	DeCramer	Knaak	Metzen	Renneke
Belanger	Dicklich	Kroening	Morse	Samuelson
Benson	Diessner	Laidig	Novak	Spear
Bernhagen	Frank	Lantry	Olson	Storm
Bertram	Frederickson, D.J.	Larson	Pehler	Vickerman
Chmielewski	Frederickson, D.R.	Luther	Peterson, R. W.	Waldorf
Cohen	Hughes	Marty	Piper	Wegscheid
Dahl	Johnson, D.E.	McQuaid	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 421, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 421 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 15, 1988

## CONFERENCE COMMITTEE REPORT ON H.F. NO. 421

A bill for an act relating to health; authorizing the commissioner of health to issue subpoenas in certain instances; proposing coding for new law in Minnesota Statutes, chapter 144.

April 13, 1988

The Honorable Robert Vanasek

Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 421, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 421 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [144.054] [SUBPOENA POWER.]

*The commissioner may, as part of an investigation to determine whether a serious health threat exists or to locate persons who may have been exposed to an agent which can seriously affect their health, issue subpoenas to require the attendance and testimony of witnesses and production of books, records, correspondence, and other information relevant to any matter involved in the investigation. The commissioner or the commissioner's designee may administer oaths to witnesses or take their affirmation. The subpoenas may be served upon any person named therein anywhere in the state by any person authorized to serve subpoenas or other processes in civil actions of the district courts. If a person to whom a subpoena is issued does not comply with the subpoena, the commissioner may apply to the district court in any district and the court shall order the person to comply with the subpoena. Failure to obey the order of the court may be punished by the court as contempt of court. No person may be compelled to disclose privileged information as described in section 595.02, subdivision 1. All information pertaining to individual medical records obtained under this section shall be considered health data under section 13.38. The fees for the service of a subpoena must be paid in the same manner as prescribed by law for a service of process issued out of a district court. Witnesses must receive the same fees and mileage as in civil actions.*

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.”*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Paul Anders Ogren, David T. Bishop, Terry M. Dempsey

Senate Conferees: (Signed) Florian Chmielewski, Howard A. Knutson, Pat Piper

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on H.F. No. 421 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 421 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 45 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	McQuaid	Peterson, R.W.
Anderson	Dahl	Johnson, D.E.	Mehrkens	Piper
Beckman	Davis	Jude	Merriam	Ramstad
Belanger	Decker	Knaak	Metzen	Reichgott
Benson	DeCramer	Kroening	Morse	Renneke
Berg	Frank	Lantry	Novak	Samuelson
Bernhagen	Frederick	Larson	Olson	Storm
Bertram	Frederickson, D.J.	Luther	Pehler	Vickerman
Chmielewski	Frederickson, D.R.	Marty	Peterson, D.C.	Wegscheid

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1844, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1844 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 15, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1844

A bill for an act relating to courts; prescribing when a referee's orders become effective; amending Minnesota Statutes 1986, section 484.70, subdivision 7.

April 12, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1844, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1844 be further amended as follows:

Page 2, after line 26, insert:

"Sec. 2. [STUDY TASK FORCE.]

*The supreme court, in consultation with the association of Minnesota counties, shall appoint a task force to study the relationship between the district court and the counties of the state and to make recommendations regarding the control and financing of the district courts. The task force shall report its findings and recommendations to the legislature by February 1, 1989."*

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring a study of the

control and financing of the district courts;”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Kathleen O. Vellenga, Randy C. Kelly, Jean D. Wagenius

Senate Conferees: (Signed) Richard J. Cohen, Howard A. Knutson, Randolph W. Peterson

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1844 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1844 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Merriam	Reichgott
Anderson	Decker	Knaak	Metzen	Renneke
Beckman	DeCramer	Kroening	Moe, R.D.	Samuelson
Belanger	Diessner	Laidig	Novak	Schmitz
Benson	Frank	Lantry	Olson	Spear
Berg	Frederick	Larson	Peterson, D.C.	Storm
Berglin	Frederickson, D.J.	Luther	Piper	Vickerman
Bernhagen	Frederickson, D.R.	Marty	Pogemiller	Waldorf
Bertram	Hughes	McQuaid	Purfearer	Wegscheid
Cohen	Johnson, D.E.	Mehrkens	Ramstad	

Mr. Morse voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2323 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2323

A bill for an act relating to financial institutions; authorizing certain investments for banks; amending Minnesota Statutes 1986, sections 48.152, subdivision 10; 48.24, subdivision 5; and 48.61, by adding a subdivision.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2323, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Darril Wegscheid, Sam G. Solon, Jim Gustafson

House Conferees: (Signed) Jeff Bertram, Linda J. Scheid, Gerald Knickerbocker

Mr. Wegscheid moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2323 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2323 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Davis	Jude	Merriam.	Reichgott
Anderson	Decker	Knaak	Metzen	Renneke
Beckman	DeCramer	Kroening	Moe, R.D.	Samuelson
Belanger	Frank	Laidig	Morse	Schmitz
Benson	Frederickson, D.J.	Lantry	Novak	Spear
Berg	Frederickson, D.R.	Larson	Olson	Storm
Berglin	Freeman	Lessard	Pehler	Vickerman
Bernhagen	Gustafson	Luther	Peterson, D.C.	Waldorf
Bertram	Hughes	Marty	Piper	Wegscheid
Cohen	Johnson, D.E.	McQuaid	Purfeerst	
Dahl	Johnson, D.J.	Mehrkens	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1769 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1769

A bill for an act relating to human rights; clarifying marital status discrimination and housing discrimination; enforcing comparable worth and affirmative action requirements; making procedural and administrative changes; amending Minnesota Statutes 1986, sections 363.01, by adding a subdivision; 363.02, subdivision 2a, and by adding a subdivision; 363.03, subdivision 2; 363.06, subdivision 3; 363.073; subdivisions 1 and 3; 363.091; 363.121; and 363.14, subdivisions 1 and 3; Minnesota Statutes 1987 Supplement, sections 363.06, subdivision 1; and 363.071, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 363.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1769, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1769 be further amended as follows:

Page 8, lines 23 and 26, delete "\$15,000" and insert "\$8,500"

Page 11, line 6, delete "(7)" and insert "(6)"

Amend the title as follows:

Page 1, line 4, delete "comparable worth and"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ember D. Reichgott, Donald A. Storm, Donna C. Peterson

House Conferees: (Signed) Loren A. Solberg, Randy C. Kelly, David T. Bishop

Ms. Reichgott moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1769 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1769 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Knaak	Moe, D.M.	Reichgott
Anderson	DeCramer	Kroening	Moe, R.D.	Renneke
Beckman	Diessner	Laidig	Morse	Samuelson
Belanger	Frank	Lantry	Novak	Schmitz
Benson	Frederickson, D.J.	Larson	Olson	Spear
Berg	Frederickson, D.R.	Lessard	Pehler	Storm
Berglin	Freeman	Luther	Peterson, D.C.	Vickerman
Bernhagen	Gustafson	Marty	Peterson, R.W.	Waldorf
Bertram	Hughes	McQuaid	Piper	
Cohen	Johnson, D.E.	Mehrkens	Pogemiller	
Dahl	Johnson, D.J.	Merriam	Purfeerst	
Davis	Jude	Metzen	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2226 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2226

A bill for an act relating to state government; amending certain provisions governing advisory councils, committees, and task forces; amending Minnesota Statutes 1986, sections 3.922, subdivision 3; 3.9225, subdivision 1; 3.9226, subdivision 1; 6.65; 15.059, subdivision 5; 79.51, subdivision 4; 84B.11, subdivision 1; 85A.02, subdivision 4; 115.54; 116C.59, subdivisions 1, 2, and 4; 116C.839; 121.83; 124.48, subdivision 3; 126.56, subdivision 5; 128A.03, subdivision 3; 135A.05; 136A.02, subdivision 7;



138.97, subdivision 3; 162.02, subdivision 2; 162.09, subdivision 2; 174.031, subdivision 2; 175.008; 182.653, subdivision 4e; 214.141; 248.10, subdivision 2; 254A.035, subdivision 2; 256C.28, subdivision 2; 299F.097; 611A.34, subdivision 1; 611A.71, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 15.059, subdivision 6; 16B.20, subdivision 2; 43A.316, subdivision 4; 115A.12, subdivision 1; 116J.971, by adding a subdivision; 120.17, subdivision 11a; 121.934, subdivision 1; 123.935, subdivision 7; 126.665; 129C.10, subdivision 3; 136A.02, subdivision 6; 144.672, subdivision 1; 175.007, subdivision 1; 245.697, subdivision 1; 245.97, subdivision 6; 246.56, subdivision 2; 256.482, subdivision 1; 256.73, subdivision 7; 256B.064, subdivision 1a; 256B.27, subdivision 3; 256B.433, subdivisions 1 and 4; 299A.23, subdivision 2; 299J.06, subdivision 4; repealing Minnesota Statutes 1986, sections 116J.04; 160.80, subdivision 6; 177.28, subdivision 2; 326.66; Minnesota Statutes 1987 Supplement, section 115A.12, subdivision 2.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2226, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2226 be further amended as follows:

Page 1, lines 38 and 39, delete "*and expiration of the council*"

Page 2, line 6, after the period, insert "*The council expires on June 30, 1993.*"

Page 2, after line 6, insert:

"Sec. 2. Minnesota Statutes 1986, section 3.922, subdivision 8, is amended to read:

Subd. 8. [ADVISORY COUNCIL.] An advisory council on urban Indians is created to advise the board on the unique problems and concerns of Minnesota Indians who are residing in urban areas of the state. The council shall be appointed by the board and shall consist of five Indians residing in the vicinity of Minneapolis, St. Paul and Duluth. At least one member of the council shall be a resident of each of the aforementioned cities. The council shall expire, and terms, compensation and removal of members shall be as provided in section 15.059. *The council expires on June 30, 1993.*

Sec. 3. Minnesota Statutes 1986, section 3.9223, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] There is created a state council on affairs of Spanish-speaking people to consist of seven members appointed by the governor. The demographic composition of the council members shall accurately reflect the demographic composition of Minnesota's Spanish-speaking community, including migrant workers, as determined by the state demographer. Membership, terms, ~~compensation~~, removal of members and filling of vacancies shall be as provided in section 15.0575. *Compensation of members is as provided in section 15.059, subdivision*

3. The council shall annually elect from its membership a chair and other officers it deems necessary. The council ~~shall expire~~ *expires* on the date provided by section 15.059, subdivision 5 June 30, 1993."

Page 2, lines 15 and 16, delete ", and expiration of the council"

Page 2, line 22, after the period, insert "*The council expires on June 30, 1993.*"

Page 2, line 30, delete "*and expiration of the council*"

Page 2, line 36, after the period, insert "*The council expires on June 30, 1993.*"

Page 3, after line 13, insert:

"Sec. 7. Minnesota Statutes 1987 Supplement, section 15.059, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION.] Members of the advisory councils and committees shall be compensated at the rate of *at least* \$35 per day spent on council or committee activities, when authorized by the council or committee, plus expenses in the same manner and amount as authorized by the commissioner's plan adopted pursuant to section 43A.18, subdivision 2. *The state agency that provides funding for the advisory council or committee may authorize compensation of up to \$55 per day spent on council or committee activities.* Members who, as a result of time spent attending council or committee meetings, incur child care expenses that would not otherwise have been incurred, may be reimbursed for those expenses upon council or committee authorization. If members who are state employees or employees of political subdivisions receive the ~~\$35 per day~~ *daily compensation*, and if the major part of their activities occur during normal working hours for which they are also compensated by the state or political subdivision, the employer shall deduct the ~~\$35~~ *daily compensation* from the employee's compensation for the day. In no other case shall a member who is an employee of the state or a political subdivision suffer a loss in compensation or benefits from the state or political subdivision as a result of service on the council or committee. Members who are full-time state employees or full-time employees of the political subdivisions of the state may receive the expenses provided for in this section unless the expenses are reimbursed by another source. Members who are state employees or employees of political subdivisions of the state may be reimbursed for child care expenses only for time spent on board activities that are outside their normal working hours."

Page 3, line 16, strike "an earlier" and insert "*a different*"

Page 4, after line 14, insert:

"Sec. 10. Minnesota Statutes 1986, section 15.0591, subdivision 1, is amended to read:

Subdivision 1. [ADDITION OF MEMBERS.] The membership of state boards, commissions, advisory councils, task forces, or committees listed in subdivision 2 *that have more than three public members shall include at least one member, 60 years of age or over. For purposes of this section, a public member is a person who is not a representative of a specified business, occupation, industry, political subdivision, organization, or other grouping of persons other than geographical regions.* At least one of the

members over 60 shall not be actively engaged in or retired from an occupation, profession, or industry, if any, to be regulated."

Page 4, after line 25, insert:

"Sec. 12. Minnesota Statutes 1986, section 16B.27, subdivision 3, is amended to read:

Subd. 3. [COUNCIL.] The governor's residence council consists of the following 15 members: the commissioner; the spouse, or a designee of the governor; the executive director of the Minnesota state arts board; the director of the Minnesota historical society; a member of the senate appointed pursuant to the rules of the senate; a member of the house of representatives appointed pursuant to the rules of the house of representatives; seven persons appointed by the governor including one in the field of higher education, one member of the American Society of Interior Designers, Minnesota Chapter, one member of the American Institute of Architects, Minnesota chapter, one member of the American Society of Landscape Architects, Minnesota Chapter, one member of the family that donated the governor's residence to the state, if available, and four public members. Members of the council serve without compensation. Membership terms, removal, and filling of vacancies for members appointed by the governor are governed by section 15.0575. The council shall elect a chair and a secretary from among its members. The council shall ~~expire~~ *expires on the date provided by section 15.059, subdivision 5 June 30, 1993.*"

Page 9, line 9, delete "*as provided in section 15.059, subdivision 5*" and insert "*on June 30, 1993*"

Page 9, line 20, delete everything after "[EXPIRATION.]" and insert "*Sections 1161.970 and 1161.971 are repealed June 30, 1993.*"

Page 9, delete line 21

Page 25, lines 17 and 18, delete "*as provided in section 15.059, subdivision 5*" and insert "*on June 30, 1993*"

Page 27, line 2, delete "*as provided in section 15.059, subdivision 5*" and insert "*on June 30, 1993*"

Page 28, lines 15 and 16, strike "*as provided in section 15.059*" and insert "*on June 30, 1993*"

Page 32, lines 18 and 19, delete "*as provided in section 15.059, subdivision 5*" and insert "*on June 30, 1993*"

Page 32, after line 35, insert:

"Sec. 62. [TASK FORCE ON GENETICALLY ENGINEERED ORGANISMS.]

*Subdivision 1. [TASK FORCE MEMBERSHIP] The environmental quality board shall appoint a task force on genetically engineered organisms with membership consisting of:*

*(1) two representatives of the scientific community who have expertise in the techniques and applications of genetic engineering and one representative of the biotechnological industry;*

*(2) a representative of the department of health whose work involves expertise in environmental health issues;*

*(3) a representative of the department of agriculture whose work involves*

*expertise in animal health or pesticide issues;*

- (4) a representative of the pollution control agency;*
- (5) a representative of the department of natural resources;*
- (6) a representative of the department of trade and economic development;*
- (7) a member of the environmental quality board;*
- (8) a person who has a background in environmental protection;*
- (9) a representative of a farming organization who has a background in agriculture;*
- (10) a representative of a food organization who has a background in nutrition;*
- (11) a person with demonstrated expertise in microbiology;*
- (12) a person with demonstrated expertise in epidemiology; and*
- (13) a person with demonstrated expertise in biological sciences.*

*The members shall serve without compensation.*

*Subd. 2. [CHAIR.] The environmental quality board shall appoint the chair of the task force, who is responsible for convening meetings of the task force.*

*Subd. 3. [STAFF] The board must provide administrative and staff assistance to the task force upon request.*

#### **Sec. 63. [POWERS AND DUTIES.]**

*Subdivision 1. [STUDY ISSUES.] The task force shall study:*

*(1) existing United States; international, including Canada, Germany, and Japan; other state and Minnesota laws and regulations governing the release of genetically engineered organisms to determine their adequacy in governing the release of genetically engineered organisms;*

*(2) whether additional state laws or local government regulations are necessary to govern the release of genetically engineered organisms; and*

*(3) any additional issues surrounding the release of genetically engineered organisms that the task force believes are necessary to address.*

*Subd. 2. [REPORT.] The task force shall issue a report with recommendations, including any recommendations for legislation, to the governor and the legislature by January 1, 1989. Copies of the report must be available to the general public."*

*Page 33, line 4, after the period, insert "Sections 62 and 63 are repealed July 1, 1989."*

*Page 33, line 6, delete "57" and insert "61 and 64"; after the period insert "Sections 62 and 63 are effective the day following final enactment."*

**Renumber all sections in sequence**

**Amend the title as follows:**

**Page 1, line 5, delete "subdivision 3" and insert "subdivisions 3 and 8; 3.9223, subdivision 1"**

Page 1, line 6, after "5;" insert "15.0591, subdivision 1; 16B.27, subdivision 3;"

Page 1, line 18, before "6" delete "subdivision" and insert "subdivisions 3 and"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Lawrence J. Pogemiller, Michael O. Freeman, Dennis R. Frederickson

House Conferees: (Signed) Daniel J. Knuth, Wayne Simoneau, Gil Gutknecht

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2226 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2226 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 57 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Metzen	Reichgott
Anderson	Decker	Kroening	Moe, D.M.	Renneke
Beckman	DeCramer	Laidig	Moe, R.D.	Samuelson
Belanger	Diessner	Langseth	Morse	Schmitz
Benson	Frank	Lantry	Novak	Spear
Berg	Frederickson, D.J.	Larson	Olson	Storm
Berglin	Frederickson, D.R.	Lessard	Pehler	Vickerman
Bernhagen	Freeman	Luther	Peterson, D.C.	Waldorf
Bertram	Hughes	Marty	Piper	Wegscheid
Chmielewski	Johnson, D.E.	McQuaid	Pogemiller	
Cohen	Johnson, D.J.	Mehrkens	Purfeerst	
Dahl	Jude	Merriam	Ramstad	

Mr. Peterson, R.W. voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1462 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1462

A bill for an act relating to housing; creating a low-income housing trust account; providing for the uses of the account; placing certain requirements on real estate trust accounts; appropriating money; amending Minnesota Statutes 1986, sections 82.24, by adding a subdivision; and 82.34, subdivisions 6 and 15; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 462A.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1462, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1462 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1987 Supplement, section 82.17, subdivision 6, is amended to read:

Subd. 6. "Trust account" means, for purposes of this chapter, a savings account, negotiable order of withdrawal account, demand deposit or checking account maintained for the purpose of segregating trust funds from other funds. A trust account ~~shall not~~ *must* be an interest bearing account ~~except by agreement of the parties and subject to rules of the commissioner,~~ *paying the highest current passbook savings account rate of interest and shall not* allow the financial institution a right of set off against money owed it by the licensee.

Sec. 2. Minnesota Statutes 1986, section 82.24, is amended by adding a subdivision to read:

*Subd. 8. [ACCRUED INTEREST.] (a) Each broker shall maintain a pooled interest-bearing trust account for deposit of client funds. The interest accruing on the trust account, less reasonable transaction costs, must be paid to the state treasurer for deposit in the housing trust fund account created under section 5 unless otherwise specified pursuant to an expressed written agreement between the parties to a transaction.*

*(b) For an account created under paragraph (a), each broker shall direct the financial institution to:*

*(1) pay the interest, less reasonable transaction costs, computed in accordance with the financial institution's standard accounting practice, at least quarterly, to the state treasurer; and*

*(2) send a statement to the state treasurer showing the name of the broker for whom the payment is made, the rate of interest applied, the amount of service charges deducted, and the account balance for the period in which the report is made.*

*The state treasurer shall credit the amount collected under this subdivision to the housing trust fund account established in section 5.*

Sec. 3. Minnesota Statutes 1986, section 82.34, subdivision 6, is amended to read:

Subd. 6. The commissioner may expend money as appropriated for the following purposes:

(a) To promote the advancement of education and research in the field of real estate for the benefit of those licensed under this chapter;

(b) To underwrite educational seminars and other forms of educational projects for the benefit of real estate licensees;

(c) To establish a real estate chair or courses at Minnesota state institutions of higher learning for the purpose of making such courses available to licensees and the general public;

(d) To contract for a particular educational or research project in the field of real estate to further the purposes of this chapter;

(e) To pay the costs of the real estate advisory council established under section 82.30; ~~and~~

(f) To pay any reasonable costs and disbursements, excluding attorney's fees, incurred in defending actions against the real estate education, research and recovery fund including the cost of mailing or publication of notice pursuant to subdivisions 12 and 14; *and*

(g) *To provide information to the public on housing issues, including but not limited to, environmental safety and housing affordability.*

Sec. 4. Minnesota Statutes 1986, section 82.34, subdivision 15, is amended to read:

Subd. 15. Any sums received by the commissioner pursuant to any provisions of this section shall be deposited in the state treasury, and credited to the real estate education, research and recovery fund, and said sums shall be allocated exclusively for the purposes provided in this section. All moneys in the fund are appropriated annually to the commissioner for the purposes of this section.

*All money credited to the fund under section 5 may only be used for purposes under subdivision 6, clause (g). Beginning in 1990, the commissioner must, on February 1 of each year, review the amount of money spent or allocated for uses under subdivision 6, clause (g), for the previous calendar year. If the amount spent or allocated is less than the amount credited to the fund under section 5 during the same calendar year, the difference must be transferred from the fund to the housing trust fund account established in section 5.*

Sec. 5. [462A.201] [HOUSING TRUST FUND ACCOUNT.]

*Subdivision 1. [CREATION.] (a) The housing trust fund account is created as a separate account in the housing development fund.*

*(b) The housing trust fund account consists of:*

*(1) money appropriated and transferred from other state funds;*

*(2) interest accrued from real estate trust accounts as provided under section 2;*

*(3) gifts, grants, and donations received from the United States, private foundations, and other sources; and*

*(4) money made available to the agency for the purpose of the account from other sources.*

*Subd. 2. [LOW-INCOME HOUSING.] The agency may, in consultation with the advisory committee, use money from the housing trust fund account to provide loans or grants for projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units. At least 75 percent of the units must be rented to or cooperatively owned by persons and families whose income at the time the person or family originally occupied the unit was at or*

*below 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2. In making the grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt emergency and permanent rules for awarding grants and loans under this subdivision. The emergency rules are effective for 180 days or until the permanent rules are adopted, whichever occurs first.*

*Subd. 3. [MATCHING FUNDS.] The agency may use money from the housing trust fund account to match federal, local, or private money to be used for projects authorized under subdivision 2.*

*Subd. 4. [ADVISORY COMMITTEE.] The agency shall establish an eight member advisory committee under section 15.059 to advise or assist the agency in providing loans or grants from the housing trust fund account. Members of the committee must represent the interests of realtors, lenders, nonprofit developers, apartment owners, low income persons, housing advocates, advocates for the homeless, and single or multifamily builders. Members of the committee shall be reimbursed for expenses but shall not receive any other compensation for services on the committee. Money in the housing trust fund account may be used for the expenses of the advisory committee and the agency related to the development and implementation of the program described in this section.*

*Subd. 5. [TRANSFERS FOR EDUCATION.] On July 15 and January 15 each year the agency shall transfer from the housing trust account to the real estate education, research, and recovery fund established in section 82.34, subdivision 1, five percent of the money credited to the housing trust fund account under section 2 during the preceding six months. The amount necessary to make the transfers is appropriated from the housing trust account.*

*Subd. 6. [REPORT.] The agency shall report to the legislature and the governor annually on the use of the housing trust fund account including the number of loans and grants made, the number and types of residential units assisted through the account, and the number of residential units assisted through the account that were rented to or cooperatively owned by persons or families at or below 30 percent of the median family income of the metropolitan area at the time of initial occupancy.*

**Sec. 6. [EFFECTIVE DATE.]**

*Section 5 is effective the day following final enactment."*

Delete the title and insert:

*"A bill for an act relating to housing; creating a low-income housing trust fund account; providing for the uses of the account; placing certain requirements on real estate trust fund accounts; amending Minnesota Statutes 1986, sections 82.24, by adding a subdivision; and 82.34, subdivisions 6 and 15; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 462A."*

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gregory L. Dahl, Don Frank, Jim Gustafson



House Conferees: (Signed) Karen Clark, Todd H. Otis, Connie Morrison

Mr. Dahl moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1462 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1462 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 58 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Merriam	Reichgott
Anderson	Decker	Jude	Metzen	Renneke
Beckman	DeCramer	Knaak	Moe, D.M.	Samuelson
Belanger	Dicklich	Kroening	Moe, R.D.	Schmitz
Benson	Diessner	Laidig	Morse	Spear
Berg	Frank	Lantry	Olson	Storm
Berglin	Frederick	Larson	Pehler	Stumpf
Bernhagen	Frederickson, D.R.	Lessard	Peterson, D.C.	Vickerman
Bertram	Freeman	Luther	Piper	Waldorf
Chmielewski	Gustafson	Marty	Pogemiller	Wegscheid
Cohen	Hughes	McQuaid	Purfeerst	
Dahl	Johnson, D.E.	Mehrkens	Ramstad	

Mr. Peterson, R.W. voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 2253 be taken from the table. The motion prevailed.

H.F. No. 2253: A bill for an act relating to corporations; making certain corrections to shareholder protection and corporate take-over legislation; eliminating restrictions on certain business combinations with an interested shareholder after five years; amending Minnesota Statutes 1986, sections 80B.03, subdivisions 1 and 6; and 302A.243; Minnesota Statutes 1987 Supplement, sections 302A.011, subdivisions 37, 41, 42, 46, 49, 50, and 51; 302A.553, subdivision 3; 302A.671, subdivisions 1, 2, 3, 4, and 4a; and 302A.673.

### 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. 2253 and that the rules of the Senate be so far suspended as to give H.F. No. 2253 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2253 was read the second time.

Ms. Reichgott moved to amend H.F. No. 2253 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2253, and insert the language after the enacting clause, and the title, of S.F. No. 1892, the first engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Luther moved to amend H.F. No. 2253, as amended by the Senate April 15, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1892.)

Pages 14 and 15, delete section 12 and insert:

"Sec. 12. Minnesota Statutes 1987 Supplement, section 302A.671, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION IN ARTICLES.] (a) Unless otherwise expressly provided in the articles or in bylaws approved by the shareholders of an issuing public corporation, this section applies to a control share acquisition consummated, or a proposed control share acquisition with respect to which an information statement has been received by the issuing public corporation, on or before July 31, ~~1989~~ 1990.

Unless otherwise expressly provided in the articles or in bylaws approved by the shareholders of an issuing public corporation, this section does not apply to a control share acquisition consummated after July 31, ~~1989~~ 1990, with respect to which no information statement has been received by the issuing public corporation, on or before July 31, ~~1989~~ 1990.

(b) The shares of an issuing public corporation acquired by an acquiring person in a control share acquisition that exceed the threshold of voting power of any of the ranges specified in subdivision 2, paragraph (d), shall have only the voting rights as shall be accorded to them pursuant to subdivision 4a."

Page 23, delete lines 7 and 8 and insert "months after the vote of shareholders, or August 1, ~~1989~~ 1990, whichever date is earlier, and provides that, except as provided"

Page 24, after line 3, insert:

*"This section applies to any business combination of an issuing public corporation to which it previously did not apply because of provisions in articles or bylaws adopted or approved under paragraph (b), clause (1), (2), or (3), upon an amendment to the articles or bylaws approved by shareholders holding a majority of the outstanding voting power of all shares entitled to vote expressly electing to be subject to this section becoming effective. This section does not apply to any business combination of the corporation with, with respect to, proposed by or on behalf of, or pursuant to any written or oral agreement, arrangement, relationship, understanding, or otherwise with any person that would have been an interested shareholder on the effective date of the amendment if this section had been applicable."*

Page 24, line 4, after the stricken "(e)" insert "(d)" and reinstate the stricken "Unless the articles or bylaws approved by the"

Page 24, lines 5 to 10, reinstate the stricken language

Page 24, line 11, reinstate the stricken "acquisition date is on or after August 1," and after the stricken "1989" insert "1990" and reinstate the stricken ", or an affiliate"

Page 24, line 12, reinstate the stricken language

Page 24, delete lines 13 to 26

**CALL OF THE SENATE**

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H.F. No. 2253. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 31, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Knaak	Moe, D.M.	Purfeerst
Beckman	Frank	Kroening	Moe, R.D.	Renneke
Benson	Frederickson, D.J.	Langseth	Morse	Samuelson
Berg	Frederickson, D.R.	Lantry	Pehler	Waldorf
Dahl	Freeman	Larson	Peterson, D.C.	
Decker	Hughes	Luther	Peterson, R.W.	
DeCramer	Jude	McQuaid	Piper	

Those who voted in the negative were:

Anderson	Cohen	Lessard	Pogemiller	Stumpf
Belanger	Davis	Marty	Ramstad	Vickerman
Berglin	Dicklich	Mehrkens	Reichgott	Wegscheid
Bernhagen	Gustafson	Merriam	Schmitz	
Bertram	Johnson, D.E.	Metzen	Solon	
Brandl	Johnson, D.J.	Novak	Spear	
Chmielewski	Laidig	Olson	Storm	

The motion prevailed. So the amendment was adopted.

H.F. No. 2253 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	Decker	Kroening	Moe, R.D.	Samuelson
Anderson	DeCramer	Laidig	Morse	Schmitz
Belanger	Diessner	Langseth	Novak	Solon
Benson	Frank	Lantry	Olson	Spear
Berg	Frederickson, D.J.	Larson	Pehler	Storm
Berglin	Frederickson, D.R.	Lessard	Peterson, D.C.	Stumpf
Bernhagen	Freeman	Luther	Peterson, R.W.	Vickerman
Bertram	Gustafson	Marty	Piper	Waldorf
Brandl	Hughes	McQuaid	Pogemiller	Wegscheid
Chmielewski	Johnson, D.E.	Mehrkens	Purfeerst	
Cohen	Johnson, D.J.	Merriam	Ramstad	
Dahl	Jude	Metzen	Reichgott	
Davis	Knaak	Moe, D.M.	Renneke	

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 1742 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1742**

A bill for an act relating to agriculture; clarifying a time-price offer; allowing a preceding former owner to convey the right to receive an offer to buy or lease previously owned agricultural land; restricting the sale or inducement of a sale of agricultural land by a preceding former owner

accepting an offer for one year; providing penalties and liability for damages; restricting the period for a debtor to receive a copy of a forbearance policy; amending Minnesota Statutes 1987 Supplement, sections 500.24, subdivisions 6 and 7; and 583.24, subdivision 4.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1742, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1742 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1987 Supplement, section 500.24, subdivision 6, is amended to read:

Subd. 6. [DISPOSAL OF LAND.] (a) A state or federal agency or a corporation, other than a family farm corporation or an authorized farm corporation, may not lease or sell agricultural land or a farm homestead that was acquired by enforcing a debt against the agricultural land or farm homestead, including foreclosure of a mortgage, accepting a deed in lieu of foreclosure, terminating a contract for deed, or accepting a deed in lieu of terminating a contract for deed, before offering or making a good faith effort to offer the land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. The offer must be made on the notice to offer form under subdivision 7. Selling or leasing property to a third party at a price is prima facie evidence that the price is acceptable to the seller or lessor. *The seller must provide written notice to the immediately preceding former owner that the agricultural land or farm homestead will be offered for sale at least 14 days before the agricultural land or farm homestead is offered for sale.*

(b) *An immediately preceding former owner is the entity with record legal title to the agricultural land or farm homestead before acquisition by the state or federal agency or corporation except: if the immediately preceding former owner is a bankruptcy estate, the debtor in bankruptcy is the immediately preceding former owner; and if the agricultural land or farm homestead was acquired by termination of a contract for deed or deed in lieu of termination of a contract for deed, the immediately preceding former owner is the purchaser under the contract for deed.*

(c) *An immediately preceding former owner may elect to purchase or lease the entire property or an agreed to portion of the property. If the immediately preceding former owner elects to purchase or lease a portion of the property, the election must be reported in writing to the seller or lessor prior to the time the property is first offered for sale or lease. If election is made to purchase or lease a portion of the property, the portion must be contiguous and compact so that it does not unreasonably reduce access to or the value of the remaining property.*

(b) (d) For purposes of this subdivision, the term “a price no higher than

the highest price offered by a third party" means the acceptable cash price offered by a third party or the acceptable time-price offer made by a third party. A cash price offer is one that involves simultaneous transfer of title for payment of the entire amount of the offer. If the acceptable offer made by a third party is a time-price offer, the seller or lessor must make the same time-price offer or an equivalent cash offer to the immediately preceding former owner. An equivalent cash offer is equal to the total of the payments made over a period of the time-price offer discounted by yield curve of the United States treasury notes and bonds on the first business day of the month in which the offer is personally delivered or mailed for time periods similar to the time period covered by the time-price offer, plus 2.0 percent. A time-price offer is an offer that ~~defers payment of a portion of the price and does not involve a transfer of fee title until payment of the entire amount of the offer is made~~ *is financed entirely or partially by the seller and includes an offer to purchase under a contract for deed or mortgage. An equivalent cash offer is not required to be made if the state participates in an offer to a third party through the rural finance authority.*

(e) (e) This subdivision applies to a seller when the property is sold and to a lessor each time the property is leased, for five years after the agricultural land is acquired except:

(1) an offer to lease to the immediately preceding former owner is required only until the immediately preceding owner fails to accept an offer to lease the property or the property is sold; and

(2) an offer to sell to the immediately preceding former owner is required until the property is sold; and

(3) *if the immediately preceding former owner elects to lease or purchase a portion of the property, this subdivision does not apply to the seller with regard to the balance of the property after the election is made under paragraph (c).*

(d) (f) The notice of an offer under subdivision 7 that is personally delivered with a signed receipt or sent by certified mail with a receipt of mailing to the immediately preceding former owner's last known address is a good faith offer.

(e) (g) This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for five years or longer.

(f) (h) For purposes of this subdivision, if the immediately preceding former owner is a bankruptcy estate the debtor in the bankruptcy is the immediately preceding owner.

(g) (i) The immediately preceding former owner must exercise the right to lease *all or a portion of the* agricultural land or a homestead located on agricultural land in writing within 15 days after an offer to lease under this subdivision is mailed with a receipt of mailing or personally delivered. *If election is made to lease only the homestead or a portion of the agricultural land, the portion to be leased must be clearly identified in writing.* The immediately preceding former owner must exercise the right to buy the agricultural land, *a portion of the agricultural land,* or a farm homestead located on agricultural land, in writing, within 65 days after an offer to buy under this subdivision is mailed with a receipt of mailing or is personally delivered. Within ten days after exercising the right to lease or buy by accepting the offer, the immediately preceding owner must fully perform

according to the terms of the offer including paying the amounts due. A seller may sell and a lessor may lease the agricultural land or farm homestead subject to this subdivision to the third party in accordance with their lease or purchase agreement if:

(1) the immediately preceding former owner does not accept an offer to lease or buy before the offer terminates; or

(2) the immediately preceding former owner does not perform the obligations of the offer, including paying the amounts due, within ten days after accepting the offer.

(h) (j) A certificate indicating whether or not the property contains agricultural land or a farm homestead that is signed by the county assessor where the property is located and recorded in the office of the county recorder or the registrar of titles where the property is located is prima facie evidence of whether the property is agricultural land or a farm homestead.

(i) (k) As prima facie evidence that an offer to sell or lease agricultural land or a farm homestead has terminated, a receipt of mailing the notice under subdivision 7 and an affidavit, signed by a person authorized to act on behalf of a state, federal agency, or corporation selling or leasing the agricultural land or a farm homestead may be filed in the office of the county recorder or registrar of titles of the county where the agricultural land or farm homestead is located. The affidavit must state that:

(1) notice of an offer to buy or lease the agricultural land or farm homestead was provided to the immediately preceding former owner at a price not higher than the highest price offered by a third party that is acceptable;

(2) the time during which the immediately preceding former owner is required to exercise the right to buy or lease the agricultural land or farm homestead has expired;

(3) the immediately preceding former owner has not exercised the right to buy or lease the agricultural land or farm homestead as provided in this subdivision or has accepted an offer and has not fully performed according to the terms of the offer; and

(4) the offer to the immediately preceding former owner has terminated.

(j) (l) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision or to lease or purchase at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor may be extinguished or limited by an express statement signed by the immediately preceding owner that complies with the plain language requirements of section 325G.31. The right may not be extinguished or limited except by the:

(1) an express statement in a deed in lieu of foreclosure ~~of~~ of the agricultural land;

(2) an express statement in a deed in lieu of a termination of a contract for deed for the agricultural land;

(3) an express statement conveying the right to the state or federal agency or corporation owning the agricultural land that is required to make an offer under this subdivision, however, the preceding former owner may rescind the conveyance by notifying the state or federal agency or corporation in writing within 20 calendar days after signing the express statement;

(4) to cure a title defect, an express statement conveying the right may be made to a person to whom the agricultural land has been transferred by the state or federal agency or corporation; or

(5) an express statement conveying the right to a contract for deed vendee to whom the agricultural land or farm homestead was sold under a contract for deed by the immediately preceding former owner if the express statement and the contract for deed are recorded.

(k) (m) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision may not be assigned or transferred except as provided in paragraph (l), but may be inherited.

(n) An immediately preceding former owner, except a former owner who is actively engaged in farming as defined in section 500.24, subdivision 2, paragraph (a), and who agrees to remain actively engaged in farming on a portion of the agricultural land or farm homestead for at least one year after accepting an offer under this subdivision, may not sell agricultural land acquired by accepting an offer under this subdivision if the arrangement of the sale was negotiated or agreed to prior to the former owner accepting the offer under this subdivision. A person who sells property in violation of this paragraph is liable for damages plus reasonable attorney fees to a person who is damaged by a sale in violation of this paragraph. There is a rebuttable presumption that a sale by an immediately preceding former owner is in violation of this paragraph if the sale takes place within 180 days of the former owner accepting the offer under this subdivision. This paragraph does not apply to a sale by an immediately preceding former owner to the owner's spouse, the owner's parents, the owner's sisters and brothers, the owner's spouse's sisters and brothers, or the owner's children.

Sec. 2. Minnesota Statutes 1987 Supplement, section 500.24, subdivision 7, is amended to read:

Subd. 7. [NOTICE OF OFFER.] (a) The state, a federal agency, or a corporation subject to subdivision 6 must provide a notice of an offer to sell or lease agricultural land substantially as follows, after inserting the appropriate terms within the parentheses:

“NOTICE OF OFFER TO (LEASE, BUY) AGRICULTURAL LAND

TO: ( . . . . . Immediately preceding former owner . . . . . )

FROM: ( . . . . . The state, federal agency, or corporation  
subject to subdivision 6 . . . . . )

DATE: ( . . . . . date notice is mailed or personally delivered . . . . . )

( . . . . . The state, federal agency, or corporation . . . . . ) HAS ACQUIRED THE AGRICULTURAL LAND DESCRIBED BELOW AND HAS RECEIVED AN ACCEPTABLE OFFER TO (LEASE, SELL) THE AGRICULTURAL LAND FROM ANOTHER PARTY. UNDER MINNESOTA STATUTES, SECTION 500.24, SUBDIVISION 6, AN OFFER FROM ( . . . . . the state, federal agency, or corporation . . . . . ) MUST BE MADE TO YOU AT A PRICE NO HIGHER THAN THE HIGHEST OFFER MADE BY ANOTHER PARTY.

THE AGRICULTURAL LAND BEING OFFERED CONTAINS APPROXIMATELY ( . . . . . approximate number of acres . . . . . ) ACRES AND IS INFORMALLY DESCRIBED AS FOLLOWS:

(Informal description of the agricultural land being offered that reasonably describes the land. This description does not need to be a legal description.)

( . . . . . The state, federal agency, or corporation . . . . . ) OFFERS TO (SELL, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE FOR A CASH PRICE OF \$( . . . . . cash price or equivalent cash price for lease and lease period, or cash price or equivalent cash price for sale of land . . . . . ), WHICH IS NOT HIGHER THAN THE PRICE OFFERED BY ANOTHER PARTY. THE PRICE IS OFFERED ON THE FOLLOWING TERMS:

(Terms, if any, of acceptable offer)

IF YOU WANT TO ACCEPT THIS OFFER YOU MUST NOTIFY ( . . . . . the state, federal agency, or corporation . . . . . ) IN WRITING THAT YOU ACCEPT THE OFFER OR SIGN UNDERNEATH THE FOLLOWING PARAGRAPH AND RETURN A COPY OF THIS NOTICE BY (15 for a lease, 65 for a sale) DAYS AFTER THIS NOTICE IS PERSONALLY DELIVERED OR MAILED TO YOU. THE OFFER IN THIS NOTICE TERMINATES ON ( . . . . . date of termination - 15 days for lease and 65 days for sale after date of mailing or personal delivery . . . . . ).

ACCEPTANCE OF OFFER

I ACCEPT THE OFFER TO (BUY, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE AT THE PRICE OFFERED TO ME IN THIS NOTICE. AS PART OF ACCEPTING THIS OFFER I WILL PERFORM ACCORDING TO THE TERMS OF THE OFFER, INCLUDING MAKING PAYMENTS DUE UNDER THE OFFER, WITHIN TEN DAYS AFTER THE DATE I ACCEPT THIS OFFER. *I UNDERSTAND THAT NEGOTIATING OR AGREEING TO AN ARRANGEMENT TO SELL THE AGRICULTURAL LAND TO ANOTHER PERSON PRIOR TO ACCEPTING THIS OFFER MAY BE A VIOLATION OF LAW AND I MAY BE LIABLE TO A PERSON DAMAGED BY THE SALE.*

.....  
Signature of Former Owner Accepting Offer

.....  
Date"

(b) For an offer to sell, a copy of the purchase agreement containing the price and terms of the highest offer made by a third party that is acceptable to the seller and a signed affidavit by the seller affirming that the purchase agreement is true, accurate, and made in good faith must be included with the notice under this subdivision. At the seller's discretion, reference to the third party's identity may be deleted from the copy of the purchase agreement.

(c) For an offer to lease, a copy of the lease containing the price and terms of the highest offer made by a third party that is acceptable to the lessor and a signed affidavit by the lessor affirming that the lease is true, accurate, and made in good faith must be included with the notice under this subdivision. At the lessor's discretion, reference to the third party's identity may be deleted from the copy of the lease agreement.

(d) The affidavit under paragraphs (b) and (c) is subject to section 609.48.

Sec. 3. Minnesota Statutes 1987 Supplement, section 583.24, subdivision 4, is amended to read:



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

(1) for which a proof of claim form has been filed in bankruptcy by a creditor or that was listed as a scheduled debt, of a debtor who has filed a petition in bankruptcy after the effective date of Laws 1987, chapter 292 July 1, 1987, under United States Code, title 11, chapter 7, 11, 12, or 13;

(2) if the debt was in default when the creditor received a mediation proceeding notice under the farmer-lender mediation act and the creditor filed a claim form, the debt was mediated during the mediation period under section 583.26, subdivision 8, and (i) the mediation was unresolved; or (ii) a mediation agreement with respect to that debt was signed;

(3) for which the creditor has served a mediation notice, the debtor has failed to make a timely request for mediation, and within 30 days after the debtor failed to make a timely request the creditor began a proceeding to enforce the debt against the agricultural property of the debtor;

(4) for which a creditor has received a mediation proceeding notice and the creditor and debtor have restructured the debt and have signed a separate mediation agreement with respect to that debt; or

(5) for which there is a lien for rental value of farm machinery under section 514.661 or a lien for rental value relating to a contract for deed subject to the farmer-lender mediation act under section 559.2091.

(b) For purposes of paragraph (a), clause (3), providing a copy of a forbearance policy is considered beginning a proceeding to enforce a debt if the board of an institution has adopted a forbearance policy that provides for deferring or rescheduling payments of principal or interest, renewal or extension of loan terms, reduction in the amount or rate of principal or interest due on a loan, or other similar actions, and requires that the debtor must receive a copy of the policy at least 20 days prior to loan acceleration or debt collection proceedings.

Sec. 4. Laws 1987, chapter 292, section 35, is amended to read:

Sec. 35. [CONTINUING EFFECT OF RULES.]

*Emergency farmer-lender mediation rules adopted or amended by the state court administrator's office and published in the State Register on August 18, 1986, in volume 11, pages 302 to 307 the commissioner of agriculture, are effective until June 30, 1989; unless the rules are amended or superseded by rules adopted by the commissioner of agriculture or the rules are inconsistent with this act.*

Sec. 5. [223A.02] [DEFINITIONS.]

*Subdivision 1. [BUYER.] "Buyer" means a person purchasing farm products.*

*Subd. 2. [COMMISSION MERCHANT.] "Commission merchant" has the meaning given in United States Code, title 7, section 1631(c)(3).*

*Subd. 3. [FARM PRODUCTS.] "Farm products" has the meaning given in United States Code, title 7, section 1631(c)(5).*

*Subd. 4. [FARM PRODUCTS STATUTORY LIEN.] "Farm products statutory lien" means a consensual or nonconsensual lien on farm products but does not include a landlord's lien under section 514.960 or security interest created in a security agreement that is subject to article 9 of the*

*Uniform Commercial Code, sections 336.9-101 to 336.9-508.*

*Subd. 5. [LIENHOLDER.] "Lienholder" means a person entitled to a farm products statutory lien.*

*Subd. 6. [PERFECTED.] "Perfected" means that the conditions have been satisfied to enforce the farm products statutory lien against third parties as provided by the law creating or authorizing the farm products statutory lien.*

*Subd. 7. [PERSON.] "Person" has the meaning given in United States Code, title 7, section 1631(c)(10), and also includes the federal government and its agencies, the state, political subdivisions, and other governmental entities.*

*Subd. 8. [RECEIVE.] "Receive" means actual delivery with signed receipt or mailing with signed receipt of the addressee.*

*Subd. 9. [SELLING AGENT.] "Selling agent" has the meaning given in United States Code, title 7, section 1631(c)(8).*

**Sec. 6. [223A.03] [BUYERS TAKING FREE OF AND SUBJECT TO FARM PRODUCTS STATUTORY LIEN.]**

*Subdivision 1. [TAKING FREE OF LIEN.] Except as provided in subdivision 2, and notwithstanding any other law, a buyer who buys farm products from a seller engaged in farming operations shall take free of a farm products statutory lien even though the farm products statutory lien is perfected and the buyer knows the lien exists.*

*Subd. 2. [TAKING SUBJECT TO LIEN.] A buyer of farm products takes subject to a farm products statutory lien if:*

- (1) the lienholder has perfected the farm products statutory lien;*
- (2) within one year before the sale of the farm products, the buyer has received a lien notice as provided in section 8 from the lienholder or from the seller; and*
- (3) the buyer has failed to perform the payment obligations as provided in the notice under section 8.*

**Sec. 7. [223A.04] [COMMISSION MERCHANTS AND SELLING AGENTS SUBJECT TO FARM PRODUCTS STATUTORY LIEN.]**

*Subdivision 1. [SELLING NOT SUBJECT TO LIEN.] Except as provided in subdivision 2, and notwithstanding any other law, a commission merchant or selling agent who sells a farm product for others is not subject to a farm products statutory lien even though the farm product statutory lien is perfected and the commission merchant or selling agent knows the lien exists.*

*Subd. 2. [SELLING SUBJECT TO LIEN.] A commission merchant or selling agent selling farm products for another person is subject to a farm products statutory lien in the farm products if:*

- (1) the lienholder has perfected the farm products statutory lien;*
- (2) the commission merchant or selling agent has received a lien notice as provided in section 8 from the lienholder or seller; and*
- (3) the commission merchant or selling agent has failed to perform the payment obligations.*

Sec. 8. [223A.05] [LIEN NOTICE.]

*Subdivision 1. [CONTENTS.] A lien notice must be an original or reproduced copy of a written notice of the farm products statutory lien organized according to farm products containing:*

*(1) the name, signature, and address of the lienholder;*

*(2) the name and address of the debtor;*

*(3) the social security number of the debtor, if available; or in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number of the debtor, if available;*

*(4) a description of the farm products subject to the farm products statutory lien, including the amount of the products and, if applicable, the crop year, county where the products are located or growing, and a reasonable description of the real property where the farm products are located or are growing; and*

*(5) any payment obligations imposed on the buyer, commission merchant, or selling agent as a condition for waiver or release of the security interest.*

*Subd. 2. [AMENDMENTS.] A lien notice must be amended in writing to reflect material changes and signed and transmitted in the same manner as the lien notice within three months after the material changes occur.*

*Subd. 3. [EFFECTIVE PERIOD.] (a) A lien notice is effective for a five-year period after the date the lien notice is received by the buyer, commission merchant, or selling agent and may be extended for five years if the buyer, commission merchant, or selling agent is notified within six months of the expiration of the initial five-year period.*

*(b) A lien notice lapses on the expiration period of the lien notice or the transmission of a notice signed by the lienholder that the lien notice has lapsed, whichever occurs first.*

Sec. 9. [223A.06] [PROCEEDS FROM FARM PRODUCTS SUBJECT TO LIEN.]

*A lienholder has a claim to the proceeds received from the sale, exchange, or other disposition of farm products subject to a farm products statutory lien, unless otherwise specifically provided by law.*

Sec. 10. [223A.07] [FORMS.]

*The secretary of state may adopt forms by rule to facilitate the procedures under sections 5 to 8. The forms must be provided to county recorders and made available to the public.*

Sec. 11. Minnesota Statutes 1986, section 583.27 is amended by adding a subdivision to read:

*Subd. 8. [MARKET VALUE OF REAL PROPERTY; HOW ESTABLISHED IF IN DISPUTE.] In case of a dispute between the debtor and creditors concerning the market value of real property involved in mediation, the true and acceptable market value must be determined by appraisal as provided in this subdivision. The appraisal to determine true market value must be performed by an accredited appraiser and made within 45 days of the date of the dispute. The accredited appraiser shall be selected as follows:*

*(1) the mediator shall submit the names of three accredited appraisers*

to the principal creditor and debtor;

(2) the principal creditor and the debtor may each, within a time determined by the mediator, strike the name of one of the appraisers submitted by the mediator;

(3) the accredited appraiser whose name is not stricken by either the principal creditor or the debtor shall perform an appraisal which shall be the true market value accepted by all parties to the dispute.

The cost of the appraisal shall be divided equally between the principal creditor and debtor.

Sec. 12. [REPEALER.]

Laws 1987, chapter 358, section 85, is repealed.

Sec. 13. [EFFECTIVE DATE.]

Section 1 is effective the day after final enactment except that the notice that the agricultural land or the farm homestead will be offered for sale under section 500.24, subdivision 6, paragraph (a), must be provided as follows:

(1) for property that has been offered for sale before the eighth day after final enactment, but not sold, and the immediately preceding former owner has not received written notice that the property will be offered for sale, written notice must be provided to the preceding former owner before the eighth day after final enactment; and

(2) section 500.24, subdivision 6, paragraph (n), does not apply to a sale relating to an offer made to an immediately preceding former owner before final enactment.

Section 2 applies to notices given after the 14th day after final enactment.

Sections 3, 4, and 12 are effective the day after final enactment.

Sections 5 to 10 are effective July 1, 1988, for farm products and apply to statutory liens perfected after June 30, 1988.

Section 11 is effective June 1, 1988, for mediation proceedings for which a mediation notice is issued after May 31, 1988."

Delete the title and insert:

"A bill for an act relating to agriculture; changing the continuing effect of certain farmer-lender mediation rules; regulating certain land transactions and agricultural liens; repealing certain conflicting language relating to food handler license fees; amending Minnesota Statutes 1986, section 583.27, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 500.24, subdivisions 6 and 7; 583.24, subdivision 4; Laws 1987, chapter 292, section 35; proposing coding for new law as Minnesota Statutes, chapter 223A; repealing Laws 1987, chapter 358, section 85."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Charles A. Berg, Michael O. Freeman, Cal Larson

House Conferees: (Signed) Wally A. Sparby, Andy Steensma, Elton R. Redalen

Mr. Berg moved that the foregoing recommendations and Conference

Committee Report on S.F. No. 1742 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1742 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 48 and nays 8, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Jude	Merriam	Pogemiller
Anderson	Cohen	Knaak	Metzen	Ramstad
Beckman	Dahl	Kroening	Moe, D.M.	Spear
Belanger	Decker	Laidig	Moe, R.D.	Storm
Benson	DeCramer	Lantry	Novak	Stumpf
Berg	Frank	Larson	Olson	Taylor
Berglin	Frederickson, D.R.	Luther	Pehler	Waldorf
Bernhagen	Hughes	Marty	Peterson, D.C.	Wegscheid
Bertram	Johnson, D.E.	McQuaid	Peterson, R.W.	
Brandl	Johnson, D.J.	Mehrkens	Piper	

Those who voted in the negative were:

Davis	Frederickson, D.J.	Purfeerst	Schmitz	Vickerman
Diessner	Morse	Renneke		

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 392 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 392

A bill for an act relating to public safety; providing for the mandatory surrender of registration plates and certificates of motor vehicles operated by repeat DWI offenders; providing for administrative review; requiring a report; appropriating money; amending Minnesota Statutes 1986, sections 168.041; 169.123, subdivision 5b; 169.1261; and 171.29, by adding a subdivision; and Minnesota Statutes 1987 Supplement, section 169.121, subdivision 5a.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 392, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 392 be further amended as follows:

Page 3, line 23, delete "*Within three days after*" and insert "*If*"

Page 3, line 25, before the period, insert "*either three days after the*"

*order is issued or on the date specified by the court, whichever date is later"*

Page 3, line 27, before the period, insert "*after their surrender*"

Page 3, line 29, after "*subdivision*" insert "*4a.*"

Page 4, line 1, after "*request*" insert a comma

Page 9, after line 6, insert:

"Sec. 8. Minnesota Statutes 1986, section 169.121, subdivision 3a, as added by Laws 1988, chapter 408, section 1, is amended to read:

Subd. 3a. [HABITUAL OFFENDER PENALTIES.] (a) If a person has been convicted 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, and if the person is then convicted of violating this section or an ordinance in conformity with it (1) once within five years after the first conviction or (2) two or more times within ten years after the first conviction, the person must be sentenced to a minimum of 30 days imprisonment or to eight hours of community work service for each day less than 30 days that the person is ordered to serve in jail. Notwithstanding section 609.135, the above sentence must be executed, unless *the court departs from the mandatory minimum sentence under paragraph (b) or (c).*

(b) Prior to sentencing the prosecutor ~~files~~ *may file* a motion to have the defendant sentenced without regard to the mandatory minimum sentence established by this subdivision. The motion must be accompanied by a statement on the record of the reasons *for it*. When presented with the *prosecutor's* motion and if it finds that substantial mitigating factors exist, the court shall sentence the defendant without regard to the mandatory minimum term of imprisonment established by this subdivision.

(c) *The court may, on its own motion, sentence the defendant without regard to the mandatory minimum term of imprisonment established by this subdivision if it finds that substantial mitigating factors exist and if its sentencing departure is accompanied by a statement on the record of the reasons for it.*

(d) When any portion of the sentence required by this subdivision is not executed, the court should impose a sentence that is proportional to the extent of the offender's prior criminal and moving traffic violation record.

Sec. 9. Minnesota Statutes 1986, section 169.91, subdivision 1, is amended to read:

Subdivision 1. [PROCEDURE.] When any person is arrested for any violation of any law or ordinance relating to the operation or registration of vehicles punishable as a petty misdemeanor, misdemeanor, gross misdemeanor, or felony, the arrested person shall be taken into custody and immediately taken before a judge within the county in which the offense charged is alleged to have been committed and who has jurisdiction over the offenses and is nearest or most accessible with reference to the place where the arrest is made, in any of the following cases:

(1) When a person arrested demands an immediate appearance before a judge;

(2) When a person is arrested and charged with an offense under this

chapter causing or contributing to an accident resulting in injury or death to any person;

(3) When the person is arrested upon a charge of negligent homicide;

(4) When the person is arrested upon a charge of driving or operating or being in actual physical control of any motor vehicle while under the influence of intoxicating liquor or drugs;

(5) When the person is arrested upon a charge of failure to stop in the event of an accident causing death, personal injuries, or damage to property;

(6) When there is reasonable cause for believing that the person arrested may leave the state, except as provided in subdivision 4;

(7) In any other event when the person arrested refused to give a promise in writing to appear in court, as provided in subdivision 3.

Sec. 10. Minnesota Statutes 1986, section 169.91, subdivision 3, is amended to read:

Subd. 3. [NOTICE TO APPEAR.] When a person is arrested for any violation of any law or ordinance relating to motor vehicles, their registration or their operation, or the use of the highways, the arresting officer shall prepare a written notice to appear in court. This place must be before a judge within the county in which the offense charged is alleged to have been committed who has jurisdiction and is nearest or most accessible with reference to the place of arrest.

~~In order to secure release, if the arrested person is eligible for release, without being taken into custody and immediately taken before a judge, as provided in this section, the arrested person must give a promise in writing to appear in court by signing the written notice prepared by the arresting officer. The officer shall retain the original of the notice and deliver the copy marked "SUMMONS" to the person arrested. The officer shall then release the person arrested from custody.~~

Sec. 11. Minnesota Statutes 1986, section 169.92, is amended to read:

169.92 [FAILURE TO APPEAR.]

Subdivision 1. Any person willfully violating the person's written promise failing to appear in court, given as provided in required by sections 169.90 to 169.95, is guilty of a misdemeanor, provided the person is found guilty of the charge upon which originally arrested. A written promise to person may appear in court may be complied with by either in person or through an appearance by counsel.

Subd. 2. When a nonresident is released upon a promise in writing fails to appear and has not appeared in court or complied comply with other orders of the court regarding the appearance or proceedings, the court shall notify the commissioner of public safety of the nonappearance upon a form provided by the commissioner.

Subd. 3. Upon receipt of notice from the court that the nonresident did not appear in court following release from custody upon the nonresident's promise in writing to appear, the commissioner of public safety shall forward a copy of the report to the driver licensing authority of the state, district, territory, possession or province of residence of the person.

Subd. 4. (a) Upon receiving a report from the driver licensing authority of a state, district, territory or possession of the United States or a province

of a foreign country which has an agreement in effect with this state pursuant to section 169.91 that a resident of this state or a person licensed as a driver in this state did not appear in court following written promise to appear in compliance with the terms of the citation in the party jurisdiction, the commissioner of public safety shall notify the driver that the driver's license will be suspended unless the commissioner receives notice within 30 days that the driver has appeared in the appropriate court of the other jurisdiction. If the commissioner does not receive notice of the appearance of the Minnesota resident in the appropriate court within 30 days of the date of the commissioner's notice to the driver, the commissioner may suspend the person's driver's license.

(b) The order of suspension shall indicate the reason for the order and shall notify the person that the person's license shall remain suspended until the person has furnished evidence, satisfactory to the commissioner, of compliance with any order entered by the court.

(c) Suspension shall be ordered under this subdivision only when the report from the other jurisdiction clearly identifies the person arrested; describes the violation, specifying the section of the traffic law, ordinance or rule violated; indicates the location and date of the offense; and describes the vehicle involved and its registration number.

Sec. 12. Minnesota Statutes 1986, section 169.99, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, there shall be a uniform ticket issued throughout the state by the police and peace officers or by any other person for violations of this chapter and ordinances in conformity thereto. Such uniform traffic ticket shall be in the form and have the effect of a summons and complaint. ~~There shall also be included on the uniform ticket a receipt in lieu of bail which, when signed by the defendant, shall be a guarantee by the defendant to appear in the court having jurisdiction over the matter. The uniform ticket shall state that if the defendant fails to appear in court in response to the ticket, an arrest warrant may be issued.~~ The uniform traffic ticket shall consist of four parts, on paper sensitized so that copies may be made without the use of carbon paper, as follows:

- (1) the complaint, with reverse side for officer's notes for testifying in court, driver's past record, and court's action, printed on white paper;
- (2) the abstract of court record for the department of public safety, which shall be a copy of the complaint with the certificate of conviction on the reverse side, printed on yellow paper;
- (3) the police record, which shall be a copy of the complaint and of the reverse side of copy (1), printed on pink paper;
- (4) the summons, with, on the reverse side, such information as the court may wish to give concerning the traffic violations bureau, and a plea of guilty and waiver, printed on off-white tag stock.

Sec. 13. Minnesota Statutes 1986, section 169.99, subdivision 2, is amended to read:

Subd. 2. The ~~attorney general~~ commissioner of public safety shall by rule promulgated in the manner provided by law prescribe the detailed form of the uniform traffic ticket, and shall revise the uniform ticket on such subsequent occasions as the attorney general deems necessary and



proper to keep the uniform ticket in conformity with highway traffic rules. In the manner provided by law the attorney general shall give notice to all interested parties of a hearing to be held prior to the promulgation of the uniform traffic ticket or any changes therein. The uniform traffic ticket shall not be in mandatory use throughout the state until 18 months after the attorney general has first promulgated the uniform traffic ticket and the attorney general shall enforce the uniformity of the promulgated traffic ticket throughout the state and federal law. The rulemaking provisions of chapter 14 do not apply to this subdivision.

Sec. 14. Minnesota Statutes 1986, section 171.01, subdivision 13, is amended to read:

Subd. 13. [CONVICTION.] The term "conviction" means a final conviction either after trial or upon a plea of guilty; also a forfeiture of cash or collateral deposited to guarantee a defendant's appearance in court, which forfeiture has not been vacated, or a breach of a condition of release without bail, including violation of a written promise to appear; is equivalent to a conviction.

Sec. 15. Minnesota Statutes 1986, section 171.08, is amended to read:

171.08 [LICENSEE TO HAVE LICENSE IN POSSESSION.]

Every licensee shall have the license in immediate possession at all times when operating a motor vehicle and shall display it upon demand of a peace officer, an authorized representative of the department, or an officer authorized by law to enforce the laws relating to the operation of motor vehicles on public streets and highways. *Unless the person is the holder of a limited license issued under section 171.30*, no person charged with violating the possession requirement shall be convicted if the person produces in court or the office of the arresting officer a driver's license previously issued to that person for the class of vehicle being driven which was valid at the time of arrest or satisfactory proof that at the time of the arrest the person was validly licensed for the class of vehicle being driven. The licensee shall also, upon request of any officer, write the licensee's name in the presence of the officer to determine the identity of the licensee.

Sec. 16. Minnesota Statutes 1986, section 171.22, is amended to read:

171.22 [UNLAWFUL ACTS.]

*Subdivision 1.* [ACTS.] It shall be unlawful for any person:

(1) To display, or cause or permit to be displayed, or have in possession, any canceled, revoked, suspended, fictitious, or fraudulently altered driver's license; or

(2) To lend the person's driver's license to any other person or knowingly permit the use thereof by another; or

(3) To display or represent as one's own any driver's license not issued to that person; or

(4) To fail or refuse to surrender to the department, upon its lawful demand, any driver's license which has been suspended, revoked, or canceled; or

(5) To use a false or fictitious name or date of birth to any police officer or in any application for a driver's license, or to knowingly make a false statement, or to knowingly conceal a material fact, or otherwise commit a

fraud in any such application; or

(6) To alter any driver's license, or to counterfeit or make any fictitious license; or

(7) To take any part of the driver's license examination for another or to permit another to take the examination for that person; or

(8) to use the name and date of birth of another person to any police officer for the purpose of falsely identifying oneself to the police officer.

*Subd. 2. [PENALTIES.] Any person who violates subdivision 1, clause (8), is guilty of a gross misdemeanor. Any person who violates any other provision of subdivision 1 is guilty of a misdemeanor.*

Sec. 17. Minnesota Statutes 1987 Supplement, section 609.506, is amended to read:

609.506 [PROHIBITING GIVING PEACE OFFICER FALSE NAME.]

*Subdivision 1. [MISDEMEANOR.] Whoever with intent to obstruct justice gives a false or fictitious name other than a nickname, or gives a false date of birth, or false or fraudulently altered identification card to a peace officer, as defined in section 626.84, subdivision 2, paragraph (c), when that officer makes inquiries incident to a lawful investigatory stop or lawful arrest, or inquiries incident to executing any other duty imposed by law, is guilty of a misdemeanor.*

*Subd. 2. [GROSS MISDEMEANOR.] Whoever with intent to obstruct justice gives the name and date of birth of another person to a peace officer, as defined in subdivision 1, when the officer makes inquiries incident to a lawful investigatory stop or lawful arrest, or inquiries incident to executing any other duty imposed by law, is guilty of a gross misdemeanor.*

Sec. 18. [IGNITION INTERLOCK DEVICES; STUDY AND REPORT REQUIRED.]

*Subdivision 1. [DEFINITION.] As used in this section, "ignition interlock device" means breath alcohol ignition equipment designed to prevent the operation of a motor vehicle by a person whose alcohol concentration exceeds a designated level.*

*Subd. 2. [STUDY AND REPORT BY DEPARTMENT OF PUBLIC SAFETY.] The department of public safety shall study the use of ignition interlock devices in other states and report its findings to the legislature by January 1, 1989. The department's report shall address, but need not be limited to, the following questions:*

*(a) Does the use of ignition interlock devices have a demonstrated effect on the incidence of repeat drunk driving offenses?*

*(b) Should the use of ignition interlock devices be mandated for all convicted drunk drivers, or should their use be a discretionary matter for the courts and the department of public safety?*

*(c) What technical or operational problems do ignition interlock devices present and how can these problems best be resolved?*

*(d) What process and criteria should the state adopt to certify ignition interlock devices?*

*(e) Who should bear the responsibility for paying for the installation of ignition interlock devices?"*

Renumber the remaining sections in sequence

Page 9, line 13, delete "7" and insert "8 and sections 16 and 17"

Amend the title as follows:

Page 1, line 6, after the first semicolon, insert "making a variety of administrative changes to the traffic laws; increasing penalties for falsely using the identity of another person to a peace officer; requiring the department to study the use in other states of ignition interlock devices;"

Page 1, line 7, after "168.041;" insert "169.121, subdivision 3a, as added;"

Page 1, line 8, after "169.1261;" insert "169.91, subdivisions 1 and 3; 169.92; 169.99, subdivisions 1 and 2; 171.01, subdivision 13; 171.08; 171.22;"

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

Page 1, line 10, before the period, insert "; and 609.506"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Allan H. Spear, John J. Marty, Gary W. Laidig

House Conferees: (Signed) Ann H. Rest, Randy C. Kelly, Kathleen A. Blatz

Mr. Spear moved that the foregoing recommendations and Conference Committee Report on S.F. No. 392 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 392 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	DeCramer	Laidig	Morse	Spear
Beckman	Diessner	Lantry	Olson	Storm
Belanger	Frank	Larson	Pehler	Stumpf
Benson	Frederickson, D.R.	Lessard	Peterson, D.C.	Taylor
Berglin	Freeman	Luther	Peterson, R.W.	Vickerman
Bernhagen	Gustafson	Marty	Piper	Waldorf
Bertram	Hughes	McQuaid	Pogemiller	Wegscheid
Brandl	Johnson, D.E.	Mehrkens	Purfeerst	
Cohen	Jude	Merriam	Ramstad	
Dahl	Knaak	Metzen	Renneke	
Decker	Kroening	Moe, R.D.	Schmitz	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 1871 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1871

A bill for an act relating to family law; prohibiting certain false allegations of child abuse; regulating child custody hearings; providing a penalty; amending Minnesota Statutes 1986, section 518.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 609.

April 15, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1871, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1871 be further amended as follows:

Page 1, line 14, delete "2" and insert "3"

Page 1, after line 14, insert:

"Sec. 2. Minnesota Statutes 1986, section 609.185, is amended to read:  
609.185 [MURDER IN THE FIRST DEGREE.]

Whoever does any of the following is guilty of murder in the first degree and shall be sentenced to imprisonment for life:

(1) Causes the death of a human being with premeditation and with intent to effect the death of the person or of another;

(2) Causes the death of a human being while committing or attempting to commit criminal sexual conduct in the first or second degree with force or violence, either upon or affecting the person or another;

(3) Causes the death of a human being with intent to effect the death of the person or another, while committing or attempting to commit burglary, aggravated robbery, kidnapping, arson in the first or second degree, tampering with a witness in the first degree, or escape from custody; or

(4) Causes the death of a peace officer or a guard employed at a Minnesota state correctional facility, with intent to effect the death of that person or another, while the peace officer or guard is engaged in the performance of official duties; or

(5) Causes the death of a minor under circumstances other than those described in clause (1) or (2) while committing or attempting to commit child abuse, when the perpetrator has engaged in a past pattern of child abuse upon the child and the death occurs under circumstances manifesting an extreme indifference to human life.

For purposes of clause (5), "child abuse" means an act committed against a minor victim that constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.342, 609.343, 609.344, 609.345, 609.377, or 609.378."

Page 1, line 15, delete "2" and insert "3"

Page 1, line 18, delete "child" and insert "sexual" and after "abuse" insert " , physical abuse, or neglect of a child, as defined in section 626.556,

*subdivision 2"*

Page 1, line 20, delete "child" and insert "the" and after "abuse" insert "or neglect"

Page 1, after line 22, insert:

"Sec. 4. Minnesota Statutes 1987 Supplement, section 626.556, subdivision 3, is amended to read:

Subd. 3. [PERSONS MANDATED TO REPORT.] (a) A ~~professional or the professional's delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, or law enforcement~~ person who knows or has reason to believe a child is being neglected or physically or sexually abused, or has been neglected or physically or sexually abused within the preceding three years, shall immediately report the information to the local welfare agency, police department, or the county sheriff *if the person is:*

*(1) a professional or professional's delegate who is engaged in the practice of the healing arts, social services, hospital administration, psychological or psychiatric treatment, child care, education, or law enforcement;*  
*or*

*(2) employed as a member of the clergy and received the information while engaged in ministerial duties, provided that a member of the clergy is not required by this subdivision to report information that is otherwise privileged under section 595.02, subdivision 1, paragraph (c).*

The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency orally and in writing. The local welfare agency, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing. The county sheriff and the head of every local welfare agency and police department shall each designate a person within their agency, department, or office who is responsible for ensuring that the notification duties of this paragraph and paragraph (b) are carried out. Nothing in this subdivision shall be construed to require more than one report from any institution, facility, school, or agency.

(b) Any person may voluntarily report to the local welfare agency, police department, or the county sheriff if the person knows, has reason to believe, or suspects a child is being or has been neglected or subjected to physical or sexual abuse. The police department or the county sheriff, upon receiving a report, shall immediately notify the local welfare agency orally and in writing. The local welfare agency, upon receiving a report, shall immediately notify the local police department or the county sheriff orally and in writing.

(c) A person mandated to report physical or sexual child abuse or neglect occurring within a licensed facility shall report the information to the agency responsible for licensing the facility. A health or corrections agency receiving a report may request the local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b.

(d) Any person mandated to report shall, upon request to the local welfare agency, receive a summary of the disposition of any report made by that reporter, unless release would be detrimental to the best interests of the child. Any person who is not mandated to report shall, upon request to the local welfare agency, receive a concise summary of the disposition of any

report made by that reporter, unless release would be detrimental to the best interests of the child.

(e) For purposes of this subdivision, "immediately" means as soon as possible but in no event longer than 24 hours."

Amend the title as follows:

Page 1, line 4, after the first semicolon insert "prescribing the penalty of murder in the first degree for the new crime of causing the death of a child while committing child abuse; requiring members of the clergy to report maltreatment of children;"

Page 1, line 4, delete "a penalty" and insert "penalties"

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

Page 1, line 6, after the semicolon insert "609.185; Minnesota Statutes 1987 Supplement, section 626.556, subdivision 3;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Jim Ramstad, Allan H. Spear, Gene Merriam

House Conferees: (Signed) Kathleen A. Blatz, Randy C. Kelly, Jean D. Wagenius

Mr. Ramstad moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1871 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1871 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Decker	Kroening	Moe, R.D.	Reichgott
Beckman	DeCramer	Laidig	Morse	Renneke
Benson	Dicklich	Langseth	Novak	Schmitz
Berg	Diessner	Lantry	Olson	Solon
Berglin	Frank	Larson	Pehler	Spear
Bernhagen	Frederickson, D.J.	Luther	Peterson, D.C.	Storm
Bertram	Frederickson, D.R.	Marty	Peterson, R.W.	Stumpf
Brandl	Hughes	McQuaid	Piper	Taylor
Cohen	Johnson, D.E.	Mehrkens	Pogemiller	Vickerman
Dahl	Jude	Merriam	Purfeerst	Waldorf
Davis	Knaak	Metzen	Ramstad	Wegscheid

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1610, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1610: A bill for an act relating to advertising devices; providing for specific service signs relating to rural agricultural businesses and places of worship to be displayed along highways; amending Minnesota Statutes 1986, sections 160.292, subdivisions 2 and 10; 160.293, subdivisions 1 and 3; and 160.295, by adding a subdivision.

Senate File No. 1610 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1646, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1646: A bill for an act relating to insurance; accident and health; clarifying certain coverages for newborn infants; amending Minnesota Statutes 1986, section 62A.042.

Senate File No. 1646 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1661, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1661: A bill for an act relating to charitable gambling; changing the definition of lawful purpose expenditures; clarifying the definition of organization; increasing the percentage of profit that may be used for expenses for certain organizations; licensing bingo halls; changing the definition of bingo occasion; requiring organizations to be directly responsible for the conducting of bingo; changing the definition of gross receipts for the purposes of bingo; changing the prize limits for bingo; amending Minnesota Statutes 1986, sections 349.19, subdivision 1; 349.211, subdivision 1; Minnesota Statutes 1987 Supplement, sections 349.12, subdivision 11; 349.17, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 349; repealing Minnesota Statutes 1986, section 349.211, subdivision 2.

Senate File No. 1661 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2150, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2150: A bill for an act relating to state contracts; prohibiting the state from requiring Indian tribes or bands to deny their sovereignty to contract with the state; amending Minnesota Statutes 1986, section 16B.06, by adding a subdivision.

Senate File No. 2150 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2255, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2255: A bill for an act relating to agriculture; extending certain benefits under the family farm security act; amending Minnesota Statutes 1986, section 41.57, subdivision 4.

Senate File No. 2255 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 412: A bill for an act relating to real property; creating a lien against real property where the state has incurred cleanup expenses and the owner is liable for the expenses under Minnesota Statutes, chapter 115B or 115C; providing procedures for implementation and enforcement of the lien; proposing coding for new law in Minnesota Statutes, chapter 514.

There has been appointed as such committee on the part of the House: Long, Wagenius and Pauly.



Senate File No. 412 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 203: A bill for an act relating to financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota Statutes 1986, section 48.92, subdivision 7.

There has been appointed as such committee on the part of the House: Skoglund, McLaughlin and Knickerbocker.

Senate File No. 203 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2049, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2049 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 15, 1988

#### **CONFERENCE COMMITTEE REPORT ON H.F. NO. 2049**

A bill for an act relating to commerce; motor vehicles; clarifying the intent of the legislature regarding certain motor vehicle coverages; regulating motor vehicle franchises; clarifying the intent of the legislature regarding cancellations, terminations, or nonrenewals; specifying unfair practices; prohibiting agreements designed to waive, nullify, or modify statutory regulation; requiring lessors to title and register vehicles; amending Minnesota Statutes 1986, sections 60A.08, by adding a subdivision; 80E.06; 80E.07; 80E.08; 80E.09; 80E.13; Minnesota Statutes 1987 Supplement, sections 65B.49, subdivision 5a; and 72A.125, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 80E.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2049, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2049 be further amended as follows:

Page 2, line 35, before the period, insert "*If the person renting the motor vehicle is also covered by the person's employer's insurance policy or the employer's automobile self-insurance plan, the reparation obligor under the employer's policy or self-insurance plan has primary responsibility to pay claims arising from use of the rented vehicle*"

Page 3, line 8, after the comma, insert "*there must be attached to*" and strike "must"

Page 3, line 9, strike "contain" and insert "*a separate form containing*"

Page 3, after line 28, insert:

*"(h) To be compensated for the loss of use of a damaged rented motor vehicle, the car rental company must prove:*

*(1) that had the vehicle been available, it would have been rented; and*

*(2) that no other vehicle was available for rental in place of the damaged vehicle.*

*The standard of proof set forth in this paragraph does not limit the responsibility of a reparation obligor to provide an insured with coverage for any loss of use for which the reparation obligor is otherwise responsible. A car rental company may be compensated for loss of use of a damaged rental motor vehicle only for the period when the damaged car actually would have been rented."*

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Wally A. Sparby, Bert McKasy, Wes Skoglund

Senate Conferees: (Signed) Gregory L. Dahl, William V. Belanger, Jr., William P. Luther

Mr. Dahl moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2049 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2049 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Metzen	Renneke
Anderson	Decker	Kroening	Morse	Solon
Beckman	DeCramer	Laidig	Novak	Spear
Belanger	Diessner	Langseth	Olson	Storm
Benson	Frank	Lantry	Pehler	Stumpf
Berg	Frederick	Larson	Peterson, D.C.	Taylor
Berglin	Frederickson, D.J.	Lessard	Peterson, R. W.	Vickerman
Bernhagen	Frederickson, D.R.	Luther	Piper	Waldorf
Bertram	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Jude	Merriam	Reichgott	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### SPECIAL ORDER

H.F. No. 2269: A bill for an act relating to health; providing equal access to chiropractic services; providing for renewal of certain health insurance policies; providing for the licensure of doctors of chiropractic; amending Minnesota Statutes 1986, sections 62A.15, subdivisions 1, 2, and 4; Minnesota Statutes 1987 Supplement, sections 62A.48, subdivision 7; 148.06, subdivision 1; and 169.345, subdivisions 2a and 3.

Mr. Wegscheid moved that the amendment made to H.F. No. 2269 by the Committee on Rules and Administration in the report adopted April 12, 1988, pursuant to Rule 49, be stricken.

### CALL OF THE SENATE

Mr. Wegscheid imposed a call of the Senate for the balance of the proceedings on H.F. No. 2269. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Wegscheid.

Mr. Wegscheid moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 6 and nays 46, as follows:

Those who voted in the affirmative were:

Merriam	Renneke	Schmitz	Vickerman	Wegscheid
Morse				

Those who voted in the negative were:

Adkins	Dahl	Gustafson	McQuaid	Reichgott
Anderson	Decker	Hughes	Mehrkens	Samuelson
Beckman	DeCramer	Jude	Moe, D.M.	Solon
Berg	Dicklich	Knaak	Moe, R.D.	Spear
Berglin	Diessner	Kroening	Olson	Storm
Bernhagen	Frank	Langseth	Peterson, D.C.	Stumpf
Bertram	Frederick	Lantry	Peterson, R. W.	
Brandl	Frederickson, D.J.	Larson	Piper	
Chmielewski	Frederickson, D.R.	Luther	Purfeerst	
Cohen	Freeman	Marty	Ramstad	

The motion did not prevail.

Mr. Dicklich moved to amend H.F. No. 2269, as amended pursuant to

Rule 49, adopted by the Senate April 12, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2145.)

Page 1, after line 9, insert:

“Section 1. Minnesota Statutes 1986, section 62A.04, is amended by adding a subdivision to read:

*Subd. 8a. [RETURN OF PREMIUM.] A policy of accident and sickness insurance as defined in section 62A.01 may contain or may be amended by rider to provide for a return of premium benefit so long as:*

*(1) the return of premium benefit is not applicable until the policy has been in force for five years;*

*(2) the return of premium benefit is not reduced by an amount greater than the aggregate of any claims paid under the policy;*

*(3) the return of premium benefit is not included in or used with a policy with benefits that are reduced based on an insured's age;*

*(4) the return of premium benefit is not payable in lieu of benefits at the option of the insurer;*

*(5) the insurer demonstrates that the reserve basis for such benefit is adequate; and*

*(6) the cost of the benefit is disclosed to the insured and the insured is given the option of the coverage.”*

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Wegscheid moved to amend H.F. No. 2269, as amended pursuant to Rule 49, adopted by the Senate April 12, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2145.)

Page 2, line 20, before the comma, insert “for Minnesotans”

The motion prevailed. So the amendment was adopted.

Mr. Chmielewski moved to amend H.F. No. 2269, as amended pursuant to Rule 49, adopted by the Senate April 12, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2145.)

Page 2, after line 24, insert:

“Sec. 4. [62A.30] [COVERAGE FOR DIAGNOSTIC PROCEDURES FOR CANCER.]

*Subdivision 1. [SCOPE OF COVERAGE.] This section applies to all policies of accident and health insurance, health maintenance contracts regulated under chapter 62D, health benefit certificates offered through a fraternal beneficiary association regulated under chapter 64B, and group subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C, but does not apply to policies designed primarily to provide coverage payable on a per diem, fixed indemnity or nonexpense incurred basis, or policies that provide only accident coverage.*

*Subd. 2. [REQUIRED COVERAGE.] Every policy, plan, certificate, or*

*contract referred to in subdivision 1 issued or renewed after August 1, 1988, that provides coverage to a Minnesota resident must provide coverage for routine screening procedures for cancer, including mammograms and pap smears, when ordered or provided by a physician in accordance with the standard practice of medicine."*

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2269 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	DeCramer	Jude	Merriam	Renneke
Anderson	Dicklich	Knaak	Metzen	Samuelson
Beckman	Diessner	Kroening	Moe, D.M.	Schmitz
Belanger	Frank	Laidig	Moe, R.D.	Solon
Berg	Frederick	Langseth	Morse	Spear
Berglin	Frederickson, D.J.	Lantry	Novak	Storm
Bernhagen	Frederickson, D.R.	Larson	Olson	Stumpf
Bertram	Freeman	Lessard	Pehler	Taylor
Brandl	Gustafson	Luther	Peterson, D.C.	Vickerman
Cohen	Hughes	Marty	Pogemiller	Wegscheid
Dahl	Johnson, D.E.	McQuaid	Purfeerst	
Decker	Johnson, D.J.	Mehrkins	Ramstad	

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on S.F. No. 203 from 5:00 to 5:20 p.m.:

Messrs. Anderson, Luther and Freeman. The motion prevailed.

### SPECIAL ORDER

S.F. No. 1645: 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; making miscellaneous corrections to statutes and other laws; amending Minnesota Statutes 1986, sections 10A.01, subdivisions 5 and 18; 13.46, subdivision 2; 116.44, subdivision 1; 121.931, subdivision 5; 126.70, subdivision 2; 127.35; 129B.40, subdivision 1; 145.921; 157.03; 176.081, subdivision 1; 176.101, subdivision 3e; 176.421, subdivision 7; 205.065, subdivision 1; 205.18, subdivision 2; 245.77; 256.991; 268.04, subdivision 32; 273.124, subdivision 6; 290.05, subdivision 3; 290.50, subdivision 3; 290.92, subdivision 23; 308.11; 383B.229; 473.605, subdivision 2; 473.845, subdivision 1; 485.018, subdivision 2; 515A.3-115; 548.09, subdivision 2; 611A.53, subdivision 1; Minnesota Statutes 1987 Supplement, sections 16A.26; 16A.661, subdivision 3; 105.81; 120.05, subdivision 2; 124.646, subdivision 1; 129B.39; 136D.71; 144.122; 145A.07, subdivision 1; 176.131, subdivision 1; 214.01, subdivision 2; 256.01, subdivision 2; 256B.69, subdivision 16; 256D.03, subdivision 4;

256G.02, subdivision 4; 256G.06; 257.354, subdivision 4; 268.91, subdivision 3e; 297.07, subdivision 3; 297.35, subdivision 3; 298.2211, subdivision 1; 352.01, subdivision 2b; 353.01, subdivision 2a; 383B.77; 469.121, subdivision 1; 469.129, subdivision 1; 469.170, subdivisions 1, 3, 7, and 8; 471.562, subdivision 4; 471.563; 474A.02, subdivision 18; 525.94, subdivision 3; 582.041, subdivision 2; reenacting Minnesota Statutes 1987 Supplement, section 80A.14, subdivision 18; repealing Minnesota Statutes 1986, sections 226.01; 226.02; 226.03; 226.04; 226.05; 226.06; 260.125, subdivision 6; 326.01, subdivision 21; 362A.08; repealing Laws 1965, chapter 267, section 1; Laws 1971, chapter 830, section 7; Laws 1976, chapters 134, sections 2 and 30; 163, section 10; Laws 1977, chapter 35, section 8; Laws 1978, chapters 496, section 1; 706, section 31; Laws 1979, chapters 48, section 2; 184, section 3; Laws 1981, chapter 271, section 1; Laws 1982, chapter 514, section 15; Laws 1983, chapters 242, section 1; 247, sections 38 and 130; 289, section 4; 290, sections 2 and 3; 299, section 26; 303, sections 21 and 22; Laws 1985, First Special Session chapter 9, article 2, sections 81, 82, and 88; Laws 1986, chapters 312, section 1; 400, section 43; 452, section 17; Laws 1986, First Special Session chapter 3, article 1, sections 74 and 79; and Laws 1987, chapters 268, article 5, section 5; 384, article 2, section 25; 385, section 7; 403, article 5, section 1; 404, section 138.

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	Decker	Johnson, D.J.	Merriam	Ramstad
Anderson	DeCramer	Jude	Metzen	Reichgott
Beckman	Dicklich	Knaak	Moe, D.M.	Renneke
Belanger	Diessner	Kroening	Moe, R.D.	Samuelson
Berg	Frank	Langseth	Morse	Solon
Berglin	Frederick	Lantry	Novak	Spear
Bernhagen	Frederickson, D.J.	Larson	Olson	Storm
Bertram	Frederickson, D.R.	Lessard	Pehler	Stumpf
Brandl	Freeman	Luther	Peterson, D.C.	Taylor
Chmielewski	Gustafson	Marty	Piper	Vickerman
Cohen	Hughes	McQuaid	Pogemiller	
Dahl	Johnson, D.E.	Mehrkens	Purfeerst	

So the bill passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2119 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2119

A bill for an act relating to child abuse reporting; clarifying the assessment duties of the local welfare agency; providing for the retention of records in certain circumstances; amending Minnesota Statutes 1986, section 626.556, subdivisions 5, 10d, and by adding subdivisions; and Minnesota Statutes 1987 Supplement, section 626.556, subdivision 11.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2119, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2119 be further amended as follows:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1986, section 13.82, is amended by adding a subdivision to read:

*Subd. 5a. [CHILD ABUSE IDENTITY DATA.] Active or inactive investigative data that identify a victim of child abuse or neglect reported under section 626.556 are private data on individuals. Active or inactive investigative data that identify a reporter of child abuse or neglect under section 626.556 are confidential data on individuals, unless the subject of the report compels disclosure under section 626.556, subdivision 11."*

Page 4, line 10, delete "6" and insert "8"

Page 4, line 16, before "All" insert "Except as provided in subdivisions 10b, 10d, and 11b,"

Page 4, line 21, strike everything after "sheriff"

Page 4, line 22, strike everything before the period

Page 6, after line 11, insert:

"Sec. 7. Minnesota Statutes 1986, section 626.556, is amended by adding a subdivision to read:

*Subd. 11b. [DATA RECEIVED FROM LAW ENFORCEMENT.] Active law enforcement investigative data received by a local welfare agency under this section are confidential data on individuals. When this data become inactive in the law enforcement agency, the data are private data on individuals."*

Page 6, line 14, delete "11b" and insert "11c"

Page 6, line 18, before the period insert "by the responsible authority"

Page 6, line 20, delete "either"

Page 6, line 22, delete "Upon notification to" and insert "After"

Page 6, line 23, after "child" insert "is notified" and delete "4 as to" and insert "5 of"

Page 6, line 24, delete "and"

Page 6, line 25, delete "10" and insert "30"

Page 7, after line 2, insert:

"Sec. 9. [REPEALER.]

*Minnesota Statutes 1986, section 626.556, subdivision 13, is repealed."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "classifying child abuse investigative data;"

Page 1, line 6, delete "section" and insert "sections 13.82, by adding a subdivision; and"

Page 1, line 8, before the period insert "; repealing Minnesota Statutes 1986, section 626.556, subdivision 13"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Allan H. Spear, Gene Merriam, Randolph W. Peterson

House Conferees: (Signed) Kathleen A. Blatz, Kathleen O. Vellenga

Mr. Spear moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2119 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2119 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Anderson	Dicklich	Kroening	Metzen	Reichgott
Beckman	Diessner	Laidig	Moe, D.M.	Renneke
Belanger	Frank	Langseth	Moe, R.D.	Samuelson
Bernhagen	Frederick	Lantry	Morse	Solon
Bertram	Frederickson, D.J.	Larson	Olson	Spear
Brandl	Frederickson, D.R.	Lessard	Pehler	Storm
Chmielewski	Gustafson	Luther	Peterson, D.C.	Stumpf
Cohen	Hughes	Marty	Piper	Taylor
Dahl	Johnson, D.E.	McQuaid	Pogemiller	Vickerman
Decker	Jude	Mehrkens	Purfeerst	
DeCramer	Knaak	Merriam	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 2228 be withdrawn from the Committee on Rules and Administration and laid on the table. The motion prevailed.

Mr. Stumpf moved that the names of Messrs. Langseth, Chmielewski, Berg and Benson be added as co-authors to S.F. No. 2235. The motion prevailed.

Ms. Reichgott moved that S.F. No. 1892, on Special Orders, be stricken and laid on the table. The motion prevailed.

Mr. Luther moved that Senate Concurrent Resolution No. 14 be taken from the table. The motion prevailed.

Senate Concurrent Resolution No. 14: A Senate concurrent resolution deploring acts of violence, threats of violence, and other criminal acts against reproductive health care facilities, and exhorting law enforcement



agencies to investigate such acts and apprehend and prosecute those responsible for their perpetration.

### RECONSIDERATION

Mr. Gustafson moved that the vote whereby the Jude amendment to Senate Concurrent Resolution No. 14 was adopted by the Senate on April 13, 1988, be now reconsidered.

### CALL OF THE SENATE

Mr. Bertram imposed a call of the Senate for the balance of the proceedings on Senate Concurrent Resolution No. 14. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Gustafson.

The roll was called, and there were yeas 34 and nays 25, as follows:

Those who voted in the affirmative were:

Belanger	Decker	Gustafson	Morse	Ramstad
Benson	DeCramer	Knaak	Novak	Reichgott
Berglin	Dicklich	Luther	Peterson, D.C.	Solon
Brandl	Diessner	Marty	Peterson, R. W.	Spear
Brataas	Frederick	Mehrkens	Piper	Storm
Cohen	Frederickson, D.J.	Moe, D.M.	Pogemiller	Stumpf
Dahl	Freeman	Moe, R.D.	Purfeerst	

Those who voted in the negative were:

Adkins	Chmielewski	Kroening	Lessard	Renneke
Anderson	Frank	Laidig	McQuaid	Samuelson
Beckman	Frederickson, D.R.	Langseth	Metzen	Schmitz
Bernhagen	Johnson, D.E.	Lantry	Olson	Vickerman
Bertram	Jude	Larson	Pehler	Waldorf

The motion prevailed. So the vote was reconsidered.

The question recurred on the Jude amendment.

Mr. Ramstad questioned whether the amendment was germane.

The President ruled that the amendment was germane.

Mr. Laidig moved that Senate Concurrent Resolution No. 14 be re-referred to the Committee on Rules and Administration.

The question was taken on the adoption of the motion of Mr. Laidig.

Mr. Luther moved that those not voting be excused from voting.

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:

Anderson	DeCramer	Lantry	Morse	Ramstad
Berg	Dicklich	Luther	Pehler	Reichgott
Berglin	Diessner	Marty	Peterson, D.C.	Schmitz
Brandl	Frederick	Mehrkens	Peterson, R. W.	Solon
Brataas	Frederickson, D.J.	Merriam	Piper	Spear
Cohen	Freeman	Moe, D.M.	Pogemiller	Storm
Decker	Knaak	Moe, R.D.	Purfeerst	

Those who voted in the negative were:

Adkins	Chmielewski	Johnson, D.E.	Larson	Renneke
Beckman	Dahl	Jude	Lessard	Taylor
Belanger	Frank	Kroening	McQuaid	Vickerman
Bernhagen	Frederickson, D.R.	Laidig	Metzen	Waldorf
Bertram	Gustafson	Langseth	Olson	

The motion prevailed.

The roll was called, and there were yeas 30 and nays 30, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.J.	Lessard	Renneke
Anderson	Decker	Jude	McQuaid	Schmitz
Beckman	Frank	Kroening	Merriam	Stumpf
Bernhagen	Frederickson, D.R.	Laidig	Metzen	Taylor
Bertram	Gustafson	Langseth	Olson	Vickerman
Chmielewski	Johnson, D.E.	Larson	Pehler	Waldorf

Those who voted in the negative were:

Belanger	Dicklich	Lantry	Morse	Purfeerst
Berglin	Diessner	Luther	Novak	Ramstad
Brandl	Frederick	Marty	Peterson, D.C.	Reichgott
Brataas	Frederickson, D.J.	Mehrkens	Peterson, R.W.	Solon
Cohen	Freeman	Moe, D.M.	Piper	Spear
DeCramer	Knaak	Moe, R.D.	Pogemiller	Storm

The motion did not prevail.

Mr. Spear raised a point of order pursuant to Rule 18 as to the time spent by Mr. Jude in discussing Senate Concurrent Resolution No. 14.

The President ruled that the point of order was well taken.

The question recurred on the adoption of the Jude amendment.

The roll was called, and there were yeas 28 and nays 32, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Kroening	McQuaid	Schmitz
Anderson	Frank	Laidig	Merriam	Taylor
Beckman	Frederickson, D.R.	Langseth	Metzen	Vickerman
Bernhagen	Johnson, D.E.	Lantry	Olson	Waldorf
Bertram	Johnson, D.J.	Larson	Pehler	
Chmielewski	Jude	Lessard	Renneke	

Those who voted in the negative were:

Belanger	DeCramer	Knaak	Novak	Reichgott
Berg	Dicklich	Luther	Peterson, D.C.	Solon
Berglin	Diessner	Marty	Peterson, R.W.	Spear
Brandl	Frederick	Mehrkens	Piper	Storm
Brataas	Frederickson, D.J.	Moe, D.M.	Pogemiller	
Cohen	Freeman	Moe, R.D.	Purfeerst	
Decker	Gustafson	Morse	Ramstad	

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

Mr. Jude then moved to amend Senate Concurrent Resolution No. 14 as follows:

Page 2, after line 13, insert:

“BE IT FURTHER RESOLVED that it also deploras intimidation of agencies that offer women alternatives to abortion through lawsuits or legislation that would impinge on their freedom of speech and curtail their efforts to offer women a truly informed and free choice when making the abortion decision.”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 22, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Kroening	Mehrkens	Schmitz
Anderson	DeCramer	Laidig	Merriam	Storm
Beckman	Frank	Langseth	Metzen	Stumpf
Bernhagen	Frederickson, D.R.	Lantry	Olson	Taylor
Bertram	Johnson, D.E.	Larson	Pehler	Vickerman
Brandl	Jude	Lessard	Ramstad	Waldorf
Chmielewski	Knaak	McQuaid	Renneke	

Those who voted in the negative were:

Berglin	Frederick	Marty	Peterson, D.C.	Solon
Brataas	Frederickson, D.J.	Moe, D.M.	Peterson, R.W.	Spear
Cohen	Freeman	Moe, R.D.	Piper	
Decker	Gustafson	Morse	Purfeerst	
Dicklich	Luther	Novak	Reichgott	

The motion prevailed. So the amendment was adopted.

Mr. Bertram moved to amend Senate Concurrent Resolution No. 14 as follows:

Page 2, line 2, before "NOW" insert "and

WHEREAS, claims of violence against abortion clinics have not in the past been substantiated; and

WHEREAS, pro-life groups have repeatedly and historically denounced alleged acts of violence against *all* groups of people;"

Page 2, after line 13, insert:

"BE IT FURTHER RESOLVED that it would encourage full documentation of alleged claims of violence against abortion clinics before acceptance by any public agency."

Mrs. Lantry requested division of the amendment as follows:

First portion:

Page 2, line 2, before "NOW" insert "and

WHEREAS, pro-life groups have repeatedly and historically denounced alleged acts of violence against *all* groups of people;"

Second portion:

Page 2, line 2, before "NOW" insert "and

WHEREAS, claims of violence against abortion clinics have not in the past been substantiated;"

Page 2, after line 13, insert:

"BE IT FURTHER RESOLVED that it would encourage full documentation of alleged claims of violence against abortion clinics before acceptance by any public agency."

Mr. Frederick moved to amend the first portion of the Bertram amendment to Senate Concurrent Resolution No. 14 as follows:

Page 1, line 6, delete "pro-life groups have" and insert "the Minnesota Legislature has"

Page 1, line 7, delete "alleged"

The question was taken on the adoption of the Frederick amendment to the first portion of the Bertram amendment.

The roll was called, and there were yeas 43 and nays 15, as follows:

Those who voted in the affirmative were:

Belanger	Decker	Knaak	Morse	Ramstad
Benson	DeCramer	Lantry	Novak	Schmitz
Berglin	Dicklich	Larson	Olson	Solon
Bernhagen	Diessner	Lessard	Pehler	Spear
Brandl	Frederick	Luther	Peterson, D.C.	Storm
Brataas	Frederickson, D.J.	Marty	Peterson, R.W.	Stumpf
Cohen	Freeman	Mehrkens	Piper	Taylor
Dahl	Johnson, D.E.	Merriam	Pogemiller	
Davis	Johnson, D.J.	Moe, R.D.	Purfeerst	

Those who voted in the negative were:

Adkins	Bertram	Frederickson, D.R.	McQuaid	Samuelson
Anderson	Chmielewski	Jude	Metzen	Vickerman
Beckman	Frank	Laidig	Renneke	Waldorf

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

The question recurred on the first portion of the Bertram 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	Dahl	Johnson, D.J.	Merriam	Purfeerst
Anderson	Davis	Jude	Metzen	Ramstad
Beckman	Decker	Knaak	Moe, D.M.	Renneke
Belanger	DeCramer	Kroening	Moe, R.D.	Samuelson
Benson	Dicklich	Laidig	Morse	Schmitz
Berglin	Diessner	Lantry	Novak	Solon
Bernhagen	Frank	Larson	Olson	Spear
Bertram	Frederick	Lessard	Pehler	Storm
Brandl	Frederickson, D.J.	Luther	Peterson, D.C.	Stumpf
Brataas	Frederickson, D.R.	Marty	Peterson, R.W.	Taylor
Chmielewski	Freeman	McQuaid	Piper	Vickerman
Cohen	Johnson, D.E.	Mehrkens	Pogemiller	Waldorf

The motion prevailed. So the first portion of the Bertram amendment, as amended, was adopted.

The question was taken on the adoption of the second portion of the Bertram amendment.

The roll was called, and there were yeas 25 and nays 35, as follows:

Those who voted in the affirmative were:

Adkins	Bertram	Johnson, D.E.	Larson	Samuelson
Anderson	Chmielewski	Johnson, D.J.	Lessard	Schmitz
Beckman	Frank	Jude	McQuaid	Taylor
Belanger	Frederickson, D.R.	Kroening	Metzen	Vickerman
Bernhagen	Hughes	Laidig	Renneke	Waldorf

Those who voted in the negative were:

Benson	Decker	Gustafson	Merriam	Pogemiller
Berg	DeCramer	Knaak	Moe, R.D.	Purfeerst
Berglin	Dicklich	Langseth	Morse	Ramstad
Brandl	Diessner	Lantry	Novak	Solon
Brataas	Frederick	Luther	Peterson, D.C.	Spear
Cohen	Frederickson, D.J.	Marty	Peterson, R.W.	Storm
Dahl	Freeman	Mehrkens	Piper	Stumpf

The motion did not prevail. So the second portion of the Bertram amendment was not adopted.

The question was taken on the adoption of the resolution, as amended.

The roll was called, and there were yeas 37 and nays 23, as follows:

Those who voted in the affirmative were:

Benson	DeCramer	Langseth	Morse	Ramstad
Berg	Dicklich	Lantry	Novak	Reichgott
Berglin	Diessner	Luther	Pehler	Schmitz
Brandl	Frederick	Marty	Peterson, D.C.	Spear
Brataas	Frederickson, D.J.	Mehrkens	Peterson, R.W.	Storm
Cohen	Freeman	Merriam	Piper	
Dahl	Gustafson	Moe, D.M.	Pogemiller	
Decker	Knaak	Moe, R.D.	Purfeerst	

Those who voted in the negative were:

Adkins	Bertram	Johnson, D.E.	Larson	Stumpf
Anderson	Chmielewski	Johnson, D.J.	Lessard	Taylor
Beckman	Frank	Jude	Metzen	Vickerman
Belanger	Frederickson, D.R.	Kroening	Renneke	
Bernhagen	Hughes	Laidig	Samuelson	

The motion prevailed. So the resolution, as amended, was adopted.

## 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 the passage by the House of the following Senate File, herewith returned: S.F. No. 2473.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

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. 1228: A bill for an act relating to education; allowing the student council member of the higher education coordinating board to vote; amending Minnesota Statutes 1986, section 136A.02, subdivisions 1, 1a, and 7.

Senate File No. 1228 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

### CONCURRENCE AND REPASSAGE

Mr. Morse moved that the Senate concur in the amendments by the House to S.F. No. 1228 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1228: A bill for an act relating to education; appointing a voting student member to the higher education coordinating board; amending Minnesota Statutes 1986, section 136A.02, subdivisions 1, 1a, and 7.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Gustafson	Marty	Pogemiller
Anderson	Dahl	Hughes	McQuaid	Purfeerst
Beckman	Davis	Johnson, D.E.	Mehrkens	Ramstad
Belanger	Decker	Jude	Merriam	Reichgott
Benson	DeCramer	Knaak	Metzen	Renneke
Berg	Dicklich	Kroening	Moe, R.D.	Samuelson
Berglin	Diessner	Laidig	Morse	Schmitz
Bernhagen	Frank	Langseth	Olson	Spear
Bertram	Frederick	Lantry	Pehler	Storm
Brandl	Frederickson, D.J.	Larson	Peterson, D.C.	Stumpf
Brataas	Frederickson, D.R.	Lessard	Peterson, R.W.	Taylor
Chmielewski	Freeman	Luther	Piper	Vickerman

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2235: A bill for an act relating to workers' compensation; regulating the location of certain medical examinations; amending Minnesota Statutes 1987 Supplement, section 176.155, subdivision 1.

Senate File No. 2235 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

### CONCURRENCE AND REPASSAGE

Mr. Stumpf moved that the Senate concur in the amendments by the House to S.F. No. 2235 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2235: A bill for an act relating to workers' compensation; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; providing for the appointment of actuaries; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.095; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10; 176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; 176.155, subdivision 1; 176.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1986, sections 79.54; 79.57; 79.58; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 41 and nays 23, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Hughes	Mehrkens	Schmitz
Anderson	Chmielewski	Johnson, D.E.	Moe, R.D.	Storm
Beckman	Davis	Jude	Morse	Stumpf
Belanger	Decker	Knaak	Olson	Taylor
Benson	DeCramer	Laidig	Pehler	Vickerman
Berg	Frederick	Langseth	Peterson, R.W.	
Bernhagen	Frederickson, D.J.	Larson	Purfeerst	
Bertram	Frederickson, D.R.	Lessard	Ramstad	
Brandl	Gustafson	McQuaid	Renneke	

Those who voted in the negative were:

Berglin	Frank	Luther	Peterson, D.C.	Solon
Cohen	Freeman	Marty	Piper	Spear
Dahl	Johnson, D.J.	Merriam	Pogemiller	Waldorf
Dicklich	Kroening	Metzen	Reichgott	
Diessner	Lantry	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

Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1809: A bill for an act relating to communication-impaired persons; requiring the commissioner of human services to provide assistance in implementing the program that provides telephones to communication-impaired persons; making other technical changes in the program; appropriating money; amending Minnesota Statutes 1987 Supplement, sections 237.50, subdivision 4; 237.51, subdivision 5; 237.52, subdivisions 3 and 5; and 237.53, subdivisions 3, 4, 6, and 7; repealing Minnesota Statutes 1987 Supplement, sections 237.50, subdivision 6; 237.52, subdivisions 1 and 4; and 237.53, subdivision 8.

Senate File No. 1809 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 15, 1988

### CONCURRENCE AND REPASSAGE

Mr. Marty moved that the Senate concur in the amendments by the House to S.F. No. 1809 and that the bill be placed on its repassage as amended.

Mr. Pehler moved that the Senate do not concur in the amendments by the House to S.F. No. 1809, 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. Marty. The motion prevailed.

S.F. No. 1809: A bill for an act relating to telephones; combining local telephone service surcharges for emergency telephone service, telephone access for hearing impaired, and the telephone assistance plan into one surcharge at the option of each company; requiring the department of human services to administer the telecommunications assistance for communication impaired persons program; making other technical changes in the program; requiring the department of administration to separate the surcharges into three separate accounts; adding low-income disabled persons to those eligible for the telephone assistance plan; clarifying eligibility for telephone assistance; clarifying administrative functions of and reimbursements to state agencies and telephone companies; amending Minnesota Statutes 1987 Supplement, sections 237.50, subdivision 4; 237.51, subdivision 5; 237.52, subdivision 5; 237.53, subdivisions 3, 4, 6, and 7; 237.69, subdivision 6, and by adding subdivisions; and 237.70, subdivisions 3, 6, 7, and by adding a subdivision; Laws 1987, chapter 340, section 17; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1987 Supplement, sections 237.53, subdivision 8; 237.70, subdivision 4; and 237.72.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 43 and nays 9, as follows:

Those who voted in the affirmative were:



Adkins	Dicklich	Jude	Merriam	Ramstad
Anderson	Diessner	Knaak	Moe, D.M.	Reichgott
Benson	Frederick	Kroening	Morse	Schmitz
Berglin	Frederickson, D.J.	Langseth	Olson	Solon
Bernhagen	Frederickson, D.R.	Lantry	Pehler	Spear
Chmielewski	Freeman	Lessard	Peterson, D.C.	Storm
Cohen	Gustafson	Luther	Peterson, R.W.	Stumpf
Decker	Hughes	Marty	Piper	
DeCramer	Johnson, D.E.	McQuaid	Purfeerst	

Those who voted in the negative were:

Beckman	Berg	Frank	Larson	Vickerman
Belanger	Bertram	Laidig	Renneke	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Bertram introduced—

Senate Resolution No. 147: A Senate resolution commending the Minnesota Strikers Soccer Team for its promotional efforts on behalf of the Minnesota Won't Forget/POW-MIA organization.

Referred to the Committee on Rules and Administration.

Mr. Bertram introduced—

Senate Resolution No. 148: A Senate resolution honoring Captain Trent Powers, United States Navy, and joining with the families of our Missing In Action in the hope that their long vigil will soon be over.

Referred to the Committee on Rules and Administration.

Mr. Dicklich moved that S.F. No. 1840, No. 18 on Special Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Mr. Dicklich moved that S.F. No. 2136, No. 14 on Special Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, 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.

Messrs. Pogemiller and Freeman introduced—

S.F. No. 2579: A bill for an act relating to education; permitting the sale of college education bonds; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 16A.

Referred to the Committee on Education.

### 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. 2590 at 9:20 p.m.:

Messrs. Bernhagen, Brandl, Novak, Pogemiller and Johnson, D.J. The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Waldorf moved that the following members be excused for a Conference Committee on S.F. No. 2569 at 9:30 p.m.:

Messrs. Dicklich, Dahl, Taylor, Mrs. Brataas and Mr. Waldorf. 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. 2477: Messrs. Wegscheid, Renneke and Moe, D.M.

H.F. No. 2041: Messrs. Davis, Morse and Frederickson, D.J.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MEMBERS EXCUSED

Mr. Knutson was excused from the Session of today. Messrs. DeCramer, Langseth and Vickerman were excused from the Session of today from 1:00 to 2:00 p.m. Mr. Solon was excused from the Session of today from 1:00 to 3:00 p.m. Mr. Lessard was excused from the Session of today from 3:15 to 4:00 p.m. Mr. Brandl was excused from the Session of today from 3:20 to 4:15 p.m. Mr. Benson was excused from the Session of today from 5:30 to 6:45 p.m. Ms. Reichgott was excused from the Session of today from 5:30 to 7:00 p.m. Mr. Lessard was excused from the Session of today from 6:10 to 6:55 p.m. Mr. Wegscheid was excused from the Session of today at 6:15 p.m. Mr. Hughes was excused from the Session of today from 1:30 to 2:00 and 7:00 to 8:30 p.m.

### ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Saturday, April 16, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## EIGHTY-NINTH DAY

St. Paul, Minnesota, Saturday, April 16, 1988

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 Senator Jerome M. Hughes.

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

Adkins	Dahl	Johnson, D.E.	Mehrkens	Purfeerst
Anderson	Davis	Johnson, D.J.	Merriam	Ramstad
Beckman	Decker	Jude	Metzen	Reichgott
Belanger	DeCramer	Knaak	Moe, D.M.	Renneke
Benson	Dicklich	Kroening	Moe, R.D.	Samuelson
Berg	Diessner	Laidig	Morse	Schmitz
Berglin	Frank	Langseth	Novak	Solon
Bernhagen	Frederick	Lantry	Olson	Spear
Bertram	Frederickson, D.J.	Larson	Pehler	Storm
Brandl	Frederickson, D.R.	Lessard	Peterson, D.C.	Stumpf
Brataas	Freeman	Luther	Peterson, R.W.	Taylor
Chmielewski	Gustafson	Marty	Piper	Vickerman
Cohen	Hughes	McQuaid	Pogemiller	Waldorf

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 that the House refuses to concur in the Senate amendments to House File No. 453:

H.F. No. 453: A bill for an act relating to state investments; limiting investments in companies doing business in Northern Ireland; protecting public pension investment policy; authorizing early unreduced retirement under the rule of 90 for the Minnesota state retirement system and the teachers retirement association; amending Minnesota Statutes 1986, sections 354.44, subdivision 6; 354A.23, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 352.116, by adding a subdivision; 354A.31, subdivision 6, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 11A.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

O'Connor, Rice and McKasy have been appointed as such committee on the part of the House.

House File No. 453 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 April 15, 1988

Mr. Hughes moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 453, 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 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. 1939:

H.F. No. 1939: A bill for an act relating to agriculture; changing the continuing effect of certain farmer-lender mediation rules; repealing certain conflicting language relating to food handler license fees; amending Laws 1987, chapter 292, section 35; repealing Laws 1987, chapter 358, section 85.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Winter, DeBlicek and Dauner have been appointed as such committee on the part of the House.

House File No. 1939 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 April 15, 1988

Mr. Moe, R.D. moved that H.F. No. 1939 be laid on the table. The motion prevailed.

### MOTIONS AND RESOLUTIONS

S.F. No. 2266 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2266

A bill for an act relating to child abuse; authorizing counties to establish pilot programs; allowing the appointment of a child intermediary in certain criminal child abuse proceedings; prescribing powers and duties of the intermediary.

April 15, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2266, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2266 be further amended as follows:

Page 1, after line 8, insert:

“Section 1. Minnesota Statutes 1986, section 626.559, is amended by adding a subdivision to read:

*Subd. 1a. [CHILD PROTECTION WORKER PRESERVICE EDUCATION.] Any individual who seeks employment as a child protection worker after the commissioner of human services has implemented the preservice training program developed under section 2, subdivision 2, must complete preservice training in order to be eligible for employment as a child protection worker.*

Sec. 2. [626.5591] [CHILD PROTECTION WORKERS; TRAINING; ADVISORY COMMITTEE.]

*Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meaning given unless the specific context indicates otherwise:*

(a) “*Child protection agency*” means an agency authorized to receive reports, conduct assessments and investigations, and make determinations pursuant to section 626.556, subdivision 10.

(b) “*Child protection services*” means the receipt and assessment of reports of child maltreatment and the provision of services to families and children when maltreatment has occurred or when there is risk of maltreatment. These services include: (1) the assessment of risk to a child alleged to have been abused or neglected; (2) interviews of any person alleged to have abused or neglected a child and the child or children involved in the report, and interviews with persons having facts or knowledge necessary to assess the level of risk to a child and the need for protective intervention; (3) the gathering of written or evidentiary materials; (4) the recording of case findings and determinations; and (5) other actions required by section 626.556, administrative rule, or agency policy, but excluding administrative practices necessary solely for the collection of data.

(c) “*Competency-based training*” means a course of instruction that provides both information and skills practice, which is based upon clearly stated and measurable instructional objectives, and which requires demonstration of the achievement of a particular standard of skills and knowledge for satisfactory completion.

(d) “*Preservice training*” means training provided to local child protection workers before they perform official job duties in a local child protection agency.

(e) “*Probationary training*” means training provided to a local child protection worker after the person has begun to perform child protection duties, but before the expiration of six months of employment as a child protection worker. This probationary training must occur during the performance of job duties and must include an evaluation of the employee's application of skills and knowledge.

(f) "In-service training" means training provided to a local child protection worker after the person has performed an initial six months of employment as a child protection worker.

*Subd. 2. [TRAINING PROGRAM; DEVELOPMENT.] The commissioner of human services shall develop a program of competency-based preservice and probationary training for child protection workers if funds are appropriated to the commissioner for this purpose.*

Sec. 3. [626.5592] [STEERING COMMITTEE.]

*Subdivision 1. [APPOINTMENT.] The commissioner of human services shall appoint a steering committee to assist in the development of the training program under section 2.*

*Subd. 2. [MEMBERSHIP] The steering committee consists of the following members:*

(1) two individuals who are in a supervisory capacity in a local child protection agency;

(2) two individuals who are child protection workers with significant experience;

(3) one individual who has expertise in training and development;

(4) one law enforcement officer;

(5) three individuals who have particular expertise in any aspect of child protection services described in section 2; and

(6) three individuals from among the general public.

*Subd. 3. [DUTIES.] The steering committee shall advise the commissioner regarding the format and content of the training program developed under section 2. The steering committee shall also:*

(1) review and approve a two-year plan for the implementation of section 2;

(2) make recommendations as to the staffing and operation of section 2;

(3) make recommendations to the legislature on the implementation of section 2; and

(4) review implementation steps on a regular basis, and recommend necessary changes in department or public policy.

*Subd. 4. [COMPENSATION.] The steering committee shall serve without compensation."*

Page 1, line 9, delete "Section 1." and insert "Sec. 4."

Page 1, delete lines 13 to 15 and insert:

"(a) "Child abuse" means any act which involves a minor victim and which constitutes a violation of section 609.221, 609.222, 609.223, 609.224, 609.255, 609.342, 609.343, 609.344, 609.345, 609.377, or 609.378."

Page 1, line 19, delete "criminal sexual conduct" and insert "child abuse"

Page 2, line 10, delete "shall" and insert "may"

Page 2, line 11, delete "criminal sexual conduct" and insert "child

abuse”

Page 2, line 15, delete “sexual”

Page 2, lines 21 to 22, delete “criminal sexual conduct” and insert “child abuse”

Page 3, line 4, before the semicolon, insert “, but not including attorneys’ work product”

Page 3, line 12, delete “criminal sexual conduct” and insert “child abuse”

Amend the title as follows:

Page 1, line 2, after the semicolon, insert “providing for the development of a training program for child protection workers;”

Page 1, line 6, before the period, insert “; amending Minnesota Statutes 1986, section 626.559, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 626”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Richard J. Cohen, Linda Berglin, Jim Ramstad

House Conferees: (Signed) Phil Carruthers, Randy C. Kelly, Kathleen A. Blatz

Mr. Cohen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2266 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2266 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	Merriam	Purfeerst
Anderson	Dahl	Jude	Metzen	Ramstad
Belanger	Decker	Knaak	Moe, R.D.	Renneke
Benson	DeCramer	Laidig	Morse	Schmitz
Berg	Dicklich	Lantry	Novak	Spear
Berglin	Diessner	Larson	Olson	Stumpf
Bernhagen	Frank	Lessard	Pehler	Vickerman
Bertram	Frederick	Marty	Peterson, D.C.	Waldorf
Brandl	Frederickson, D.J.	McQuaid	Peterson, R.W.	
Chmielewski	Freeman	Mehrkens	Pogemiller	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2122 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2122

A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; providing for patient access to medical records; requiring outpatient diagnostic and test results to be retained as part of an individual permanent medical record; amending Minnesota Statutes 1986, sections 13.04, subdivision 4; 13.67; 13.791, subdivision 1; 144.335, subdivision 2; 145.32, subdivision 2; 171.12, by adding a subdivision; and 363.061, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13 and 221; repealing Minnesota Statutes 1986, section 13.72, subdivision 3.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2122, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2122 be further amended as follows:

Page 2, line 13, delete "*altered, modified*" and insert "*completed, corrected*"

Page 2, line 16, delete "*altering, modifying*" and insert "*completing, correcting*"

Page 2, line 20, delete "*was*" and insert "*were*" and before the period insert "*that does not contain any particulars of the successfully challenged data*"

Page 3, lines 18 and 19, reinstate the stricken language

Page 3, line 22, reinstate the stricken language and delete the new language

Page 3, delete line 23

Page 3, line 24, delete everything before the period

Page 3, line 24, after the period insert "*The commissioner of jobs and training may release the name, business address, and business telephone number of an individual licensed under section 248.07, subdivision 8.*"

Page 4, line 8, delete everything after the first "*zoo*"

Page 4, line 9, delete everything before the period

Page 4, after line 9, insert:

*"Names of donors and gift ranges are public data.*

Sec. 5. Minnesota Statutes 1986, section 13.84, subdivision 5, is amended to read:

Subd. 5. [DISCLOSURE.] Private or confidential court services data shall not be disclosed except:

(a) Pursuant to section 13.05;

(b) Pursuant to a statute specifically authorizing disclosure of court services data;



- (c) With the written permission of the source of confidential data;
- (d) To the court services department, parole or probation authority or correctional agency having statutorily granted supervision over the individual subject of the data; ~~or~~
- (e) Pursuant to subdivision 5a; or
- (f) Pursuant to a valid court order.

Sec. 6. Minnesota Statutes 1986, section 13.84, is amended by adding a subdivision to read:

*Subd. 5a. [PUBLIC BENEFIT DATA.] The responsible authority or its designee of a parole or probation authority or correctional agency may release private or confidential court services data related to criminal acts to any law enforcement agency, if necessary for law enforcement purposes, or to the victim of a criminal act where the data are necessary for the victim to assert the victim's legal right to restitution.*

Sec. 7. Minnesota Statutes 1986, section 13.85, is amended by adding a subdivision to read:

*Subd. 5. [PUBLIC BENEFIT DATA.] The responsible authority or its designee of any agency that maintains corrections and detention data may release private or confidential corrections and detention data to any law enforcement agency, if necessary for law enforcement purposes, or to the victim of a criminal act where the data are necessary for the victim to assert the victim's legal right to restitution."*

Page 4, line 26, delete "and impressions"

Page 4, line 27, before the period insert ", except that all information necessary for the patient's informed consent must be provided"

Page 5, line 23, delete everything after "from"

Page 5, line 24, delete everything before "the" and insert "the computer records that are disclosed to persons or agencies outside"

Page 5, after line 31, insert:

"Sec. 12. Minnesota Statutes 1987 Supplement, section 260.161, subdivision 3, is amended to read:

*Subd. 3. (a) Peace officers' records of children shall be kept separate from records of persons 18 years of age or older and shall not be open to public inspection or their contents disclosed to the public except (1) by order of the juvenile court, or ~~except~~ (2) as required by a written memorandum of understanding adopted under section 126.035, or (3) as authorized under chapter 13; except that traffic investigation reports may be open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. No photographs of a child taken into custody may be taken without the consent of the juvenile court unless the child is alleged to have violated section 169.121 or 169.129. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.*

*(b) Nothing in this subdivision prohibits the exchange of information by law enforcement agencies if the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing a criminal investigation."*

Page 6, after line 6, insert:

"Sec. 15. [EFFECTIVE DATE.]

*Sections 2, 3, 10, and 13 are effective the day following final enactment.*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "providing for access to data;"

Page 1, line 9, after the first semicolon insert "13.84, subdivision 5, and by adding a subdivision; 13.85, by adding a subdivision;"

Page 1, line 11, after the semicolon insert "Minnesota Statutes 1987 Supplement, section 260.161, subdivision 3;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Randolph W. Peterson, Richard J. Cohen, Fritz Knaak

House Conferees: (Signed) Darby Nelson, Douglas G. Swenson, Howard R. Orenstein

Mr. Peterson, R.W. moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2122 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2122 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.E.	Moe, R.D.	Renneke
Anderson	Dahl	Jude	Morse	Samuelson
Beckman	Decker	Knaak	Novak	Schmitz
Belanger	DeCramer	Laidig	Olson	Spear
Benson	Dicklich	Lantry	Pehler	Stumpf
Berg	Diessner	Larson	Peterson, D.C.	Vickerman
Berglin	Frank	Marty	Peterson, R.W.	Waldorf
Bertram	Frederick	McQuaid	Piper	
Brandl	Frederickson, D.J.	Mehrkens	Pogemiller	
Brataas	Freeman	Merriam	Purfeerst	
Chmielewski	Hughes	Metzen	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1955 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1955

A bill for an act relating to Ramsey county; authorizing the county to use certain land dedicated as open space for highway purposes; authorizing

the sale of certain land.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1955, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1955 be further amended as follows:

Page 3, after line 24, insert:

“Sec. 3. Minnesota Statutes 1987 Supplement, section 383A.554, is amended to read:

383A.554 [POWERS AND DUTIES.]

Before December 31, ~~1988~~ 1989, the charter commission shall deliver to the board of county commissioners either (1) its report determining that the present form of county government is adequate for the county and that a charter is not necessary or desirable, or (2) a draft of a proposed charter. The report must be signed by a majority of the members of the charter commission. The proposed charter may provide for any form of government consistent with the constitution of the state of Minnesota. It may provide for the establishment and administration of all departments of a county government and for the regulation of all local county functions. It may abolish or consolidate any department or agency. The charter commission is required to hold at least one public hearing in each of the county commissioner districts.

It shall provide for present functions to be assumed by new elective or appointive officers as shall be provided for in the charter and may provide for other powers consistent with other law. It shall provide methods of procedure in respect to the operation of the government created and the duties of all officers. It shall provide for a home rule charter commission consistent with article XII, section 5, of the constitution of the state of Minnesota and may provide for alternative methods for amending or abandoning the charter consistent with the constitution. The county may be authorized to acquire by gift, devise, purchase, or condemnation or sell or lease any property needed for the full discharge of its duties and powers. All special and general laws authorizing the county to incur indebtedness or issue bonds shall be subject to the charter, provided that the charter provisions are not in conflict with general laws relating to public indebtedness. The county shall continue to have all the powers granted by law.

Personnel matters relating to Ramsey county employees shall continue to be governed by Minnesota Statutes, sections 383A.281 to 383A.301 and Minnesota Statutes, sections 197.455 to 197.48. A charter proposed for adoption under sections 383A.551 to 383A.556 shall not apply to personnel matters.”

Amend the title as follows:

Page 1, line 4, after “land” insert “; extending the time for the charter commission; amending Minnesota Statutes 1987 Supplement, section

383A.554”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steven G. Novak, Donald M. Moe, John J. Marty

House Conferees: (Signed) Daniel J. Knuth, Brad G. Stanius, Steve Trimble

Mr. Novak moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1955 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1955 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 52 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Hughes	Mehrkens	Ramstad
Anderson	Cohen	Johnson, D.E.	Metzen	Renneke
Beckman	Dahl	Jude	Moe, R.D.	Samuelson
Belanger	Decker	Knaak	Novak	Schmitz
Benson	DeCramer	Laidig	Olson	Spear
Berg	Dicklich	Langseth	Pehler	Stumpf
Berglin	Diessner	Lantry	Peterson, D.C.	Vickerman
Bernhagen	Frank	Larson	Peterson, R.W.	Waldorf
Bertram	Frederick	Lessard	Piper	
Brandl	Frederickson, D.I.	Marty	Pogemiller	
Brataas	Freeman	McQuaid	Purfeerst	

Mr. Merriam voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 203 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 203

A bill for an act relating to financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota Statutes 1986, section 48.92, subdivision 7.

April 15, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 203, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 203 be further amended as follows:

Page 1, line 17, delete "Michigan,"

Page 1, line 18, delete "Oregon, Utah,"

Page 1, after line 18, insert:

"Sec. 2. Minnesota Statutes 1986, section 48.93, subdivision 4, is amended to read:

Subd. 4. [DISAPPROVAL.] The commissioner shall disapprove any proposed acquisition if:

(1) the financial condition of any acquiring person is such as might jeopardize the financial stability of the bank or prejudice the interests of the depositors of the bank;

(2) the competence, experience, integrity of any acquiring person or of any of the proposed management personnel indicates that it would not be in the interest of the depositors of the bank, or in the interest of the public to permit the person to control the bank;

(3) the acquisition will result in undue concentration of resources or substantial lessening of competition in this state;

(4) the application fails to adequately demonstrate that the acquisition proposal would bring net new funds into Minnesota; or

(5) the application is incomplete or any acquiring party neglects, fails, or refuses to furnish all the information required by the commissioner;

(6) a subsidiary of the acquiring bank holding company has failed to meet the requirements set forth in the federal Community Reinvestment Act; or

(7) the acquisition will result in over 30 percent of Minnesota's total deposits in financial institutions as defined in section 13A.01, subdivision 2, being held by banks located in this state owned by reciprocating state bank holding companies. This limitation does not apply to consideration for approval pursuant to section 48.99, special acquisitions.

Sec. 3. Minnesota Statutes 1986, section 48.95, subdivision 1, is amended to read:

Subdivision 1. [DIVESTITURE; CEASE AND DESIST.] In the event a reciprocating state bank holding company makes an acquisition other than in full compliance with the requirements and procedures of Laws 1986, chapter 339, the commissioner may:

(1) by order immediately require the reciprocating state bank holding company to divest itself of its direct or indirect ownership or control of any bank located in this state; or

(2) by order require the reciprocating state bank holding company to cease and desist the violations by a date certain. The order would be subject to the procedures applicable to cease and desist proceedings pursuant to sections 46.23 to 46.33 and any applicable rules; or

(3) in the event control of a bank located in this state is acquired by a bank holding company that is not a reciprocating state bank holding company as a result of change of control of a reciprocating state bank holding company, the acquiring bank holding company shall divest itself of control of the bank located in this state within two years of the date of its acquisition of control of the bank.

Sec. 4. Minnesota Statutes 1986, section 48.991, is amended to read:  
48.991 [DEVELOPMENTAL LOANS.]

A ~~financial institution~~ bank 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. *In establishing the developmental loan levels for banks, the commissioner may consider the developmental loan performance of financially stable banks of comparable or smaller size that have above average levels of activity in developmental loans in reciprocating states as defined in section 48.92, subdivision 7.* 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 nonreal 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.

Sec. 5. [RECOMMENDATIONS OF THE COMMISSIONER OF COMMERCE.]

*The commissioner of commerce shall recommend to the financial institutions and insurance committee of the house of representatives and the commerce committee of the senate by January 1, 1989, reporting requirements for financial institutions as defined in Minnesota Statutes, section 13A.01, subdivision 2, that address a financial institution's commitment and performance in investing in their community. The recommendations must address the following:*

*(1) the amount of developmental loans that financial institutions have made within their service areas. Developmental loans include, but are not limited to, loans for low and moderate income housing, operating loans to family farmers, loans made in distressed areas of the state, commercial loans to minority-owned and woman-owned businesses, loans for alternative energy and energy conservation, student loans, loans made for businesses and housing-related loans within Indian reservations, and loans to community-based economic development organizations;*

*(2) the degree of "redlining" by financial institutions within their service areas;*

*(3) the effect of reporting requirements on various sizes and types of financial institutions; and*

*(4) the adequacy of existing federal and state reporting requirements of financial institutions."*

Amend the title as follows:

Page 1, line 4, after the semicolon insert "regulating reciprocal interstate banking; requiring the commissioner to recommend reporting requirements;"

Page 1, line 5, before the period insert "48.93, subdivision 4; 48.95, subdivision 1; and 48.991"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Michael O. Freeman, William P. Luther, Don Anderson

House Conferees: (Signed) Wes Skoglund, Peter McLaughlin, Gerald Knickerbocker

Mr. Freeman moved that the foregoing recommendations and Conference Committee Report on S.F. No. 203 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Mr. Freeman imposed a call of the Senate for the balance of the proceedings on S.F. No. 203. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the motion of Mr. Freeman. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 203 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 38 and nays 24, as follows:

Those who voted in the affirmative were:

Anderson	Freeman	Lessard	Novak	Renneke
Brandl	Hughes	Luther	Olson	Solon
Brataas	Johnson, D.E.	Marty	Pehler	Spear
Cohen	Jude	McQuaid	Peterson, D.C.	Storm
Decker	Knaak	Mehrkens	Peterson, R.W.	Taylor
DeCramer	Laidig	Merriam	Piper	Waldorf
Diessner	Langseth	Moe, D.M.	Pogemiller	
Frederickson, D.R.	Larson	Moe, R.D.	Ramstad	

Those who voted in the negative were:

Adkins	Berglin	Davis	Kroening	Samuelson
Beckman	Bernhagen	Frank	Lantry	Schmitz
Belanger	Bertram	Frederick	Metzen	Stumpf
Benson	Chmielewski	Frederickson, D.J.	Morse	Vickerman
Berg	Dahl	Johnson, D.J.	Purfurst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1686 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1686

A bill for an act relating to agriculture; prescribing procedure for delivery of dry edible beans from a grain warehouse; requiring the grade of dry edible beans on warehouse receipts; prescribing a redelivery charge; amending Minnesota Statutes 1986, sections 223.16, subdivision 4; 232.21, subdivision 7; and 232.23, by adding a subdivision.

April 15, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1686, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment and that S.F. No. 1686 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [1.1496] [STATE MUFFIN.]

*The blueberry muffin is adopted as the official muffin of the state of Minnesota.*”

Delete the title and insert:

“A bill for an act relating to the state muffin; designating the blueberry muffin as the state muffin; proposing coding for new law in Minnesota Statutes, chapter 1.”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Florian C. Chmielewski, Charles A. Berg, Dennis R. Frederickson

House Conferees: (Signed) Chuck Brown, Paul Anders Ogren, Douglas W. Carlson

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1686 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Morse moved that the recommendations and Conference Committee Report on S.F. No. 1686 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

Mr. Chmielewski moved that S.F. No. 1686 be laid on the table. The motion did not prevail.

The question recurred on the adoption of the motion of Mr. Morse.

The roll was called, and there were yeas 30 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Brandl	Frank	Larson	Spear
Anderson	Brataas	Frederick	Luther	Storm
Benson	Dahl	Frederickson, D.J.	Mehrkens	Stumpf
Berglin	Decker	Johnson, D.E.	Morse	Taylor
Bernhagen	DeCramer	Kroening	Pehler	Vickerman
Bertram	Diessner	Laidig	Ramstad	Waldorf

Those who voted in the negative were:

Beckman	Dicklich	Jude	Moe, D.M.	Pogemiller
Belanger	Frederickson, D.R.	Lantry	Moe, R.D.	Samuelson
Berg	Freeman	Lessard	Novak	Schmitz
Chmielewski	Gustafson	Marty	Olson	Solon
Cohen	Hughes	McQuaid	Peterson, D.C.	
Davis	Johnson, D.J.	Merriam	Piper	



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. 2590:

Messrs. Bernhagen, Brandl, Novak, Pogemiller and Johnson, D.J. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1711 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1711

A bill for an act relating to Aitkin county; permitting the county to regulate certain public land interests by ordinance.

April 15, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1711, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1711 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [AITKIN COUNTY PUBLIC LAND ORDINANCES.]

*Subdivision 1. [REGULATION.] The Aitkin county board of commissioners may regulate by ordinance the use of lands that are adjacent to public waters and dedicated to the public or for public use but are not owned by the state or held in the corporate name of a home rule charter or statutory city or other political subdivision. The ordinance may regulate the times and types of uses of the lands, including the placement of structures, the parking of vehicles or trailers, and the placement of docks and boats on the lands or in waters adjacent to them. The ordinance may make different provisions for times and types of uses for each separate parcel of land affected by the ordinance. The ordinance may provide penalties permitted by Minnesota Statutes, section 375.53. The ordinance is not required to include every parcel of land possibly subject to this section.*

*The enactment of an ordinance pursuant to this section shall not be construed to be the acquisition of any affected parcel of land by the county. The exercise of regulatory authority under the ordinance shall not be construed as the adoption of any affected parcel for maintenance, supervision, or any other proprietary purpose by the county.*

*Subd. 2. [LOCAL APPROVAL.] This section takes effect the day after the Aitkin county board complies with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 2. [CARLTON COUNTY ASSISTANT COUNTY ATTORNEY.]

*Subdivision 1. Notwithstanding Minnesota Statutes, section 353.37, or any other law to the contrary, an assistant county attorney for Carlton county who retired under the rule of 85 after public service in various legal positions and who, in February 1987, resumed public service in the person's present position, is considered to have elected a deferred annuity under Minnesota Statutes, section 353.34, subdivision 3, with deferred annuity payments to commence upon the termination of the person's present employment. During the person's present employment, the person is entitled to participation in the state unclassified employees retirement program, and the person and the county shall make the contributions required under Minnesota Statutes, chapter 352D.*

*Subd. 2. This section is effective on approval by the Carlton county board, the day after compliance with Minnesota Statutes, section 645.021, subdivision 3."*

Delete the title and insert:

"A bill for an act relating to local government; regulating certain Carlton county employee benefits; permitting Aitkin county regulation of certain public land interests."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Florian Chmielewski, Bob Lessard, Sam G. Solon

House Conferees: (Signed) Paul Anders Ogren, Douglas W. Carlson, Loren A. Solberg

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1711 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1711 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 8, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Hughes	Metzen	Renneke
Anderson	Davis	Johnson, D.E.	Moe, D.M.	Samuelson
Beckman	Decker	Jude	Moe, R.D.	Schmitz
Belanger	DeCramer	Knaak	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berglin	Frederick	Lantry	Pehler	Storm
Bernhagen	Frederickson, D.J.	Lessard	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.R.	Luther	Piper	Taylor
Brandl	Freeman	McQuaid	Pogemiller	Vickerman
Brataas	Gustafson	Mehrkens	Ramstad	

Those who voted in the negative were:

Cohen	Frank	Merriam	Purfeerst	Waldorf
Dahl	Larson	Olson		

So the bill, as amended by the Conference Committee, was repassed and

its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that H.F. No. 2228 be taken from the table. The motion prevailed.

H.F. No. 2228: A bill for an act relating to education; establishing a records destruction schedule for chemical abuse preassessment teams; requiring law enforcement reports of certain violations to preassessment teams; amending Minnesota Statutes 1987 Supplement, sections 126.034; 126.035; 126.037; and 260.161, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 126; repealing Minnesota Statutes 1987 Supplement, section 126.033, subdivision 4.

### 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. 2228 and that the rules of the Senate be so far suspended as to give H.F. No. 2228 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2228 was read the second time.

Mr. Cohen moved to amend H.F. No. 2228 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2228, and insert the language after the enacting clause, and the title, of S.F. No. 2277, the first engrossment.

The motion prevailed. So the amendment was adopted.

Mr. Storm moved to amend H.F. No. 2228, as amended by the Senate April 16, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2277.)

Page 4, after line 3, insert:

*"Subd. 2. [DISTRICT POLICY.] Each school board shall develop and adopt a policy governing the notification of law enforcement agencies in cases of violations of Minnesota Statutes, chapter 152. The policy must comply with both state and federal data privacy statutes. After a policy is adopted, the school board shall provide a copy of the policy to each school within the district."*

Page 4, line 4, delete "2" and insert "3"

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

H.F. No. 2228 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	Cohen	Hughes	McQuaid	Ramstad
Anderson	Dahl	Johnson, D.E.	Mehrkens	Renneke
Beckman	Davis	Jude	Merriam	Samuelson
Benson	Decker	Knaak	Moe, R. D.	Schmitz
Berg	DeCramer	Kroening	Morse	Solon
Berglin	Diessner	Langseth	Olson	Spear
Bernhagen	Frank	Lantry	Pehler	Vickerman
Bertram	Frederick	Larson	Peterson, D.C.	Waldorf
Brandl	Frederickson, D.R.	Lessard	Peterson, R. W.	
Brataas	Freeman	Luther	Piper	
Chmielewski	Gustafson	Marty	Pogemiller	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Cohen moved that S.F. No. 2277, on Special Orders, be stricken and laid on the table. 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. 453: Messrs. Hughes, Spear and Peterson, R. W.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### RECESS

Mr. Luther 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. Knaak imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### CALL OF THE SENATE

Mr. Diessner imposed a call of the Senate for the balance of the proceedings on S.F. No. 1686. The Sergeant at Arms was instructed to bring in the absent members.

### RECONSIDERATION

Mr. Diessner moved that the vote whereby the Conference Committee Report on S.F. No. 1686 was rejected by the Senate April 16, 1988, be now reconsidered. The motion prevailed.

S.F. No. 1686: A bill for an act relating to agriculture; prescribing procedure for delivery of dry edible beans from a grain warehouse; requiring the grade of dry edible beans on warehouse receipts; prescribing a redelivery charge; amending Minnesota Statutes 1986, sections 223.16, subdivision 4; 232.21, subdivision 7; and 232.23, by adding a subdivision.

The question recurred on the adoption of the motion of Mr. Morse to reject the Conference Committee Report.

The roll was called, and there were yeas 16 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Brandl	Freeman	Morse	Renneke
Benson	Frederick	Knaak	Pehler	Spear
Bernhagen	Frederickson, D.J.	Moe, R.D.	Peterson, R.W.	Stumpf
Bertram				

Those who voted in the negative were:

Adkins	Dicklich	Jude	Mehrkens	Piper
Beckman	Diessner	Kroening	Merriam	Ramstad
Belanger	Frank	Laidig	Metzen	Reichgott
Berg	Frederickson, D.R.	Lantry	Moe, D.M.	Storm
Brataas	Gustafson	Lessard	Novak	Vickerman
Chmielewski	Hughes	Marty	Olson	
Decker	Johnson, D.J.	McQuaid	Peterson, D.C.	

The motion did not prevail.

The question recurred on the adoption of the motion of Mr. Chmielewski to adopt the Conference Committee Report. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1686 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 38 and nays 14, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Hughes	Marty	Peterson, D.C.
Beckman	Dicklich	Johnson, D.J.	McQuaid	Piper
Belanger	Diessner	Kroening	Mehrkens	Reichgott
Berg	Frank	Laidig	Merriam	Storm
Bertram	Frederickson, D.J.	Langseth	Metzen	Stumpf
Brataas	Frederickson, D.R.	Lantry	Moe, D.M.	Vickerman
Chmielewski	Freeman	Lessard	Novak	
Decker	Gustafson	Luther	Olson	

Those who voted in the negative were:

Anderson	Brandl	Jude	Morse	Ramstad
Benson	Davis	Knaak	Pehler	Spear
Bernhagen	Frederick	Moe, R.D.	Peterson, R.W.	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 392, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 392: A bill for an act relating to public safety; providing for the mandatory surrender of registration plates and certificates of motor vehicles operated by repeat DWI offenders; providing for administrative review; requiring a report; appropriating money; amending Minnesota Statutes 1986, sections 168.041; 169.123, subdivision 5b; 169.1261; and 171.29, by adding a subdivision; and Minnesota Statutes 1987 Supplement, section 169.121, subdivision 5a.

Senate File No. 392 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1462, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1462: A bill for an act relating to housing; creating a low-income housing trust account; providing for the uses of the account; placing certain requirements on real estate trust accounts; appropriating money; amending Minnesota Statutes 1986, sections 82.24, by adding a subdivision; and 82.34, subdivisions 6 and 15; Minnesota Statutes 1987 Supplement, section 82.17, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 462A.

Senate File No. 1462 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1742, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1742: A bill for an act relating to agriculture; clarifying a time-price offer; allowing a preceding former owner to convey the right to receive an offer to buy or lease previously owned agricultural land; restricting the sale or inducement of a sale of agricultural land by a preceding former owner accepting an offer for one year; providing penalties and liability for damages; restricting the period for a debtor to receive a copy of a forbearance policy; amending Minnesota Statutes 1987 Supplement, sections

500.24, subdivisions 6 and 7; and 583.24, subdivision 4.

Senate File No. 1742 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1871, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1871: A bill for an act relating to family law; prohibiting certain false allegations of child abuse; regulating child custody hearings; providing a penalty; amending Minnesota Statutes 1986, section 518.17, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 609.

Senate File No. 1871 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2119, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2119: A bill for an act relating to child abuse reporting; clarifying the assessment duties of the local welfare agency; providing for the retention of records in certain circumstances; amending Minnesota Statutes 1986, section 626.556, subdivisions 5, 10d, and by adding subdivisions; and Minnesota Statutes 1987 Supplement, section 626.556, subdivision 11.

Senate File No. 2119 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1769, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1769: A bill for an act relating to human rights; clarifying marital status discrimination and housing discrimination; enforcing comparable worth and affirmative action requirements; making procedural and administrative changes; amending Minnesota Statutes 1986, sections 363.01, by

adding a subdivision; 363.02, subdivision 2a, and by adding a subdivision; 363.03, subdivision 2; 363.06, subdivision 3; 363.073, subdivisions 1 and 3; 363.091; 363.121; and 363.14, subdivisions 1 and 3; Minnesota Statutes 1987 Supplement, sections 363.06, subdivision 1; and 363.071, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 363.

Senate File No. 1769 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2323, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2323: A bill for an act relating to financial institutions; authorizing certain investments for banks; amending Minnesota Statutes 1986, sections 48.152, subdivision 10; 48.24, subdivision 5; and 48.61, by adding a subdivision.

Senate File No. 2323 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2055, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2055: A bill for an act relating to human services; defining terms; requiring that court receive annual reviews of people with indeterminate commitments; providing for court-ordered community-based treatment; defining procedures for community-based commitment; requiring procedures for release before commitment and provisional discharge; appropriating money; amending Minnesota Statutes 1986, sections 253B.02, subdivisions 13, 19, and by adding subdivisions; 253B.03, subdivision 5; 253B.09, subdivision 1; 253B.15, subdivisions 1, 3, 5, 6, 7, and by adding a subdivision; and 253B.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 253B; repealing Minnesota Statutes 1986, section 253B.09, subdivision 4.

Senate File No. 2055 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:



I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2214, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2214: A bill for an act relating to natural resources; authorizing the commissioner to sell certain surplus lands to local governments for local recreation or natural resource purposes; authorizing the commissioner of natural resources to convey road and flowage easements in certain circumstances; transferring duties and powers of county auditors and treasurers relating to sales of certain classes of state land to the commissioner; transferring the authority to issue state land patents from the governor to the commissioner; specifying the amount above appraised value that the commissioner may pay when acquiring land; authorizing long-term leases of state land for certain purposes; modifying certain provisions of land exchange laws relating to appraisals and fees; implementing exchanges of public land authorized by the constitution; authorizing exchange of school trust land located within a state park; appointing an independent trustee and legal counsel for land exchanges involving school trust land; providing a procedure for exchange of Class B land with Class A or Class C land; authorizing governmental units to exchange land in the same manner as private persons; amending Minnesota Statutes 1986, sections 84.027, by adding a subdivision; 84.631; 85.015, subdivision 1; 92.16, subdivision 1; 92.23; 92.24; 92.26; 92.27; 92.29; 92.50, subdivision 1; 94.342, subdivision 3, and by adding subdivisions; 94.343, subdivisions 3 and 9; 94.344, subdivisions 1, 3, 7, and 10; 94.348; Minnesota Statutes 1987 Supplement, sections 84.0272; and 105.392, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 84 and 92; repealing Minnesota Statutes 1986, section 92.25.

Senate File No. 2214 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2226, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2226: A bill for an act relating to state government; amending certain provisions governing advisory councils, committees, and task forces; amending Minnesota Statutes 1986, sections 3.922, subdivision 3; 3.9225, subdivision 1; 3.9226, subdivision 1; 6.65; 15.059, subdivision 5; 79.51, subdivision 4; 84B.11, subdivision 1; 85A.02, subdivision 4; 115.54; 116C.59, subdivisions 1, 2, and 4; 116C.839; 121.83; 124.48, subdivision 3; 126.56, subdivision 5; 128A.03, subdivision 3; 135A.05; 136A.02, subdivision 7; 138.97, subdivision 3; 162.02, subdivision 2; 162.09, subdivision 2; 174.031, subdivision 2; 175.008; 182.653, subdivision 4e; 214.141; 248.10, subdivision 2; 254A.035, subdivision 2; 256C.28, subdivision 2; 299F.097; 611A.34, subdivision 1; 611A.71, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 15.059, subdivision 6; 16B.20, subdivision 2; 43A.316, subdivision 4; 115A.12, subdivision 1; 116J.971, by

adding a subdivision; 120.17, subdivision 11a; 121.934, subdivision 1; 123.935, subdivision 7; 126.665; 129C.10, subdivision 3; 136A.02, subdivision 6; 144.672, subdivision 1; 175.007, subdivision 1; 245.697, subdivision 1; 245.97, subdivision 6; 246.56, subdivision 2; 256.482, subdivision 1; 256.73, subdivision 7; 256B.064, subdivision 1a; 256B.27, subdivision 3; 256B.433, subdivisions 1 and 4; 299A.23, subdivision 2; 299J.06, subdivision 4; repealing Minnesota Statutes 1986, sections 116J.04; 160.80, subdivision 6; 177.28, subdivision 2; 326.66; Minnesota Statutes 1987 Supplement, section 115A.12, subdivision 2.

Senate File No. 2226 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1268, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1268: A bill for an act relating to energy and economic development; providing for the powers and duties of the commissioner of energy and economic development; clarifying definitions; authorizing certain Indian tribes to create community energy councils; providing the purpose for which an appropriation may be spent; amending Minnesota Statutes 1986, sections 116J.09; 116J.10; 116J.19, subdivision 6; 116J.36, subdivision 2; 116J.381, subdivision 2; and Laws 1981, chapter 334, section 11, subdivision 1.

Senate File No. 1268 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1885, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1885: A bill for an act relating to commerce; motor fuel franchises; regulating certain building alterations; providing remedies; amending Minnesota Statutes 1986, section 80C.146, subdivisions 2 and 3; repealing Laws 1984, chapter 444, section 4, as amended by Laws 1986, chapter 343, section 1.

Senate File No. 1885 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2031, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2031 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2031

A bill for an act relating to waste management; requiring certain buildings to provide space for recycling; changing the definition of recyclable materials; specifying the responsibilities of the legislative commission on waste management; adding containment of hazardous waste as an item for which the waste management board may make grants; making industrial waste facilities eligible for processing facility loans; creating additional loan and grant programs for waste tire management; banning used oil from placement on the land; removing the county fee cap for waste disposal in the metropolitan area; adding the chair of the waste management board to the environmental quality board; repealing the expiration date of the legislative commission on waste management; appropriating money; amending Minnesota Statutes 1986, sections 16B.24, subdivision 6; 16B.61, by adding a subdivision; 115A.03, subdivisions 25a and 25b; 115A.14, subdivision 4; 115A.156, subdivision 3; 115A.165; 115A.912; 115A.914; 115A.919; 115B.17, by adding a subdivision; 473.803, subdivision 4; and 609.68; Minnesota Statutes 1987 Supplement, sections 115A.156, subdivisions 1 and 2; 115A.162; 115A.48; 115A.916; 115A.95; and 116C.03, subdivision 2; Laws 1980, chapter 564, article XII, section 1, subdivision 3, as amended; Laws 1987, chapters 348, section 51, subdivision 1; and 404, section 24, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapters 115A and 325E; repealing Minnesota Statutes 1986, sections 115A.14, subdivision 6; and 115A.90, subdivision 4; Minnesota Statutes 1987 Supplement, sections 115A.14, subdivision 5; 115A.41; 116.55; and 116M.07, subdivision 14.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2031, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2031 be further amended as follows:

Page 2, line 30, delete "is" and insert "be"

Page 3, line 2, delete "12 or less" and insert "less than 12"

Page 3, line 9, after the period insert "Refuse derived fuel or other

*material that is destroyed by incineration is not a recyclable material."*

Page 3, lines 15 and 16, delete "which" and insert "that"

Page 3, line 19, before "The" insert "(a)"

Page 3, line 33, before "The" insert "(b)"

Page 4, line 6, before "The" insert "(c)"

Page 5, line 12, before "The" insert "(a)"

Page 6, line 3, before "The" insert "(b)"

Page 7, line 12, strike ", 1986,"; delete the new language and insert "of each even-numbered year,"

Page 8, line 18, delete "shall only" and insert "may"

Page 8, line 20, before "if" insert "only"

Page 8, line 22, delete "such a" and insert "the" and delete "cost effective" and insert "cost-effective"

Page 8, line 24, delete "[115A.55]" and insert "[115A.97]"

Page 9, line 29, after the period insert "The program must include separate testing of fly ash, bottom ash, and combined ash unless the agency determines that because of physical constraints at the facility separate samples of fly ash and bottom ash cannot be reasonably obtained in which case only combined ash must be tested."

Page 11, line 19, delete everything after "may" and insert "recover by civil action"

Page 11, line 20, delete "recover"

Page 11, line 23, before "The" insert "(a)"

Page 11, line 33, before "The" insert "(b)"

Page 12, lines 27 and 28, delete "abatement and permitting"

Page 13, line 15, before "The" insert "Subdivision 1. [LOANS.]"

Page 13, line 17, before "The" insert "Subd. 2. [GRANTS.]"

Page 14, delete section 20 and insert:

"Sec. 20. Minnesota Statutes 1987 Supplement, section 115A.921, is amended to read:

115A.921 [CITY OR TOWN FEE AUTHORITY.]

A city or town may impose a fee, not to exceed 25 35 cents per cubic yard of waste, or its equivalent, on operators of facilities for the disposal of mixed municipal solid waste located within the city or town. The revenue from the fees must be credited to the city or town general fund and. Revenue produced by 25 cents of the fee must be used only for purposes of landfill abatement or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities. Revenue produced by ten cents of the fee may be used for any general fund purpose. Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from one-half the amount of the fee imposed by a city or town under this

section if there is at least an 85 percent volume reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate city or town.

Sec. 21. [115A.936] [LAND DISPOSAL OF YARD WASTE.]

(a) *Except as authorized by the agency, in the metropolitan area after January 1, 1990, and outside the metropolitan area after January 1, 1992, a person may not dispose of yard waste:*

(1) *in mixed municipal solid waste;*

(2) *in a disposal facility; or*

(3) *in a resource recovery facility except for the purposes of composting or co-composting.*

(b) *Yard waste subject to this subdivision is garden wastes, leaves, lawn cuttings, weeds, and prunings.*

Sec. 22. [115A.98] [WASTE DISPOSAL FEE REGULATION.]

*Subdivision 1. [FEE REGULATION.] The legislature finds that the limited number of solid waste disposal facilities in the metropolitan area has created a condition that could allow operators to charge unjust and unreasonable rates. The legislature finds that until sufficient alternatives to landfill disposal become available, the disposal of solid waste is necessary for the health and general welfare of the citizens of this state. Therefore, to ensure just and reasonable fees for the disposal of solid waste, ash, and construction debris in the metropolitan area and a reasonable rate of return to owners and operators of disposal facilities while achieving environmental requirements and other community standards at the facilities, disposal fee structures of disposal facilities that accept solid waste, ash, or construction debris will be publicly regulated.*

*Subd. 2. [DISPOSAL FEE DISCLOSURE.] By July 1 of each year, each permittee of a disposal facility that accepts solid waste, ash, or construction debris in the metropolitan area shall file with the agency the disposal fees of that facility, including any proposed changes in those fees. The permittee of a facility must also file all necessary documentation to support the amounts of the fees charged, the costs of operation, and the necessity of fee increases to reflect cost increases. Until June 1, 1989, disposal fees in the metropolitan area may not be increased except to reflect documented increases in the costs of operation of the disposal facility. The agency may suspend the operation of a disposal facility whose permittee fails to file the information required in this subdivision or files inadequate information to support fee increases based on increased costs until such time as the permittee files adequate information.*

*Subd. 3. [COMMISSION RECOMMENDATION.] The legislative commission on waste management, in cooperation with the agency, the board, the public utilities commission, other state agencies, and interested parties shall study current fee structures at disposal facilities in the state for the purpose of recommending to the legislature a regulatory program to ensure just and reasonable disposal fees. The recommendation must include identification of an appropriate entity to impose fee regulation, a structure for fee regulation, standards to be used in regulating fees, and procedures to be followed to regulate fees. The commission's recommendation must be finalized no later than December 31, 1988.*

*Subd. 4. [EFFECT ON SURCHARGES.] This section does not affect the amount of any city, county or state surcharges on disposal fees."*

Page 14, line 29, delete "of the agency" and after "may" insert a comma and after "request" insert a comma

Page 14, line 30, delete "any"

Page 14, line 34, delete "Agency"

Page 15, after line 6, insert:

"Sec. 24. [116.074] [NOTICE OF PERMIT CONDITIONS TO LOCAL GOVERNMENTS.]

*Before the agency grants a permit for a solid waste facility, allows a significant alteration of permit conditions or facility operation, or allows the change of a facility permittee, the commissioner must notify the county and town where the facility is located, contiguous counties and towns, and all home rule charter and statutory cities within the contiguous townships. If a local government unit requests a public meeting within 30 days after being notified, the agency must hold at least one public meeting in the area near the facility before granting the permit, allowing the alterations in the permit conditions or facility operation, or allowing the change of the facility permittee."*

Page 15, after line 20, insert:

"Sec. 26. [325E.042] [PROHIBITING SALE OF CERTAIN PLASTICS.]

*Subdivision 1. [PLASTIC CAN.] (a) A person may not sell, offer for sale, or give to consumers in this state a beverage packaged in a plastic can.*

*(b) A plastic can subject to this subdivision is a single serving beverage container composed of plastic and metal excluding the closure mechanism.*

*Subd. 2. [NONDEGRADABLE PLASTIC.] A person may not sell, offer for sale, or give to consumers beverages or motor oil containers held together by nondegradable plastic material.*

*Subd. 3. [PENALTY.] A person who violates subdivision 1 or 2 is guilty of a misdemeanor."*

Page 16, line 14, before "Any" insert "After being notified that a plastic container does not comply with the rules under subdivision 2,"

Page 16, line 16, delete the period and insert "and"

Page 16, delete line 17

Page 16, line 18, delete everything before "may"

Page 16, line 20, delete "(c)" and insert "(b)"

Page 16, after line 30, insert:

"Sec. 29. Minnesota Statutes 1986, section 473.149, subdivision 2b, is amended to read:

*Subd. 2b. [INVENTORY OF SOLID WASTE DISPOSAL SITES.] By September 1, 1983, the council shall adopt by resolution an inventory of eligible solid waste disposal sites and buffer areas within the metropolitan area. The council's inventory shall be composed of the sites and buffer areas proposed by the counties and reviewed and approved by the council*

pursuant to section 473.803, subdivision 1a. If a county does not have an approved inventory of the required number of sites by June 1, 1983, the council shall begin investigations and public hearings in order to adopt the required inventory for the county by September 1, 1983. The council's inventory shall satisfy all requirements and standards described in section 473.803, subdivision 1a, for sites and buffer areas proposed by counties. For sites and buffer areas included in the council's inventory, the development limitation imposed under section 473.806, subdivision 1, shall extend until 90 days following the selection of sites pursuant to section 473.833, subdivision 3. *Upon the request of a county, the council may remove from the inventory property that is within the boundaries of the fill portion of a currently or previously permitted solid waste disposal facility, if the removal of the property does not reduce the size of the affected site below the 80 acre minimum area required in section 473.803, subdivision 1a.*"

Page 17, after line 12, insert:

"Sec. 31. Minnesota Statutes 1986, section 473.806, is amended to read:

**473.806 [INVENTORY OF DISPOSAL SITES; DEVELOPMENT LIMITATIONS.]**

**Subdivision 1. [COUNCIL APPROVAL REQUIRED.]** In order to permit the comparative evaluation of sites and the participation of affected localities in decisions about the use of sites, a metropolitan development limitation is hereby imposed as provided in this subdivision on development within the area of each site and buffer area proposed by a county pursuant to section 473.803, subdivision 1a, pending the council's adoption of an inventory pursuant to section 473.149, subdivision 2b. For sites and buffer areas included in the council's inventory, the limitation shall extend until 90 days following the selection of sites pursuant to section 473.833, subdivision 3, except that the council may at any time, with the approval of the county in which the site is located, abrogate the application of the limitation to a specific site or sites or buffer areas. No development shall be allowed to occur within the area of a site or buffer area during the period of the metropolitan development limitation without the approval of the council. No county, city, or town land use control shall permit development which has not been approved by the council, nor shall any county, city, or town sanction or approve any subdivision, permit, license, or other authorization which would allow development to occur which has not been approved by the council. The council shall not approve actions which would jeopardize the availability of a site for use as a solid waste facility. The council may establish guidelines for reviewing requests for approval under this subdivision. Requests for approval shall be submitted in writing to the chair of the council and *must include a development schedule and any information required by the council to demonstrate that the proposed development is feasible and economically viable pursuant to guidelines adopted by the council.* Requests for approval shall be deemed to be approved by the council unless the chair otherwise notifies the submitter in writing within 15 days.

**Subd. 2. [ACQUISITION OF TEMPORARY DEVELOPMENT RIGHTS.]** If pursuant to subdivision 1 the council refuses to approve development which is permitted by local development plans, land use classification, and zoning and other official controls applying to the property on February 1, 1983, the landowner may elect to have the county purchase temporary

development rights to the property for the period extending from the date when the council approved the site which affects the property for inclusion in the metropolitan inventory of sites until December 31, 1987 1992. The election must be made within 30 days of the council's decision to refuse to approve development. The council shall provide funds, from the proceeds of the bonds issued pursuant to section 473.831, for the county to purchase the temporary development rights. The landowner's compensation shall be determined by the agreement of the owner, the county, and the council. If the parties cannot agree within 60 days of the owner's election, the county shall acquire the temporary development rights through eminent domain proceedings, and the landowner's compensation shall be the fair market value of the temporary development rights. A landowner who elects under this section to have the county purchase temporary development rights to the landowner's property is entitled to prompt action by the county. If the landowner brings a successful action to compel the county to initiate eminent domain proceedings, the landowner is entitled to petition the court for reimbursement of reasonable costs and expenses, including reasonable attorney, appraisal, and engineering fees that were actually incurred in bringing the action.

Sec. 32. Minnesota Statutes 1986, section 473.840, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) "Qualifying property" is a parcel of real property any part of which is located within the site or buffer area of a candidate site under section 473.153, or a site included in the metropolitan inventory adopted under section 473.149, subdivision 2b, for the purposes of environmental review under section 473.833, subdivision 2a.

(b) An "eligible owner" is a person who: (1) owns the entire parcel of qualifying property; (2) owned the entire parcel of property at the time the site was selected as a candidate site or included in the metropolitan inventory; and (3) since the site was selected or included in the inventory, has for at least six months offered to sell the entire parcel on the open market through a licensed real estate agent; and (4) has not previously entered a contract under subdivision 4 for the sale of any or all of the parcel.

Sec. 33. Minnesota Statutes 1986, section 473.840, subdivision 4, is amended to read:

Subd. 4. [CONTRACT; TERMS AND REQUIREMENTS.] The council and the county or commission shall enter a contract as provided in this subdivision with an eligible owner of qualifying property who requests the council and the county or commission to enter the contract as provided in subdivision 3. The council and the county or commission have 90 days to act on a request submitted under subdivision 3. The contract must include at least the following terms:

(a) The owner must offer to sell the entire parcel of property on the open market through a licensed real estate agent approved by the council for at least a six-month period beginning within one month after the appraised market value of the property is determined as provided in paragraph (b). The offer to sell must be made at no more than the appraised market value.

(b) The appraised market value of the property must be determined by an appraiser selected by the council. If the owner disagrees with the appraisal the owner shall select an appraiser to make a second appraisal. If a second appraisal is made, the council and the owner may agree on an appraised



market value equal to either the first or second appraisal or any amount between those appraisals. If the council and owner do not agree on an appraised market value the two appraisers shall select a third appraiser, and the appraised market value must be determined by a majority of the three appraisers. Appraisers must be selected from the approved list of real property appraisers of the state commissioner of administration. Appraisers shall take an oath that they have no interest in any of the property to be appraised or in the purchase thereof. Each party shall pay the cost of the appraiser selected by that party and shall share equally in the cost of a third appraiser selected under this paragraph. The appraised market value of the property may not be increased or decreased by reason of its selection as a candidate or inventoried site or buffer area.

(c) The county or commission must purchase the entire parcel of property at the appraised market value determined under paragraph (b) if: (1) the council determines, based upon affidavits provided by the owner and the real estate agent and other evidence the council may require, that the owner has made a good faith effort to sell the property as provided in paragraph (a) and has been unable to sell the property at the appraised market value; (2) ~~the council determines that the owner will be subject to undue hardship as a result of failure to sell;~~ (3) the county or commission determines that the owner has marketable title to the property and that the owner has cured any defects in the title within a reasonable time as specified in the contract; and ~~(4)~~ (3) the owner conveys the property by warranty deed in a form acceptable to the county or commission.

(d) The owner may not assign or transfer any rights under the contract to another person.

(e) The contract expires and the obligations of the parties under the contract cease when the property is sold or is either selected or eliminated from consideration by a final decision of the council under section 473.153, subdivision 6, or by a final decision of the county site selection authority or council under section 473.833, subdivision 3.

(f) The council and the commission or county may require other terms of contract that are consistent with the purposes of this section and necessary to protect the interests of the parties.

Sec. 34. Minnesota Statutes 1986, section 473.845, subdivision 3, is amended to read:

Subd. 3. [~~CLOSURE AND POSTCLOSURE, RESPONSE PAYMENTS EXPENDITURES FROM THE FUND.~~] Money in the fund may only be appropriated to the agency for expenditure for:

(1) reasonable and necessary expenses for closure and postclosure care of a mixed municipal solid waste disposal facility in the metropolitan area for a 20-year period after closure, if the agency determines that the operator or owner will not take the necessary actions requested by the agency for closure and postclosure in the manner and within the time requested; ~~or~~

(2) reasonable and necessary response and postclosure costs at a mixed municipal solid waste disposal facility in the metropolitan area that has been closed for 20 years in compliance with the closure and postclosure rules of the agency; *or*

(3) *reasonable and necessary response costs resulting from county actions required under section 473.833, subdivision 2a, when those actions are*

*done under the supervision of the agency.*

Sec. 35. Minnesota Statutes 1986, section 477A.012, subdivision 2, is amended to read:

Subd. 2. [ADDITIONAL AID FOR CERTAIN COUNTIES.] (a) Each county that becomes eligible to negotiate a contract with the waste management board pursuant to section 115A.191 shall be entitled to receive ~~\$4,000~~ \$6,000 per month in additional local government aids, for each full calendar month that it is eligible. If the state's liability under this clause exceeds \$40,000 in any month, the commissioner shall proportionately reduce the entitlements of each eligible county.

(b) Any county government that has executed a contract with the board pursuant to section 115A.191 shall receive an amount as provided under a schedule set forth in the contract not to exceed \$150,000 per year in additional local government aids, for a period of not more than two years following the execution of the contract. The sum of the state's obligations under this clause may not exceed \$600,000 in any fiscal year.

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

Page 17, after line 22, insert:

"Sec. 37. [PENNINGTON COUNTY SOLID WASTE LOAN FORGIVEN.]

*Notwithstanding Minnesota Statutes, section 115A.54, subdivision 3, the awarding resolution, or the agreement between Pennington county and the state acting through the waste management board, Pennington county need not repay the outstanding balance of the loan made to it under Minnesota Statutes, section 115A.54, subdivision 2. The other obligations of Pennington county under the loan agreement remain in effect.*

Sec. 38. [REPORT.]

*As part of the report required in 1988 by Minnesota Statutes 1987 Supplement, section 473.149, subdivision 6, the council shall estimate the disposal capacity available in the metropolitan area for mixed municipal solid waste and incinerator ash and shall describe the abatement implementation strategies and actions that would be necessary to make that capacity last until the years 2000, 2005, and 2010."*

Page 19, line 31, delete "this paragraph" and insert "paragraph (f)"

Page 20, delete section 31 and insert:

"Sec. 43. [APPROPRIATION; COMPLEMENT.]

*Subdivision 1. [WASTE MANAGEMENT BOARD.] \$821,300 is appropriated from the motor vehicle transfer fund to the waste management board for the waste tire management programs and waste oil loans and*

*grants and market feasibility studies.*

*This appropriation is available until expended.*

*The complement of the board is increased by six positions.*

*Subd. 2. [POLLUTION CONTROL AGENCY.] \$238,500 is appropriated to the pollution control agency from the environmental response, compensation, and compliance fund for the purposes of section 23 to be available until June 30, 1989. This appropriation must be returned to the fund through the cost recovery system under section 23.*

*The complement of the agency is increased by six positions, two of which are full-time temporary in the unclassified service, to develop an automated data base. When the data base is operational, the unclassified positions terminate and the approved complement of the agency is reduced accordingly."*

Page 21, lines 4 and 5, delete "and "waste management board""

Page 21, lines 5 and 6, delete "and subsequent editions of the statutes"

Page 21, line 8, delete "21, 28, 29, and 31" and insert "22, 23, 29, 31 to 34, 37, 40, 41, and 43"

Page 21, line 9, after the period insert "Section 26, subdivision 2, is effective July 1, 1989. Section 28 is effective April 1, 1989. Section 35 is effective July 1, 1988."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to waste management; requiring certain buildings to provide space for recycling; changing the definition of recyclable materials; specifying the responsibilities of the legislative commission on waste management; adding containment of hazardous waste as an item for which the waste management board may make grants; making industrial waste facilities eligible for processing facility loans; creating additional loan and grant programs for waste tire management; banning used oil from placement on the land; removing the county fee cap for waste disposal in the metropolitan area; increasing city and town fee authority; banning yard waste from landfills; establishing a study recommending a system to regulate solid waste disposal fees; authorizing the pollution control agency to recover certain costs; requiring notice to local governments of changes in solid waste disposal permits; adding the chair of the waste management board to the environmental quality board; banning the use of certain plastics; requiring labeling of plastic containers; making changes to the metropolitan landfill siting process; forgiving a solid waste loan to Pennington County; repealing the expiration date of the legislative commission on waste management; appropriating money; amending Minnesota Statutes 1986, sections 16B.24, subdivision 6; 16B.61, by adding a subdivision; 115A.03, subdivisions 25a and 25b; 115A.14, subdivision 4; 115A.156, subdivision 3; 115A.165; 115A.912; 115A.914; 115A.919; 115B.17, by adding a subdivision; 473.149, subdivision 2b; 473.803, subdivision 4; 473.806; 473.840, subdivisions 2 and 4; 473.845, subdivision 3; 477A.012, subdivision 2; and 609.68; Minnesota Statutes 1987 Supplement, sections 115A.156, subdivisions 1 and 2; 115A.162; 115A.48; 115A.916; 115A.921; and 116C.03, subdivision 2; Laws 1980, chapter 564, article XII, section 1, subdivision 3, as amended; Laws 1987, chapters 348, section 51, subdivision 1; and 404, section 24, subdivisions 4 and 6; proposing coding for new law in

Minnesota Statutes, chapters 115A; 116; and 325E; repealing Minnesota Statutes 1986, sections 115A.14, subdivision 6; and 115A.90, subdivision 4; Minnesota Statutes 1987 Supplement, sections 115A.14, subdivision 5; 115A.41; 116.55; and 116M.07, subdivision 14.”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Darby Nelson, Dee Long, Bob Anderson, Ernest A. Larsen, Jean D. Wagenius

Senate Conferees: (Signed) Gene Merriam, Gary W. Laidig, William P. Luther, James C. Pehler, John J. Marty

Mr. Merriam moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2031 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2031 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Jude	Metzen	Ramstad
Anderson	Davis	Knaak	Moe, D.M.	Reichgott
Beckman	Decker	Laidig	Moe, R.D.	Renneke
Belanger	DeCramer	Langseth	Morse	Solon
Benson	Diessner	Lantry	Novak	Spear
Berg	Frank	Larson	Olson	Storm
Bernhagen	Frederick	Lessard	Pehler	Stumpf
Bertram	Frederickson, D.J.	Luther	Peterson, D.C.	Vickerman
Brandl	Frederickson, D.R.	Marty	Peterson, R.W.	
Brataas	Freeman	McQuaid	Piper	
Chmielewski	Gustafson	Mehrkens	Pogemiller	
Cohen	Hughes	Merriam	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2596, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2596 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2596

A bill for an act relating to metropolitan government; creating a legislative task force to monitor performance of metropolitan agencies in complying

with certain laws; prescribing the contents of affirmative action plans for metropolitan agencies and a process for approval and reporting of those plans; requiring purchases from businesses owned by socially or economically disadvantaged persons; amending Minnesota Statutes 1986, sections 473.141, subdivision 9; and 473.406, subdivisions 2, 5, 6, and 7; proposing coding for new law in Minnesota Statutes, chapters 3 and 473.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2596, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2596 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 473.141, subdivision 9, is amended to read:

Subd. 9. [PERSONNEL CODE; MERIT SYSTEM.] (a) The council shall by resolution adopt guidelines for a personnel code relating to the employees of the commissions, except that nothing in Laws 1974, Chapter 422 shall impair the rights of any commission or employee under sections 473.405 and 473.415. After adoption of the guidelines, each commission shall by resolution adopt a personnel code in general conformance therewith. The code shall include a job classification plan, procedures for employment and promotion of personnel based on merit, procedures for the demotion, suspension or discharge of employees, procedures for hearing grievances, procedures for salary administration, and such other provisions as the council deems appropriate. In addition, the code shall provide for the development by each commission of affirmative action plans, which shall be submitted for approval to the appropriate agency or office of the state. The plans shall include a yearly progress report to the agency or office as provided in section 3. The chief administrator of each commission shall administer the code, and no commission shall take any action inconsistent with the personnel code.

(b) All employees of the commission except those expressly designated for the unclassified service, shall serve in the classified service. The unclassified service shall include: members of the commission, the chief administrator of the commission, all officers of the commission, any employee of the commission who is determined by the commission to have a confidential relationship to the commission or the council; and any employee of the commission expressly exempted from the classified service by law. Each code shall also include procedures for open competitive examinations to test the relative skill or ability of all applicants for positions in the classified service. Such examinations may consist of written or oral tests of the subjective or objective type, physical tests, and practical or demonstration tests for the evaluation of past training and experience. Oral tests may be used to test the applicant's knowledge of the position applied for or personal fitness for the position. Where there is more than one applicant for a position, each code shall provide for the employment of one

of the three applicants best qualified for it.

(c) When a commission employee has been demoted, suspended or dismissed by the chief administrator, the employee may, within 30 days after such action becomes effective, file with the commission a written request for a hearing showing the position from which the employee was dismissed, the date of dismissal, and the reason for requesting the hearing, full name and present mailing address. Upon receipt of a request for a hearing the commission shall appoint three of its members to act as an appeal committee and preside at a hearing on the action of the administrator. The hearing shall be held within 30 days after the request is received by the commission, upon written notice mailed or delivered to the employee at the employee's present mailing address, not less than seven days before the hearing. The appeal committee shall approve or disapprove the action of the administrator, and in the case of approval the action of the administrator shall be final. In the case of disapproval the appeal committee may reinstate the employee under such conditions as it deems proper, and may order the payment to the employee of compensation lost as a result of the demotion, suspension or dismissal.

**Sec. 2. [473.142] [SOCIALY AND ECONOMICALLY DISADVANTAGED BUSINESSES.]**

(a) *The metropolitan council and agencies specified in section 3, subdivision 1, shall attempt to award at least nine percent of the value of all procurement, other than contracts under clause (c), to businesses owned and operated by socially or economically disadvantaged persons. For purposes of this section, "socially or economically disadvantaged person" means a person who has been deprived of the opportunity to develop and maintain a competitive position in the economy because of social or economic conditions. This disadvantage may arise from cultural, social or economic circumstances, background, or other similar cause. It includes racial minorities, women, persons with a disability as defined in section 363.01, subdivision 25, sheltered workshops, and work activity programs. To the extent practicable, the council and agencies shall attempt to meet this goal through procurement from businesses with their principal place of business in Minnesota. In furtherance of this goal, the council or an agency shall set aside a percentage of all procurements for bidding only by these businesses. The council or an agency may also award a five percent preference to these businesses in the amount bid on selected procurements.*

(b) *The council and each agency specified in section 3, subdivision 1, as a condition of awarding procurements for construction, consultant, professional, or technical service contracts in excess of \$200,000, shall attempt to assure that at least ten percent of the contract award to a prime contractor be subcontracted to a business owned and operated by a socially or economically disadvantaged person, or that at least ten percent of the contract award be expended in purchasing materials or supplies from this type of business. This paragraph does not apply if the council or agency determines that there is no business owned and operated by a socially or economically disadvantaged person able to perform the subcontract or provide the supplies, or if the prime contractor is a business owned and operated by a socially or economically disadvantaged person. Subcontracting or purchasing of supplies under this subdivision is not included in determining achievement of goals under paragraph (a) or (c).*

(c) *The council and each agency specified in section 3, subdivision 1,*

shall attempt to award at least six percent of the value of all procurements for consultant services or professional or technical services to businesses owned and operated by socially or economically disadvantaged persons.

(d) In implementing paragraphs (a) and (c), the council and each agency specified in section 3, subdivision 1, shall attempt to purchase a variety of goods and services from different businesses owned and operated by socially or economically disadvantaged persons.

(e) The council and each agency may adopt rules to implement this section.

(f) This section does not apply to procurement financed in whole or in part with federal funds if the procurement is subject to federal disadvantaged, minority or women business enterprise regulations. The council and each agency shall report annually to the legislature on compliance with this subdivision. The reports must include the information specified in section 16B.21 that pertains to purchasing from businesses owned by socially or economically disadvantaged persons.

### Sec. 3. [473.143] [AFFIRMATIVE ACTION PLANS.]

*Subdivision 1. [APPLICATION.]* For purposes of this section, "agency" means a metropolitan agency as defined in section 473.121, except the metropolitan parks and open space commission. Agency also means the metropolitan mosquito control commission. For purposes of this section, "commissioner" means the commissioner of the state department of employee relations.

*Subd. 2. [DEVELOPMENT AND CONTENTS.]* The council and each agency shall develop an affirmative action plan and submit its plan to the commissioner for approval. The commissioner may not approve a plan unless the commissioner determines that it will be effective in assuring that employment positions are equally accessible to all qualified persons, in eliminating the underutilization of qualified members of protected groups, in providing a supportive work environment to all employees, regardless of race, religion, sex, national origin, or disability, and in dealing with discrimination complaints. For purposes of this section, "protected group" has the meaning given it in section 43A.02, subdivision 33. A plan must contain at least the elements required in this subdivision.

(a) It must identify protected groups that are underrepresented in the council's or agency's work force.

(b) It must designate a person responsible for directing and implementing the affirmative action program and assign the specific responsibilities and duties of that person. The person responsible for implementing the program shall report directly to the council's or agency's chief operating officer regarding the person's affirmative action duties. The person responsible for the affirmative action program shall review examination and other selection criteria to assure compliance with law. This person shall be involved in the filling of all vacancies in the council or agency work force, to the extent necessary to facilitate attainment of affirmative action goals.

(c) It must describe the methods by which the plan will be communicated to employees and to other persons.

(d) It must describe methods for recruiting members of protected groups. These methods may include internship programs, cooperation with union apprenticeship programs, and other steps necessary to expand the number

*of protected group members in applicant pools.*

*(e) It must describe internal procedures in accordance with this paragraph for processing complaints of alleged discrimination from job applicants and employees. The procedures must provide for an initial determination of whether the complaint is properly a discrimination complaint subject to the procedure under the affirmative action plan. Complaints filed under the discrimination procedures that allege reprisals against an employee for opposing a forbidden practice or for filing a charge, testifying, or participating in an investigation, proceeding, or hearing relating to a forbidden practice are appealable to the chief operating officer of the council or agency. Procedures under this paragraph must be distinct from any procedures available under a union contract or personnel policy for nondiscrimination complaints. Use of procedures developed under this paragraph is not a prerequisite to filing charges with a governmental enforcement agency, nor does it limit a person's right to file these charges.*

*(f) It must set goals and timetables to eliminate underutilization of members of each protected group in the council or agency work force.*

*(g) It must provide a plan for retaining and promoting protected group members in the council or agency work force. This plan should encourage training opportunities for protected group members, to the extent necessary to eliminate underutilization in specific parts of the work force.*

*(h) It must describe methods of auditing, evaluating, and reporting program success, including a procedure that requires a preemployment review of all hiring decisions for occupational groups with unmet affirmative action goals.*

*(i) It must provide for training of management and supervisory personnel in implementation of the plan and in dealing with alleged acts of discrimination in the workplace.*

*(j) It must provide for periodic surveying of the council or agency work force to determine employee attitudes toward implementation of the plan.*

*(k) It must provide for creation of an employee committee to advise on implementation of the plan and on any changes needed in the plan.*

**Subd. 3. [HARASSMENT.]** *The council and each agency shall adopt written policies forbidding harassment based on sex, disability, or race in their workplaces and establishing implementation plans and grievance procedures to deal with complaints of harassment based on sex, disability, or race.*

**Subd. 4. [PERFORMANCE EVALUATION.]** *The evaluation of the performance of each supervisory and managerial employee of the council and the agencies must include evaluation of the person's performance in implementing the council's or agency's affirmative action plan and in preventing forbidden discrimination in the workplace.*

**Subd. 5. [REPORT.]** *By March 1 each year, the commissioner shall report to the legislature on affirmative action progress of the council and of each agency. The report must include:*

*(1) an audit of the record of the council and each agency to determine compliance with affirmative action goals and to evaluate overall progress in attainment of overall affirmative actions objectives;*

*(2) if the council or any agency has failed to make satisfactory progress*



toward its affirmative action goals, a list of unmet goals and an analysis of why the failure occurred;

(3) a summary of all personnel actions taken by the council and each agency during the past calendar year, categorized by occupational group, protected group status, and full-time, part-time, temporary, and seasonal status; and

(4) a summary of discrimination complaints and lawsuits against the council and each agency filed or resolved during the past calendar year, including the basis for the complaints and lawsuits.

For purposes of this subdivision, "personnel action" means a new hire, promotion, transfer, demotion, layoff, recall from layoff, suspension with or without pay, letter of reprimand, involuntary termination, other disciplinary action, and voluntary termination.

The council and each agency shall report to the commissioner all information that the commissioner requests to make the report required by this subdivision. In providing this information, the council and agencies are not required to reveal information that is not public data under chapter 13.

The council and each agency shall submit these reports at the time and in the manner requested by the commissioner. The commissioner shall report to the legislature on the failure of the council or an agency to file the required report in a timely manner.

Subd. 6. [COORDINATION.] The commissioner or a designee shall meet with affirmative action officers of the council and all of the agencies to share successful techniques and foster innovative means to implement affirmative action plans and eliminate discrimination in the workplace.

Subd. 7. [COORDINATION WITH LEGISLATURE.] The council and each agency shall facilitate legislative oversight of equal opportunity practices by providing the legislature access, including access to computerized records if compatible systems exist, to public data maintained by the agency. The council and agencies must not provide access to information that is not public data as defined in section 13.02, subdivision 8a.

Sec. 4. [473.144] [CERTIFICATES OF COMPLIANCE FOR CONTRACTS.]

Neither the council nor an agency listed in section 3, subdivision 1, may accept any bid or proposal for a contract or execute a contract for goods or services in excess of \$50,000 with any business having more than 20 full-time employees in Minnesota at any time during the previous 12 months, unless the business has an affirmative action plan for the employment of minority persons, women, and the disabled that has been approved by the commissioner of human rights. Receipt of a certificate of compliance from the commissioner of human rights signifies that a business has an approved affirmative action plan. A certificate is valid for two years. Section 363.073 governs revocation of certificates. The rules adopted by the commissioner of human rights under section 363.074 apply to this section.

Sec. 5. Minnesota Statutes 1986, section 473.406, subdivision 2, is amended to read:

Subd. 2. [SET-ASIDES.] The metropolitan transit commission may, on a fiscal year basis, designate and set aside for awarding to shall comply

*with the requirements of section 2 relating to procurement from business entities controlled by socially or economically disadvantaged persons or handicapped persons, or for awarding to business entities which guarantee the use of subcontractors controlled by socially or economically disadvantaged persons or handicapped persons, approximately five percent of the value of its anticipated total procurement of goods and services, including construction.* The failure of the commission to set aside particular procurements shall not be deemed to prohibit or discourage business entities controlled by socially or economically disadvantaged persons or handicapped persons from seeking the procurement award through the normal solicitation and bidding processes.

Sec. 6. Minnesota Statutes 1986, section 473.406, subdivision 5, is amended to read:

Subd. 5. [RECURSE TO OTHER BUSINESSES.] If this section ~~does~~ and section 2 do not operate to extend a contract award to a business entity controlled by socially or economically disadvantaged persons ~~or handicapped persons~~, the award shall be placed pursuant to the normal solicitation and award procedures set forth in section 471.345.

Sec. 7. Minnesota Statutes 1986, section 473.406, subdivision 6, is amended to read:

Subd. 6. [RULES.] The commission shall promulgate by rule standards and procedures for certifying that business entities eligible to participate in the ~~set aside~~ program ~~authorized in~~ required by this section and section 2 are controlled by socially or economically disadvantaged persons ~~or handicapped persons~~. The commission shall promulgate other rules as may be necessary or advisable to carry out the provisions of this section and section 2.

Sec. 8. Minnesota Statutes 1986, section 473.406, subdivision 7, is amended to read:

Subd. 7. [OTHER LAWS SUPERSEDED.] In the event of conflict with other laws or rules, the provisions of this section and section 2 and rules promulgated pursuant to ~~it~~ them shall govern.

Sec. 9. [DEADLINE.]

*By January 1, 1989, the metropolitan council and each agency listed in section 3, subdivision 1, must have an affirmative action plan and anti-harassment policies that meet the requirements of section 3.*

Sec. 10. [AUTHORITY.]

*If a joint House-Senate committee or subcommittee is appointed to study and monitor equal opportunity activities of metropolitan agencies, the group has the powers granted to legislative committees under section 3.153.*

Sec. 11. [EFFECTIVE DATE.]

*Sections 1 to 9 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Sections 2, 4, 5, and 6 are effective January 1, 1989, and apply only to contracts for which notice of invitation to bid or requests for proposals are issued after the effective date of the section."*

Amend the title as follows:

Page 1, line 2, delete "creating a"

Page 1, delete lines 3 and 4

Page 1, line 9, after the semicolon, insert "requiring certain contractors to have affirmative action plans;"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Peter McLaughlin, Richard Jefferson, Sidney J. Pauly

Senate Conferees: (Signed) John J. Marty, Donald M. Moe, Glen Taylor

Mr. Marty moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2596 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2596 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Mehrkens	Piper
Anderson	Dahl	Jude	Merriam	Pogemiller
Beckman	Davis	Knaak	Metzen	Purfeerst
Belanger	Decker	Laidig	Moe, D.M.	Ramstad
Benson	DeCramer	Langseth	Moe, R.D.	Reichgott
Berg	Diessner	Lantry	Morse	Renneke
Bernhagen	Frank	Larson	Novak	Spear
Bertram	Frederickson, D.J.	Lessard	Olson	Storm
Brandl	Frederickson, D.R.	Luther	Pehler	Stumpf
Brataas	Freeman	Marty	Peterson, D.C.	Vickerman
Chmielewski	Gustafson	McQuaid	Peterson, R.W.	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 257, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 257 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 257

A bill for an act relating to state government; requiring the board of investments to adopt an investment policy; authorizing certain investments by the board of investments; providing that certain state employees who

are eligible to retire are eligible for state-paid insurance benefits; modifying definition of terms and conditions of employment for public employees; amending Minnesota Statutes 1986, sections 11A.04; 11A.24, subdivisions 2, 4, 5, and 6; 11A.25; 43A.24, subdivision 2; and 179A.03, subdivision 19.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 257, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 257 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1987 Supplement, section 43A.24, subdivision 2, is amended to read:

Subd. 2. [OTHER ELIGIBLE PERSONS.] The following persons are eligible for state paid life insurance and hospital, medical, and dental benefits as determined in applicable collective bargaining agreements or by the commissioner or by plans pursuant to section 43A.18, subdivision 6, or by the board of regents for employees of the University of Minnesota not covered by collective bargaining agreements. Coverages made available, including optional coverages, are as contained in the plan established pursuant to section 43A.18, subdivision 2.

(a) a member of the state legislature, provided that changes in benefits resulting in increased costs to the state shall not be effective until expiration of the term of the members of the existing house of representatives. An eligible member of the state legislature may decline to be enrolled for state paid coverages by filing a written waiver with the commissioner. The waiver shall not prohibit the member from enrolling the member or dependents for optional coverages, without cost to the state, as provided for in section 43A.26. A member of the state legislature who returns from a leave of absence to a position previously occupied in the civil service shall be eligible to receive the life insurance and hospital, medical, and dental benefits to which the position is entitled;

(b) a permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission or a state employee on leave of absence to work for the legislature, during a regular or special legislative session;

(c) a judge of the appellate courts or an officer or employee of these courts; a judge of the district court, a judge of county court, a judge of county municipal court, or a judge of probate court; a district administrator; and an employee of the office of the district administrator of the fifth or the eighth judicial districts;

(d) a salaried employee of the public employees retirement association;

(e) a full-time military or civilian officer or employee in the unclassified service of the department of military affairs whose salary is paid from state

funds;

(f) a salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(g) an employee of the regents of the University of Minnesota; and

(h) notwithstanding section 43A.27, subdivision 3, an employee of the state of Minnesota or the regents of the University of Minnesota who is at least 60 and not yet 65 years of age on July 1, 1982, who is otherwise eligible for employee and dependent insurance and benefits pursuant to section 43A.18 or other law, who has at least 20 years of service and retires, earlier than required, within 60 days of March 23, 1982; or an employee who is at least 60 and not yet 65 years of age on July 1, 1982, who has at least 20 years of state service and retires, earlier than required, from employment at Rochester state hospital after July 1, 1981; or an employee who is at least 55 and not yet 65 years of age on July 1, 1982, and is covered by the Minnesota state retirement system correctional employee retirement plan or the state patrol retirement fund, who has at least 20 years of state service and retires, earlier than required, within 60 days of March 23, 1982. For purposes of this clause, a person retires when the person terminates active employment in state or University of Minnesota service and applies for a retirement annuity. Eligibility shall cease when the retired employee attains the age of 65, or when the employee chooses not to receive the annuity that the employee has applied for. The retired employee shall be eligible for coverages to which the employee was entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established pursuant to section 43A.18, for employees in positions equivalent to that from which retired, provided that the retired employee shall not be eligible for state-paid life insurance. Coverages shall be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program; and

*(i) An employee of an agency of the state of Minnesota identified through the process provided in this paragraph who is eligible to retire prior to age 65. The commissioner and the exclusive representative of state employees shall enter into agreements under section 179A.22 to identify employees whose positions are in programs that are being permanently eliminated or reduced due to federal or state policies or practices. Failure to reach agreement identifying these employees is not subject to impasse procedures provided in chapter 179A. The commissioner must prepare a plan identifying eligible employees not covered by a collective bargaining agreement in accordance with the process outlined in section 43A.18, subdivisions 2 and 3. For purposes of this paragraph, a person retires when the person terminates active employment in state service and applies for a retirement annuity. Eligibility ends as provided in the agreement or plan, but must cease at the end of the month in which the retired employee chooses not to receive an annuity, or the employee is eligible for employer-paid health insurance from a new employer. The retired employees shall be eligible for coverages to which they were entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established under section 43A.18 for employees in positions equivalent to that from which they retired, provided that the retired employees shall not be eligible for state-paid life insurance.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 43A.316, subdivision 8, is amended to read:

Subd. 8. [CONTINUATION OF COVERAGE.] (a) A participating employee who is laid off or is on unrequested leave may elect to continue the plan coverage. This coverage is at the expense of the employee unless otherwise provided by a collective bargaining agreement. Premiums for these employees shall be established by the commissioner. Coverage continues until one of the following occurs:

(1) the employee is reemployed and eligible for health care coverage under a group policy; or

(2) the insurance continuation periods required by state and federal laws expire.

(b) A participating employee who retires and is receiving an annuity or is eligible for and has applied for an annuity under chapter 352, 352B, 352C, 352D, 353, 354, 354A, 356, 422A, 423, 423A, 424, or 490 is eligible to continue participation in the plan. ~~Any employer's contribution must cease when the retiree reaches age 65.~~ These employees, and employees who have already retired prior to the group from which they retired entering the plan, are eligible to participate as long as their group continues to participate. This participation is at the retiree's expense unless a collective bargaining agreement or *personnel policy* provides otherwise. An employer shall notify an employee of this option no later than the effective date of retirement. The retired employee shall notify the employer within 30 days of the effective date of retirement of intent to exercise this option.

The spouse of a deceased retired employee may purchase the benefits provided at premiums established by the commissioner if the deceased retired employee received an annuity under chapter 352, 353, 354, 354A, 356, 422A, 423, 423A, or 424 and if the spouse was a dependent under the retired employee's coverage under this section at the time of the death of the retired employee. Coverage under this clause shall be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(c) The plan benefits shall continue in the event of strike permitted by section 179A.18, if the exclusive representative chooses to have coverage continue and the employee pays the total monthly premiums when due.

(d) A person who desires to participate under paragraphs (a) to (c) shall notify the eligible employer or former employer of intent to participate according to rules established by the commissioner. The eligible employer shall notify the commissioner, and coverage shall begin as soon as the commissioner permits.

Persons participating under these paragraphs shall make appropriate premium payments in the time and manner established by the commissioner.

Sec. 3. Minnesota Statutes 1986, section 123.72, is amended to read:

123.72 [MEDICAL INSURANCE PREMIUMS FOR RETIRED PERSONNEL.]

The school board of any independent school district may expend funds to pay premiums on hospitalization and major medical insurance coverage for officers and employees who retire prior to age 65 ~~and who are between the ages of 55 and 65. Such premiums shall only be paid until such retired officers and employees reach age 65.~~

Sec. 4. Minnesota Statutes 1986, section 179A.03, subdivision 19, is

amended to read:

Subd. 19. [TERMS AND CONDITIONS OF EMPLOYMENT.] "Terms and conditions of employment" means the hours of employment, the compensation therefor including fringe benefits except retirement contributions or benefits *other than employer payment of, or contributions to, premiums for group insurance coverage of retired employees or severance pay*, and the employer's personnel policies affecting the working conditions of the employees. In the case of professional employees the term does not mean educational policies of a school district. "Terms and conditions of employment" is subject to section 179A.07.

Sec. 5. Minnesota Statutes 1986, section 179A.07, subdivision 2, is amended to read:

Subd. 2. [MEET AND NEGOTIATE.] (a) A public employer has an obligation to meet and negotiate in good faith with the exclusive representative of public employees in an appropriate unit regarding grievance procedures and the terms and conditions of employment, but this obligation does not compel the public employer or its representative to agree to a proposal or require the making of a concession.

The public employer's duty under this subdivision exists notwithstanding contrary provisions in a municipal charter, ordinance, or resolution. A provision of a municipal charter, ordinance, or resolution which limits or restricts a public employer from negotiating or from entering into binding contracts with exclusive representatives is superseded by this subdivision.

(b) *In addition, a public employer may, but does not have an obligation to, meet and negotiate in good faith with the exclusive representative of public employees in an appropriate unit regarding an employer contribution to the state of Minnesota deferred compensation plan authorized by section 356.24, paragraph (a), clause (4), within the limits set by section 356.24, paragraph (a), clause (4).*

Sec. 6. Minnesota Statutes 1986, section 179A.16, is amended by adding a subdivision to read:

Subd. 9. [NO ARBITRATION.] *Failure to reach agreement on employer payment of, or contributions toward, premiums for group insurance coverage of retired employees is not subject to interest arbitration procedures under this section.*

Sec. 7. Minnesota Statutes 1986, section 179A.20, is amended by adding a subdivision to read:

Subd. 2a. [FORMER EMPLOYEE BENEFITS.] *A contract may not obligate an employer to fund all or part of the cost of health care benefits for a former employee beyond the duration of the contract, subject to section 179A.20, subdivision 6. A personnel policy may not obligate an employer to fund all or part of health care benefits for a former employee beyond the duration of the policy. A policy may not extend beyond the termination of the contract of longest duration covering other employees of the employer or, if none, the termination of the budgetary cycle during which the policy is adopted.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 352.96, subdivision 2, is amended to read:

Subd. 2. [PURCHASE OF SHARES.] The amount of compensation so

deferred may be used to purchase:

- (1) shares in the Minnesota supplemental investment fund established in section 11A.17;
- (2) saving accounts in federally insured financial institutions;
- (3) life insurance contracts, fixed annuity and variable annuity contracts from companies that are subject to regulation by the commissioner of commerce; or
- (4) a combination of (1), (2), or (3), as specified by the participant.

The shares accounts or contracts purchased shall stand in the name of the state or other employing unit, for the officer or employee whose deferred compensation purchased the shares, until distributed to the officer or employee in a manner agreed upon by the employee and the executive director of the Minnesota state retirement system, acting for the employer. This subdivision does not authorize an employer contribution, *except as authorized in section 356.24, paragraph (a), clause (4)*. The state, political subdivision, or other employing unit is not responsible for any loss that may result from investment of the deferred compensation.

Sec. 9. Minnesota Statutes 1986, section 356.24, is amended to read:

**356.24 [SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.]**

(a) It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan which is established, maintained and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan ~~which that~~ was established, maintained and operated ~~prior to before~~ May 6, 1971;
- (2) to ~~any~~ a plan ~~which that~~ provides solely for group health, hospital, disability, or death benefits ~~or~~;
- (3) to ~~any~~ a plan ~~which that~~ provides solely for severance pay ~~as authorized pursuant to under~~ section 465.72 to a retiring or terminating employee; ~~or~~

(4) to the state of Minnesota deferred compensation plan under section 352.96, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee.

(b) No change in benefits or employer contributions in ~~any~~ a supplemental pension plan to which this section applies after May 6, 1971 ~~shall~~, may be effective without prior legislative authorization.

Sec. 10. Minnesota Statutes 1986, section 465.72, subdivision 1, is amended to read:

~~Subdivision 1. [PAYMENT; LIMITS.]~~ Except as may otherwise be provided in Laws 1959, chapter 690, as amended, ~~any~~ a county, city, township, school district or other governmental subdivision may pay severance pay to its employees and ~~promulgate adopt~~ 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 does not include the payment of accumulated vacation leave, compensation for accumulated sick leave or a combination thereof other payments in the form of periodic contributions by an employer toward premiums for group insurance policies for a former employee. The severance pay shall must be excluded from retirement deductions and from any calculations in retirement benefits. It shall Severance pay must be paid in a manner mutually agreeable to the employee and employer and, except as provided in subdivision 2, over a period not to exceed five years from retirement or termination of employment. If a retired or terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall must be paid to a named beneficiary or, lacking same one, to the deceased's estate. Except as provided in subdivision 2, in no event shall severance pay provided for an employee leaving employment may not exceed an amount equivalent to one year of pay.

Sec. 11. [471.611] [RETIREES' HEALTH INSURANCE BENEFITS.]

*Subdivision 1. [ACCOUNTING.] A unit of local government that agrees to make payments for health insurance benefits for retired employees shall identify the amount required to pay the cost of those benefits during the period in which the contract or personnel policy providing for those benefits is in effect and shall record the amount as an expenditure, according to generally accepted accounting principles, in the fiscal year or years during which the payments are to be made. A school district is in compliance with this subdivision if it complies with section 121.908, subdivision 6. Provision of these benefits under a personnel policy must be approved, as a separate action, by the governing body of the employing governmental unit.*

*Subd. 2. [COORDINATION.] A unit of local government that funds all or part of the cost of health care benefits for a retired employee must provide for coverage to be coordinated with applicable benefits provided through the federally sponsored medicare program.*

Sec. 12. Minnesota Statutes 1986, section 471.616, subdivision 1, is amended to read:

**Subdivision 1. [BIDDING REQUIRED.]** No governmental subdivision, political subdivision, or any other body corporate and politic authorized by law to purchase group insurance for its employees and providing or intending to provide group insurance protections and benefits for 25 or more of its employees shall enter into a contract for or renew any group insurance policy or contract without calling for bids and awarding the contract to the lowest responsible bidder by way of competitive bidding procedures similar to those for the provision of services and supplies under section 16B.07, subdivisions 1 to 5. A political subdivision may provide in the bid specifications that self-insured health benefit plans will not be considered. Lowest responsible bidder means the insurer, service plan corporation, or self-insurance plan, if allowed by the bid specifications which offers the lowest cost, is authorized to do business in this state, and is deemed by the governmental unit to be capable of satisfactorily performing the administration of the policy or contract in accordance with the bid specifications. "Cost" means in the case of an insurer, the net premium, including consideration of any expense and risk charges; in the case of service plan corporation, the charge for expenses and risk taking; and in

the case of self-insurance plans, the sum of the cost of paid claims, including provision for estimated incurred but unpaid claims at the end of the term, administrative costs, and premium for excess coverage. The cost of changing plans may also be considered in determining the lowest cost. The aggregate value of benefits provided by a contract entered into after July 1, 1973 shall not be less than those provided by the preexisting contract (a) unless a majority of the employees covered under the group insurance plan and voting on the question agree to a reduction in the benefits, if the employees are not represented by an exclusive representative pursuant to section 179A.12, or (b) unless the public employer and the exclusive representative of the employees of an appropriate bargaining unit, certified pursuant to under section ~~179.67~~ 179A.12, agree to a reduction in the benefits. ~~The aggregate value of benefits of any former employee who has retired shall not, in any event, be reduced pursuant to clause (a) or (b), unless the employee has individually agreed to the reduction.~~

No contract need be submitted to bid more frequently than once every 48 months, unless for any reason whatsoever, a 50 percent or greater change in the premium per covered employee under the policy contract is provided, required or indicated. If additional employees are added to an existing group pursuant to a joint powers agreement under section 471.59, new bids and award are not required.

When an insurer proposes an increase in rates, it shall accompany its proposal with an aggregate claims record for the appropriate period that explains the proposed increase. When a contract is resubmitted for bids the aggregate claims record shall accompany the specifications for the contract. Cost comparisons are not required between insured and self-insurance alternatives, but apply to comparisons between two or more insured proposals or comparisons between two or more self-insurance proposals.

#### Sec. 13. [CONTRACTS VALIDATED.]

*Notwithstanding any law to the contrary, the terms of a contract or personnel policy in effect before the effective date of this section providing for severance pay for the purposes described in section 465.72, subdivision 2, or providing for employer payment of some or all of the costs of health care benefits or insurance for retired employees, and all payments made under those policies or contracts, are valid, subject to section 7.*

#### Sec. 14. [REPEALER.]

*Minnesota Statutes 1986, section 465.72, subdivision 2, is repealed.*

#### Sec. 15. [EFFECTIVE DATES.]

*Sections 1 to 14 are effective the day following final enactment. Section 13 applies retroactively to August 1, 1986.*

*Section 12 applies only to employees who retire after the effective date of the section."*

Delete the title and insert:

"A bill for an act relating to public employment; providing that certain state employees who are eligible to retire are eligible for state-paid insurance benefits; authorizing employer contributions to a deferred compensation plan in certain instances; modifying the definition of terms and conditions of employment for public employees; modifying severance pay; amending Minnesota Statutes 1986, sections 123.72; 179A.03, subdivision 19; 179A.07,

subdivision 2; 179A.16, by adding a subdivision; 179A.20, by adding a subdivision; 356.24; 465.72, subdivision 1; and 471.616, subdivision 1; Minnesota Statutes 1987 Supplement, sections 43A.24, subdivision 2; 43A.316, subdivision 8; and 352.96, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 471; repealing Minnesota Statutes 1986, section 465.72, subdivision 2."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Wayne Simoneau, Bob A. Johnson, Gerald Knickerbocker

Senate Conferees: (Signed) Donald M. Moe, Darril Wegscheid, Michael O. Freeman

Mr. Moe, D.M. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 257 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 257 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Jude	Moe, D.M.	Reichgott
Anderson	Dahl	Knaak	Moe, R.D.	Renneke
Beckman	Davis	Laidig	Morse	Solon
Belanger	Decker	Langseth	Novak	Spear
Benson	DeCramer	Lantry	Olson	Storm
Berg	Dicklich	Larson	Pehler	Stumpf
Berglin	Diessner	Lessard	Peterson, D.C.	Taylor
Bernhagen	Frank	Luther	Peterson, R.W.	Vickerman
Bertram	Frederickson, D.J.	Marty	Piper	Waldorf
Brandl	Freeman	McQuaid	Pogemiller	
Brataas	Gustafson	Mehrkens	Purfeerst	
Chmielewski	Johnson, D.J.	Merriam	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2127, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2127 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2127**

A bill for an act relating to health maintenance organizations; requiring insolvency insurance policies to be filed; requiring a deposit; creating a net worth requirement; allowing for a reduction of net worth in certain circumstances; defining admitted assets; imposing investment restrictions; requiring quarterly reports; providing for the inclusion of certain items in provider contracts; regulating rehabilitation and liquidations; including health maintenance organizations in the Life and Health Guaranty Association; requiring health maintenance organizations to maintain liabilities for unpaid claims; amending Minnesota Statutes 1986, sections 62D.02, by adding subdivisions; 62D.03, subdivision 4; 62D.041, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 62D.05, subdivision 3; 62D.08, by adding a subdivision; 62D.12, subdivision 5, and by adding a subdivision; 62D.14, subdivision 1; 62D.18; 62D.19; 62E.02, subdivision 13; and 62E.14, subdivision 1; Minnesota Statutes 1987 Supplement, sections 62D.04, subdivision 1; and 62E.10, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 8.

April 15, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2127, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H.F. No. 2127 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 62D.02, is amended by adding a subdivision to read:

*Subd. 15. “Net worth” means admitted assets, as defined in section 15, minus liabilities.*

Sec. 2. Minnesota Statutes 1986, section 62D.02, is amended by adding a subdivision to read:

*Subd. 16. “Affiliate” means a person or entity controlling, controlled by, or under common control with the person or entity.*

Sec. 3. Minnesota Statutes 1986, section 62D.03, subdivision 4, is amended to read:

Subd. 4. Each application for a certificate of authority shall be verified by an officer or authorized representative of the applicant, and shall be in a form prescribed by the commissioner of health. Each application shall include the following:

(a) a copy of the basic organizational document, if any, of the applicant and of each major participating entity; such as the articles of incorporation, or other applicable documents, and all amendments thereto;

(b) a copy of the bylaws, rules and regulations, or similar document, if any, and all amendments thereto which regulate the conduct of the affairs

of the applicant and of each major participating entity;

(c) a list of the names, addresses, and official positions of the following:

(1) all members of the board of directors, or governing body of the local government unit, and the principal officers and shareholders of the applicant organization; and

(2) all members of the board of directors, or governing body of the local government unit, and the principal officers of the major participating entity and each shareholder beneficially owning more than ten percent of any voting stock of the major participating entity;

The commissioner may by rule identify persons included in the term "principal officers";

(d) a full disclosure of the extent and nature of any contract or financial arrangements between the following:

(1) the health maintenance organization and the persons listed in clause (c)(1);

(2) the health maintenance organization and the persons listed in clause (c)(2);

(3) each major participating entity and the persons listed in clause (c)(1) concerning any financial relationship with the health maintenance organization; and

(4) each major participating entity and the persons listed in clause (c)(2) concerning any financial relationship with the health maintenance organization;

(e) the name and address of each participating entity and the agreed upon duration of each contract or agreement;

(f) a copy of the form of each contract binding the participating entities and the health maintenance organization. Contractual provisions shall be consistent with the purposes of sections 62D.01 to 62D.29, in regard to the services to be performed under the contract, the manner in which payment for services is determined, the nature and extent of responsibilities to be retained by the health maintenance organization, the nature and extent of risk sharing permissible, and contractual termination provisions;

(g) a copy of each contract binding major participating entities and the health maintenance organization. Contract information filed with the commissioner shall be confidential and subject to the provisions of section 13.37, subdivision 1, clause (b), upon the request of the health maintenance organization.

Upon initial filing of each contract, the health maintenance organization shall file a separate document detailing the projected annual expenses to the major participating entity in performing the contract and the projected annual revenues received by the entity from the health maintenance organization for such performance. The commissioner shall disapprove any contract with a major participating entity if the contract will result in an unreasonable expense under section 62D.19. The commissioner shall approve or disapprove a contract within 30 days of filing.

Within 120 days of the anniversary of the implementation of each contract, the health maintenance organization shall file a document detailing the actual expenses incurred and reported by the major participating entity

in performing the contract in the proceeding year and the actual revenues received from the health maintenance organization by the entity in payment for the performance.

Contracts implemented prior to April 25, 1984, shall be filed within 90 days of April 25, 1984. These contracts are subject to the provisions of section 62D.19, but are not subject to the prospective review prescribed by this clause, unless or until the terms of the contract are modified. Commencing with the next anniversary of the implementation of each of these contracts immediately following filing, the health maintenance organization shall, as otherwise required by this subdivision, file annual actual expenses and revenues.

(h) a statement generally describing the health maintenance organization, its health maintenance contracts and separate health service contracts, facilities, and personnel, including a statement describing the manner in which the applicant proposes to provide enrollees with comprehensive health maintenance services and separate health services;

(i) a copy of the form of each evidence of coverage to be issued to the enrollees;

(j) a copy of the form of each individual or group health maintenance contract and each separate health service contract which is to be issued to enrollees or their representatives;

(k) financial statements showing the applicant's assets, liabilities, and sources of financial support. If the applicant's financial affairs are audited by independent certified public accountants, a copy of the applicant's most recent certified financial statement may be deemed to satisfy this requirement;

(l) a description of the proposed method of marketing the plan, a schedule of proposed charges, and a financial plan which includes a three year projection of the expenses and income and other sources of future capital;

(m) a statement reasonably describing the geographic area or areas to be served and the type or types of enrollees to be served;

(n) a description of the complaint procedures to be utilized as required under section 62D.11;

(o) a description of the procedures and programs to be implemented to meet the requirements of section 62D.04, subdivision 1, clauses (b) and (c) and to monitor the quality of health care provided to enrollees;

(p) a description of the mechanism by which enrollees will be afforded an opportunity to participate in matters of policy and operation under section 62D.06;

(q) a copy of any agreement between the health maintenance organization and an insurer or nonprofit health service corporation regarding reinsurance, stop-loss coverage, *insolvency coverage*, or any other type of coverage for potential costs of health services, as authorized in ~~section~~ *sections* 62D.04, subdivision 1, clause (f), 62D.05, subdivision 3, and ~~section~~ 62D.13; and

(r) other information as the commissioner of health may reasonably require to be provided.

Sec. 4. Minnesota Statutes 1987 Supplement, section 62D.04, subdivision 1, is amended to read:

Subdivision 1. Upon receipt of an application for a certificate of authority, the commissioner of health shall determine whether the applicant for a certificate of authority has:

(a) demonstrated the willingness and potential ability to assure that health care services will be provided in such a manner as to enhance and assure both the availability and accessibility of adequate personnel and facilities;

(b) arrangements for an ongoing evaluation of the quality of health care;

(c) a procedure to develop, compile, evaluate, and report statistics relating to the cost of its operations, the pattern of utilization of its services, the quality, availability and accessibility of its services, and such other matters as may be reasonably required by regulation of the commissioner of health;

(d) reasonable provisions for emergency and out of area health care services;

(e) demonstrated that it is financially responsible and may reasonably be expected to meet its obligations to enrollees and prospective enrollees. In making this determination, the commissioner of health ~~may~~ shall require the amounts of net worth and working capital required in section 14, the deposit required in section 62D.041, and in addition shall consider:

(1) the financial soundness of its arrangements for health care services and the proposed schedule of charges used in connection therewith;

(2) ~~the adequacy of its working capital;~~

~~(3)~~ arrangements which will guarantee for a reasonable period of time the continued availability or payment of the cost of health care services in the event of discontinuance of the health maintenance organization; and

~~(4)~~ (3) agreements with providers for the provision of health care services; and

~~(5)~~ any deposit of cash or securities submitted in accordance with section 62D.041;

(f) demonstrated that it will assume full financial risk on a prospective basis for the provision of comprehensive health maintenance services, including hospital care; provided, however, that the requirement in this paragraph shall not prohibit the following:

(1) a health maintenance organization from obtaining insurance or making other arrangements (i) for the cost of providing to any enrollee comprehensive health maintenance services, the aggregate value of which exceeds \$5,000 in any year, (ii) for the cost of providing comprehensive health care services to its members on a nonelective emergency basis, or while they are outside the area served by the organization, or (iii) for not more than 95 percent of the amount by which the health maintenance organization's costs for any of its fiscal years exceed 105 percent of its income for such fiscal years; and

(2) a health maintenance organization from having a provision in a group health maintenance contract allowing an adjustment of premiums paid based upon the actual health services utilization of the enrollees covered under the contract, except that at no time during the life of the contract shall the contract holder fully self-insure the financial risk of health care services delivered under the contract. Risk sharing arrangements shall be subject to the requirements of sections 62D.01 to 62D.30;

(g) otherwise met the requirements of sections 62D.01 to 62D.29.

Sec. 5. Minnesota Statutes 1986, section 62D.041, subdivision 1, is amended to read:

62D.041 [PROTECTION AGAINST IN THE EVENT OF INSOLVENCY.]

Subdivision 1. [DEFINITION.] For the purposes of this section, the term "uncovered expenditures" means the costs of health care services that are covered by a health maintenance organization for which an enrollee would also be liable in the event of the organization's insolvency, including out-of-area services, referral services, and any other expenditures for health care services for which the health maintenance organization is at risk and that are not guaranteed, insured, or assumed by a person other than the health maintenance organization.

Sec. 6. Minnesota Statutes 1986, section 62D.041, subdivision 2, is amended to read:

Subd. 2. [REQUIRED DEPOSIT.] Unless otherwise provided in this section, Each health maintenance organization shall deposit with any organization or trustee acceptable to the commissioner through which a custodial or controlled account is utilized, the cash, freely alienable securities, or any combination of these or other measures that is acceptable to the commissioner in the amount set forth required in this section. If a health maintenance organization does not have the required reserves or its reserves are not properly computed, operations shall be adjusted to correct the condition, according to a written plan proposed by the health maintenance organization and approved by the commissioner. If a health maintenance organization does not propose measures to correct its reserves or surplus within a reasonable time, if a corporation violates the plan which has been approved, or if there is evidence that an improper reserve or surplus status cannot be corrected within a reasonable time, the commissioner of commerce may take action against the corporation under chapter 60B. The commissioner may allow a health maintenance organization's deposit requirement to be met by a guaranteeing organization, as defined in section 14, subdivision 1, based on the criteria set out in section 14, subdivision 5.

Sec. 7. Minnesota Statutes 1986, section 62D.041, subdivision 3, is amended to read:

Subd. 3. [AMOUNT FOR BEGINNING ORGANIZATIONS.] The amount for an organization that is beginning operation shall be the greater of: (a) five percent of its estimated expenditures for health care services for its first year of operation; (b) twice its estimated average monthly uncovered expenditures for its first year of operation; or (c) \$100,000.

At the beginning of each succeeding year, unless not applicable, the organization shall deposit with the organization or trustee, cash, freely alienable securities, or any combination of these or other measures acceptable to the commissioner in an amount equal to four percent of its estimated annual uncovered expenditures for that year. (a) Organizations that obtain a certificate of authority after the effective date of this subdivision shall deposit, before receiving a certificate of authority, \$500,000. The health maintenance organization shall provide the commissioner with evidence of the deposit before receiving a certificate of authority.

(b) By April 1 of the year following the organization's first 12 months



of operation under a certificate of authority, an organization shall deposit an amount equal to the difference between the initial deposit and 33 percent of its uncovered expenditures in its first 12 months of operation.

(c) By April 1 of subsequent years, an organization shall deposit an amount equal to the difference between the amount on deposit and 33 percent of its uncovered expenditures in the preceding calendar year.

Sec. 8. Minnesota Statutes 1986, section 62D.041, subdivision 4, is amended to read:

Subd. 4. [AMOUNT FOR EXISTING ORGANIZATIONS.] ~~Unless not applicable, By December 31, 1989, an organization that is in operation on August 1, 1984, has received a certificate of authority on or before the effective date of this subdivision shall make a have on deposit an amount equal to the larger of:~~

(a) ~~one percent of the preceding 12 months' uncovered expenditures 33 percent of its uncovered expenditures in the preceding calendar year; or~~

(b) ~~\$100,000 on the first day of the fiscal year beginning six months or more after August 1, 1984 \$500,000.~~

~~In the second fiscal year, if applicable, the amount of the additional deposit shall be equal to two percent of its estimated annual uncovered expenditures. In the third year, if applicable, the additional deposit shall be equal to three percent of its estimated annual uncovered expenditures for that year. In the fourth fiscal year and subsequent years, if applicable, the additional deposit shall be equal to four percent of its estimated annual uncovered expenditures for each year. Each year's estimate, after the first year of operation, shall reasonably reflect the prior year's operating experience and delivery arrangements.~~

~~By April 1 of each subsequent year, an organization shall deposit an amount equal to the difference between the amount on deposit and 33 percent of its uncovered expenditures in the preceding calendar year.~~

Sec. 9. Minnesota Statutes 1986, section 62D.041, is amended by adding a subdivision to read:

Subd. 5a. [WAIVER OF ADDITIONAL DEPOSIT.] *In any year when the amount determined according to this section is zero or less than zero, the commissioner shall not require the organization to make any additional deposit.*

Sec. 10. Minnesota Statutes 1986, section 62D.041, is amended by adding a subdivision to read:

Subd. 6a. [WITHDRAWAL OF DEPOSIT.] *If the amount previously deposited by the organization under this section exceeds the amount required under this section by more than \$50,000 for a continuous 12-month period, the commissioner shall allow the organization to withdraw the portion of the deposit that exceeds by more than \$50,000 the amount required to be on deposit for the organization, unless the commissioner determines that release of a portion of the deposit could be hazardous to enrollees, creditors, or the general public. An organization shall not apply for the withdrawal more than once in each calendar year.*

Sec. 11. Minnesota Statutes 1986, section 62D.041, is amended by adding a subdivision to read:

*Subd. 6b. [EVIDENCE OF DEPOSIT.] An organization shall provide the commissioner with evidence of every deposit made on or before the date of the deposit.*

Sec. 12. Minnesota Statutes 1986, section 62D.041, subdivision 7, is amended to read:

*Subd. 7. [CONTROL OF OVER DEPOSITS.] All income from deposits shall belong to the depositing organizations and shall be paid to it as it becomes available. A health maintenance organization that has made a securities deposit may withdraw that deposit or any part thereof after making a substitute deposit of cash, freely alienable securities, or any combination of these or other measures of equal amount and value. Any securities shall be approved by the commissioner before being substituted.*

Sec. 13. Minnesota Statutes 1986, section 62D.041, is amended by adding a subdivision to read:

*Subd. 9. [LETTER OF CREDIT.] A health maintenance organization may satisfy one-half of its deposit requirement through use of a letter of credit issued by a bank authorized to do business in this state, provided that:*

- (1) nothing more than a demand for payment is necessary for payment;*
- (2) the letter of credit is irrevocable;*
- (3) according to its terms, the letter of credit cannot expire without due notice from the issuer and the notice must occur at least 60 days before the expiration date and be in the form of a written notice to the commissioner;*
- (4) the letter of credit is issued or confirmed by a bank which is a member of the federal reserve system;*
- (5) the letter of credit is unconditional, is not contingent upon reimbursement to the bank or the bank's ability to perfect any lien or security interest, and does not contain references to any other agreements, documents, or entities;*
- (6) the letter of credit designates the commissioner as beneficiary; and*
- (7) the letter of credit may be drawn upon after insolvency of the health maintenance organization.*

Sec. 14. [62D.042] [NET WORTH AND WORKING CAPITAL REQUIREMENTS.]

*Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, "guaranteeing organization" means an organization that has agreed to make necessary contributions or advancements to the health maintenance organization to maintain the health maintenance organization's statutorily required net worth.*

*(b) For this section, "working capital" means current assets minus current liabilities.*

*Subd. 2. [BEGINNING ORGANIZATIONS.] (a) Beginning organizations shall maintain net worth of at least 8-1/3 percent of the sum of all expenses expected to be incurred in the 12 months following the date the certificate of authority is granted, or \$1,500,000, whichever is greater.*

*(b) After the first full calendar year of operation, organizations shall maintain net worth of at least 8-1/3 percent of the sum of all expenses*

incurred during the most recent calendar year, or \$1,000,000, whichever is greater.

*Subd. 3. [PHASE-IN FOR EXISTING ORGANIZATIONS.] (a) Organizations that obtained a certificate of authority on or before the effective date of this subdivision have until December 31, 1993, to establish a net worth of at least 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.*

*(b) By December 31, 1989, organizations shall have a net worth of at least one-fifth of 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.*

*(c) By December 31, 1990, organizations shall have a net worth of at least two-fifths of 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.*

*(d) By December 31, 1991, organizations shall have a net worth of at least three-fifths of 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.*

*(e) By December 31, 1992, organizations shall have a net worth of at least four-fifths of 8-1/3 percent of the sum of all expenses incurred during the previous calendar year, or \$1,000,000, whichever is greater.*

*Subd. 4. [REDUCTION FOR REINSURANCE.] In calculating expenses for purposes of the net worth requirement, a health maintenance organization may subtract 90 percent of the cost of premiums it pays for insurance coverage specified in section 62D.04, subdivision 1, clause (f).*

*Subd. 5. [GUARANTEEING ORGANIZATION.] (a) The commissioner may determine that it is in the best interests of an organization's enrollees and the public to allow an organization's net worth requirement to be satisfied by a guaranteeing organization. The commissioner shall consider the net worth of a guaranteeing organization, the number of organizations it guarantees, whether it is a governmental entity with power to tax, and other factors the commissioner considers relevant. If the commissioner allows a guaranteeing organization to satisfy the net worth requirement of more than one health maintenance organization, the guaranteeing organization must maintain the required net worth of the guaranteed health maintenance organizations on an aggregate basis.*

*(b) A health maintenance organization that requests the commissioner to allow a guaranteeing organization to satisfy its net worth or deposit requirement shall provide the commissioner with the guaranteeing organization's financial records and other relevant information when the request is made and annually by April 1, and must continue to do so upon request by the commissioner.*

*(c) No provider may be compelled to serve as a guaranteeing organization.*

*Subd. 6. [WORKING CAPITAL.] A health maintenance organization must maintain a positive working capital.*

*Subd. 7. [PLANS OF CORRECTION.] If the working capital or net worth is less than the required minimum, operations must be adjusted to correct the net worth or working capital, according to a written plan proposed by the organization and approved by the commissioner. The commissioner may take action against the organization under chapter 60B or under the suspension and penalty provisions of sections 62D.15, 62D.16,*

and 62D.17 if:

- (1) an organization does not propose a plan to correct its working capital or net worth within a reasonable time;
- (2) an organization violates a plan that has been approved;
- (3) the commissioner determines that an improper working capital or net worth status cannot be corrected within a reasonable time; or
- (4) the commissioner determines that the organization is in such financial condition that the transaction of further business would be hazardous to its enrollees, its creditors, or the public.

Sec. 15. [62D.044] [ADMITTED ASSETS.]

"Admitted assets" includes only the investments allowed by section 16 and the following:

- (1) petty cash and other cash funds in the organization's principal or official branch office that are under the organization's control;
- (2) immediately withdrawable funds on deposit in demand accounts, in a bank or trust company organized and regularly examined under the laws of the United States or any state, and insured by an agency of the United States government, or like funds actually in the principal or official branch office at statement date, and, in transit to a bank or trust company with authentic deposit credit given before the close of business on the fifth bank working day following the statement date;
- (3) the amount fairly estimated as recoverable on cash deposited in a closed bank or trust company, if the assets qualified under this section before the suspension of the bank or trust company;
- (4) bills and accounts receivable that are collateralized by securities in which the organization is authorized to invest;
- (5) premiums due from groups or individuals that are not more than 90 days past due;
- (6) amounts due under reinsurance arrangements from insurance companies authorized to do business in this state;
- (7) tax refunds due from the United States or this state;
- (8) interest accrued on mortgage loans not exceeding in aggregate one year's total due and accrued interest on an individual loan;
- (9) the rents due to the organization on real and personal property, directly or beneficially owned, not exceeding the amount of one year's total due and accrued rent on each individual property;
- (10) interest or rents accrued on conditional sales agreements, security interests, chattel mortgages, and real or personal property under lease to other corporations that do not exceed the amount of one year's total due and accrued interest or rent on an individual investment;
- (11) the fixed required interest due and accrued on bonds and other evidences of indebtedness that are not in default;
- (12) dividends receivable on shares of stock, provided that the market price for valuation purposes does not include the value of the dividend;
- (13) the interest on dividends due and payable, but not credited, on

deposits in banks and trust companies or on accounts with savings and loan associations;

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

(15) interest accrued on tax anticipation warrants;

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

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

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

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

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

Sec. 16. [62D.045] [INVESTMENT RESTRICTIONS.]

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

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

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

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

*Subd. 2. [AUTHORIZATION REQUIRED.] A health maintenance organization shall not make or engage in a loan or investment unless the loan or investment has been authorized or ratified by the board of directors or*

by a committee supervising investments and loans.

*Subd. 3. [LIMITS ON COMMISSIONS.] A health maintenance organization shall not pay a commission or brokerage for the purchase or sale of real or personal property that exceeds usual and customary commissions or brokerage at the time and place of the purchases or sales. Information regarding payments of commissions and brokerage must be maintained by the health maintenance organization.*

*Subd. 4. [OFFICER'S CONFLICT OF INTEREST.] A health maintenance organization shall not knowingly, directly or indirectly, invest in or loan upon any real or personal property, in which any principal officer or director of the organization has a financial interest. An organization shall not make a loan to a principal officer or director of the organization.*

*Subd. 5. [EXEMPTION.] This section shall not apply to a health maintenance organization which has a city or county as a guaranteeing organization.*

Sec. 17. Minnesota Statutes 1986, section 62D.05, subdivision 3, is amended to read:

*Subd. 3. A health maintenance organization may contract with providers of health care services to render the services the health maintenance organization has promised to provide under the terms of its health maintenance contracts, may, subject to section 62D.12, subdivision 11, enter into separate prepaid dental contracts, or other separate health service contracts, may, subject to the limitations of section 62D.04, subdivision 1, clause (f), contract with insurance companies and nonprofit health service plan corporations for insurance, indemnity or reimbursement of its cost of providing health care services for enrollees or against the risks incurred by the health maintenance organization, may contract with insurance companies and nonprofit health service plan corporations for insolvency insurance coverage, and may contract with insurance companies and nonprofit health service plan corporations to insure or cover the enrollees' costs and expenses in the health maintenance organization, including the customary prepayment amount and any copayment obligations.*

Sec. 18. Minnesota Statutes 1986, section 62D.08, is amended by adding a subdivision to read:

*Subd. 6. A health maintenance organization shall submit to the commissioner unaudited financial statements of the organization on a quarterly basis on forms prescribed by the commissioner. The statements are due 30 days after the end of each quarter and shall be maintained as nonpublic data, as defined by section 13.02, subdivision 9.*

Sec. 19. Minnesota Statutes 1986, section 62D.12, subdivision 5, is amended to read:

*Subd. 5. The providers under agreement with a health maintenance organization to provide health care services ~~and the health maintenance organization~~ shall not have recourse against enrollees or persons acting on their behalf for amounts above those specified in the evidence of coverage as copayments for health care services. The health maintenance organization shall not have recourse against enrollees or persons acting on their behalf for amounts above those specified in the evidence of coverage as the periodic prepayment, or copayment, for health care services. This subdivision applies but is not limited to the following events:*

- (1) nonpayment by the health maintenance organization;
- (2) insolvency of the health maintenance organization; and
- (3) breach of the agreement between the health maintenance organization and the provider.

*This subdivision does not limit a provider's ability to seek payment from any person other than the enrollee, the enrollee's guardian or conservator, the enrollee's immediate family members, or the enrollee's legal representative in the event of nonpayment by the health maintenance organization.*

Sec. 20. Minnesota Statutes 1986, section 62D.12, is amended by adding a subdivision to read:

*Subd. 9b. A health maintenance organization shall not enter into an agreement with a hospital in which the hospital agrees to assume the financial risk for services provided by other facilities or providers not owned, operated, or otherwise subject to the control of the hospital assuming the financial risk.*

Sec. 21. [62D.121] [PROVIDER CONTRACTS.]

*Subdivision 1. [PROVIDER AGREEMENT.] Except for an employment agreement between a provider and health maintenance organization, an agreement to provide health care services between a provider and a health maintenance organization entered into or renewed after the effective date of this section must contain the following provision:*

**PROVIDER AGREES NOT TO BILL, CHARGE, COLLECT A DEPOSIT FROM, SEEK REMUNERATION FROM, OR HAVE ANY RECOURSE AGAINST AN ENROLLEE OR PERSONS ACTING ON THEIR BEHALF FOR SERVICES PROVIDED UNDER THIS AGREEMENT. THIS PROVISION APPLIES TO BUT IS NOT LIMITED TO THE FOLLOWING EVENTS: (1) NONPAYMENT BY THE HEALTH MAINTENANCE ORGANIZATION OR (2) BREACH OF THIS AGREEMENT. THIS PROVISION DOES NOT PROHIBIT THE PROVIDER FROM COLLECTING COPAYMENTS OR FEES FOR UNCOVERED SERVICES.**

**THIS PROVISION SURVIVES THE TERMINATION OF THIS AGREEMENT FOR AUTHORIZED SERVICES PROVIDED BEFORE THIS AGREEMENT TERMINATES, REGARDLESS OF THE REASON FOR TERMINATION. THIS PROVISION IS FOR THE BENEFIT OF THE HEALTH MAINTENANCE ORGANIZATION ENROLLEES. THIS PROVISION DOES NOT APPLY TO SERVICES PROVIDED AFTER THIS AGREEMENT TERMINATES.**

**THIS PROVISION SUPERSEDES ANY CONTRARY ORAL OR WRITTEN AGREEMENT EXISTING NOW OR ENTERED INTO IN THE FUTURE BETWEEN THE PROVIDER AND THE ENROLLEE OR PERSONS ACTING ON THEIR BEHALF REGARDING LIABILITY FOR PAYMENT FOR SERVICES PROVIDED UNDER THIS AGREEMENT.**

*Subd. 2. [COOPERATION REQUIRED.] An agreement to provide health care services between a provider and a health maintenance organization must require the provider to cooperate with and participate in the health maintenance organization's quality assurance program, dispute resolution procedure, and utilization review program.*

*Subd. 3. [NOTICE OF TERMINATION.] An agreement to provide health care services between a provider and a health maintenance organization*

*must require that if the provider terminates the agreement, without cause, the provider shall give the organization 120 days' advance notice of termination.*

*Subd. 4. [LATE PAYMENTS.] If a health maintenance organization's payments to a provider are delayed beyond the payment date in the contract, the provider may notify the commissioner who shall consider that information in assessing the financial solvency of the health maintenance organization.*

Sec. 22. Minnesota Statutes 1986, section 62D.14, subdivision 1, is amended to read:

Subdivision 1. The commissioner of health may make an examination of the affairs of any health maintenance organization and its contracts, agreements, or other arrangements with any participating entity as often as the commissioner of health deems necessary for the protection of the interests of the people of this state, but not less frequently than once every three years, ~~provided that~~. Examinations of participating entities pursuant to this subdivision shall be limited to their dealings with the health maintenance organization and its enrollees, *except that examinations of major participating entities may include inspection of the entity's financial statements kept in the ordinary course of business. The commissioner may require major participating entities to submit the financial statements directly to the commissioner. Financial statements of major participating entities are subject to the provisions of section 13.37, subdivision 1, clause (b), upon request of the major participating entity or the health maintenance organization with which it contracts.*

Sec. 23. Minnesota Statutes 1986, section 62D.18, is amended to read:

**62D.18 [REHABILITATION, OR LIQUIDATION, OR CONSERVATION OF HEALTH MAINTENANCE ORGANIZATION.]**

*Subdivision 1. [COMMISSIONER OF HEALTH; ORDER.] The commissioner of ~~commerce~~ health may independently, ~~or shall at the request of the commissioner of health,~~ order the rehabilitation, ~~or liquidation or conservation~~ of health maintenance organizations. The rehabilitation, ~~or liquidation or conservation~~ of a health maintenance organization shall be ~~deemed to be the rehabilitation, liquidation or conservation of an insurance company and shall be~~ conducted under the supervision of the commissioner ~~of commerce and pursuant to~~ under the procedures in chapter 60B, except to the extent that the nature of health maintenance organizations ~~render such law renders the procedures clearly inappropriate and as provided in subdivisions 2 to 7.~~*

*Subd. 2. [INSOLVENCY; GROUNDS FOR REHABILITATION; LIQUIDATION.] Insolvency, as grounds for rehabilitation or liquidation of a health maintenance organization, exists when a health maintenance organization cannot be expected to satisfy its financial obligations when the obligations become due or when the health maintenance organization has failed to correct within the time required by the commissioner deficiencies due to net worth or working capital below the required amount.*

*Subd. 3. [PRIORITY OF CLAIMS.] To determine the priority of distribution of general assets, claims of enrollees have the same priority as claimants under policies or contracts of coverage for losses established under section 60B.44, subdivision 4. If an enrollee is liable to any provider for covered services provided under the health plan, that liability has the*



*status of an enrollee claim for distribution of general assets, whether the enrollee or the provider files the claim. Claims of providers under agreement with the health maintenance organization for services rendered have priority after enrollee claims under section 60B.44, subdivision 4.*

*Subd. 4. [POWERS OF REHABILITATOR.] The powers of the rehabilitator include, subject to the approval of the court the power to change premium rates, without the notice requirements of section 62D.07, and the power to amend the terms of provider contracts, and of contracts with participating entities for the provision of administrative, financial, or management services, relating to reimbursement and termination, considering the interests of providers and other contracting participating entities and the continued viability of the health plan.*

*If the court approves a contract amendment that diminishes the compensation of a provider or of a participating entity providing administrative, financial, or management services to the health maintenance organization, the amendment may not be effective for more than 60 days and shall not be renewed or extended.*

*Subd. 5. [POWERS OF LIQUIDATOR.] The power to transfer coverage obligations under section 60B.25, clause (8), includes the power to transfer coverage obligations to a solvent health maintenance organization and to assign the provider contracts of the insolvent health maintenance organization to an assuming health maintenance organization.*

*Subd. 6. [SPECIAL EXAMINER.] The commissioner as rehabilitator shall make every reasonable effort to employ a senior executive from a successful health maintenance organization to serve as special examiner to rehabilitate the health maintenance organization, provided that the individual does not have a conflict of interest. The special examiner shall have all the powers of the rehabilitator granted under this section and section 60B.17.*

*Subd. 7. [EXAMINATION ACCOUNT.] The commissioner of health shall assess against a health maintenance organization not yet in rehabilitation or liquidation a fee sufficient to cover the costs of a special examination. The fee must be deposited in an examination account. Money in the account is appropriated to the commissioner of health to pay for the examinations. If the money in the account is insufficient to pay the initial costs of examinations, the commissioner may use other money appropriated to the commissioner, provided the other appropriation is reimbursed from the examination account when it contains sufficient money. Money from the examination account must be used to pay per diem salaries and expenses of special examiners, including meals, lodging, laundry, transportation, and mileage. The salary of regular employees of the health department must not be paid out of the account.*

**Sec. 24. [62D.181] [INSOLVENCY; MCHA ALTERNATIVE COVERAGE.]**

*Subdivision 1. [DEFINITION.] "Association" means the Minnesota comprehensive health association created in section 62E.10.*

*Subd. 2. [ELIGIBLE INDIVIDUALS.] An individual is eligible for alternative coverage under this section if:*

(1) the individual had individual health coverage through a health maintenance organization, the coverage is no longer available due to the insolvency of the health maintenance organization, and the individual has not obtained alternative coverage; or

(2) the individual had group health coverage through a health maintenance organization, the coverage is no longer available due to the insolvency of the health maintenance organization and the individual has not obtained alternative coverage.

**Subd. 3. [APPLICATION AND ISSUANCE.]** If a health maintenance organization will be liquidated, individuals eligible for alternative coverage under subdivision 2 may apply to the association to obtain alternative coverage. Upon receiving an application and evidence that the applicant was enrolled in the health maintenance organization at the time of an order for liquidation, the association shall issue policies to eligible individuals, without the limitation on preexisting conditions described in section 62E.14, subdivision 3.

**Subd. 4. [COVERAGE.]** Alternative coverage issued under this section must be at least a number two qualified plan, as described in section 62E.06, subdivision 2, or for individuals over age 65, a medicare supplement 2 plan, as described in section 62A.34.

**Subd. 5. [PREMIUM.]** The premium for alternative coverage issued under this section must not exceed 80 percent of the premium for the comparable coverage offered by the association.

**Subd. 6. [DURATION.]** The duration of alternative coverage issued under this section is:

(1) for individuals eligible under subdivision 2, clause (1), 90 days; and

(2) for individuals eligible under subdivision 2, clause (2), 90 days or the length of time remaining in the group contract with the insolvent health maintenance organization, whichever is greater.

**Subd. 7. [REPLACEMENT COVERAGE; LIMITATIONS.]** The association is not obligated to offer replacement coverage under chapter 62D or conversion coverage under section 62E.16 at the end of the periods specified in subdivision 6. Any continuation obligation arising under chapter 62A or 62D will cease at the end of the periods specified in subdivision 6.

**Subd. 8. [CLAIMS EXPENSES EXCEEDING PREMIUMS.]** Claims expenses resulting from the operation of this section which exceed premiums received shall be borne by contributing members of the association in accordance with section 62E.11, subdivision 5.

**Subd. 9. [COORDINATION OF POLICIES.]** If an insolvent health maintenance organization has insolvency insurance coverage at the time of an order for liquidation, the association may coordinate the benefits of the policy issued under this section with those of the insolvency insurance policy available to the enrollees. The premium level for the combined association policy and the insolvency insurance policy may not exceed those described in subdivision 5 of this section.

**Sec. 25. [62D.182] [LIABILITIES.]**

Every health maintenance organization shall maintain liabilities estimated in the aggregate to be sufficient to pay all reported or unreported

*claims incurred that are unpaid and for which the organization is liable. Liabilities are computed under rules adopted by the commissioner.*

Sec. 26. Minnesota Statutes 1986, section 62D.19, is amended to read:  
62D.19 [UNREASONABLE EXPENSES.]

No health maintenance organization shall incur or pay for any expense of any nature which is unreasonably high in relation to the value of the service or goods provided. The commissioner of health shall implement and enforce this section by rules adopted under this section.

In an effort to achieve the stated purposes of sections 62D.01 to 62D.29; in order to safeguard the underlying nonprofit status of health maintenance organizations; and to ensure that the payment of health maintenance organization money to major participating entities results in a corresponding benefit to the health maintenance organization and its enrollees, when determining whether an organization has incurred an unreasonable expense in relation to a major participating entity, due consideration shall be given to, in addition to any other appropriate factors, whether the officers and trustees of the health maintenance organization have acted with good faith and in the best interests of the health maintenance organization in entering into, and performing under, a contract under which the health maintenance organization has incurred an expense. *The commissioner has standing to sue, on behalf of a health maintenance organization, officers or trustees of the health maintenance organization who have breached their fiduciary duty in entering into and performing such contracts.*

Sec. 27. Minnesota Statutes 1986, section 62E.02, subdivision 13, is amended to read:

Subd. 13. "Eligible person" means an individual who is *currently and has been* a resident of Minnesota for the six months immediately preceding the date of receipt by the association or its writing carrier of a completed certificate of eligibility and who meets the enrollment requirements of section 62E.14.

Sec. 28. Minnesota Statutes 1987 Supplement, section 62E.10, subdivision 9, is amended to read:

Subd. 9. [EXPERIMENTAL DELIVERY METHOD.] The association may petition the commissioner of commerce for a waiver to allow the experimental use of alternative means of health care delivery. The commissioner may approve the use of the alternative means the commissioner considers appropriate. The commissioner may waive any of the requirements of this chapter and chapters 60A, 62A, and 62D in granting the waiver. The commissioner may also grant to the association any additional powers as are necessary to facilitate the specific waiver, *including the power to implement a provider payment schedule.*

This subdivision is effective until August 1, 1989 1990.

*The commissioner of commerce in consultation with the governor's commission on health plan regulatory reform shall study and report to the legislature by January 15, 1989, on the current means utilized to finance the annual operating deficits incurred under the association. In conducting the study, the commissioner shall analyze any negative financial impacts which the current deficits are having on the contributing members of the association and recommend alternative sources of funding or other approaches which could be utilized to finance the operating deficit. The*

*study shall also address the current association funding inequities between employers which self-insure for employee health benefit coverage and those employers which have health coverage subject to state regulation.*

Sec. 29. Minnesota Statutes 1986, 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, *list of residences for the immediately preceding six months* and length of time at *current* 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 preexisting 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;

(d) Evidence that the applicant meets the eligibility requirements of section 62E.081, subdivision 1; 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. 30. Laws 1988, chapter 434, section 14, is amended to read:

Sec. 14. [62D.122] [MEDIATION.]

When current parties to a health maintenance organization contract between providers of health care services and the health maintenance organization believe they will be unable to reach agreement on the terms of renewal or maintenance of the agreement, either party may request the commissioner of health to order that the dispute be submitted to mediation. The parties to the dispute shall enter mediation upon the order of the commissioner of health. Whether or not a request for mediation from one of the parties has been received, the commissioner shall order mediation if failure to reach agreement would significantly impair access to health care services on the part of current enrollees of that health maintenance organization. *The commissioner shall be a participant in the mediation.* In determining whether access to health care services for current enrollees will be significantly impaired, the commissioner shall consider:

(1) the number of enrollees affected,

(2) the ability of the plan to make alternate arrangements with other participating providers for the provision of health care services to the affected enrollees,

(3) the availability of nonparticipating providers who may become participating providers for those with whom the health maintenance organization is in dispute,

(4) the time remaining until termination of the provider contract, and

(5) whether failure to resolve the dispute may establish a precedent for similar disputes in other parts of the state or might impede competition among health plans.

During the period in which the dispute is in mediation, no action to terminate provider or enrollee contracts may be taken by either party. Participation in mediation shall be required of all parties for a period of not more than 30 days. Notice of termination of provider agreements, as required under section 5, shall take effect no earlier than 31 days after the first day of mediation under this section.

When mediation is ordered by the commissioner, arrangements for mediation shall be made through either the office of dispute resolution in the state planning agency, or the office of administrative hearings.

Costs of the mediation shall be borne equally by the health maintenance organization and the health care providers unless otherwise agreed to by the parties. The office of administrative hearings shall establish rates for mediation services comparable to those charged by mediators listed with the office of dispute resolution.

The mediator shall not have authority to impose a settlement or otherwise bind a participant to a nonvoluntary resolution of the dispute; however, any agreement reached as a result of the mediation shall be enforceable.

Except as otherwise provided under chapter 13 and sections 62D.03 and 62D.14, the commissioner shall make public the results of any mediation agreement.

Sec. 31. Laws 1988, chapter 434, section 21, is amended to read:

Sec. 21. Minnesota Statutes 1986, section 62E.14, is amended by adding a subdivision to read:

Subd. 6. A Minnesota resident who holds an individual health maintenance contract, individual nonprofit health service corporation contract, or an individual insurance policy previously approved by the commissioners of health or commerce, may enroll in the comprehensive health insurance plan with a waiver of the preexisting condition as described in subdivision 3, without interruption in coverage, provided (1) no replacement coverage that meets the requirements of section 13 was offered by the contributing member, and (2) the policy or contract has been terminated for reasons other than (a) nonpayment of premium; (b) failure to make copayments required by the health care plan; (c) moving out of the area served; or (d) a materially false statement or misrepresentation by the enrollee in the application for membership; and, provided further, that the option to enroll in the plan is exercised within 30 days of termination of the existing policy or contract.

Coverage allowed under this section is effective ~~on the date of termination~~, when the contract or policy is terminated and the enrollee has completed the proper application and paid the required premium or fee.

Expenses incurred from the preexisting conditions of individuals enrolled in the state plan under this subdivision must be paid by the contributing

member canceling coverage as set forth in section 62E.11, subdivision 10.

The application must include evidence of termination of the existing policy or certificate as required in subdivision 1.

Sec. 32. [REPEALER.]

*Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 8, are repealed.*

Sec. 33. [EFFECTIVE DATE.]

*Sections 1 to 15 and 17 to 32 are effective the day following final enactment. Section 16 is effective January 1, 1990."*

Delete the title and insert:

"A bill for an act relating to health maintenance organizations; requiring insolvency insurance policies to be filed; requiring a deposit; creating a net worth requirement; defining admitted assets; imposing investment restrictions; requiring quarterly reports; providing for the inclusion of certain items in provider contracts; regulating rehabilitation and liquidations; providing for alternative coverage for enrollees of an insolvent health maintenance organization; requiring health maintenance organizations to maintain liabilities for unpaid claims; imposing residency requirements for Minnesota comprehensive health association coverage; requiring a report; amending Minnesota Statutes 1986, sections 62D.02, by adding subdivisions; 62D.03, subdivision 4; 62D.041, subdivisions 1, 2, 3, 4, 7, and by adding subdivisions; 62D.05, subdivision 3; 62D.08, by adding a subdivision; 62D.12, subdivision 5, and by adding a subdivision; 62D.14, subdivision 1; 62D.18; 62D.19; 62E.02, subdivision 13; and 62E.14, subdivision 1; Minnesota Statutes 1987 Supplement, sections 62D.04, subdivision 1; and 62E.10, subdivision 9; Laws 1988, chapter 434, sections 14 and 21; proposing coding for new law in Minnesota Statutes, chapter 62D; repealing Minnesota Statutes 1986, section 62D.041, subdivisions 5, 6, and 8."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Lee Greenfield, Howard R. Orenstein, Bob Anderson

Senate Conferees: (Signed) John E. Brandl, James C. Pehler

Mr. Brandl moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2127 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2127 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Chmielewski	Knaak	Metzen	Purfeerst
Anderson	Cohen	Laidig	Moe, D.M.	Ramstad
Beckman	Decker	Langseth	Moe, R.D.	Reichgott
Belanger	DeCramer	Lantry	Morse	Renneke
Benson	Dicklich	Larson	Novak	Spear
Berg	Diessner	Lessard	Olson	Storm
Berglin	Frank	Luther	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Marty	Peterson, D.C.	Vickerman
Bertram	Freeman	McQuaid	Peterson, R.W.	Waldorf
Brandl	Gustafson	Mehrkens	Piper	
Brataas	Jude	Merriam	Pogemiller	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2291, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2291 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2291

A bill for an act relating to state agencies; amending, enacting and repealing certain laws administered by the department of administration; increasing the powers of the state board for community colleges; changing the criteria for board membership; amending Minnesota Statutes 1986, sections 15.0591, subdivision 2; 15.50, by adding a subdivision; 16A.41, subdivision 1; 16B.07, subdivisions 2 and 3; 16B.08, subdivision 4; 16B.09, subdivision 3; 16B.24, by adding subdivisions; 16B.28; 16B.42, subdivision 1; 16B.48, subdivision 2; 16B.54, subdivision 8; 16B.55, subdivisions 3 and 6; 16B.65, subdivision 3; 16B.85; 94.12; 136.61, subdivision 1; 136.622; 136.67, subdivision 2; 214.07, subdivision 1; 268.0122, by adding a subdivision; and 382.153; Minnesota Statutes 1987 Supplement, sections 16B.09, subdivision 1; 16B.67; 115A.15, subdivision 6; and 168.012, subdivision 1; Laws 1987, chapter 365, section 24; proposing coding for new law in Minnesota Statutes, chapters 16B and 136; repealing Minnesota Statutes 1986, sections 15.38; 16B.29; and 214.07, subdivision 2.

April 14, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2291, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2291 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 15.0591, subdivision 2, is amended to read:

Subd. 2. [BODIES AFFECTED.] A member meeting the qualifications in subdivision 1 ~~shall~~ *must* be appointed to the following boards, commissions, advisory councils, task forces, or committees:

- (1) advisory council on battered women;
- (2) advisory task force on the use of state facilities;
- (3) alcohol and other drug abuse advisory council;
- (4) ~~board for community colleges;~~
- (5) board of examiners for nursing home administrators;
- (6) (5) board on aging;
- (7) (6) chiropractic examiners board;
- (8) (7) consumer advisory council on vocational rehabilitation;
- (9) (8) council for the handicapped;
- (10) (9) council on affairs of Spanish-speaking people;
- (11) (10) council on black Minnesotans;
- (12) (11) dentistry board;
- (13) (12) department of jobs and training advisory council;
- (14) (13) higher education coordinating board;
- (15) (14) housing finance agency;
- (16) (15) Indian advisory council on chemical dependency;
- (17) (16) medical examiners board;
- (18) (17) medical policy directional task force on mental health;
- (19) (18) Minnesota employment and economic development task force;
- (20) (19) Minnesota office of volunteer services advisory committee;
- (21) (20) Minnesota state arts board;
- (22) (21) mortuary sciences advisory council;
- (23) (22) nursing board;
- (24) (23) optometry board;
- (25) (24) pharmacy board;
- (26) (25) physical therapists council;
- (27) (26) podiatry board;
- (28) (27) psychology board;
- (29) (28) veterans advisory committee.

Sec. 2. Minnesota Statutes 1986, section 16A.41, subdivision 1, is amended to read:

Subdivision 1. [CERTIFIED.] Except as provided in subdivision 1a, when



claims against the state are made for which there is an appropriation available, an official with authority to pay a claim shall approve the claim by certifying that the service was performed ~~or~~, the goods or material furnished, *or monthly telephone service is in effect*. The claim must be sent to the commissioner accompanied by a transmittal form as prescribed by the commissioner.

Sec. 3. [16B.052] [AUTHORITY TO TRANSFER FUNDS.]

*The commissioner may, with the approval of the commissioner of finance, transfer from an internal service or enterprise fund account to another internal service or enterprise fund account, any contributed capital appropriated by the legislature. The transfer may be made only to provide working capital or positive cash flow in the account to which the money is transferred. The transfer must be repaid within 18 months.*

Sec. 4. Minnesota Statutes 1986, section 16B.07, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENT CONTRACTS.] Standard requirement price contracts for supplies or services to be purchased by the state must be established by competitive bids *as provided in subdivision 1*. The standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs *or for the addition of similar products or replacement items not significant to the total value of existing contracts*. The term of these contracts may not exceed ~~two years with an option on the part of the state to renew for an additional two five years including all extensions~~.

Sec. 5. Minnesota Statutes 1986, section 16B.07, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION OF NOTICE; EXPENDITURES OVER \$15,000 AND REQUESTS FOR PROPOSAL.] If the amount of an expenditure or sale is estimated to exceed \$15,000, sealed bids *or requests for proposal as provided in section 16B.08, subdivision 4, clause (b)*, 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. 6. Minnesota Statutes 1986, section 16B.08, subdivision 4, is amended to read:

Subd. 4. [NEGOTIATED CONTRACTS.] (a) 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 \$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 deemed

necessary by the commissioner 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.

*(b) In lieu of the requirement for competitive bidding in section 16B.07, subdivision 1, purchases and contracts may be negotiated in those circumstances determined by the commissioner, and in any of those circumstances the commissioner shall advertise for a request for proposal as a basis for negotiation.*

Sec. 7. Minnesota Statutes 1987 Supplement, 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, *the purpose for which the contract or purchase is intended, the status and capability of the vendor,* and other ~~conditions~~ *considerations* imposed in the call for bids. The commissioner may decide which is the lowest responsible bidder for all purchases and may use the principles of life cycle costing, where appropriate, in determining the lowest overall bid. 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 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.

Sec. 8. Minnesota Statutes 1986, section 16B.09, subdivision 3, is amended to read:

Subd. 3. [SPECIAL CIRCUMSTANCES.] The commissioner may reject the bid of any bidder who has failed to perform a previous contract with the state. In the case of identical low bids from two or more bidders, the commissioner may use negotiated procurement methods with the tied low bidders for that particular transaction, so long as the price paid does not exceed the low tied bid price. *The commissioner may award contracts to more than one bidder in accordance with section 16B.09, subdivision 1, if doing so does not decrease the service level or diminish the effect of competition.*

Sec. 9. Minnesota Statutes 1986, section 16B.24, is amended by adding a subdivision to read:

Subd. 9. [SMOKING IN STATE BUILDINGS.] *(a) To protect the public health, comfort, and environment and to protect the nonsmoker's right to a smoke-free environment, smoking in all buildings managed or leased by the commissioner under subdivisions 1 and 6 is prohibited except where smoking areas have been designated under a policy adopted in accordance with paragraph (b).*

*(b) Except as provided in paragraph (c), each state agency shall adopt a smoking policy for the space it occupies. Before placing a policy in effect, the agency shall submit the policy and a plan for implementing it to the commissioner of employee relations. The policy must:*

*(1) prohibit smoking entirely; or*

*(2) permit smoking only in designated areas, providing that existing*

physical barriers and ventilation systems can be used to prevent or substantially minimize the toxic effect of smoke in adjacent nonsmoking areas.

(c) An agency need not adopt a new policy governing an area in which smoking is prohibited under a policy in effect on the effective date of this subdivision.

No employee complaining of a smoke-induced discomfort to a lessor, lessee, manager, or supervisor may be subjected to any disciplinary action as a result of making the complaint.

Sec. 10. Minnesota Statutes 1986, section 16B.24, is amended by adding a subdivision to read:

*Subd. 10. [CHILD CARE SERVICES SPACE.] For state office space that is leased, purchased, or substantially remodeled after August 1, 1988, the commissioner shall consider including space usable for child care services. Child care space must be included if the commissioner determines that it is needed and that it could be provided at reasonable cost.*

Sec. 11. Minnesota Statutes 1986, section 16B.28, is amended to read:

**16B.28 [SURPLUS FEDERAL PROPERTY MATERIALS DISTRIBUTION.]**

Subdivision 1. [DEFINITIONS.] For purposes of this section the following terms have the meanings given them:

(a) "Surplus property" means commodities, equipment, materials, supplies, books, printed matter, and other property made available by ~~the federal government~~ a governmental unit or nonprofit organization to a another governmental unit or nonprofit organization.

(b) "Governmental unit or nonprofit organization" means ~~the state of Minnesota, its departments, agencies, political subdivisions, and other instrumentalities~~ a governmental unit as defined in section 471.59, subdivision 1, an Indian tribal government, and any nonprofit and tax-exempt medical institution, hospital, clinic, health center, school, school system, college, university, or other institution organized and existing for any purpose authorized by federal law to accept surplus federal property.

Subd. 2. [AUTHORIZATION.] (a) The commissioner is the state agency designated to purchase ~~or~~ accept or dispose of federal surplus property for the state and for the benefit of any other governmental unit or nonprofit organization for any purpose authorized by state and federal law and in accordance with federal rules and regulations. Any governmental unit or nonprofit organization may designate the commissioner to purchase or accept surplus property for it upon mutually agreeable terms and conditions. The commissioner may ~~store~~ acquire, accept, warehouse, and distribute surplus property until it is needed and any expenses incurred in connection with ~~the storage~~ any of these acts shall be paid from the surplus property materials distribution revolving fund.

(b) To dispose of surplus property or other property that is obsolete or unused that belongs to the state or any other governmental unit or nonprofit organization, the commissioner may transfer or sell it to a governmental unit or nonprofit organization or sell it to any other person. Federal surplus property that has been transferred to the state for donation to public agencies and nonprofit organizations must be transferred or sold in accordance with the plan developed under paragraph (d). Expenses incurred in

connection with the disposal of surplus property or other property that is obsolete or unused must be paid from the materials distribution revolving fund. If the commissioner sells the property, the proceeds of the sale, minus any expenses of providing the service set by the commissioner, are appropriated to the governmental unit or nonprofit organization for whose account the sale was made, to be used and expended by the organization for the purposes it determines.

(c) The commissioner may centrally acquire, warehouse, and distribute supplies, materials, and equipment for governmental units or nonprofit organizations. Expenses incurred in connection with acquiring, warehousing, and distributing must be paid from the materials distribution revolving fund.

(d) The commissioner shall develop a detailed plan for disposal of donated federal property in conformance with state law and federal regulations. The plan must be submitted to the governor for certification and submission to the federal administrator of general services.

Subd. 3. [REVOLVING FUND.] (a) [CREATION.] To pay for surplus property received from the federal government for governmental or nonprofit organizations, including the expense of accepting and distributing that property, there is a surplus property revolving fund in the state treasury. The materials distribution revolving fund is a separate fund in the state treasury. All money relating to the resource recovery program established under section 115A.15, subdivision 1, all money resulting from the acquisition, acceptance, warehousing, distribution, and public sale of surplus property, all money resulting from the sale of centrally acquired, warehoused, and distributed supplies, materials, and equipment, and all money relating to the cooperative purchasing venture established under section 421.59 must be deposited in the fund. Money paid into the surplus property materials distribution revolving fund is appropriated to the commissioner for the purposes of the programs and services referred to in this section.

(b) [ADVANCES.] No more than \$1,000 from the surplus property revolving fund may be advanced to the commissioner or a state employee engaged in performing duties under this section to pay the expenses of travel, subsistence, toll charges, and similar expenses, in accordance with requirements prescribed by the commissioner of finance. When money which was advanced is repaid, it must be deposited in the state treasury to the credit of the surplus property revolving fund.

(e) [TRANSFER OR SALE TO STATE AGENCY.] When the state or an agency operating under a legislative appropriation obtains surplus property from the commissioner, the commissioner of finance must, at the commissioner's request, transfer the cost of the surplus property, including any expenses of acquiring, accepting, warehousing, and distributing the surplus property, from the appropriation of the state agency receiving the surplus property to the surplus property materials distribution revolving fund. The determination of the commissioner is final as to the cost of the surplus property to the state agency receiving the property.

(d) (c) [TRANSFER OR SALE TO OTHER AGENCIES GOVERNMENTAL UNITS OR NONPROFIT ORGANIZATIONS.] When any governmental unit or nonprofit organization other than a state agency receives surplus property, supplies, materials, or equipment from the commissioner, the governmental unit or nonprofit organization must reimburse the surplus property materials distribution revolving fund for the cost of the property,

including the expenses of *acquiring*, accepting, *warehousing*, and distributing it, in an amount the commissioner sets. The commissioner may, however, require the governmental *unit* or nonprofit organization to deposit in advance in the ~~surplus property materials distribution~~ revolving fund the cost of the surplus property, *supplies, materials, and equipment* upon mutually agreeable terms and conditions. *The commissioner may charge a fee to political subdivisions and nonprofit organizations to establish their eligibility for receiving the property and to pay for costs of storage and distribution.*

Sec. 12. Minnesota Statutes 1986, section 16B.42, subdivision 1, is amended to read:

Subdivision 1. [COMPOSITION.] The commissioner of administration shall appoint an intergovernmental information systems advisory council, to serve at the pleasure of the commissioner of administration, consisting of 25 members. Fourteen members shall be appointed or elected officials of local governments, seven shall be representatives of state agencies, and four shall be selected from the community at large. Further, the council shall be composed of (1) two members from each of the following groups: counties outside of the seven county metropolitan area, cities of the second and third class outside the metropolitan area, cities of the second and third class within the metropolitan area, and cities of the fourth class; (2) one member from each of the following groups: the metropolitan council, an outstate regional body, counties within the metropolitan area, cities of the first class, school districts in the metropolitan area, and school districts outside the metropolitan area; (3) one member each from the state departments of administration, education, human services, revenue, planning and the legislative auditor; (4) one member from the office of the state auditor; and (5) four members from the state community at large. To the extent permitted by available resources the commissioner shall furnish staff and other assistance as requested by the council. ~~The council shall expire and the terms, compensation, and removal of members of the advisory council shall be as provided in section 15.059, but the council does not expire until June 30, 1993.~~

Sec. 13. Minnesota Statutes 1986, section 16B.48, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF FUNDS.] Money in the state treasury credited to the general services revolving fund and money which is deposited in the fund is appropriated annually to the commissioner for the following purposes:

- (1) to operate a central store and equipment service;
- (2) to operate a central duplication and printing service;
- (3) to purchase postage and related items and to refund postage deposits as necessary to operate the central mailing service;
- (4) to operate a documents service as prescribed by section 16B.51;
- (5) to provide advice and other services to political subdivisions for the management of their records, information, and telecommunication systems;
- (6) to provide services for the maintenance, operation, and upkeep of buildings and grounds managed by the commissioner of administration;
- (7) to provide analytical, statistical, and organizational development services to state agencies, *local units of government, metropolitan and regional*

*agencies, and school districts;*

(8) to provide capitol security services through the department of public safety; and

(9) to perform services for any other agency. Money shall be expended for this purpose only when directed by the governor. The agency receiving the services shall reimburse the fund for their cost, and the commissioner shall make the appropriate transfers when requested. The term "services" as used in this clause means compensation paid officers and employees of the state government; supplies, materials, equipment, and other articles and things used by or furnished to an agency; and utility services, and other services for the maintenance, operation, and upkeep of buildings and offices of the state government.

Sec. 14. Minnesota Statutes 1986, section 16B.55, subdivision 3, is amended to read:

Subd. 3. [PERMITTED USES.] A state vehicle may be used by a state employee to travel to or from the employee's residence:

(1) on a day on which it may be necessary for the employee to respond to a work-related emergency during hours when the employee is not normally working;

(2) if the employee has been assigned the use of a state vehicle for authorized state business on an extended basis, and the employee's primary place of work is not the state work station to which the employee is permanently assigned;

(3) if the employee has been assigned the use of a state vehicle for authorized state business away from the work station to which the employee is permanently assigned, and the number of miles traveled, or the time needed to conduct the business, will be minimized if the employee uses a state vehicle to travel to the employee's residence before or after traveling to the place of state business.

~~Use of a state vehicle pursuant to this subdivision requires the prior approval of the agency head or the designee of the agency head. Within 15 days of the end of each three-month period, the head of each agency shall report to the commissioner on each case in which a state vehicle is used by an employee of that agency to travel to or from the employee's residence. The commissioner shall specify the form of this report and the information to be included. If no state vehicles have been used for this travel, the head of the state agency shall report this to the commissioner;~~  
OR

(4) if the employee is authorized to participate in a ridesharing program established by the commissioner pursuant to section 174.257.

*Use of a state vehicle under this subdivision requires the prior approval of the agency head or the designee of the agency head.*

Sec. 15. Minnesota Statutes 1986, section 16B.55, subdivision 6, is amended to read:

Subd. 6. [ADMINISTRATIVE POLICIES VEHICLE OPERATING PROCEDURES.] The commissioner shall determine when an employee must reimburse the state for use of a state vehicle and the rates of reimbursement. Rates of reimbursement shall cover the full cost to the state for the travel for which reimbursement is required. The commissioner shall

also set operating procedures for use of state vehicles. These ~~rules, rates, and operating procedures~~ are not subject to the administrative procedure act. ~~Money received under these rules shall be deposited as nondedicated receipts to the credit of the fund from which the costs of operating the individual vehicles are paid.~~

Sec. 16. Minnesota Statutes 1986, section 16B.65, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION.] ~~The department of employee relations, with the approval of the commissioner, shall either:~~

(1) ~~prepare and conduct oral, written, and practical examinations to determine if a person is qualified pursuant to subdivision 2 to be a building official, or;~~

(2) ~~accept documentation of successful completion of testing programs of training developed by public nationally recognized testing agencies, as proof of qualification pursuant to subdivision 2; or~~

(3) *determine qualifications by both clauses (1) and (2).*

Upon a determination of qualification under ~~either~~ clause (1) ~~or~~, (2), ~~or both of them~~, the commissioner shall issue a certificate to the building official stating that the official is certified. Each person applying for examination and certification pursuant to this section shall pay a fee of ~~\$20~~ \$70. ~~The department of employee relations and the commissioner or a designee may establish classes of certification that will recognize the varying complexities of code enforcement in the municipalities within the state. Except as provided by subdivision 2, no person may act as a building official for a municipality unless the department of employee relations and the commissioner determine~~ *determines* that the official is qualified. ~~The department of employee relations may, with the approval of the commissioner, prepare and conduct~~ *shall provide* educational programs designed to train and assist building officials in carrying out their responsibilities.

*The department of employee relations may, at the request of the commissioner, provide statewide testing services.*

Sec. 17. Minnesota Statutes 1987 Supplement, section 16B.67, is amended to read:

#### 16B.67 [APPEALS.]

A person aggrieved by the final decision of any municipality as to the application of the code, including any rules adopted under sections 471.465 to 471.469, may, within 180 days of the decision, appeal to the commissioner. Appellant shall submit a fee of ~~\$20~~ \$70, payable to the commissioner, with the request for appeal. ~~The final decision of the involved municipality is subject to review de novo by the commissioner or a designee. An appeal must be heard as a contested case under chapter 14. The commissioner shall submit written findings to the parties. The party not prevailing shall pay the costs of the contested case hearing, including fees charged by the office of administrative hearings and the expense of transcript preparation. Costs under this section do not include attorney fees.~~ Any person aggrieved by a ruling of the commissioner may appeal in accordance with chapter 14. For the purpose of this section "any person aggrieved" includes the council on disability. No fee ~~or costs~~ shall be required when the council on disability is the appellant.

Sec. 18. Minnesota Statutes 1986, section 16B.85, is amended to read:  
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 *programs of insurance or alternatives to the purchase of conventional insurance for areas of risk not subject to collective bargaining agreements, plans established under section 43A.18, or programs established under sections 176.540 to 176.611.* A The 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.

(a) All state agencies may, in cooperation with the commissioner, participate in insurance programs and other funding alternative programs provided by the risk management fund.

(b) When an agency or agencies enter into an insurance or self-insurance program, each agency shall contribute the appropriate share of its costs as determined by the commissioner.

(c) The money in the fund to pay claims arising from state activities and for administrative costs, including costs for the adjustment and defense of the claims, is appropriated to the commissioner.

(d) 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.

(e) 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.

Subd. 3. [RESPONSIBILITIES.] The commissioner shall:



(1) review the state's exposure to various types of potential risks in consultation with affected agencies and advise state agencies as to the reduction of risk and fiscal management of those losses;

(2) be responsible for statewide risk management coordination, evaluation of funding and insuring alternatives, and the approval of all insurance purchases in consultation with affected agencies;

(3) identify ways to eliminate redundant efforts in the management of state risk management and insurance programs;

(4) maintain the state risk management information system; and

(5) administer and maintain the state risk management fund.

*Subd. 4. [COMPETITIVE BIDDING.] The commissioner may request bids from insurance carriers or negotiate with insurance carriers and may enter into contracts of insurance carriers that in the judgment of the division are best qualified to underwrite and service the insurance programs.*

*Subd. 5. [RISK MANAGEMENT FUND NOT CONSIDERED INSURANCE.] A state agency, including an entity defined as a part of the state in section 3.732, subdivision 1, clause (1), may procure insurance against liability of the agency and its employees for damages resulting from the torts of the agency and its employees. The procurement of this insurance constitutes a waiver of the limits or governmental liability to the extent of the liability stated in the policy but has no effect on the liability of the agency and its employees beyond the coverage as provided. Procurement of commercial insurance, participation in the risk management fund under section 16B.85, or provisions of an individual self-insurance plan with or without a reserve fund or reinsurance does not constitute a waiver of any of the governmental immunities or exclusions under section 3.736.*

Sec. 19. Minnesota Statutes 1986, section 94.12, is amended to read:

94.12 [CONTRACT FOR DEED AND QUITCLAIM DEED.]

In the event a purchaser elects to purchase surplus real property on an installment basis, the commissioner of administration shall enter into a contract for deed with the purchaser thereof in which shall be set forth the description of the real property sold and the price thereof, the consideration paid and to be paid therefor, the rate of interest, and time and terms of payment. This contract for deed shall be made assignable and shall further set forth that in case of the nonpayment of the annual principal or interest payment due by the purchaser, or any person claiming under the purchaser, then the contract for deed, from the time of such failure, will be entirely void and of no effect and the state may be repossessed of the lot or tract and may resell the same as provided in sections 94.09 to 94.16. In the event the terms and conditions of a contract for deed are completely fulfilled or if a purchaser makes a lump sum payment for the subject property in lieu of entering into a contract for deed, ~~the governor, upon the recommendation~~ of the commissioner of administration, shall sign and cause to be issued a quitclaim deed on behalf of the state. Said quitclaim deed shall be in a form prescribed by the attorney general and shall vest in purchaser all of the state's interest in the subject property except as provided in section 94.14.

Sec. 20. Minnesota Statutes 1987 Supplement, section 115A.15, subdivision 6, is amended to read:

Subd. 6. [~~RESOURCE RECOVERY REVOLVING ACCOUNT USE OF MATERIALS DISTRIBUTION REVOLVING FUND.~~] Upon the certification of the commissioner of administration, the commissioner of finance shall establish an account in the general services revolving fund, effective June 30, 1980, for the operation of the state government resource recovery program. The revolving account shall consist of All funds appropriated by the state for the resource recovery program, all revenues resulting from the sale of recyclable and reusable commodities made available for sale as a result of the resource recovery program and all reimbursements to the commissioner of expenses incurred by the commissioner in developing and administering resource recovery systems for state agencies, local governments, and regional agencies governmental units, and nonprofit organizations must be deposited in the materials distribution revolving fund created in section 16B.28. The account fund may be used for all activities associated with the program including payment of administrative and operating costs, except statewide and agency indirect costs. The commissioner shall determine the waste disposal cost savings associated with recycling and reuse activities, collect those savings from the account responsible for disposing of wastes produced in state buildings, and credit the savings to the resource recovery revolving account materials distribution revolving fund.

Sec. 21. Minnesota Statutes 1986, section 136.61, subdivision 1, is amended to read:

Subdivision 1. The state board for community colleges shall consist consists of nine members appointed by the governor with the advice and consent of the senate. They shall be selected for their knowledge of, and interest in community colleges of Minnesota. One member shall be a full-time student at a community college at the time of appointment or shall have been a full-time student at a community college within one year before appointment to the state board for community colleges. Other than the student or recent graduate member, at least one member shall be a resident of each congressional district and two members shall be graduates of a community college in this state. In making appointments to the board, the governor shall recognize the mission of the community college system and attempt to reflect the groups served by the mission.

Sec. 22. Minnesota Statutes 1986, section 136.622, is amended to read:

136.622 [COMPUTER SALES AND MAINTENANCE TECHNICAL EQUIPMENT.]

Subdivision 1. [PROPRIETARY PURCHASES.] Technical educational equipment may be procured for the state community colleges on request of the state board for community colleges either by brand designation or in accordance with standards and specifications the board may promulgate, notwithstanding chapter 16B.

Subd. 2. [COMPUTER SALES AND SUPPORT.] The state board for community colleges may sell computers and related products to its staff and students to advance their instructional and research abilities. The board shall contract with a private vendor for service, maintenance, and support for computers and related products sold by the board.

Sec. 23. Minnesota Statutes 1986, section 136.67, subdivision 2, is amended to read:

Subd. 2. The state community college board may establish activity funds;

~~except for dormitory purposes~~, and imprest cash funds, waive tuition charges, and act as agent and accept the benefits of Public Law Number 88-452, known as the Economic Opportunity Act of 1964, as amended, and Public Law Number 85-864, known as the National Defense Education Act of 1958, as amended, to the same extent and subject to the same conditions as this authority is vested in the state university board. Sections 136.045; 136.142; 136.143; 136.144; 136.171; 136.22; 136.56; 169.966; and 352.01, subdivision 2a, clause (6), also apply to the state community college board and the state community colleges in the same manner as to the state university board and the state universities.

Sec. 24. [136.89] [NONPROFIT FOUNDATION PAYROLL DEDUCTION.]

*Subdivision 1. [REQUEST; WARRANT.] The commissioner of finance, upon the written request of an employee of a community college or the state board for community colleges, may deduct from an employee's salary or wages the amount requested for payment to a nonprofit community college foundation meeting the requirements in subdivision 2. The commissioner shall issue a warrant for the deducted amount to the nonprofit foundation.*

*Subd. 2. [FOUNDATION APPLICATION; APPROVAL.] A nonprofit foundation that desires to receive contributions through payroll deductions shall apply to the state board for approval to participate in the payroll deduction plan. The board may approve the application for participation if the foundation:*

*(1) is tax exempt under section 501(c)3 of the Internal Revenue Code of 1986, as amended;*

*(2) qualifies for tax deductible contributions under section 170 of the Internal Revenue Code of 1986, as amended;*

*(3) secures funding solely for distribution to that community college; and*

*(4) has been incorporated according to chapter 317 for at least one calendar year before the date it applies to the state board for community colleges for approval.*

*Subd. 3. [SOLICITATION.] Efforts to secure payroll deductions authorized in subdivision 1 may not interfere with, require a modification of, nor be conducted during the period of a payroll deduction fund drive for employees authorized by section 309.501.*

Sec. 25. [136.91] [CAPITAL PROJECTS BIDDING PROCEDURES.]

*In awarding contracts for capital projects under section 16B.09, the state board for community colleges shall consider the documentation provided by the bidders regarding their qualifications, including evidence of having successfully completed similar work, or delivering services or products comparable to that being requested. The board shall set procedures to administer this section, which must include practices that will assist in the economic development of small businesses and small businesses owned and operated by socially or economically disadvantaged persons.*

Sec. 26. Minnesota Statutes 1987 Supplement, section 168.012, subdivision 1, is amended to read:

Subdivision 1. (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as

provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by representatives of foreign powers, by the federal government, the state, or any political subdivision;

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions;

(3) vehicles owned by nonprofit charities and used exclusively to transport handicapped persons for educational purposes;

(4) vehicles owned and used by honorary consul or consul general of foreign governments.

(b) Vehicles owned by the federal government, municipal fire apparatus, police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates.

(c) Unmarked vehicles used in general police work, arson investigations, and passenger vehicles, station wagons, and buses owned or operated by the department of corrections shall be registered and shall display passenger vehicle classification license number plates which shall be furnished by the registrar at cost. Original and renewal applications for these passenger vehicle license plates authorized for use in general police work and for use by the department of corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a department of corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) All other motor vehicles shall be registered and display tax exempt number plates which shall be furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax exempt number plates shall have the name of the state department or public subdivision on the vehicle plainly ~~printed~~ *displayed* on both sides thereof in letters not less than 2-1/2 inches high, ~~one and one-half inch wide and of a three-eighths inch stroke~~; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required ~~printing~~ *identification* on the sides of the vehicle. Such ~~printing~~ *identification* shall be in a color giving a ~~marked~~ contrast with that of the part of the vehicle on which it is placed and shall ~~be done with a good quality of paint that will endure throughout the term of the registration. The printing identification must be on a part of the vehicle itself and not be on a removable plate or placard of any kind~~ and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision.

Sec. 27. Minnesota Statutes 1986, section 214.07, subdivision 1, is amended to read:

~~Subdivision 1. [BOARD REPORTS.]~~ The health-related licensing boards and the non-health-related licensing boards shall prepare reports by October 1 of each even-numbered year ~~on forms prepared by the commissioner of administration~~. Copies of the reports shall be delivered to the legislature in accordance with section 3.195, ~~and to the governor and the commissioner~~

of administration. Copies of the reports of the health-related licensing boards shall *also* be delivered to the commissioner of health. The reports shall contain the following information relating to the two-year period ending the previous June 30:

- (a) a general statement of board activities;
- (b) the number of meetings and approximate total number of hours spent by all board members in meetings and on other board activities;
- (c) the receipts and disbursements of board funds;
- (d) the names of board members and their addresses, occupations, and dates of appointment and reappointment to the board;
- (e) the names and job classifications of board employees;
- (f) a brief summary of board rules proposed or adopted during the reporting period with appropriate citations to the State Register and published rules;
- (g) the number of persons having each type of license and registration issued by the board as of June 30 in the year of the report;
- (h) the locations and dates of the administration of examinations by the board;
- (i) the number of persons examined by the board with the persons subdivided into groups showing age categories, sex, and states of residency;
- (j) the number of persons licensed or registered by the board after taking the examinations referred to in clause (h) with the persons subdivided by age categories, sex, and states of residency;
- (k) the number of persons not licensed or registered by the board after taking the examinations referred to in clause (h) with the persons subdivided by age categories, sex, and states of residency;
- (l) the number of persons not taking the examinations referred to in clause (h) who were licensed or registered by the board or who were denied licensing or registration with the reasons for the licensing or registration or denial thereof and with the persons subdivided by age categories, sex, and states of residency;
- (m) the number of persons previously licensed or registered by the board whose licenses or registrations were revoked, suspended, or otherwise altered in status with brief statements of the reasons for the revocation, suspension or alteration;
- (n) the number of written and oral complaints and other communications received by the executive secretary of the board, a board member, or any other person performing services for the board (1) which allege or imply a violation of a statute or rule which the board is empowered to enforce and (2) which are forwarded to other agencies as required by section 214.10;
- (o) a summary, by specific category, of the substance of the complaints and communications referred to in clause (n) and, for each specific category, the responses or dispositions thereof pursuant to section 214.10 or 214.11;
- (p) any other objective information which the board members believe will be useful in reviewing board activities.

Sec. 28. Minnesota Statutes 1986, section 382.153, is amended to read:

## 382.153 [BONDING OF COUNTY OFFICERS AND EMPLOYEES.]

Subdivision 1. In counties now or hereafter having a population of more than 250,000, when a corporate surety bond has been furnished by any county officer or employee pursuant to statute or resolution of the county board, the premium therefor shall be paid by the county, provided that the county board may designate the surety.

The county board shall cause to be published in its official publication, a notice for bids for the furnishing of all such bonds and shall award a contract to the lowest responsible bidder.

Subd. 2. In any county, in lieu of the individual bonds required to be furnished by county officers or by county employees, a schedule or position bond or undertaking may be given by county officers or by the employees of each county office or department, or a single corporate surety fidelity, schedule or position bond or undertaking covering all the officers and employees of any such county including officers and employees required by law to furnish an individual bond or undertaking may be furnished, in the respective amounts fixed by law, or by the person or board authorized by law to fix the same, conditioned substantially as provided in section 574.13; and upon a form to be prescribed by the commissioner of administration.

## Sec. 29. [INITIAL SMOKING POLICIES.]

*A state agency required to adopt a smoking policy under section 9 shall submit its initial policy and plan for implementation to the commissioners of administration, employee relations, and health by January 1, 1989.*

Sec. 30. Laws 1987, chapter 365, section 24, is amended to read:

The revisor of statutes shall renumber Minnesota Statutes, section 4.31, subdivisions 1 and to 5, in chapter 16B.

## Sec. 31. [EFFECTIVE DATE.]

*Section 3 is effective the day following final enactment. Sections 2, 4 to 8, 10 to 28, and 30 are effective July 1, 1988. Sections 9 and 29 are effective January 1, 1989.*

Delete the title and insert:

"A bill for an act relating to state agencies; amending, enacting, and repealing certain laws administered by the department of administration; requiring the commissioner of administration to consider the provision of child care facilities in new state office space; requiring state agencies to adopt policies regulating smoking in space under their control; increasing the powers of the state board for community colleges; changing the criteria for board membership; amending Minnesota Statutes 1986, sections 15.0591, subdivision 2; 16A.41, subdivision 1; 16B.07, subdivisions 2 and 3; 16B.08, subdivision 4; 16B.09, subdivision 3; 16B.24, by adding subdivisions; 16B.28; 16B.42, subdivision 1; 16B.48, subdivision 2; 16B.55, subdivisions 3 and 6; 16B.65, subdivision 3; 16B.85; 94.12; 136.61, subdivision 1; 136.622; 136.67, subdivision 2; 214.07, subdivision 1; and 382.153; Minnesota Statutes 1987 Supplement, sections 16B.09, subdivision 1; 16B.67; 115A.15, subdivision 6; and 168.012, subdivision 1; Laws 1987, chapter 365, section 24; proposing coding for new law in Minnesota Statutes, chapters 16B; and 136."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Harold F. Lasley, Sandra L. Pappas, Stephen E. Dille

Senate Conferees: (Signed) Donald M. Moe, John J. Marty, Bob Decker

Mr. Moe, D.M. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2291 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2291 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 48 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Gustafson	Mehrkens	Piper
Anderson	Cohen	Jude	Merriam	Pogemiller
Beckman	Dahl	Knaak	Metzen	Ramstad
Belanger	Davis	Laidig	Moe, D.M.	Renneke
Benson	Decker	Langseth	Moe, R.D.	Spear
Berg	DeCramer	Lantry	Morse	Storm
Berglin	Diessner	Larson	Novak	Stumpf
Bernhagen	Frank	Luther	Olson	Vickerman
Bertram	Frederickson, D.J.	Marty	Pehler	
Brandl	Freeman	McQuaid	Peterson, D.C.	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 994: A bill for an act relating to employment; providing workers' compensation to coverage for certain infectious diseases; amending Minnesota Statutes 1986, section 176.011, subdivision 15.

Senate File No. 994 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

### CONCURRENCE AND REPASSAGE

Mrs. Lantry moved that the Senate concur in the amendments by the House to S.F. No. 994 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 994: A bill for an act relating to workers' compensation; defining "occupational disease" as including certain diseases received in providing emergency medical care; amending Minnesota Statutes 1986, section 176.011, subdivision 15.

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	Chmielewski	Gustafson	McQuaid	Piper
Anderson	Cohen	Jude	Mehrkens	Pogemiller
Beckman	Dahl	Knaak	Merriam	Ramstad
Belanger	Davis	Laidig	Metzen	Renneke
Benson	Decker	Langseth	Moe, R.D.	Spear
Berg	DeCramer	Lantry	Morse	Storm
Berglin	Diessner	Larson	Novak	Stumpf
Bernhagen	Frank	Lessard	Olson	Vickerman
Bertram	Frederickson, D.J.	Luther	Pehler	
Brandl	Freeman	Marty	Peterson, D.C.	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1719.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 16, 1988

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 412 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 412

A bill for an act relating to real property; creating a lien against real property where the state has incurred cleanup expenses and the owner is liable for the expenses under Minnesota Statutes, chapter 115B or 115C; providing procedures for implementation and enforcement of the lien; proposing coding for new law in Minnesota Statutes, chapter 514.

April 15, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 412, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) William P. Luther, LeRoy A. Stumpf, Gary W. Laidig



House Conferees: (Signed) Dee Long, Jean D. Wagenius, Sidney J. Pauly

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on S.F. No. 412 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 412 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 47 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Gustafson	Mehrrens	Purfeerst
Anderson	Cohen	Jude	Metzen	Ramstad
Beckman	Dahl	Knaak	Moe, R.D.	Renneke
Belanger	Davis	Laidig	Morse	Spear
Benson	Decker	Lantry	Novak	Storm
Berg	DeCramer	Larson	Olson	Stumpf
Berglin	Diessner	Lessard	Pehler	Vickerman
Bernhagen	Frank	Luther	Peterson, D.C.	
Bertram	Frederickson, D.J.	Marty	Piper	
Brandl	Freeman	McQuaid	Pogemiller	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pogemiller moved that his name be stricken as chief author, and the name of Mr. Frederickson, D.J. be added as chief author to S.F. No. 2196. The motion prevailed.

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

H.F. No. 2468: A bill for an act relating to economic development; authorizing the commissioner to award set-aside procurements to local small businesses; amending Minnesota Statutes 1986, section 16B.19, subdivision 5; Minnesota Statutes 1987 Supplement, sections 16B.19, subdivision 6; and 645.445, subdivision 5.

### CALL OF THE SENATE

Mrs. Adkins imposed a call of the Senate for the balance of the proceedings on H.F. No. 2468. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Gustafson moved to amend H.F. No. 2468, as amended pursuant to Rule 49, adopted by the Senate March 24, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2196.)

Page 3, line 4, after the period, insert "*For purposes of this subdivision, an area designated a labor surplus area retains that status for 120 days after certified small businesses in the area are notified of the termination*

*of the designation by the United States Department of Labor."*

The motion prevailed. So the amendment was adopted.

H.F. No. 2468 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	Chmielewski	Jude	Mehrkens	Purfeerst
Anderson	Cohen	Knaak	Moe, D.M.	Ramstad
Beckman	Davis	Laidig	Moe, R.D.	Reichgott
Belanger	Decker	Langseth	Morse	Renneke
Benson	DeCramer	Lantry	Novak	Solon
Berg	Diessner	Larson	Olson	Spear
Berglin	Frank	Lessard	Pehler	Storm
Bernhagen	Frederickson, D.I.	Luther	Peterson, D.C.	Stumpf
Bertram	Freeman	Marty	Piper	Vickerman
Brandl	Gustafson	McQuaid	Pogemiller	

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

### SPECIAL ORDER

S.F. No. 762: A bill for an act proposing an amendment to the Minnesota Constitution, article IV, section 4; providing for a senate with six-year terms and a house of representatives with staggered four-year terms.

Mr. Luther moved to amend S.F. No. 762 as follows:

Page 1, line 18, after the period, insert "*One-half of the senators shall be chosen at the first general election held four years after each new legislative apportionment provided for in this article.*"

Page 1, line 21, strike "provided for in this article"

Page 1, line 22, after "*representative*" insert "*and each senator*"

Page 1, line 23, after "*lots*" insert "*as provided in this section. One lot shall be held to determine whether even-numbered or odd-numbered district senators are to be chosen at the first general election held four years after each new legislative apportionment. Representatives from the same districts as the senators that are chosen by lot to serve four-year terms shall also be elected to serve four-year terms*"

Page 2, line 8, after "*to*" insert "*staggered four- and*"

Page 2, line 10, after "*staggered*" insert "*two- and*"

The motion prevailed. So the amendment was adopted.

Mr. Benson moved to amend S.F. No. 762 as follows:

Page 2, after line 13, insert:

"Sec. 3. [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 he has completed one year of service in the office from which he 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 he 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 he was elected.

Sec. 4. [QUESTION.]

The proposed amendment shall be submitted at the 1988 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 . . . . ."

Amend the title accordingly

Mr. Spear questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Benson appealed the decision of the President.

CALL OF THE SENATE

Mr. Pogemiller imposed a call of the Senate for the balance of the proceedings on S.F No. 762. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

Mr. Pogemiller moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 33 and nays 14, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Jude	Morse	Purfeerst
Beckman	Davis	Langseth	Novak	Reichgott
Belanger	Diessner	Lantry	Pehler	Spear
Berghin	Frank	Luther	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.J.	Marty	Peterson, R.W.	Vickerman
Brandl	Freeman	Moe, D.M.	Piper	
Chmielewski	Johnson, D.I.	Moe, R.D.	Pogemiller	

Those who voted in the negative were:

Anderson	Bernhagen	Laidig	Mehrkens	Renneke
Benson	Decker	Larson	Olson	Storm
Berg	Knaak	McQuaid	Ramstad	

The decision of the President was sustained.

Mr. Ramstad moved to amend S.F No. 762 as follows:

Page 1, after line 7, insert:

“Section 1. [CONSTITUTIONAL AMENDMENT PROPOSED.]

*Subdivision 1. [REFERENCE TO PEOPLE.] An amendment to the Minnesota Constitution is proposed to the people as provided by subdivisions 2 and 3.*

*Subd. 2. [AMENDMENT PROPOSED.] If the amendment is adopted, article IV, sections 2, 3, and 4 will read:*

Sec. 2. The total number of members who compose the senate and house of representatives shall be prescribed by law, *but may neither be less than 120 members nor more than 168 members.* The representation in both houses shall be apportioned equally throughout the different sections of the state in proportion to the population thereof.

Sec. 3. At its first session after each enumeration of the inhabitants of this state made by the authority of the United States, the legislature shall have the power to prescribe the bounds of congressional and legislative districts. Senators shall be chosen by single districts of convenient contiguous territory. *No senate district shall be divided in the formation of a congressional district.* No representative district shall be divided in the formation of a senate district. The senate districts shall be numbered in a regular series.

Sec. 4. Representatives shall be chosen for a term of ~~two~~ *four* years, except to fill a vacancy. Senators shall be chosen for a term of ~~four~~ *six* years, except to fill a vacancy ~~and except.~~ There shall be an entire new election of all the senators *and representatives* at the first *general* election ~~of representatives~~ after each new legislative apportionment provided for in this article. *One-half of the representatives shall be elected every two years. One-third of the senators, or as near as possible to one-third if the total number of senators is not evenly divisible by three, shall be elected every two years. The first length of representatives' and senators' terms after each enumeration provided by this article shall be determined by drawing lots.* The governor shall call elections to fill vacancies in either house of the legislature.

*Subd. 3. [EFFECTIVE DATE.] If the amendment proposed is adopted by the people, it is effective for the legislature convening in 1992.*

Sec. 2. [BALLOT PROPOSITION.]

*The proposed amendment must be submitted to the people at the 1988 general election. The question submitted shall be:*

*“Shall the Minnesota Constitution be amended to provide for a legislature with a total membership of between 120 and 168 with senators elected for six-year staggered terms and representatives elected for four-year staggered terms?”*

Yes . . . . .  
No . . . . .”

*Election procedures shall be as provided by law.”*

Renumber the sections in sequence.

Amend the title accordingly

Mr. Ramstad moved to amend the Ramstad amendment as follows:

Page 1, delete line 2 and insert:

"Delete everything after the enacting clause and insert:"

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

The question was taken on the Ramstad amendment, as amended.

The roll was called, and there were yeas 9 and nays 38, as follows:

Those who voted in the affirmative were:

Benson	Decker	Jude	McQuaid	Ramstad
Cohen	Gustafson	Knaak	Purfeerst	

Those who voted in the negative were:

Adkins	Brandl	Johnson, D.J.	Moe, R.D.	Renneke
Anderson	Chmielewski	Lantry	Morse	Samuelson
Beckman	Davis	Larson	Pehler	Spear
Belanger	DeCramer	Luther	Peterson, D.C.	Storm
Berg	Diessner	Marty	Peterson, R.W.	Stumpf
Berglin	Frank	Mehrkens	Piper	Vickerman
Bernhagen	Frederickson, D.J.	Metzen	Pogemiller	
Bertram	Freeman	Moe, D.M.	Reichgott	

The motion did not prevail. So the Ramstad amendment, as amended, was not adopted.

Mr. Knaak moved to amend S.F. No. 762 as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CONSTITUTIONAL AMENDMENTS PROPOSED.]

*Subdivision 1. [PROPOSAL TO PEOPLE.] An amendment to the Minnesota Constitution is proposed to the people as provided by subdivisions 2, 3, 4, 5, and 6.*

*Subd. 2. [AMENDMENTS TO ARTICLE IV.] If the amendment is adopted, 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 will read as follows:*

Section 1. The legislature consists of the senate and house of representatives.

Sec. 2. The number of members who compose the senate and house of representatives shall be prescribed by law. The representation in both houses shall be apportioned equally throughout the different sections of the state in proportion to the population thereof.

Sec. 3. At its first session after each enumeration of the inhabitants of this state made by the authority of the United States, the legislature shall have the power to prescribe the bounds of congressional and legislative districts. Senators shall be chosen by single districts of convenient contiguous territory. No representative district shall be divided in the formation of a senate district. The senate districts shall be numbered in a regular series.

Sec. 4. Representatives shall be chosen for a term of two years, except to fill a vacancy. Senators shall be chosen for a term of four years, except to fill a vacancy and except there shall be an entire new election of all the senators at the first election of representatives after each new legislative apportionment provided for in this article. The governor shall call elections to fill vacancies in either house of the legislature senate.

Sec. 5. No senator or representative shall hold any other office under the authority of the United States or the state of Minnesota, except that of

postmaster or of notary public. If elected or appointed to another office, a legislator may resign from the legislature by tendering his resignation to the governor.

Sec. 6. Senators and Representatives shall be qualified voters of the state, and shall have resided one year in the state and six months immediately preceding the election in the district from which elected. Each house *The senate* shall be the judge of the election returns and eligibility of its own members. The legislature *senate* shall prescribe by law the manner for taking evidence in cases of contested seats in either house.

Sec. 7. Each house *The senate* may determine the rules of its proceedings, sit upon its own adjournment, punish its members for disorderly behavior, and with the concurrence of two-thirds expel a member; but no member shall be expelled a second time for the same offense.

Sec. 9. The compensation of senators and representatives shall be prescribed by law. No increase of compensation shall take effect during the period for which the members of the existing house of representatives *senate* may have been elected.

Sec. 10. The members of each house *the senate* in all cases except treason, felony and breach of the peace, shall be privileged from arrest during the session of their respective houses and in going to or returning from the same. For any speech or debate in either house *the senate* they shall not be questioned in any other place.

Sec. 11. Two or more members of either house *the senate* may dissent and protest against any act or resolution which they think injurious to the public or to any individual and have the reason of their dissent entered in the journal.

Sec. 12. The legislature *senate* shall meet at the seat of government in regular session in each biennium at the times prescribed by law for not exceeding a total of 120 legislative days. The legislature *senate* shall not meet in regular session, nor in any adjournment thereof, after the first Monday following the third Saturday in May of any year. After meeting at a time prescribed by law, the legislature may adjourn to another time. "Legislative day" shall be defined by law. A special session of the legislature may be called by the governor on extraordinary occasions.

Neither house during a session of the legislature shall adjourn for more than three days (Sundays excepted) nor to any other place than that in which the two houses shall be assembled without the consent of the other house.

Sec. 13. A majority of each house *the senate* constitutes a quorum to transact business, but a smaller number may adjourn from day to day and compel the attendance of absent members in the manner and under the penalties it may provide.

Sec. 14. Each house *The senate* shall be open to the public during its sessions except in cases which in its opinion require secrecy.

Sec. 15. Each house *The senate* shall elect its presiding officer and other officers as may be provided by law. Both houses *It* shall keep journals of their *its* proceedings, and from time to time publish the same, and the yeas and nays, when taken on any question, shall be entered in the journals *journal*.

Sec. 18. All bills for raising revenue shall originate in the house of representatives, but the senate may propose and concur with the amendments as on other bills.

Sec. 19. Every bill shall be reported on three different days in each house the senate, unless, in case of urgency, two-thirds of the house where the bill is pending senate deem it expedient to dispense with this rule.

Sec. 20. Every bill passed by both houses the senate shall be enrolled and signed by the presiding officer of each house. Any presiding officer refusing to sign a bill passed by both houses shall thereafter be disqualified from any office of honor or profit in the state. Each house The senate by rule shall provide the manner in which a bill shall be certified for presentation to the governor in case of such refusal.

Sec. 21. No bill shall be passed by either house upon the day prescribed for adjournment. This section shall not preclude the enrollment of a bill or its transmittal from one house to the other or to the executive for his signature.

Sec. 22. The style of all laws of this state shall be: "Be it enacted by the legislature of the state of Minnesota." No law shall be passed unless voted for by a majority of all the members elected to each house of the legislature senate, and the vote entered in the journal of each house.

Sec. 23. Every bill passed in conformity to the rules of each house and the joint rules of the two houses senate shall be presented to the governor. If he approves a bill, he shall sign it, deposit it in the office of the secretary of state and notify the house in which it originated senate of that fact. If he vetoes a bill, he shall return it with his objections to the house in which it originated senate. His objections shall be entered in the journal. If, after reconsideration, two-thirds of that house the senate agree to pass the bill, it shall be sent, together with the governor's objections, to the other house, which shall likewise reconsider it. If approved by two-thirds of that house it becomes a law and shall be deposited in the office of the secretary of state. In such cases the votes of both houses shall be determined by yeas and nays, and the names of the persons voting for or against the bill shall be entered in the journal of each house. Any bill not returned by the governor within three days (Sundays excepted) after it is presented to him becomes a law as if he had signed it, unless the legislature by adjournment within that time prevents its return. Any bill passed during the last three days of a session may be presented to the governor during the three days following the day of final adjournment and becomes law if the governor signs and deposits it in the office of the secretary of state within 14 days after the adjournment of the legislature. Any bill passed during the last three days of the session which is not signed and deposited within 14 days after adjournment does not become a law.

If a bill presented to the governor contains several items of appropriation of money, he may veto one or more of the items while approving the bill. At the time he signs the bill the governor shall append to it a statement of the items he vetoes and the vetoed items shall not take effect. If the legislature is in session, he shall transmit to the house in which the bill originated senate a copy of the statement, and the items vetoed shall be separately reconsidered. If on reconsideration any item is approved by two-thirds of the members elected to each house, it is a part of the law notwithstanding the objections of the governor.

Sec. 24. Each order, resolution or vote ~~requiring the concurrence of the two houses~~ except such as relate to the business or adjournment of the legislature shall be presented to the governor and is subject to his veto as prescribed in case of a bill.

Sec. 25. During a session ~~each house~~ *the senate* may punish by imprisonment for not more than 24 hours any person not a member who is guilty of any disorderly or contemptuous behavior in its presence.

Sec. 26. Passage of a general banking law requires the vote of two-thirds of the members of ~~each house~~ of the *legislature senate*.

*Subd. 3. [AMENDMENT TO ARTICLE VIII.] If the amendment is approved, article VIII, section 1, will read as follows:*

Section 1. The ~~house of representatives~~ *senate* has the sole power of impeachment through a concurrence of a majority of all its members. All impeachments shall be tried by the senate. When sitting for that purpose, senators shall be upon oath or affirmation to do justice according to law and evidence. No person shall be convicted without the concurrence of two-thirds of the senators present.

*Subd. 4. [AMENDMENTS TO ARTICLE IX.] If the amendment is approved, article IX, sections 1 and 2, will read as follows:*

Section 1. A majority of the members elected to ~~each house~~ of the legislature may propose amendments to this constitution. Proposed amendments shall be published with the laws passed at the same session and submitted to the people for their approval or rejection at a general election. If a majority of all the electors voting at the election vote to ratify an amendment, it becomes a part of this constitution. If two or more amendments are submitted at the same time, voters shall vote for or against each separately.

Sec. 2. Two-thirds of the members elected to ~~each house~~ of the legislature may submit to the electors at the next general election the question of calling a convention to revise this constitution. If a majority of all the electors voting at the election vote for a convention, the legislature at its next session, shall provide by law for calling the convention. The convention shall consist of as many delegates as there are members of the ~~house of representatives~~ *senate*. Delegates shall be chosen in the same manner as members of the ~~house of representatives~~ *senate* and shall meet within three months after their election. Section 5 of Article IV of the constitution does not apply to election to the convention.

*Subd. 5. [AMENDMENT TO ARTICLE XI.] If the amendment is approved, article XI, section 5, will read as follows:*

Sec. 5. Public debt may be contracted and works of internal improvements carried on for the following purposes:

(a) to acquire and to better public land and buildings and other public improvements of a capital nature and to provide money to be appropriated or loaned to any agency or political subdivision of the state for such purposes if the law authorizing the debt is adopted by the vote of at least three-fifths of the members of ~~each house~~ of the legislature;

(b) to repel invasion or suppress insurrection;

(c) to borrow temporarily as authorized in section 6;



(d) to refund outstanding bonds of the state or any of its agencies whether or not the full faith and credit of the state has been pledged for the payment of the bonds;

(e) to establish and maintain highways subject to the limitations of article XIV;

(f) to promote forestation and prevent and abate forest fires, including the compulsory clearing and improving of wild lands whether public or private;

(g) to construct, improve and operate airports and other air navigation facilities;

(h) to develop the state's agricultural resources by extending credit on real estate security in the manner and on the terms and conditions prescribed by law;

(i) to improve and rehabilitate railroad rights-of-way and other rail facilities whether public or private, provided that bonds issued and unpaid shall not at any time exceed \$200,000,000 par value; and

(j) as otherwise authorized in this constitution.

As authorized by law political subdivisions may engage in the works permitted by (f), (g), and (i) and contract debt therefor.

*Subd. 6. [EFFECTIVE DATE.] If the amendment proposed is adopted, it is effective January 1, 1994.*

**Sec. 2. [BALLOT PROPOSITION.]**

*The proposed amendment shall be submitted to the people at the 1988 general election. The question proposed shall be:*

*"Shall the Minnesota Constitution be amended to provide after 1994 for a unicameral legislature?"*

*Yes . . . . .*  
*No . . . . .*

*All election procedures shall be as otherwise provided by law.*

**Sec. 3. Minnesota Statutes 1986, section 2.021, is amended to read:**

**2.021 [NUMBER OF MEMBERS.]**

**For each the legislature, until a new apportionment shall have been made, the senate is composed of 67 135 members and the house of representatives is composed of 134 members.**

**Sec. 4. Minnesota Statutes 1986, section 2.031, subdivision 1, is amended to read:**

**Subdivision 1. [LEGISLATIVE DISTRICTS.] The representatives in the senate and house of representatives are apportioned throughout the state in 67 135 senate districts and 134 house districts. Each senate district is entitled to elect one senator and each house district is entitled to elect one representative.**

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

*If the amendment proposed in section 1 is adopted, then sections 3 and 4 are effective January 1, 1994. If the amendment proposed in section 1 is not adopted, then sections 3 and 4 are repealed effective January 1,*

1994.”

Amend the title accordingly

Mr. Spear questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 15 and nays 40, as follows:

Those who voted in the affirmative were:

Anderson	Decker	McQuaid	Olson	Renneke
Benson	Knaak	Mehrkens	Peterson, R. W.	Storm
Chmielewski	Larson	Merriam	Ramstad	Waldorf

Those who voted in the negative were:

Adkins	Cohen	Gustafson	Metzen	Pogemiller
Beckman	Davis	Johnson, D.J.	Moe, D.M.	Purfeerst
Belanger	DeCramer	Jude	Moe, R.D.	Reichgott
Berg	Dicklich	Langseth	Morse	Samuelson
Berglin	Diessner	Lantry	Novak	Spear
Bernhagen	Frank	Lessard	Pehler	Stumpf
Bertram	Frederickson, D.J.	Luther	Peterson, D.C.	Taylor
Brandl	Freeman	Marty	Piper	Vickerman

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

Mr. Pogemiller moved to amend S.F. No. 762 as follows:

Page 1, after line 7, insert:

“Section 1. [CONSTITUTIONAL AMENDMENT.]

*An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted,*

*Article V, section 1, will read:*

Section 1. The executive department consists of a governor, lieutenant governor, secretary of state, auditor, ~~treasurer~~ and attorney general, who shall be chosen by the electors of the state. The governor and lieutenant governor shall be chosen jointly by a single vote applying to both offices in a manner prescribed by law.

*Article V, section 3, will read:*

Sec. 3. The governor shall communicate by message to each session of the legislature information touching the state and country. He is commander-in-chief of the military and naval forces and may call them out to execute the laws, suppress insurrection and repel invasion. He may require the opinion in writing of the principal officer in each of the executive departments upon any subject relating to his duties. With the advice and consent of the senate he may appoint notaries public and other officers provided by law. He may appoint commissioners to take the acknowledgment of deeds or other instruments in writing to be used in the state. He shall take care that the laws be faithfully executed. He shall fill any vacancy that may occur in the offices of secretary of state, ~~treasurer~~, auditor, attorney general and the other state and district offices hereafter created by law until the end of the term for which the person who had vacated the office was elected or the first Monday in January following the next general election, whichever is sooner, and until a successor is chosen and qualified.

*Article V, section 4, will read:*

Sec. 4. The term of office of the secretary of state, ~~treasurer~~, attorney general and state auditor is four years and until a successor is chosen and qualified. The duties and salaries of the executive officers shall be prescribed by law.

*Article VIII, section 2, will read:*

Sec. 2. The governor, secretary of state, ~~treasurer~~, auditor, attorney general and the judges of the supreme court, court of appeals and district courts may be impeached for corrupt conduct in office or for crimes and misdemeanors; but judgment shall not extend further than to removal from office and disqualification to hold and enjoy any office of honor, trust or profit in this state. The party convicted shall also be subject to indictment, trial, judgment and punishment according to law.

*Article XI, section 7, will read:*

Sec. 7. Public debt other than certificates of indebtedness authorized in section 6 shall be evidenced by the issuance of bonds of the state. All bonds issued under the provisions of this section shall mature not more than 20 years from their respective dates of issue and each law authorizing the issuance of bonds shall distinctly specify the purposes thereof and the maximum amount of the proceeds authorized to be expended for each purpose. The ~~state treasurer~~ ~~auditor~~ shall maintain a separate and special state bond fund on his official books and records. When the full faith and credit of the state has been pledged for the payment of bonds, the ~~state auditor~~ shall levy each year on all taxable property within the state a tax sufficient with the balance then on hand in the fund to pay all principal and interest on bonds issued under this section due and to become due within the ensuing year and to and including July 1 in the second ensuing year. The legislature by law may appropriate funds from any source to the state bond fund. The amount of money actually received and on hand pursuant to appropriations prior to the levy of the tax in any year shall be used to reduce the amount of tax otherwise required to be levied.

*Article XI, section 8, will read:*

Sec. 8. The permanent school fund of the state consists of (a) the proceeds of lands granted by the United States for the use of schools within each township, (b) the proceeds derived from swamp lands granted to the state, (c) all cash and investments credited to the permanent school fund and to the swamp land fund, and (d) all cash and investments credited to the internal improvement land fund and the lands therein. No portion of these lands shall be sold otherwise than at public sale, and in the manner provided by law. All funds arising from the sale or other disposition of the lands, or income accruing in any way before the sale or disposition thereof, shall be credited to the permanent school fund. Within limitations prescribed by law, the fund shall be invested to secure the maximum return consistent with the maintenance of the perpetuity of the fund. The principal of the permanent school fund shall be perpetual and inviolate forever. This does not prevent the sale of investments at less than the cost to the fund; however, all losses not offset by gains shall be repaid to the fund from the interest and dividends earned thereafter. The net interest and dividends arising from the fund shall be distributed to the different school districts of the state in a manner prescribed by law.

A board of investment consisting of the governor, the state auditor, the

~~state treasurer~~, the secretary of state, and the attorney general is hereby constituted for the purpose of administering and directing the investment of all state funds. The board shall not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or the issuer's agent.

Sec. 2. [SCHEDULE AND QUESTION.]

*The proposed amendment shall be submitted at the 1988 general election. The question proposed shall be:*

*“Shall the Minnesota Constitution be amended to eliminate the office of state treasurer?”*

Yes . . . . .  
No . . . . .”

Page 2, after line 13, insert:

“Sec. 5. [POWERS AND DUTIES TRANSFERRED.]

*All the powers, duties, and responsibilities assigned by statute to the state treasurer are transferred to the commissioner of finance.*

Sec. 6. [EFFECTIVE DATE.]

*Section 5 is effective the first Monday in January, 1991, if the amendment proposed under section 2 has been adopted in accordance with the Minnesota Constitution, article IX, section 1.”*

Renumber the sections in sequence

Amend the title accordingly

Mr. Belanger questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

S.F. No. 762 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. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 23 and nays 33, as follows:

Those who voted in the affirmative were:

Berg	Diessner	Luther	Pehler	Spear
Brandl	Frederickson, D.J.	Merriam	Peterson, R.W.	Stumpf
Davis	Johnson, D.J.	Metzen	Piper	Vickerman
DeCramer	Langseth	Moe, D.M.	Reichgott	
Dicklich	Lessard	Moe, R.D.	Samuelson	

Those who voted in the negative were:

Adkins	Bertram	Jude	Morse	Renneke
Anderson	Chmielewski	Knaak	Novak	Solon
Beckman	Cohen	Lantry	Olson	Storm
Belanger	Decker	Larson	Peterson, D.C.	Taylor
Benson	Frank	Marty	Pogemiller	Waldorf
Berglin	Frederickson, D.R.	McQuaid	Purfurst	
Bernhagen	Freeman	Mehrkens	Ramstad	

So the bill, as amended, failed to pass.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Langseth moved that the name of Mr. Davis be added as a co-author to S.F. No. 762. The motion prevailed.

Mr. Frederickson, D.J. moved that the name of Messrs. DeCramer, Beckman and Vickerman be added as co-authors to S.F. No. 2196. The motion prevailed.

Mr. Moe, D.M. moved that H.F. No. 2654, No. 8 on Special Orders, be stricken and re-referred to the Committee on Governmental Operations. The motion prevailed.

Mr. Moe, D.M. moved that S.F. No. 2411, No. 12 on Special Orders, be stricken and returned to its author. The motion prevailed.

**MEMBERS EXCUSED**

Messrs. Knutson and Wegscheid were excused from the Session of today. Mr. Beckman and Ms. Piper were excused from the Session of today from 12:00 noon to 12:30 p.m. Mr. Storm was excused from the Session of today from 12:00 noon to 1:10 p.m. Ms. Reichgott was excused from the Session of today from 12:00 noon to 4:00 p.m. Mr. Schmitz was excused from the Session of today at 3:00 p.m. Mr. Johnson, D.E. was excused from the Session of today at 4:00 p.m. Ms. Berglin was excused from the Session of today from 4:15 to 4:45 p.m. Mr. Frederick was excused from the Session of today at 4:30 p.m. Mr. Hughes was excused from the Session of today from 5:00 to 6:30 p.m. Mr. Laidig was excused from the Session of today at 6:15 p.m. Mr. Gustafson was excused from the Session of today at 6:30 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Monday, April 18, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## NINETIETH DAY

St. Paul, Minnesota, Monday, April 18, 1988

The Senate met at 12:00 noon and was called to order by the President.

### CALL OF THE SENATE

Mr. Merriam 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	Davis	Knaak	Moe, D.M.	Samuelson
Anderson	Decker	Knutson	Moe, R.D.	Schmitz
Beckman	DeCramer	Kroening	Morse	Solon
Belanger	Dicklich	Laidig	Novak	Spear
Benson	Diessner	Langseth	Olson	Storm
Berg	Frank	Lantry	Pehler	Stumpf
Berglin	Frederick	Larson	Peterson, D.C.	Taylor
Bernhagen	Frederickson, D.J.	Lessard	Peterson, R.W.	Vickerman
Bertram	Frederickson, D.R.	Luther	Piper	Waldorf
Brandl	Freeman	Marty	Pogemiller	Wegscheid
Brataas	Hughes	McQuaid	Purfeerst	
Chmielewski	Johnson, D.E.	Mehrkens	Ramstad	
Cohen	Johnson, D.J.	Merriam	Reichgott	
Dahl	Jude	Metzen	Renneke	

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 that the House has adopted the recommendation and report of the Conference Committee on House File No. 2126, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2126 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2126**

A bill for an act relating to the organization and operation of state government; appropriating money for human resources and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 3.9223, subdivision 3; 3.9225, subdivision 3; 3.9226, subdivision 3; 62A.54; 62E.04, by adding subdivisions; 129A.02, subdivision 3; 129A.09; 129A.10; 144.053, by adding subdivisions; 144.125; 144A.04, by adding a subdivision; 145.853, subdivision 2; 145.894; 245.771, by adding a subdivision; 245.814, subdivisions 1, 2, and 3; 245.83; 245.84, subdivision 1; 246.023; 248.07, subdivision 7 and 12; 252.291, subdivisions 1 and 2; 256.73, subdivisions 2, 6, and by adding subdivisions; 256.736, by adding subdivisions; 256.76, subdivision 1; 256B.08; 256B.092, subdivisions 5 and 7; 256B.14, subdivision 2; 256B.17, subdivision 7; 256B.431, by adding subdivisions; 256B.501, subdivision 3, and by adding subdivisions; 256B.69, subdivisions 3 and 4; 256D.02, subdivision 7, and by adding a subdivision; 256D.06, by adding a subdivision; 256D.07; 256D.35, by adding a subdivision; 256D.37, subdivision 2, and by adding subdivisions; 256E.12, subdivisions 1 and 2; 256F.03, subdivision 8; 257.071, subdivisions 2 and 3, and by adding a subdivision; 257.072; 260.181, subdivision 3; 268.0111, by adding a subdivision; 268.911, subdivision 3; 326.371; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 609.72, subdivision 1; 611A.32, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.922, subdivision 6; 16B.08, subdivision 7; 16B.61, subdivision 3; 62A.152, subdivision 2; 62A.48, subdivision 7; 62A.50, subdivision 3; 62D.102; 129A.01, subdivisions 5, 6, and 7; 129A.03; 129A.06, subdivision 1; 129A.07, subdivision 1; 129A.08, subdivisions 1, 4, and 5, and by adding subdivisions; 144A.071, subdivision 3; 144A.073, subdivisions 1, 2, 7, and 8; 148B.23, subdivision 1; 148B.42, subdivision 1; 245.462, subdivisions 3, 4, 6, 17, 18, 19, 20, 21, 23, and 25; 245.465; 245.466, subdivisions 1, 2, and 5; 245.467, by adding subdivisions; 245.469, subdivision 2; 245.471, subdivisions 2 and 3; 245.472, subdivision 2; 245.475, subdivisions 1 and 2; 245.476, subdivision 1; 245.477; 245.478, subdivisions 1, 2, and 9; 245.479; 245.482, subdivision 2; 245.696, subdivision 2; 245.697, subdivision 2, and by adding a subdivision; 245A.09, by adding a subdivision; 248.07, subdivision 8; 252.291, subdivision 3; 252.46, subdivisions 5 and 6, and by adding subdivisions; 253B.03, subdivision 6; 256.015, subdivision 2; 256.736, subdivisions 1b, 4, and 11; 256.936; 256.969, subdivision 3; 256B.02, subdivision 8; 256B.031, subdivision 5; 256B.042, subdivision 2; 256B.06, subdivisions 1 and 4; 256B.091, subdivision 4; 256B.35, subdivision 1; 256B.431, subdivision 4; 256B.433, subdivision 1; 256B.501, subdivision 1; 256B.73, subdivision 2, and by adding a subdivision; 256D.01, subdivision 1a; 256D.03, subdivision 3; 256D.06, subdivisions 1 and 1b; 256D.37, subdivision 1; 256E.12, subdivision 3; 268.91, subdivisions 1, 3, 3b, 3c, 3e, 4, and 12; 393.07, subdivision 10, and by adding a subdivision; Laws 1984, chapter 654, article 5, section 57, subdivision 1, as amended; Laws 1987, chapter 337, section 131; Laws 1987, chapter 403, article 2, section 34; Laws 1987, chapter 403, article 4, section 13; Laws 1987, chapter 403, article 1, section 4, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 62A; 62C; 62D; 144; 145; 152A; 157; 179A; 245; 246; 252; 256; 256B; 256H; 257; and 268; repealing Minnesota Statutes 1986, sections 136.26; 144.388; 245.84, subdivision 4; 245.86; 245.87; and 257.071, subdivision 6; Minnesota Statutes 1987 Supplement, sections 129A.01, subdivision 8; 129A.07, subdivision 2; 129A.08, subdivision 3; 148B.04, subdivision 1;

and 256B.73, subdivision 10.

April 16, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes.  
President of the Senate

We, the undersigned conferees for H.F. No. 2126, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H.F. No. 2126 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

APPROPRIATIONS

Section 1. [HUMAN SERVICES; HEALTH; APPROPRIATIONS.]

The sums shown in the columns marked “APPROPRIATIONS” are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures “1988” and “1989,” where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1988, or June 30, 1989, respectively.

SUMMARY BY FUND

	1988	1989	TOTAL
General	\$(17,545,900)	\$17,035,700	\$(510,200)
Special Revenue	-0-	320,300	320,300
Public Health	175,200	200,800	376,000
Trunk Highway	74,400	85,500	159,900
Metro Landfill	19,300	22,000	41,300
TOTAL	\$(17,277,000)	\$17,664,300	\$ 387,300

APPROPRIATIONS  
Available for the Year  
Ending June 30  
1988                      1989

Sec. 2. HUMAN SERVICES

Subdivision 1. Appropriation  
by Fund

General Fund    (17,553,800)      11,722,100

This appropriation is added to the appropriation in Laws 1987, chapter 403, article 1, section 2.

Subd. 2. Human Services

Management



\$ -0-

\$ -0-

## Subd. 3. Social Services

\$ -0-

\$1,220,200

Any balance remaining at the end of fiscal year 1988 in the appropriation for chemical dependency evaluation in Laws 1987, chapter 403, article 1, section 2, subdivision 8, does not cancel but is available for fiscal year 1989 to complete the incidence and prevalence survey on the extent of drug and alcohol problems in Minnesota.

Of this appropriation, \$200,000 is for semi-independent living services for those people determined eligible who have not received funding. This appropriation may be used to fund services for individuals who are currently living in intermediate care facilities for the mentally retarded, who are receiving waived services and are no longer eligible for those services, or who are living in their family home, a foster home, or their own home.

Of this appropriation, \$50,000 is for a grant related to attention deficit disorder (ADD). The commissioner shall award the grant to a nonprofit corporation whose only purpose is to educate people about ADD and to support children with ADD and their families. Grant money awarded under this provision must be used for the following purposes: (1) in-service training for school personnel, including teachers at all levels from early childhood through college and vocational training, on the unique problems of children who suffer from ADD, and (2) support groups for children with ADD and their families.

Of this appropriation, \$150,000 is for a demonstration grant under the community initiatives for children program, to be awarded to a project in the seven-county metropolitan area. The amount of the grant may not exceed the lesser of \$150,000 or 50 percent of capital costs incurred within a two-year period.

## Subd. 4. Mental Health

\$(1,330,000)

\$1,395,000

Of the amount appropriated in Laws 1987, chapter 403, article 1, section 2, subdivision 5, for state mental health grants for fiscal year 1988, \$720,000 does not cancel but is available for fiscal year 1989 for the same purposes and \$1,330,000 is transferred to fiscal year 1989.

Of the amount appropriated in Laws 1987, chapter 403, article 1, section 2, subdivision 5, for mental health for fiscal year 1988, \$250,000 for information systems is transferred in fiscal year 1988 to the state systems account established in Minnesota Statutes, section 256.014, subdivision 2.

Money appropriated for the children's mental health plan is for fiscal year 1989 only. Money needed beyond June 30, 1989, to develop or implement the plan must be requested as a change request in the 1989 to 1991 biennial budget.

Upon approval of the legislative audit commission, \$25,000 of this appropriation is transferred to the legislative auditor for a program evaluation of the quality of treatment provided by community residential programs for people who are mentally ill or mentally ill and chemically dependent. The evaluation should consider the extent to which facility size and ownership structure affect the quality of treatment; the appropriateness of the reimbursement and payment system, including methods of paying for buildings and land; and the impact of programs on residential areas.

#### Subd. 5. Income Maintenance and Residential Programs

##### General Fund

\$(16,987,000)	\$5,884,300
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##### (a) Health Care and Residential Programs

\$(11,933,200)	\$6,252,900
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For services rendered on or after January 1, 1989, the maximum pharmacy dispensing fee under medical assistance and general assistance medical care is \$4.20.

For medical assistance services rendered on or after October 1, 1988, payments to medical assistance vendors for physician services, dental care, vision care, podiatric services, chiropractic care, physical therapy, occupational therapy, speech pathologists, audiologists, mental health centers, psychologists, public health clinics, and independent laboratory and X-ray services must be based on payment rates in effect on June 30, 1987, except that the base rate for obstetrical care is increased by ten percent from the base rate in effect on June 30, 1987.

For medical assistance and general assistance

medical care services rendered on or after July 1, 1989, payments to physicians and dentists must be calculated at the lower of (1) the submitted charges, or (2) the 50th percentile of prevailing charges in 1982.

The increased payments to small hospitals in Minnesota Statutes, section 256.969, subdivision 3, are authorized for fiscal year 1989 only.

Notwithstanding Minnesota Statutes 1986, section 256.969, subdivision 3, paragraph (b), the appropriation in Laws 1987, chapter 403, article 1, section 2, subdivision 6, paragraph (b), for supplemental grants to hospitals is allocated as follows: \$51,900 to Hennepin county medical center and \$48,100 to St. Paul-Ramsey medical center. The commissioner shall distribute this money by June 30, 1988.

For the six-month period ending June 30, 1989, persons with serious and persistent mental illness who, except for their residence in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, would be eligible for medical assistance services, are eligible under the general assistance medical care program for services covered under the general assistance medical care program plus case management. The commissioner may, with the approval of the governor and after consulting with the legislative advisory commission, transfer \$711,000 of the medical assistance appropriation to the general assistance medical care appropriation for this purpose.

In the biennium ending on June 30, 1989, the commissioner shall not authorize or approve more than 150 newly constructed or newly established intermediate care beds for persons with mental retardation or related conditions under Minnesota Statutes, section 252.291, subdivision 2. One-half of the first 70 newly constructed or newly established intermediate care beds for persons with mental retardation or related conditions approved by the commissioner must be state-operated community-based intermediate care beds for persons with mental retardation or related conditions. Money appropriated to operate and expand state-operated community-based program pilot projects pursuant to Laws 1987, chapter 403, article 1, section 2, subdivision 9, may be used to establish state-operated community-based intermediate care beds for persons with mental retardation or related conditions.

Of this appropriation, \$200,000 is for a regional demonstration project under Minnesota Statutes, section 256B.73, to provide health coverage to low-income uninsured persons. The appropriation is available when the planning for the project is complete, sufficient money has been committed from nonstate sources to allow the project to proceed, and the project is prepared to begin accepting and approving applications from uninsured individuals. The commissioner shall contract with the coalition formed for the nine counties named in Minnesota Statutes, section 256B.73, subdivision 2.

Of this appropriation, \$752,500 in fiscal year 1988 and \$5,117,000 in fiscal year 1989 are for additional positions required in the regional treatment centers as a result of health care financing administration surveys of mental illness program staffing.

Any unexpended balance remaining in the regional treatment center accounts for fiscal year 1988 is available to pay the billing for the state health insurance trust fund and the costs of implementing the *Jarvis v. Levine* court decision. For fiscal year 1989, \$420,000 is appropriated for the costs of implementing the decision.

\$1,600,000 is appropriated in the public health fund for medical assistance to extend eligibility to include pregnant women and infants to age one with income at or below 185 percent of the federal poverty level.

On or after October 1, 1988, the commissioner shall transfer \$1,600,000 to the public health fund for the children's health plan and \$500,000 to the preadmission screening and alternative care grants program from the medical assistance and general assistance medical care programs after any transfers necessary because of projected deficits in the aid to families with dependent children, general assistance, or Minnesota supplemental aid programs. The transfers may occur only to the extent possible using any surplus projected to exist at the end of the biennium within the appropriations for the medical assistance and general assistance medical care programs.

- |   |                |                |
|---|----------------|----------------|
| (b) Family Support Programs             |                |                |
|   | \$ (3,551,500) | \$ (1,376,600) |
| (c) Other Income Maintenance Activities |                |                |
|   | \$ (1,502,300) | \$ 1,008,000   |

Federal receipts for the alien verification entitlement system must be deposited in the state systems account.

Money appropriated for the medical assistance and general assistance medical care managed care project under Minnesota Statutes, section 256B.74, is available through June 30, 1989. Money needed to implement or continue the recommendations of the task force must be included as a change request in the 1989 to 1991 biennial budget.

Money appropriated to develop a plan to implement the healthspan program is available until June 30, 1989.

By January 1, 1989, the commissioner of the department of human services shall, in cooperation with the commissioner of employee relations, complete a job evaluation study to determine the comparable worth value of direct care staff positions in intermediate care facilities for the mentally retarded, waived residential services, semi-independent living programs, and developmental achievement centers that are licensed by the department of human services or by a county. The commissioner shall contract with the department of employee relations for completion of the study. Results of the study shall be reported to the chair of the finance committee of the senate and to the chair of the appropriations committee of the house.

Notwithstanding Laws 1987, chapter 403, article 1, section 14, subdivision 1, the commissioner is authorized to transfer funds as necessary from nonsalary object of expenditure classes to salary object of expenditure classes in the medical assistance demonstration project in order to efficiently educate and enroll medical assistance recipients in the project.

\$40,000 of this appropriation must be transferred to the commissioner of the state planning agency for the biennium ending June 30, 1989, to fund the local efforts of a multicounty area in southwest central Minnesota to plan, organize, and design a health insurance program demonstration project for low income adults and their dependents. The demonstration project shall be designed to best meet the health insurance needs of individuals and families who are not eligible for any other federally subsidized health benefits program and who

do not have any health insurance or who do not have adequate health insurance. The project shall be planned and organized to make the best use of existing community health providers and agencies. By February 1, 1989, the commissioner shall report to the chairs of the health and human services committees of the senate and the house with a plan, organization, and design for implementation of the health insurance demonstration project. The report must be based on recommendations from the multicounty area.

The developmental achievement center pilot payment rate system in Minnesota Statutes, section 252.46, subdivision 14, may operate through June 30, 1990.

Of this appropriation, \$150,000 is immediately available to contract with the commissioner of health to implement that part of Public Law No. 100-203 specified in section 6, subdivision 3.

Federal receipts for the independent review of medical assistance prepaid plans under contract with the commissioner are appropriated to the commissioner for the review process.

\$85,000 of this appropriation must be transferred to the commissioner of administration to complete by February 1, 1989, (1) an operational cost analysis, (2) an impact analysis on other nursing homes in the area, (3) a demographic study of the number of veterans that would be served in the area, (4) staffing level requirements and the availability of staff, and (5) a site feasibility study for the following projects: (a) establishment of a facility in Fergus Falls for the housing and nursing care of veterans; and (b) establishment of a veterans home in southwestern Minnesota.

Money appropriated for the Faribault regional center planning study must be transferred to the commissioner of the state planning agency and is available until June 30, 1989.

**Subd. 6. Veterans Homes**

\$763,200                      \$3,222,600

Funds appropriated for the Minnesota veterans homes shall be transferred to the board of directors of the homes immediately upon licensure of the board by the commissioner of health for the biennium ending June 30, 1989.

During the biennium, the board of directors of the veterans homes shall report the results

of all health department and Veterans Administration inspections and surveys to the governor, the chair of the House of Representatives appropriation committee, the chair of the Senate finance committee, the chair of the House health and human services appropriation division and the chair of the Senate health and human services finance division, within ten days of receiving written notification of the results. The report shall include plans for correcting deficiencies.

The board of directors of the veterans homes shall report to the legislature by January 1, 1989, regarding efforts to maximize use of federal Veterans Administration funds.

Of this appropriation, \$410,000 is for the replacement of electrical transformers and for phase 1 of the steam retrofitting for the veterans home.

Money appropriated for repairs and replacement at the veterans homes is not included in the base funding level. The commissioner shall request necessary funds for this purpose as a change request to the 1989 to 1991 biennial budget.

Sec. 3. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION	-0-	200,000
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This appropriation is added to the appropriation in Laws 1987, chapter 352, section 13.

Any balance remaining at the end of fiscal year 1988 in the account of the ombudsman for mental health and mental retardation does not cancel but is available for fiscal year 1989.

**Sec. 4. JOBS AND TRAINING**

Subdivision 1. Appropriation by Fund

General Fund	-0-	1,800,000
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This appropriation is added to the appropriation in Laws 1987, chapter 403, article 1, section 4.

Subd. 2. Employment and Training

General Fund		
\$ -0-		\$100,000

All money remaining in the emergency interest repayment fund established under Minnesota Statutes, section 268.061, on June 29,

1988, is transferred to the unemployment compensation fund established under Minnesota Statutes, section 268.05.

Subd. 3. Rehabilitation Services

\$ -0-                      \$350,000

Of this appropriation, \$150,000 is for grants to certified rehabilitation facilities to provide needed services to eligible persons who are on a waiting list for community-based employment services.

Subd. 4. Community Services

\$ -0-                      \$1,350,000

Of this appropriation, \$300,000 is for Minnesota economic opportunity grants, of which \$200,000 is for the Olmsted and Freeborn county community action agencies. Notwithstanding Laws 1987, chapter 403, article 1, section 4, subdivision 4, in the event the Olmsted and Freeborn county community action agencies become federal-eligible entities, the discretionary funds being held in reserve for the Olmsted and Freeborn county community action agencies must be distributed to all community action agencies.

Grants for development and administration of life skills and employment plans for homeless individuals are authorized for fiscal year 1989 only. Money needed to continue this program must be included as a change request in the 1989 to 1991 biennial budget document.

Sec. 5. CORRECTIONS

Subdivision 1. Total

Appropriation

7,900

521,600

This appropriation is added to the appropriation in Laws 1987, chapter 403, article 1, section 5.

Subd. 2. Correctional Institutions

\$ -0-                      \$360,000

This appropriation is to replace boiler number three at the Red Wing correctional facility.

Of the appropriation in Laws 1987, chapter 403, article 1, section 5, subdivision 4, the commissioner may transfer \$41,200 in 1988 and \$69,100 in 1989 from contractual services to salaries.

The commissioner may transfer unencumbered grant money during the biennium to pay



the department's share of the employee insurance trust fund deficit and for the completion of the Lino Lakes expansion project.

Subd. 3. Community Services  
       \$7,900                 \$161,600

Sec. 6. HEALTH

Subdivision 1. Appropriation by Fund

General Fund	-0-	2,792,000
Special Revenue Fund	-0-	320,300
Public Health Fund	175,200	200,800
Trunk Highway Fund	74,400	85,500
Metro Landfill Fund	19,300	22,000

This appropriation is added to the appropriation in Laws 1987, chapter 403, article 1, section 8.

Subd. 2. Preventive and Protective Health Services

General Fund  
       \$ -0-                 \$2,002,000

Special Revenue Fund  
       \$ -0-                 \$ 220,300

Of the appropriation from the general fund, \$700,000 is to be used for AIDS prevention grants for certain high-risk populations: \$350,000 for communities of color; \$250,000 for adolescents at highest risk; and \$100,000 for intravenous drug abusers.

Of the appropriation from the general fund, \$200,000 is to establish the Minnesota institute for addiction and stress research. Of this total, \$160,000 will be used for a grant to the institute and \$40,000 will be retained by the department. The approved complement of the department of health is increased by one position for purposes of developing and monitoring the institute.

Of the appropriation from the special revenue fund, \$55,000 is for implementation of the environmental laboratories certification program and is available until June 30, 1992.

Of the appropriation in Laws 1987, chapter 403, article 1, section 8, subdivision 2, the commissioner may transfer \$142,000 in fiscal year 1989 from supplies and expense to salaries.

Of the appropriation in Laws 1987, chapter 403, article 1, section 8, subdivision 2, for the purchase of equipment, \$190,000 is available

until June 30, 1989.

Money appropriated for the safe drinking water program is available only for fiscal year 1989. The commissioner shall study alternative structures for funding the program beyond fiscal year 1989 and shall recommend a funding structure to the legislature by January 1, 1989.

Money appropriated for a medical screening of past employees and family members of past employees of the Conwed Corporation plant in Cloquet is available until expended.

### Subd. 3. Health Delivery Systems

#### General Fund

\$ -0-	\$790,000
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#### Special Revenue Fund

\$ -0-	\$100,000
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Of the appropriation from the general fund, \$400,000 is for grants to poison information centers selected by the commissioner under criteria established in Minnesota Statutes, section 145.93.

The commissioner may develop a schedule of fees for diagnostic evaluations conducted at clinics held by the services for children with handicaps program.

Notwithstanding the provisions of Minnesota Rules, part 4690.4600, an emergency medical technician certificate issued to a firefighter employed by the city of Minneapolis which expires as of December 31, 1988, shall be effective until December 31, 1989, provided that the firefighter does not serve as an ambulance attendant.

The commissioner of health, in consultation with the commissioner of human services, shall implement the provisions of Public Law Number 100-203, the Omnibus Budget Reconciliation Act of 1987, that relate to training and competency evaluation programs and the establishment of a registry for nurse aides in nursing homes and boarding care homes certified for participation in the medical assistance or Medicare programs. The board of nursing, at the request of the commissioner of health, may establish training and competency evaluation standards and may establish a registry of nurse aides who have completed the programs. The board of nursing and the commissioner of health may adopt emergency

rules that may be required for the implementation of Public Law Number 100-203. Emergency rulemaking authority expires June 30, 1989. The commissioner of human services shall amend the interagency contract with the commissioner of health to incorporate these requirements.

Money appropriated for a demonstration project relating to blood lead levels in pregnant women is available until June 30, 1990.

Money appropriated for a demonstration project relating to blood lead levels in children is available until expended.

#### Subd. 4. Health Support Services

Public Health Fund		
\$175,200	\$200,800	
Trunk Highway Fund		
\$74,400	\$85,500	
Metro Landfill Fund		
\$19,300	\$22,000	

#### Sec. 7. PROJECT LABOR

For human services and corrections institutions, wages for project labor may be paid if the employee is to be engaged in a construction or repair project of short-term and nonrecurring nature. Minnesota Statutes, section 43A.25, does not prevent the payment of the prevailing wage rate, as defined in Minnesota Statutes, section 177.42, subdivision 6, to a person hired to work on a project, whether or not the person is working under a contract.

### ARTICLE 2

Section 1. Minnesota Statutes 1987 Supplement, section 3.922, subdivision 6, is amended to read:

Subd. 6. [DUTIES.] The primary duties of the council shall be to:

(1) clarify for the legislature and state agencies the nature of tribal governments, the relationship of tribal governments to the Indian people of Minnesota;

(2) assist the secretary of state in establishing an election of at large members of the council;

(3) make recommendations to members of the legislature on desired and needed legislation for the benefit of the statewide Indian community and communicate to the members of the legislature when legislation has or will have an adverse effect on the statewide Indian community;

(4) provide, through the elected apparatus of the council, an effective conduit for programs, proposals, and projects to the legislature submitted by tribal governments, organizations, committees, groups, or individuals;

(5) provide a continuing dialogue with members of the appropriate tribal governments in order to improve their knowledge of the legislative process, state agencies, and governmental due process;

(6) assist in establishing Indian advisory councils in cooperation with state agencies delivering services to the Indian community;

(7) assist state agencies in defining what groups, organizations, committees, councils, or individuals are eligible for delivery of their respective services;

(8) assist in providing resources, tribal and other, in the delivery of services to the statewide Indian community;

(9) act as a liaison between local, state, and national units of government in the delivery of services to the Indian population of Minnesota;

(10) assist state agencies in the implementation and updating of studies of services delivered to the Indian community;

(11) provide, for the benefit of all levels of state government, a continuing liaison between those governmental bodies and duly elected tribal governments and officials;

(12) interreact with private organizations involved with Indian concerns in the development and implementation of programs designed to assist Indian people, insofar as they affect state agencies and departments;

(13) act as an intermediary, when requested and if necessary between Indian interests and state agencies and departments when questions, problems, or conflicts exist or arise;

(14) provide information for and direction to a program designed to assist Indian citizens to assume all the rights, privileges, and duties of citizenship, and to coordinate and cooperate with local, state, and national private agencies providing services to the Indian people;

(15) develop educational programs, community organization programs, leadership development programs, motivational programs, and business development programs for the benefit of Indian persons who have been, are, or will be subject to prejudice and discrimination; and

(16) cooperate and consult with appropriate commissioners and agencies to develop plans and programs to most effectively serve the needs of Indians; and

*(17) review data provided by the commissioner of human services under section 257.072, subdivision 5, and present recommendations on the out-of-home placement of Indian children. Recommendations must be presented to the commissioner and the legislature by February 1, 1990; November 1, 1990; and November 1 of each year thereafter.*

Sec. 2. Minnesota Statutes 1986, section 3.9223, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The council shall:

(a) Advise the governor and the legislature on the nature of the issues and disabilities confronting Spanish-speaking people in this state including the unique problems encountered by Spanish-speaking migrant agricultural workers;

(b) Advise the governor and the legislature on statutes or rules necessary

to insure Spanish-speaking people access to benefits and services provided to people in this state;

(c) Recommend to the governor and the legislature legislation designed to improve the economic and social condition of Spanish-speaking people in this state;

(d) Serve as a conduit to state government for organizations of Spanish-speaking people in the state;

(e) Serve as a referral agency to assist Spanish-speaking people in securing access to state agencies and programs;

(f) Serve as a liaison with the federal government, local government units and private organizations on matters relating to the Spanish-speaking people of this state;

(g) Perform or contract for the performance of studies designed to suggest solutions to problems of Spanish-speaking people in the areas of education, employment, human rights, health, housing, social welfare and other related programs;

(h) Implement programs designed to solve problems of Spanish-speaking people when so authorized by other statute, rule or order;

(i) *Review data provided by the commissioner of human services under section 257.072, subdivision 5, and present recommendations on the out-of-home placement of children of Hispanic people. Recommendations must be presented to the commissioner and the legislature by February 1, 1990; November 1, 1990; and November 1 of each year thereafter; and*

(j) Publicize the accomplishments of Spanish-speaking people and the contributions made by them to this state.

Sec. 3. Minnesota Statutes 1986, section 3.9225, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The council shall:

(a) Advise the governor and the legislature on the nature of the issues confronting Black people in this state;

(b) Advise the governor and the legislature on statutes or rules necessary to insure Black people access to benefits and services provided to people in this state;

(c) Recommend to the governor and the legislature any revisions in the state's affirmative action program and any other steps that are necessary to eliminate underutilization of Blacks in the state's work force;

(d) Recommend to the governor and the legislature legislation designed to improve the economic and social condition of Black people in this state;

(e) Serve as a conduit to state government for organizations of Black people in the state;

(f) Serve as a referral agency to assist Black people in securing access to state agencies and programs;

(g) Serve as a liaison with the federal government, local government units and private organizations on matters relating to the Black people of this state;

(h) Perform or contract for the performance of studies designed to suggest

solutions to problems of Black people in the areas of education, employment, human rights, health, housing, social welfare and other related areas;

(i) Implement programs designed to solve problems of Black people when so authorized by other statute, rule or order; ~~and~~

(j) *Review data provided by the commissioner of human services under section 257.072, subdivision 5, and present recommendations on the out-of-home placement of Black children. Recommendations must be presented to the commissioner and the legislature by February 1, 1990; November 1, 1990; and November 1 of each year thereafter; and*

(k) Publicize the accomplishments of Black people and the contributions made by them to this state.

Sec. 4. Minnesota Statutes 1986, section 3.9226, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The council shall:

(1) advise the governor and the legislature on issues confronting Asian-Pacific people in this state, including the unique problems of non-English-speaking immigrants and refugees;

(2) advise the governor and the legislature of administrative and legislative changes necessary to ensure Asian-Pacific people access to benefits and services provided to people in this state;

(3) recommend to the governor and the legislature any revisions in the state's affirmative action program and other steps that are necessary to eliminate underutilization of Asian-Pacific people in the state's work force;

(4) recommend to the governor and the legislature legislation designed to improve the economic and social condition of Asian-Pacific people in this state;

(5) serve as a conduit to state government for organizations of Asian-Pacific people in the state;

(6) serve as a referral agency to assist Asian-Pacific people in securing access to state agencies and programs;

(7) serve as a liaison with the federal government, local government units, and private organizations on matters relating to the Asian-Pacific people of this state;

(8) perform or contract for the performance of studies designed to suggest solutions to the problems of Asian-Pacific people in the areas of education, employment, human rights, health, housing, social welfare, and other related areas;

(9) implement programs designed to solve the problems of Asian-Pacific people when authorized by other law;

(10) publicize the accomplishments of Asian-Pacific people and their contributions to this state;

(11) work with other state and federal agencies and organizations to develop small business opportunities and promote economic development for Asian-Pacific Minnesotans;

(12) supervise development of an Asian-Pacific trade primer, outlining Asian and Pacific customs, cultural traditions, and business practices, including

language usage, for use by Minnesota's export community; and

(13) cooperate with other state and federal agencies and organizations to develop improved state trade relations with Asian and Pacific countries; and

(14) review data provided by the commissioner of human services under section 257.072, subdivision 5, and present recommendations on the out-of-home placement of Asian-Pacific children. Recommendations must be presented to the commissioner and the legislature by February 1, 1990; November 1, 1990; and November 1 of each year thereafter.

Sec. 5. Minnesota Statutes 1987 Supplement, section 16B.08, subdivision 7, is amended to read:

Subd. 7. [SPECIFIC PURCHASES.] (a) The following may be purchased without regard to the competitive bidding requirements of this chapter:

- (1) merchandise for resale at state park refectories or facility operations;
- (2) farm and garden products, which may be sold at the prevailing market price on the date of the sale;
- (3) meat for other state institutions from the vocational school maintained at Pipestone by independent school district No. 583; and

(4) furniture from the Minnesota correctional facilities.

(b) *Supplies, materials, equipment, and utility services for use by a community-based residential facility operated by the commissioner of human services may be purchased or rented without regard to the competitive bidding requirements of this chapter.*

(c) *Supplies, materials, or equipment to be used in the operation of a hospital licensed under sections 144.50 to 144.56 that are purchased under a shared service purchasing arrangement whereby more than one hospital purchases supplies, materials, or equipment with one or more other hospitals, either through one of the hospitals or through another entity, may be purchased without regard to the competitive bidding requirements of this chapter if the following conditions are met:*

- (1) the hospital's governing authority authorizes the arrangement;
- (2) the shared services purchasing program purchases items available from more than one source on the basis of competitive bids or competitive quotations of prices; and
- (3) the arrangement authorizes the hospital's governing authority or its representatives to review the purchasing procedures to determine compliance with these requirements.

Sec. 6. [62A.047] [DEPENDENT COVERAGE.]

*A policy of accident and sickness insurance that covers an employee who is a Minnesota resident must, if it provides dependent coverage, allow dependent children who do not reside with the covered employee to be covered on the same basis as if they reside with the covered employee. Neither the amount of support provided by the employee to the dependent child nor the residency of the child may be used as an excluding or limiting factor for coverage or payment for health care.*

Sec. 7. Minnesota Statutes 1987 Supplement, section 62A.152, subdivision 2, is amended to read:

Subd. 2. [MINIMUM BENEFITS.] (a) All group policies and all group subscriber contracts providing benefits for mental or nervous disorder treatments in a hospital shall also provide coverage on the same basis as coverage for other benefits for at least 80 percent of the cost of the usual and customary charges of the first ten hours of treatment incurred over a 12-month benefit period, for mental or nervous disorder consultation, diagnosis and treatment services delivered while the insured person is not a bed patient in a hospital, and at least 75 percent of the cost of the usual and customary charges for any additional hours of treatment during the same 12-month benefit period for serious ~~and~~ or persistent mental or nervous disorders, if the services are furnished by (1) a licensed or accredited hospital, (2) a community mental health center or mental health clinic approved or licensed by the commissioner of human services or other authorized state agency, or (3) a licensed consulting psychologist licensed under the provisions of sections 148.87 to 148.98, or a psychiatrist licensed under chapter 147. Prior authorization from an accident and health insurance company, or a nonprofit health service corporation, shall be required for an extension of coverage beyond ten hours of treatment. This prior authorization must be based upon the severity of the disorder, the patient's risk of deterioration without ongoing treatment and maintenance, degree of functional impairment, and a concise treatment plan. Authorization for extended treatment may ~~not exceed~~ be limited to a maximum of 30 visit hours during any 12-month benefit period.

(b) For purposes of this section, covered treatment for a minor ~~shall include~~ includes treatment for the family if family therapy is recommended by a provider listed ~~above~~ in paragraph (a), item (1), (2) or (3). For purposes of determining benefits under this section, "hours of treatment" means treatment rendered on an individual or single-family basis. If treatment is rendered on a group basis, the hours of covered group treatment must be provided at a ratio of no less than two group treatment sessions to one individual treatment hour.

Sec. 8. Minnesota Statutes 1987 Supplement, section 62A.48, subdivision 7, is amended to read:

Subd. 7. [EXISTING POLICIES.] Nothing in sections 62A.46 to 62A.56 62A.58 prohibits the renewal of the following long-term care policies:

(1) policies sold outside the state of Minnesota to persons who at the time of sale were not residents of the state of Minnesota;

(2) policies sold before August 1, 1986; and

(3) policies sold before July 1, 1988, by associations exempted from sections 62A.31 to 62A.44 under section 62A.31, subdivision 1a.

Sec. 9. Minnesota Statutes 1987 Supplement, section 62A.50, subdivision 3, is amended to read:

Subd. 3. [DISCLOSURES.] No long-term care policy shall be offered or delivered in this state, whether or not the policy is issued in this state, and no certificate of coverage under a group long-term care policy shall be offered or delivered in this state, unless a statement containing at least the following information is delivered to the applicant at the time the application is made:

(1) a description of the benefits and coverage provided by the policy and the differences between this policy, a supplemental Medicare policy and



the benefits to which an individual is entitled under parts A and B of Medicare and the differences between policy designations A and AA;

(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, OR ADULT DAY 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;

(7) *the following language, in bold print: "YOUR PREMIUMS CAN BE INCREASED IN THE FUTURE. THE RATE SCHEDULE THAT LISTS YOUR PREMIUM NOW CAN CHANGE.";*

(8) *the following language, if applicable, in bold print: "IF YOU ARE NOT HOSPITALIZED PRIOR TO ENTERING A NURSING HOME OR NEEDING HOME CARE, YOU WILL NOT BE ABLE TO COLLECT ANY BENEFITS UNDER THIS PARTICULAR POLICY";* *and*

(9) *a signed and completed copy of the application for insurance is left with the applicant at the time the application is made.*

Sec. 10. Minnesota Statutes 1986, section 62A.54, is amended to read:

**62A.54 [PROHIBITED PRACTICES.]**

Unless otherwise provided for in Laws 1986, chapter 397, sections 2 to 8, 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.

*It is misconduct for any agent or company to make any misstatements concerning eligibility or coverage under the medical assistance program, or about how long-term care costs will or will not be financed if a person does not have long-term care insurance. Any agent or company providing information on the medical assistance program shall also provide information about how to contact the county human services department or the state department of human services.*

**Sec. 11. [62C.143] [DEPENDENT COVERAGE.]**

*A subscriber contract of a nonprofit health service plan corporation that covers an employee who is a Minnesota resident must, if it provides dependent coverage, allow dependent children who do not reside with the*

*covered employee to be covered on the same basis as if they reside with the covered employee. Neither the amount of support provided by the employee to the dependent child nor the residency of the child may be used as an excluding or limiting factor for coverage or payment for health care.*

Sec. 12. Minnesota Statutes 1987 Supplement, section 62D.102, is amended to read:

62D.102 [MINIMUM BENEFITS.]

(a) In addition to minimum requirements established in other sections, all group health maintenance contracts providing benefits for mental or nervous disorder treatments in a hospital shall also provide coverage for at least ten hours of treatment over a 12-month period with a copayment not to exceed the greater of \$10 or 20 percent of the applicable usual and customary charge for mental or nervous disorder consultation, diagnosis and treatment services delivered while the enrollee is not a bed patient in a hospital and at least 75 percent of the cost of the usual and customary charges for any additional hours of ambulatory mental health treatment during the same 12-month benefit period for serious ~~and~~ or persistent mental or nervous disorders. Prior authorization may be required for an extension of coverage beyond ten hours of treatment. This prior authorization must be based upon the severity of the disorder, the patient's risk of deterioration without ongoing treatment and maintenance, degree of functional impairment, and a concise treatment plan. Authorization for extended treatment may ~~not exceed~~ *be limited to* a maximum of 30 visit hours during any 12-month benefit period.

(b) For purposes of this section, covered treatment for a minor ~~shall include~~ *includes* treatment for the family if family therapy is recommended by a health maintenance organization provider. *For purposes of determining benefits under this section, "hours of treatment" means treatment rendered on an individual or single-family basis. If treatment is rendered on a group basis, the hours of covered group treatment must be provided at a ratio of no less than two group treatment sessions to one individual treatment hour. For a health maintenance contract that is offered as a companion to a health insurance subscriber contract, the benefits for mental or nervous disorders must be calculated in aggregate for the health maintenance contract and the health insurance subscriber contract.*

Sec. 13. [62D.104] [DEPENDENT COVERAGE.]

*A health maintenance organization subscriber contract must, if it provides dependent coverage, allow dependent children who do not reside with the covered employee to be covered on the same basis as if they reside with the covered employee. Neither the amount of support provided by the employee to the dependent child nor the residency of the child can be used as an excluding or limiting factor for coverage or payment for any health care. Coverage under this section shall apply only if the dependent child resides within the service area of the health maintenance organization or if the dependent child is a birth or legally adopted child.*

Sec. 14. Minnesota Statutes 1986, section 62E.04, is amended by adding a subdivision to read:

*Subd. 9. [REDUCTION OF BENEFITS BECAUSE OF ERISA SERVICES.] No plan of health coverage including, but not limited to, any plan under the federal Employee Retirement Income Security Act of 1974 (ERISA),*

*United States Code, title 29, sections 1001 to 1461, which covers a Minnesota resident shall deny or reduce benefits because services are rendered to a covered person or dependent who is eligible for or receiving benefits under chapter 256B.*

Sec. 15. Minnesota Statutes 1986, section 62E.04, is amended by adding a subdivision to read:

*Subd. 10. [DEPENDENT COVERAGE.] A plan of health coverage under the Federal Employee Retirement Income Security Act of 1974 (ERISA), United State Code, title 29, sections 1001 to 1461, which covers an employee who is a Minnesota resident must, if it provides dependent coverage, allow dependent children who are eligible for or receiving benefits under chapter 256B and who do not reside with the covered employee to be covered on the same basis as if they reside with the covered employee. Neither the amount of support provided by the employee to the dependent child nor the residency of the child can be used as an excluding or limiting factor for coverage or payment for any health care.*

Sec. 16. Minnesota Statutes 1987 Supplement, section 129A.01, subdivision 5, is amended to read:

*Subd. 5. [~~HANDICAPPED PERSON PERSON WITH A DISABILITY.~~] "~~Handicapped person~~" "Person with a disability" means a person who because of a substantial physical, mental, or emotional disability or dysfunction requires special services in order to enjoy the benefits of society.*

Sec. 17. Minnesota Statutes 1987 Supplement, section 129A.01, subdivision 6, is amended to read:

*Subd. 6. [~~LONG TERM SHELTERED WORKSHOP REHABILITATION FACILITY.~~] "~~Long term sheltered workshop Rehabilitation facility~~" means a facility where any manufacture or handiwork is carried on and an entity which meets the definition of "rehabilitation facility" in the federal Rehabilitation Act of 1973, as amended; however, for the purposes of sections 129A.03, paragraph (a), 129A.06, 129A.07, and 129A.08, "~~rehabilitation facility~~" means an entity which is operated for the primary purpose of providing remunerative employment to those ~~handicapped~~ persons with a disability who, as a result of physical or mental disability, are unable to participate in competitive employment. A ~~long term sheltered workshop~~ rehabilitation facility shall supply such employment (1) as a step in the rehabilitation process for those who cannot be readily absorbed in the competitive labor market, or (2) during such time as employment opportunities for them in the competitive labor market do not exist.*

Sec. 18. Minnesota Statutes 1987 Supplement, section 129A.01, subdivision 7, is amended to read:

*Subd. 7. [WORK ACTIVITY PROGRAM.] "Work activity program" means a program which utilizes paid work and training services for the primary purpose of providing basic vocational skills development for the ~~handicapped~~ persons with a disability and which permits a level of production below that required for a long-term employment program.*

Sec. 19. Minnesota Statutes 1986, section 129A.02, subdivision 3, is amended to read:

*Subd. 3. [CONSUMER ADVISORY COUNCIL.] To assure that consumer concerns are integral parts of the considerations of a major consideration in the ~~department~~ department's programs, policies, and decision*

*making process, the commissioner shall establish and appoint a consumer advisory council on vocational rehabilitation which shall be composed of ~~nine~~ no more than 13 members. ~~No fewer than five~~ A majority of the members of the council shall be ~~handicapped persons, and there shall be with a disability who are current or former recipients of vocational rehabilitation services or who represent consumer/advocacy organizations that regularly serve vocational rehabilitation clients.~~ If a qualified person is available to so serve, one person shall be appointed to the council to represent each of the following: business, labor, education, medicine and the private *not-for-profit* rehabilitation industry. The remaining members shall be public members. Under the direction of the commissioner, the council shall organize itself and elect a chair and other officers as it deems appropriate. The council shall meet at the call of the chair or the commissioner as often as necessary. ~~The council shall expire and the terms, compensation, and removal of members of the council shall be as provided in section 15.059. The council shall not expire as provided by section 15.059, subdivision 5.~~*

Sec. 20. Minnesota Statutes 1987 Supplement, section 129A.03, is amended to read:

129A.03 [POWERS AND DUTIES.]

The commissioner shall:

(a) certify the ~~long term sheltered workshops~~ *rehabilitation facilities* to offer extended employment programs, grant funds to the extended employment programs, and perform the duties as specified in section 129A.08;

(b) provide vocational rehabilitation services ~~such as to persons with disabilities in accordance with the state plan for vocational rehabilitation. These services include but are not limited to:~~ diagnostic and related services incidental to determination of eligibility for services to be provided, including medical diagnosis and vocational diagnosis; vocational counseling, training and instruction, including personal adjustment training; physical restoration, including corrective surgery, therapeutic treatment, hospitalization and prosthetic and orthotic devices, all of which shall be obtained from appropriate established agencies; transportation; occupational and business licenses or permits, customary tools and equipment; maintenance; books, supplies and training materials; initial stocks and supplies; placement; ~~on-the-job skill training and time-limited postemployment services leading to supported employment;~~ acquisition of vending stands or other equipment, initial stocks and supplies for small business enterprises; supervision and management of small business enterprises, merchandising programs or services rendered by severely disabled persons; ~~establishment, improvement, maintenance or extension of public and other nonprofit rehabilitation facilities, centers, workshops, demonstration projects and research. These services shall be provided for handicapped persons in the state whose capacity to earn a living has in any way been destroyed or impaired through industrial accident or otherwise; these~~ Persons with a disability are entitled to free choice of vendor for any medical or, dental, prosthetic, or orthotic services provided under this paragraph;

(c) *expend funds and provide technical assistance for the establishment, improvement, maintenance, or extension of public and other nonprofit rehabilitation facilities or centers;*

(d) formulate plans of cooperation with the commissioner of labor and

industry for providing services to workers covered under the workers' compensation act;

(d) (e) maintain a contractual or regulatory relationship with the United States as authorized by the act of Congress approved September 1, 1954, known as the "Social Security Amendments of 1954," Public Law Number 761, section 221, and the act approved October 30, 1972, known as the Social Security Amendments of 1972, Public Law Number 92-603, and subsequent amendments Social Security Act, as amended. Under the contract this relationship, the state will undertake to make determinations referred to in those public laws with respect to all individuals in Minnesota, or with respect to a class or classes of individuals in this state that is designated in the agreement at the state's request. It is the purpose of this relationship to permit the citizens of this state to obtain all benefits available under federal law;

(e) (f) provide an in-service training program for ~~department~~ *division of rehabilitation services* employees by paying for its direct costs with state and federal funds;

(f) (g) conduct research and demonstration projects; provide training and instruction, including establishment and maintenance of research fellowships and traineeships, along with all necessary stipends and allowances; disseminate information to ~~the handicapped persons with a disability~~ and the general public; and provide technical assistance relating to vocational rehabilitation and independent living;

(g) (h) receive and disburse pursuant to law money and gifts available from governmental and private sources including, but not limited to, the federal Department of Education and the Social Security Administration, for the purpose of vocational rehabilitation or independent living. Money received from workers' compensation carriers for vocational rehabilitation services to injured workers must be deposited in the general fund;

(h) (i) design all state plans ~~of~~ for vocational rehabilitation or independent living services required as a condition to the receipt and disbursement of any money available from the federal government;

(i) (j) cooperate with other public or private agencies or organizations for the purpose of vocational rehabilitation or independent living. Money received from school districts, governmental subdivisions, mental health centers or boards, and private nonprofit organizations is appropriated to the commissioner for conducting joint or cooperative vocational rehabilitation or independent living programs;

(j) (k) enter into contractual arrangements with instrumentalities of federal, state, or local government and with private individuals, organizations, agencies, or facilities with respect to providing vocational rehabilitation or independent living services;

(k) (l) take other actions required by state and federal legislation relating to vocational rehabilitation, independent living, and disability determination programs;

(l) (m) hire staff and arrange services and facilities necessary to perform the duties and powers specified in this section; and

(m) (n) adopt, amend, suspend, or repeal rules necessary to implement or make specific programs that the commissioner by sections 129A.01 to 129A.09 is empowered to administer.

Sec. 21. Minnesota Statutes 1987 Supplement, section 129A.06, subdivision 1, is amended to read:

Subdivision 1. Any city, town, county, nonprofit corporation, *state regional center*, or any combination thereof, may apply to the commissioner for assistance in establishing or operating a community ~~long-term sheltered workshop~~ *rehabilitation facility*. Application for assistance shall be on forms supplied by the commissioner. Each applicant shall annually submit to the commissioner its plan and budget for the next fiscal year. No applicant shall be eligible for a grant hereunder unless its plan and budget have been approved by the commissioner.

Sec. 22. Minnesota Statutes 1987 Supplement, section 129A.07, subdivision 1, is amended to read:

Subdivision 1. Every city, town, county, nonprofit corporation, or combination thereof establishing a ~~long-term sheltered workshop~~ *rehabilitation facility* shall appoint a ~~long-term sheltered workshop~~ *rehabilitation facility* board of no fewer than nine members before becoming eligible for the assistance provided by sections 129A.06 to 129A.08. When any city, town, or county singly establishes such a ~~workshop~~ *rehabilitation facility*, the board shall be appointed by the chief executive officer of the city or the chair of the governing board of the county or town. When any combination of cities, towns, counties or nonprofit corporations establishes a ~~workshop~~ *rehabilitation facility*, the chief executive officers of the cities, nonprofit corporations and the chairs of the governing bodies of the counties or towns shall appoint the board. If a nonprofit corporation singly establishes a ~~workshop~~ *rehabilitation facility*, the corporation shall appoint the board of directors. Membership on a board shall be representative of the community served and shall include a ~~handicapped~~ *person with a disability*. One-third to one-half of the board shall be representative of industry or business. The remaining members should be representative of lay associations for ~~the handicapped persons with a disability~~, labor, the general public, and education, welfare, medical, and health professions. Nothing in sections 129A.06 to 129A.08 shall be construed to preclude the appointment of elected or appointed public officials or members of the board of directors of the sponsoring nonprofit corporation to the board, so long as representation described above is preserved. *If a state regional center establishes an extended employment program, the chief executive officer of the state regional center shall perform the functions of the rehabilitation facility board as prescribed in subdivision 3. The regional center is not required to establish a separate governing body as a board. The state regional center shall establish an advisory committee following the membership representation requirements of this subdivision.* If a county establishes a ~~workshop~~ *an extended employment program* and manages the ~~workshop~~ *program* with county employees, the governing board shall be the county board of commissioners and other provisions of this chapter pertaining to membership on the governing board do not apply.

Sec. 23. Minnesota Statutes 1987 Supplement, section 129A.08, subdivision 1, is amended to read:

Subdivision 1. [GRANTS.] The commissioner may make grants to assist cities, towns, counties, nonprofit corporations, *state regional centers*, or any combination thereof in the establishment, operation, and expansion of the extended employment programs offered by ~~long-term sheltered workshops~~ *rehabilitation facilities*. The commissioner may accept federal grants

or aids and shall cooperate with federal agencies in any reasonable manner necessary to qualify for federal grants or aids for ~~long-term sheltered workshops~~ *rehabilitation facilities* or their programs.

Sec. 24. Minnesota Statutes 1987 Supplement, section 129A.08, subdivision 4, is amended to read:

Subd. 4. [EVALUATION OF PROGRAMS.] The program evaluation must include, but not be limited to, the following considerations:

(a) Wages and benefits paid to ~~sheltered employees~~ *extended employment program participants* and number of hours worked;

(b) Rate of placement in competitive employment;

(c) Opportunities for ~~sheltered employees~~ *extended employment program participants* to participate in decisions affecting their employment;

(d) ~~Workshop Rehabilitation facility~~ responsiveness to ~~sheltered employees~~ *extended employment program participants'* grievances;

(e) Increases in individual ~~sheltered employee~~ *extended employment program participants'* productivity;

(f) ~~Implementing innovative ways to increase placement and retention of sheltered employees in competitive employment, or in sheltered positions with competitive employers, or innovative ways that increase sheltered employee wages;~~

(g) Efficiency of the ~~workshops~~ *rehabilitation facilities*; and

~~(h)~~ (g) Types and levels of disability of the ~~sheltered employees~~ *extended employment program participants* and willingness of the ~~workshop~~ *rehabilitation facility* to accept and assist persons with serious behavioral, mental, sensory, or physical disabilities.

The evaluation must take into account the disability levels of the ~~sheltered employees~~ *extended employment program participants*, the geographic location and size of the ~~workshop~~ *rehabilitation facility* and the economic conditions of the surrounding community.

Sec. 25. Minnesota Statutes 1987 Supplement, section 129A.08, is amended by adding a subdivision to read:

Subd. 4a. [FUND ALLOCATION.] *Funds appropriated for the extended employment program shall be distributed to rehabilitation facilities in a manner prescribed in rule, provided that 15 percent shall be allocated based on economic conditions as defined in rule and that, for funding purposes, no credit can be given for full-time equivalents, as defined in rule, in excess of the number of persons in the program.*

Sec. 26. Minnesota Statutes 1987 Supplement, section 129A.08, subdivision 5, is amended to read:

Subd. 5. [RULE AUTHORITY.] In addition to the powers already conferred by law, the commissioner shall promulgate rules on:

(a) state certification of all ~~long-term sheltered workshops~~ *rehabilitation facilities*;

(b) allocation of state grant funds to extended employment programs;

(c) standards for qualification of personnel and quality of professional service and for in-service training and education leave programs for personnel;

(d) eligibility for service so that no person will be denied service on the basis of race, creed, or color;

(e) regulatory fees for consultation services;

(f) standards and criteria by which ~~handicapped~~ persons *with a disability* are to be judged eligible for the services;

(g) evaluation criteria for extended employment programs; and

(h) program evaluation criteria for work activity programs in order to determine the extent to which these programs meet the goals and objectives established in state and federal law relating to work activity programs.

The rules on evaluation criteria for ~~long-term sheltered workshops rehabilitation facilities~~ must be in effect by July 1, 1986. The rules must be used in making allocations for fiscal years beginning after June 30, 1987.

Sec. 27. Minnesota Statutes 1986, section 129A.09, is amended to read:

129A.09 [EXPENDITURE OF FEDERAL FUNDS.]

~~Notwithstanding the provisions of Laws 1975, chapter 433, section 2, subdivision 9, Any additional federal funds which become available to the state of Minnesota for vocational rehabilitation or independent living purposes after March 1, 1976 and April 1 of each fiscal year thereafter as a result of a reallocation of funds returned by other states or release of additional funds may be carried over and expended in the next fiscal year. The state of Minnesota shall have earned these funds in the year they are received with state expenditures in accordance with the federal-state formula in effect for that year. These funds shall be subject to the provisions of Laws 1976, chapter 332, section 9, subdivision 8.~~

Sec. 28. Minnesota Statutes 1986, section 129A.10, is amended to read:

129A.10 [INDEPENDENT LIVING SERVICES.]

Subdivision 1. [SERVICES OFFERED.] Independent living services are those services designed to materially improve opportunities for persons with disabilities to live and function more independently in their home, family, and community, and the services include:

- (1) intake counseling to determine the individual's needs for services;
- (2) referral and counseling services with respect to attendant care;
- (3) counseling and advocacy with respect to legal and economic rights and benefits;
- (4) independent living skills, training, and counseling;
- (5) housing and transportation referral and assistance;
- (6) surveys, directories, and other activities to identify appropriate housing and accessible transportation and other support services;
- (7) peer counseling;
- (8) education and training necessary to living in the community and participating in community affairs;
- (9) individual and group social and recreational activities;
- (10) attendant care and training of personnel to provide the care; and
- (11) other necessary services which are not inconsistent with sections



62A.26 and 62E.06, subdivision 1.

Subd. 2. [ADMINISTRATION.] This section shall be administered by the department of jobs and training through the division of ~~vocational~~ rehabilitation *services*. The department may employ staff as reasonably required to administer this section and may accept and receive funds from nonstate sources for the purpose of effectuating this section.

Subd. 3. [CERTIFICATION.] No applicant center for independent living may receive funding under this section unless it has received certification from the division of ~~vocational~~ rehabilitation *services*.

The division of ~~vocational~~ rehabilitation *services* shall involve ~~disabled consumers~~ *persons with a disability* and other interested persons to consider performance evaluation criteria in order to formulate rules by which centers will be certified by July 1, 1986.

The division of ~~vocational~~ rehabilitation *services* shall review the programs for centers of independent living receiving funds from this section to determine their adherence to standards adopted by rule and if the standards are substantially met, shall issue appropriate certifications.

Subd. 4. [APPLICATION OF CENTERS FOR INDEPENDENT LIVING.] The division of ~~vocational~~ rehabilitation *services* shall require centers for independent living to complete application forms, expenditure reports, and proposed plans and budgets. These reports must be in the manner and on the form prescribed by the division. When applying, the center for independent living shall agree to provide reports and records, and make available records for audit as may be required by the division of ~~vocational~~ rehabilitation *services*.

The applicant center for independent living shall be notified in writing by the division concerning the approval of budgets and plans.

Sec. 29. Minnesota Statutes 1986, section 144.053, is amended by adding a subdivision to read:

*Subd. 5. The commissioner of health or the commissioner's agent is not required to solicit information that personally identifies persons selected to participate in an epidemiologic study if the commissioner determines that:*

*(1) the study monitors incidence or prevalence of a serious disease to detect potential health problems and predict risks, provides specific information to develop public health strategies to prevent serious disease, enables the targeting of intervention resources for communities, patients, or groups at risk of the disease, and informs health professionals about risks, early detection, or treatment of the disease;*

*(2) the personally identifying information is not necessary to validate the quality, accuracy, or completeness of the study; or*

*(3) the collection of personally identifying information may seriously jeopardize the validity of study results, as demonstrated by an epidemiologic study.*

Sec. 30. [144.054] [PLAIN LANGUAGE IN WRITTEN MATERIALS.]

*(a) To the extent reasonable and consistent with the goals of providing easily understandable and readable materials and complying with federal and state laws governing the program, all written materials relating to*

determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under a program administered or supervised by the commissioner of health must be understandable to a person who reads at the seventh-grade level, using the Flesch scale analysis readability score as determined under section 72C.09.

(b) All written materials relating to services and determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under programs administered or supervised by the commissioner of health must be developed to satisfy the plain language requirements of the plain language contract act under sections 325G.29 to 325G.36. Materials may be submitted to the attorney general for review and certification. Notwithstanding section 325G.35, subdivision 1, the attorney general shall review submitted materials to determine whether they comply with the requirements of section 325G.31. The remedies available pursuant to sections 8.31 and 325G.33 to 325G.36 do not apply to these materials. Failure to comply with this section does not provide a basis for suspending the implementation or operation of other laws governing programs administered by the commissioner.

(c) The requirements of this section apply to all materials modified or developed by the commissioner on or after July 1, 1988. The requirements of this section do not apply to materials that must be submitted to a federal agency for approval, to the extent that application of the requirements prevents federal approval.

(d) Nothing in this section may be construed to prohibit a lawsuit brought to require the commissioner to comply with this section or to affect individual appeal rights under the special supplemental food program for women, infants, and children granted pursuant to federal regulations under the Code of Federal Regulations, chapter 7, section 246.

(e) The commissioner shall report annually to the chairs of the health and human services divisions of the senate finance committee and the house of representatives appropriations committee on the number and outcome of cases that raise the issue of the commissioner's compliance with this section.

Sec. 31. Minnesota Statutes 1986, section 144.125, is amended to read:

**144.125 [TESTS OF INFANTS FOR INBORN METABOLIC ERRORS CAUSING MENTAL RETARDATION.]**

It is the duty of (1) the administrative officer or other person in charge of each institution caring for infants 28 days or less of age and (2) the person required in pursuance of the provisions of section 144.215, to register the birth of a child, to cause to have administered to every such infant or child in its care tests for hemoglobinopathy, phenylketonuria and other inborn errors of metabolism causing mental retardation in accordance with rules prescribed by the state commissioner of health. In determining which tests must be administered, the commissioner shall take into consideration the adequacy of laboratory methods to detect the inborn metabolic error, the ability to treat or prevent medical conditions caused by the inborn metabolic error, and the severity of the medical conditions caused by the inborn metabolic error. Testing and the recording and reporting of the results of such the tests shall be performed at such the times and in such the manner as may be prescribed by the state commissioner of health. The provisions of This section shall does not apply to any an

infant whose parents object ~~thereto~~ on the grounds that ~~such~~ the tests and treatment conflict with their religious tenets and practices. *The commissioner shall charge laboratory service fees for conducting the tests of infants for inborn metabolic errors so that the total of fees collected will approximate the costs of conducting the tests. Costs associated with capital expenditures and the development of new procedures may be prorated over a three-year period when calculating the amount of the fees.*

Sec. 32. Minnesota Statutes 1986, section 144.50, is amended by adding a subdivision to read:

*Subd. 6. [SUPERVISED LIVING FACILITY LICENSES.] The commissioner may license as a supervised living facility a facility seeking medical assistance certification as an intermediate care facility for persons with mental retardation or related conditions for four or more persons as authorized under section 252.291.*

Sec. 33. [144.97] [DEFINITIONS.]

*Subdivision 1. [APPLICATION.] The definitions in this section apply to section 144.98.*

*Subd. 2. [CERTIFICATION.] "Certification" means written acknowledgement of a laboratory's demonstrated capability to perform tests for a specific purpose.*

*Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of health.*

*Subd. 4. [CONTRACT LABORATORY.] "Contract laboratory" means a laboratory that performs tests on samples on a contract or fee-for-service basis.*

*Subd. 5. [ENVIRONMENTAL SAMPLE.] "Environmental sample" means a substance derived from a nonhuman source and collected for the purpose of analysis.*

*Subd. 6. [LABORATORY.] "Laboratory" means the state, a person, corporation, or other entity, including governmental, that examines, analyzes, or tests samples.*

*Subd. 7. [SAMPLE.] "Sample" means a substance derived from a nonhuman source and collected for the purpose of analysis, or a tissue, blood, excretion, or other bodily fluid specimen obtained from a human for the detection of a chemical, etiologic agent, or histologic abnormality.*

Sec. 34. [144.98] [CERTIFICATION OF ENVIRONMENTAL LABORATORIES.]

*Subdivision 1. [AUTHORIZATION.] The commissioner of health may certify laboratories that test environmental samples.*

*Subd. 2. [RULES.] The commissioner may adopt rules to implement this section, including:*

- (1) procedures, requirements, and fee adjustments for laboratory certification, including provisional status and recertification;*
- (2) standards and fees for certificate approval, suspension, and revocation;*
- (3) standards for environmental samples;*
- (4) analysis methods that assure reliable test results;*

(5) laboratory quality assurance, including internal quality control, proficiency testing, and personnel training; and

(6) criteria for recognition of certification programs of other states and the federal government.

Subd. 3. [FEES.] (a) An application for certification under subdivision 1 must be accompanied by the annual fee specified in this subdivision. The fees are for:

(1) base certification fee, \$250; and

(2) test category certification fees:

Test Category	Certification Fee
Bacteriology	\$100
Inorganic chemistry, fewer than 4 constituents	\$ 50
Inorganic chemistry, 4 or more constituents	\$150
Chemistry metals, fewer than 4 constituents	\$100
Chemistry metals, 4 or more constituents	\$250
Volatile organic compounds	\$300
Other organic compounds	\$300

(b) The total annual certification fee is the base fee plus the applicable test category fees. The annual certification fee for a contract laboratory is 1.5 times the total certification fee.

(c) Laboratories located outside of this state that require an on-site survey will be assessed an additional \$1,200 fee.

(d) The commissioner of health may adjust fees under section 16A.128, subdivision 2. Fees must be set so that the total fees support the laboratory certification program. Direct costs of the certification service include program administration, inspections, the agency's general support costs, and attorney general costs attributable to the fee function.

Subd. 4. [FEES FOR LABORATORY PROFICIENCY TESTING AND TECHNICAL TRAINING.] The commissioner of health may set fees for proficiency testing and technical training services under section 16A.128. Fees must be set so that the total fees cover the direct costs of the proficiency testing and technical training services, including salaries, supplies and equipment, travel expenses, and attorney general costs attributable to the fee function.

Subd. 5. [LABORATORY CERTIFICATION ACCOUNT.] There is an account in the special revenue fund called the laboratory certification account. Fees collected under this section and appropriations for the purposes of this section must be deposited in the laboratory certification account. Money in the laboratory certification account is annually appropriated to the commissioner of health to administer this section.

Sec. 35. Minnesota Statutes 1986, section 144A.04, is amended by adding a subdivision to read:

Subd. 7. [MINIMUM NURSING STAFF REQUIREMENT.] Notwithstanding the provisions of Minnesota Rules, part 4655.5600, the minimum staffing standard for nursing personnel in nursing homes is as follows:

(a) The minimum number of hours of nursing personnel to be provided in a nursing home is the greater of two hours per resident per 24 hours or 0.95 hours per standardized resident day.

*(b) For purposes of this subdivision, "hours of nursing personnel" means the paid, on-duty, productive nursing hours of all nurses and nursing assistants, calculated on the basis of any given 24-hour period. "Productive nursing hours" means all on-duty hours during which nurses and nursing assistants are engaged in nursing duties. Examples of nursing duties may be found in Minnesota Rules, parts 4655.5900, 4655.6100, and 4655.6400. Not included are vacations, holidays, sick leave, in-service classroom training, or lunches. Also not included are the nonproductive nursing hours of the in-service training director. In homes with more than 60 licensed beds, the hours of the director of nursing are excluded. "Standardized resident day" means the sum of the number of residents in each case mix class multiplied by the case mix weight for that resident class, as found in Minnesota Rules, part 9549.0059, subpart 2, calculated on the basis of a facility's census for any given day.*

*(c) Calculation of nursing hours per standardized resident day is performed by dividing total hours of nursing personnel for a given period by the total of standardized resident days for that same period.*

Sec. 36. Minnesota Statutes 1987 Supplement, section 144A.071, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] The commissioner of health, in coordination with the commissioner of human services, may approve the addition of a new certified bed or the addition of a new licensed nursing home bed, under the following conditions:

(a) to replace a bed decertified after May 23, 1983 or to address an extreme hardship situation, in a particular county that, together with all contiguous Minnesota counties, has fewer nursing home beds per 1,000 elderly than the number that is ten percent higher than the national average of nursing home beds per 1,000 elderly individuals. For the purposes of this section, the national average of nursing home beds shall be the most recent figure that can be supplied by the federal health care financing administration and the number of elderly in the county or the nation shall be determined by the most recent federal census or the most recent estimate of the state demographer as of July 1, of each year of persons age 65 and older, whichever is the most recent at the time of the request for replacement. In allowing replacement of a decertified bed, the commissioners shall ensure that the number of added or recertified beds does not exceed the total number of decertified beds in the state in that level of care. An extreme hardship situation can only be found after the county documents the existence of unmet medical needs that cannot be addressed by any other alternatives;

(b) to certify a new bed in a facility that commenced construction before May 23, 1983. For the purposes of this section, "commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were secured;

(c) to certify beds in a new nursing home that is needed in order to meet the special dietary needs of its residents, if: the nursing home proves to the commissioner's satisfaction that the needs of its residents cannot otherwise be met; elements of the special diet are not available through most

food distributors; and proper preparation of the special diet requires incurring various operating expenses, including extra food preparation or serving items, not incurred to a similar extent by most nursing homes;

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

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

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

(g) to license or certify beds in a new facility constructed to replace a facility that was destroyed after June 30, 1987, by fire, lightning, or other hazard provided:

(1) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(2) at the time the facility was destroyed the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(3) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility;

(4) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5; and

(5) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility;

(h) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, or to license or certify beds in a facility for which the total costs of remodeling or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, if the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the remodeling or renovation;

(i) to license or certify beds in a facility that has been involuntarily delicensed or decertified for participation in the medical assistance program, provided that an application for relicensure or recertification is submitted to the commissioner within 120 days after delicensure or decertification;

(j) to license or certify beds in a project recommended for approval by

the interagency board for quality assurance under section 144A.073;

(k) to license nursing home beds in a hospital facility that are relocated from a different hospital facility under common ownership or affiliation, provided: (1) the hospital in which the nursing home beds were originally located ceases to function as an acute care facility, or necessary support services for nursing homes as required for licensure under sections 144A.02 to 144A.10, such as dietary service, physical plant, housekeeping, physical therapy, occupational therapy, and administration, are no longer available from the original hospital site; and (2) the nursing home beds are not certified for participation in the medical assistance program;

(l) to license or certify beds that are moved from one location to another within an existing identifiable complex of hospital buildings, from a hospital-attached nursing home to the hospital building, or from a separate nursing home under common ownership with or control of a hospital to the hospital when a hospital-attached nursing home is moved simultaneously to the hospital to a building formerly used as a hospital, provided the original nursing home building will no longer be operated as a nursing home and the building to which the beds are moved will no longer be operated as a hospital. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the relocation. At the time of the licensure and certification of the nursing home beds, the commissioner of health shall delicense the same number of acute care beds within the existing complex of hospital buildings or building. ~~When a separate nursing home and a hospital-attached nursing home under common ownership or control are simultaneously relocated to a hospital building, a combined cost report must be submitted for the cost reporting year ending September 30, 1987, and the freestanding nursing home limits apply.~~ Relocation of nursing home beds under this clause is subject to the limitations in section 144A.073, subdivision 5;

(m) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(n) to license new nursing home beds in a continuing care retirement community affiliated with a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its residents from outside the state for the purpose of meeting contractual obligations to residents of the retirement community, provided the facility makes a written commitment to the commissioner of human services that it will not seek medical assistance certification for the new beds; or

(o) to certify or license new beds in a new facility on the Red Lake Indian reservation for which payments will be made under the Indian Health Care Improvement Act, Public Law Number 94-437, at the rates specified in United States Code, title 42,

section 1396d(b);

(p) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure and if the cost of any remodeling of the facility does not

*exceed ten percent of the appraised value of the facility or \$200,000, whichever is less. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase in the future. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to*

*facilities that satisfy these requirements; or*

*(q) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of Saint Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this clause.*

Sec. 37. Minnesota Statutes 1987 Supplement, section 144A.073, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them:

(a) "Conversion" means the relocation of a nursing home bed from a nursing home to an attached hospital.

(b) "Renovation" means extensive remodeling of, or construction of an addition to, a facility on an existing site with a total cost exceeding ten percent of the appraised value of the facility or \$200,000, whichever is less.

(c) "Replacement" means the demolition and reconstruction of all or part of an existing facility.

(d) "Upgrading" means a change in the level of licensure of a bed from a boarding care bed to a nursing home bed in a certified boarding care facility that is attached to a nursing home or a boarding care bed in a freestanding boarding care facility that currently meets all health department standards for a nursing home.

Sec. 38. Minnesota Statutes 1987 Supplement, section 144A.073, subdivision 7, is amended to read:

Subd. 7. [UPGRADING RESTRICTIONS.] Proposals submitted or approved under this section involving upgrading must satisfy the following conditions:

(a) No proposal for upgrading may be approved after June 30, 1989.

(b) No more than one proposal for upgrading may be approved for a facility.

(c) Upgrading is limited to a total of ten beds.

(d) The facility must meet minimum nursing home care standards.

(e) Upgrading must not result in an increase in per diem operating costs.



except for the upgrading of those freestanding boarding care facilities which currently meet existing nursing home building and space standards.

(f) (b) If beds are upgraded to nursing home beds, the number of boarding care beds in a facility must not increase in the future.

(g) (c) The average occupancy rate in the existing nursing home beds in an attached facility must be greater than 96 percent according to the most recent annual statistical report of the department of health.

(h) The cost of remodeling the facility to meet current nursing home construction standards must not exceed ten percent of the appraised value of the facility or \$200,000, whichever is less.

Sec. 39. Minnesota Statutes 1987 Supplement, section 144A.073, subdivision 8, is amended to read:

Subd. 8. [RULEMAKING.] The commissioner of health shall adopt emergency or permanent rules to implement this section. *The authority to adopt emergency rules continues until December 30, 1988.*

Sec. 40. Minnesota Statutes 1986, section 144A.08, is amended by adding a subdivision to read:

*Subd. 1b. [SUMMER TEMPERATURE AND HUMIDITY.] A nursing home, or part of a nursing home that includes resident-occupied space, constructed after June 30, 1988, must meet the interior summer design temperature and humidity recommendations in chapter 7 of the 1982 applications of the handbook published by the American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc., as amended.*

Sec. 41. Minnesota Statutes 1986, section 145.43, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] "Hearing aid" means any instrument or device designed for or represented as aiding defective human hearing, and its any parts, attachments, or accessories of the instrument or device, including but not limited to ear molds. Batteries and cords shall not be considered parts, attachments, or accessories of a hearing aid.

Sec. 42. Minnesota Statutes 1986, section 145.43, subdivision 1a, is amended to read:

Subdivision 1a. [30-DAY GUARANTEE AND BUYER RIGHT TO CANCEL.] No person shall sell a hearing aid in this state unless:

(a) The seller provides the buyer with a 30-day written money-back guarantee. The guarantee must: (1) permit the buyer to cancel the purchase for any reason within 30 days after receiving the hearing aid by giving or mailing written notice of cancellation to the seller; (2) *If the hearing aid must be repaired, remade, or adjusted during the 30-day money-back guarantee period, the running of the 30-day period is suspended one day for each 24-hour period that the hearing aid is not in the buyer's possession. A repaired, remade, or adjusted hearing aid must be claimed by the buyer within three working days after notification of availability, after which time the running of the 30-day period resumes. The guarantee must entitle the buyer, upon cancellation, to receive a full refund of payment within 30 days of return of the hearing aid to the seller; provided, however, that. The seller may retain as a cancellation fee the actual cost of any custom ear molds made for the canceled hearing aid so long as this cancellation fee does not exceed ten percent of the buyer's total payment for the hearing*

aid;

(b) The seller shall provide *the buyer with a contract written receipt or contract to the buyer which includes, in plain English, that contains uniform language and provisions that meet the requirements and are certified by the attorney general under the Plain Language Contract Act, sections 325G.29 to 325G.36. The contract must include, but is not limited to, the following: in immediate proximity to the space reserved for the signature of the buyer, or on the first page if there is no space reserved for the signature of the buyer, a clear and conspicuous disclosure of the following specific statement in all capital letters of no less than 12-point boldface type: MINNESOTA STATE LAW GIVES THE BUYER HAS THE RIGHT TO CANCEL THIS PURCHASE FOR ANY REASON AT ANY TIME PRIOR TO MIDNIGHT OF THE 30TH CALENDAR DAY AFTER RECEIPT OF THE HEARING AID(S). IF THE BUYER DECIDES TO RETURN THE HEARING AID(S) WITHIN THIS 30-DAY PERIOD, THE BUYER WILL RECEIVE A REFUND OF \$ . . . . . (State the dollar amount of refund.)*

Sec. 43. Minnesota Statutes 1987 Supplement, section 145.43, subdivision 4, is amended to read:

Subd. 4. [ITEMIZED REPAIR BILL.] (a) Any person or company who agrees to repair a hearing aid must provide the ~~customer~~ *owner of the hearing aid, or the owner's representative*, with a ~~billing~~ *bill* that specifically itemizes all parts and labor charges for services rendered. The bill must also include the person's or company's name, address, and phone number.

(b) This subdivision does not apply to:

(1) a person or company that repairs a hearing aid pursuant to an express warranty covering the *entire* hearing aid and the warranty covers the entire costs, both parts and labor, of the repair; and

(2) a person or company that repairs a hearing aid and the ~~repair~~ *entire hearing aid, after being repaired*, is expressly warranted for a period of at least ~~one year~~ *six months*, the warranty covers the entire costs, both parts and labor, of the repair, and a copy of the express warranty is given to the ~~customer~~ *owner or the owner's representative. The owner of the hearing aid or the owner's representative must be given a written express warranty that includes the name, address, and phone number of the repairing person or company; the make, model, and serial number of the hearing aid repaired; the exact date of the last day of the warranty period; and the terms of the warranty.*

Sec. 44. Minnesota Statutes 1986, section 145.853, subdivision 2, is amended to read:

Subd. 2. In seeking to determine whether a disabled person suffers from an illness, a law enforcement officer shall make a reasonable search for an identifying device and an identification card of the type described in section 145.852, subdivision 2 and examine them for emergency information. The law enforcement officer may not search for an identifying device or an identification card in a manner or to an extent that would appear to a reasonable person in the circumstances to cause an unreasonable risk of worsening the disabled person's condition. *The law enforcement officer may not remove an identifying device or an identification card from the possession of a disabled person unless the removal is necessary for law enforcement purposes or to protect the safety of the disabled person.*

Sec. 45. Minnesota Statutes 1986, 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) *Authorize local health agencies to issue vouchers bimonthly to some or all eligible individuals served by the agency, provided the agency demonstrates that the federal minimum requirements for providing nutrition education will continue to be met and that the quality of nutrition education and health services provided by the agency will not be adversely impacted;*

(f) *Investigate and implement an infant formula cost reduction system that will reduce the cost of nutritional supplements so that by October 1, 1988, additional mothers and children will be served;*

(g) Develop, analyze and evaluate the health aspects of the nutritional supplement program and establish nutritional guidelines for the program;

(~~f~~) (h) Apply for, administer, and annually expend at least 99 percent of available federal or private funds;

(~~g~~) (i) 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~~) (j) Determine, on July 1 of each year, the number of pregnant women participating in each special supplemental food program for women, infants, and children (W.I.C.) and, in 1986, 1987, and 1988, at the commissioner's discretion, designate a different food program deliverer if the current deliverer fails to increase the participation of pregnant women in the program by at least ten percent over the previous year's participation rate;

(~~i~~) (k) Promulgate all rules necessary to carry out the provisions of sections 145.891 to 145.897; and

(~~j~~) (l) 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. 46. [145.924] [AIDS PREVENTION GRANTS.]

*The commissioner may award grants to local boards of health, state agencies, state councils, or nonprofit corporations to provide evaluation and counseling services to populations at risk for acquiring human immunodeficiency virus infection, including, but not limited to, minorities, adolescents, intravenous drug users, and homosexual men.*

Sec. 47. Minnesota Statutes 1987 Supplement, section 145A.06, is amended by adding a subdivision to read:

*Subd. 5. [DEADLY INFECTIOUS DISEASES.] The commissioner shall promote measures aimed at preventing businesses from facilitating sexual practices that transmit deadly infectious diseases by providing technical advice to boards of health to assist them in regulating these practices or closing establishments that constitute a public health nuisance.*

Sec. 48. Minnesota Statutes 1987 Supplement, section 148B.23, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTION FROM EXAMINATION.] For two years from July 1, 1987, the board shall issue a license without examination to an applicant:

(1) for a licensed social worker, if the board determines that the applicant has received a baccalaureate degree from an accredited program of social work, or that the applicant has at least a baccalaureate degree from an accredited college or university and two years in full-time employment or 4,000 hours of experience in the supervised practice of social work within the five years before July 1, ~~1987~~ 1989;

(2) for a licensed graduate social worker, if the board determines that the applicant has received a master's degree from an accredited program of social work or doctoral degree in social work; or a master's or doctoral degree from a graduate program in a human service discipline, as approved by the board;

(3) for a licensed independent social worker, if the board determines that the applicant has received a master's degree from an accredited program of social work or doctoral degree in social work; or a master's or doctoral degree from a graduate program in a human service discipline, as approved by the board; and, after receiving the degree, has practiced social work for at least two years in full-time employment or 4,000 hours under the supervision of a social worker meeting these requirements, or of another qualified professional; and

(4) for a licensed independent clinical social worker, if the board determines that the applicant has received a master's degree from an accredited program of social work or doctoral degree in social work; or a master's or doctoral degree from a graduate program in a human service discipline as approved by the board; and, after receiving the degree, has practiced clinical social work for at least two years in full-time employment or 4,000 hours under the supervision of a clinical social worker meeting these requirements, or of another qualified mental health professional.

Sec. 49. Minnesota Statutes 1987 Supplement, section 148B.42, subdivision 1, is amended to read:

Subdivision 1. [FILING.] All mental health service providers shall file with the state, on a form provided by the board, their name; home and business address; telephone number; degrees held, if any, major field, and whether the degrees are from an accredited institution and how the institution is accredited; and any other relevant experience. An applicant for filing who has practiced in another state shall authorize, in writing, the licensing or regulatory entity in the other state or states to release to the board any information on complaints or disciplinary actions pending against that individual, as well as any final disciplinary actions taken against that individual.

The board shall provide a form for this purpose. The board may reject a filing if there is evidence of a violation of or failure to comply with this chapter. *Filings under this subdivision are public data.*

**Sec. 50. [152A.01] [INSTITUTE ESTABLISHED; STRUCTURE; BOARD OF DIRECTORS.]**

*Subdivision 1. [INSTITUTE ESTABLISHED; NAME.] The Minnesota Institute for Addiction and Stress Research is established. For purpose of sections 152A.01 to 152A.05, "institute" means the Minnesota Institute for Addiction and Stress Research. All business of the institute must be conducted under the name "Minnesota Institute for Addiction and Stress Research." The institute is funded by a grant from the commissioner of health.*

*Subd. 2. [BOARD OF DIRECTORS.] The institute must be governed by a board of nine directors appointed by the governor. Terms are for three years. Three of the initial directors must be appointed for three-year terms, three for two-year terms, and three for one-year terms.*

*Subd. 3. [BOARD COMPOSITION; EXECUTIVE COMMITTEE.] (a) The board must include representatives from the Minnesota department of health, the medical and scientific teams of the institute, established health organizations, private citizens, and corporate representatives. The vice president for finance and operations of the institute shall serve as an ex-officio member of the board.*

*(b) An executive committee of four members of the board and the vice president for finance and operations of the institute shall oversee the regular activities of the institute and keep the board informed of progress and new developments at the institute.*

*Subd. 4. [OPERATING PROCEDURES.] The board shall adopt operating procedures necessary to conduct the business of the institute, consistent with sections 152A.01 to 152A.05. Adoption of operating procedures under this subdivision is not subject to the administrative procedure act under chapter 14.*

*Subd. 5. [PLACES OF BUSINESS.] The board shall locate and maintain the institute's places of business within the state.*

*Subd. 6. [MEETINGS AND ACTIONS OF THE BOARD.] The board shall hold meetings as determined necessary by the executive committee, upon giving notice as provided in the operating procedures adopted by the board.*

**Sec. 51. [152A.02] [INSTITUTE PERSONNEL.]**

*Subdivision 1. [PRESIDENT.] The board shall appoint and set the compensation for a president, who serves as chief executive officer of the institute. Subject to the control of the board, the president may appoint subordinate employees and agents.*

*Subd. 2. [STATUS OF EMPLOYEES.] The president serves in the unclassified state civil service and is excluded from collective bargaining. All other employees of the board are subject to chapters 43A and 179A.*

**Sec. 52. [152A.03] [POWERS OF THE INSTITUTE.]**

*In addition to other powers granted by sections 152A.01 to 152A.05, the institute 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 a 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 institute 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 institute, or an account created by the institute for that purpose;*
- (10) *develop, buy, and possess financial and technical information, including credit reports and financial statements;*
- (11) *accept gifts, grants, and bequests and use or dispose of them for its purposes; and*
- (12) *receive payments in the form of royalties, dividends, or other proceeds in connection with the ownership, license, or lease of products or businesses.*

Sec. 53. [152A.04] [OPERATIONS PLAN; REPORTS.]

*Subdivision 1. [OPERATIONS PLAN.] The board shall submit a progress report and an operations plan to the governor and the legislature by January 1, 1989. The plan must include the board's operating procedures, accounting procedures, personnel procedures, investment procedures, and rules of conduct and ethics.*

*Subd. 2. [REPORTS.] The board shall report quarterly to the commissioner of finance, on forms provided by the commissioner of finance, information about fiscal performance and status. The board shall also report quarterly to the commissioner of health, on forms provided by the commissioner of health, information about the institute's status, research and clinical projects and findings, and performance.*

Sec. 54. [152A.05] [MONITORING; TERMINATION.]

*Subdivision 1. [MONITORING.] All relevant records and the performance of the institute shall be monitored by the commissioner of health to assure that the institute continues to demonstrate the following:*

- (1) *the ability to carry out task-oriented basic and clinical neurobiological research on addictive disorders and the commitment to develop an integrated, comprehensive program of basic and clinical research;*
- (2) *the institute's involvement in basic and clinical research of stress especially as it relates to addictive disorders and chronic viral infections;*
- (3) *the ability to work with other research and education programs;*

(4) the ability to cooperate with interested health professionals throughout the state to implement the research findings;

(5) the ability to seek and receive outside funding;

(6) a significant ongoing treatment program based on a medical model capable of statewide application;

(7) the relatively close proximity to a major medical educational institution; and

(8) the commitment to develop a program to educate the public about addictive and stress-related medical disorders and also to train therapists in Minnesota.

*Subd. 2. [TERMINATION.] If the commissioner of health finds that the institute is not continuing to meet the requirements in subdivision 1, the commissioner of health may terminate the grant to the institute upon 90 days' notice to the board.*

**Sec. 55. [153A.13] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 153A.13 to 153A.18.*

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

*Subd. 3. [HEARING INSTRUMENT.] "Hearing instrument" means an instrument designed to or represented as being able to aid defective human hearing. "Hearing instrument" includes the instrument's parts, attachments, and accessories, including, but not limited to, ear molds. Batteries and cords are not parts, attachments, or accessories of a hearing instrument. Surgically implanted hearing instruments, and assistive listening devices that do not require testing, fitting, or the use of ear molds and are not worn within the ear canal, are not hearing instruments.*

*Subd. 4. [HEARING INSTRUMENT SELLING.] "Hearing instrument selling" means fitting and selling hearing instruments, assisting the consumer in instrument selection, selling hearing instruments at retail, and testing human hearing in connection with these activities.*

*Subd. 5. [SELLER OF HEARING INSTRUMENTS.] "Seller of hearing instruments" means a natural person who engages in hearing instrument selling whether or not registered by the commissioner of health or licensed by an existing health-related board.*

**Sec. 56. [153A.14] [REGULATION.]**

*Subdivision 1. [APPLICATION FOR PERMIT.] A seller of hearing instruments shall apply to the commissioner for a permit to sell hearing instruments. The commissioner shall provide applications for permits. At a minimum, the information that an applicant must provide includes the seller's name, social security number, business address and phone number, employer, and information about the seller's education, training, and experience in testing human hearing and fitting hearing instruments. The commissioner may reject an application for a permit if there is evidence of a violation or failure to comply with sections 153A.13 to 153A.16.*

*Subd. 2. [ISSUANCE OF PERMIT.] The commissioner shall issue a permit to each seller of hearing instruments who applies under subdivision 1 if*

*the commissioner determines that the applicant is in compliance with sections 153A.13 to 153A.16.*

*Subd. 3. [NONTRANSFERABILITY OF PERMIT.] The permit cannot be transferred.*

*Subd. 4. [SALE OF HEARING INSTRUMENTS WITHOUT PERMIT.] It is unlawful for any person not holding a valid permit to sell a hearing instrument as defined in section 153A.13, subdivision 3. A person who sells a hearing instrument without the permit required by this section is guilty of a gross misdemeanor.*

*Subd. 5. [RULEMAKING AUTHORITY.] The commissioner shall adopt rules under chapter 14 to implement sections 153A.13 to 153A.18.*

*Subd. 6. [HEARING INSTRUMENTS TO COMPLY WITH FEDERAL AND STATE REQUIREMENTS.] The commissioner shall ensure that hearing instruments are sold in compliance with state requirements and the requirements of the United States Food and Drug Administration. Failure to comply with state or federal regulations may be grounds for enforcement actions.*

*Subd. 7. [CONTESTED CASES.] The commissioner shall comply with the contested case procedures in chapter 14 when suspending, revoking, or refusing to issue a permit under this section.*

**Sec. 57. [153A.15] [PROHIBITED ACTS; ENFORCEMENT; AND PENALTY.]**

*Subdivision 1. [PROHIBITED ACTS.] The commissioner may reject an application for a permit or may act under subdivision 2 against a seller of hearing instruments for failure to comply with sections 153A.13 to 153A.16. Failure to apply to the commissioner for a permit, or supplying false or misleading information on the application for a permit, is a ground for action under subdivision 2. The following acts and conduct are also grounds for action under subdivision 2:*

*(1) prescribing or otherwise recommending to a consumer or potential consumer the use of a hearing instrument, unless the prescription from a physician or recommendation from a hearing instrument seller or audiologist is in writing, is delivered to the consumer or potential consumer, and bears the following information in all capital letters of 12-point or larger bold-face type: "THIS PRESCRIPTION OR RECOMMENDATION MAY BE FILLED BY, AND HEARING INSTRUMENTS MAY BE PURCHASED FROM, THE DISPENSER, AUDIOLOGIST, OR PHYSICIAN OF YOUR CHOICE." A prescription or written recommendation must include, upon the authorization of the consumer or potential consumer, the audiogram upon which the prescription or recommendation is based if there has been a charge for the audiogram;*

*(2) representing through any advertising or communication to a consumer or potential consumer, that a person's permit to sell hearing instruments indicates state approval, endorsement, or satisfaction of standards of training or skill;*

*(3) being disciplined through a revocation, suspension, restriction, or limitation, by another state for conduct subject to action under subdivision 2;*

*(4) presenting advertising that is false or misleading;*



(5) providing the commissioner with false or misleading statements of credentials, training, or experience;

(6) engaging in conduct likely to deceive, defraud, or harm the public; or demonstrating a willful or careless disregard for the health, welfare, or safety of a consumer;

(7) splitting fees or promising to pay a portion of a fee to any other professional other than a fee for services rendered by the other professional to the client;

(8) engaging in abusive or fraudulent billing practices, including violations of federal Medicare and Medicaid laws, Food and Drug Administration regulations, or state medical assistance laws;

(9) obtaining money, property, or services from a consumer through the use of undue influence, high pressure sales tactics, harassment, duress, deception, or fraud; or

(10) failing to comply with restrictions on sales of hearing aids in section 145.43.

*Subd. 2. [ENFORCEMENT ACTIONS.]* When the commissioner finds that a seller of hearing instruments has violated one or more provisions of sections 153A.13 to 153A.16, the commissioner may do one or more of the following:

(1) deny or reject the application for a permit;

(2) revoke the permit;

(3) suspend the permit;

(4) impose, for each violation, a civil penalty that deprives the seller of any economic advantage gained by the violation and that reimburses the department of health for costs of the investigation and proceeding; and

(5) censure or reprimand the dispenser.

*Subd. 3. [PROCEDURES.]* The commissioner shall establish, in writing, internal operating procedures for receiving and investigating complaints and imposing enforcement actions. Establishment of the operating procedures are not subject to rulemaking procedures under chapter 14.

*Subd. 4. [PENALTY.]* A person violating sections 153A.13 to 153A.16 is guilty of a misdemeanor.

**Sec. 58. [153A.16] [BOND REQUIRED.]**

A sole proprietor, partnership, association, or corporation engaged in hearing instrument sales shall provide a surety bond in favor of the state of Minnesota in the amount of \$5,000 for every individual engaged in the practice of selling hearing instruments, up to a maximum of \$25,000. The bond required by this section must be in favor of the state for the benefit of any person who suffers loss of payments for the purchase or repair of a hearing instrument after July 1, 1988, due to insolvency or cessation of the business of the sole proprietor, partnership, association, or corporation engaged in hearing instrument sales. A copy of the bond must be filed with the attorney general. A person claiming against the bond may maintain an action at law against the surety and the sole proprietor, partnership, association, or corporation. The aggregate liability of the surety to all persons for all breaches of the conditions of the bonds provided herein must not exceed the amount

of the bond.

Sec. 59. [153A.17] [EXPENSES.]

*The expenses for administering the permit requirements for hearing aid sellers in section 153A.14 and the consumer information center under section 153A.18, must be paid from permit fees collected under the authority granted in section 214.06, subdivision 1.*

Sec. 60. [153A.18] [CONSUMER INFORMATION CENTER.]

*The commissioner shall establish a consumer information center to assist actual and potential purchasers of hearing aids by providing them with information regarding hearing instrument sales. The consumer information center shall disseminate information about consumers' legal rights related to hearing instrument sales, provide information relating to complaints about sellers of hearing instruments, and provide information about outreach and advocacy services for consumers of hearing instruments. In establishing the center and developing the information, the commissioner shall consult with representatives of hearing instrument sellers, audiologists, physicians, and consumers.*

Sec. 61. [157.081] [FINES.]

*Subdivision 1. [FINES FOR VIOLATIONS; LIMITS.] The commissioner shall impose a civil fine for repeated or egregious violation of rules relating to facilities licensed under chapter 157 or 327. The fine shall be assessed for each day the licensed facility fails to comply with the rules. A fine for a specific violation shall not exceed \$50 per day.*

*Subd. 2. [SCHEDULE OF FINES; RULES.] The commissioner shall establish a schedule of fines by adopting rules.*

*Subd. 3. [NOTICE OF FINE; APPEAL.] A licensed facility that is fined under subdivision 1 shall be notified of the fine by certified mail. The notice must be mailed to the address shown on the application for the license or the last known address of the licensed facility. The notice must state the reasons for the fine and must inform the licensed facility of the right to a contested case hearing under chapter 14.*

Sec. 62. [179A.30] [REGIONAL TREATMENT CENTER, NURSING HOME, AND COMMUNITY-BASED FACILITY EMPLOYEES.]

*Subdivision 1. [EXCLUSIVE REPRESENTATIVE.] The exclusive representative of employees may meet and negotiate with the commissioner of employee relations, in consultation with the commissioner of human services, concerning possible changes in hours or work schedules that could produce cost reductions in the regional treatment centers.*

*Subd. 2. [COMMISSIONER OF EMPLOYEE RELATIONS.] The commissioner of employee relations shall meet and negotiate in accordance with chapter 179A with the appropriate exclusive representative of the regional treatment center employees concerning the terms and conditions of employment that result from state-operated, community-based residential programs established under section 252.035.*

Sec. 63. [198.311] [VETERANS HOME; SILVER BAY.]

*Subdivision 1. [ESTABLISHMENT.] The commissioner may establish a veterans home in Silver Bay by renovating an existing facility owned by the city of Silver Bay if the city donates the building to the commissioner at no*

*cost. Contracts made by the commissioner for the purposes of this subdivision are subject to chapter 16B. Buildings used for the veterans home must comply with requirements established by federal agencies as conditions for the receipt of federal funds for the nursing and boarding care of veterans. The city of Silver Bay shall secure the state match requirement from sources other than the state general fund. Money from other sources must equal at least 35 percent of the total cost of the renovation with the remainder of the funds to be provided by the United States Veterans Administration.*

*Subd. 2. [OPERATION.] The home must provide beds for nursing or boarding and nursing care in conformance with licensing rules of the department of health. The home must be under the management of an administrator appointed by the commissioner in the unclassified service.*

Sec. 64. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 3, is amended to read:

*Subd. 3. [CASE MANAGEMENT ACTIVITIES.] "Case management activities" means activities that are part of coordinated with the community support services program as defined in subdivision 6 and are designed to help people with serious and persistent mental illness in gaining access to needed medical, social, educational, vocational, and other necessary services as they relate to the client's mental health needs. Case management activities include obtaining a diagnostic assessment, developing an individual community support plan, referring the person to needed mental health and other services, coordinating ensuring coordination of services, and monitoring the delivery of services.*

Sec. 65. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 4, is amended to read:

*Subd. 4. [CASE MANAGER.] "Case manager" means an individual employed by the county or other entity authorized by the county board to provide the case management activities as part of a community support services program specified in sections 245.462, subdivision 3; 245.471; and 245.475. A case manager must be qualified at the mental health practitioner*

*level, have a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university and have at least 2,000 hours of supervised experience in the delivery of services to persons with mental illness, must be skilled in the process of identifying and assessing a wide range of client needs, and must be knowledgeable about local community resources and how to use those resources for the benefit of the client. The case manager shall meet in person with a mental health professional at least once each month to obtain clinical supervision of the case manager's activities. Case managers with a bachelor's degree but without 2,000 hours of supervised experience in the delivery of services to persons with mental illness must complete 40 hours of training approved by the commissioner of human services in case management skills and in the characteristics and needs of persons with serious and persistent mental illness and must receive clinical supervision regarding individual service delivery from a mental health professional at least once each week until the requirement of 2,000 hours of supervised experience is met. Clinical supervision must be documented in the client record.*

Sec. 66. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 6, is amended to read:

Subd. 6. [COMMUNITY SUPPORT SERVICES PROGRAM.] "Community support services program" means services, other than inpatient or residential treatment services, provided or coordinated by an identified program and staff under the clinical supervision of a mental health professional designed to help people with serious and persistent mental illness to function and remain in the community. A community support services program includes ~~case management activities provided to persons with serious and persistent mental illness.~~

- (1) client outreach,
- (2) medication management,
- (3) assistance in independent living skills,
- (4) development of employability and supportive work opportunities,
- (5) crisis assistance,
- (6) psychosocial rehabilitation,
- (7) help in applying for government benefits, and
- (8) the development, identification, and monitoring of living arrangements.

*The community support services program must be coordinated with the case management activities specified in sections 245.462, subdivision 3; 245.471; and 245.475.*

Sec. 67. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 17, is amended to read:

Subd. 17. [MENTAL HEALTH PRACTITIONER.] "Mental health practitioner" means a person providing services to persons with mental illness who is qualified in at least one of the following ways:

(1) holds a bachelor's degree in one of the behavioral sciences or related fields from an accredited college or university, and has *at least* 2,000 hours of supervised experience in the delivery of services to persons with mental illness;

(2) has *at least* 6,000 hours of supervised experience in the delivery of services to persons with mental illness;

(3) is a graduate student in one of the behavioral sciences or related fields *and is formally assigned by an accredited college or university to an agency or facility for clinical training by an accredited college or university;* or

(4) holds a master's or other graduate degree in one of the behavioral sciences or related fields from an accredited college or university *with and has less than* 4,000 hours post-master's experience in the treatment of mental illness.

Sec. 68. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 18, is amended to read:

Subd. 18. [MENTAL HEALTH PROFESSIONAL.] "Mental health professional" means a person providing clinical services in the treatment of mental illness who is qualified in at least one of the following ways:

(1) in psychiatric nursing: a registered nurse with a master's degree in one of the behavioral sciences or related fields from an accredited college or university or its equivalent, who is licensed under sections 148.171 to

148.285, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;

(2) in clinical social work: a person *licensed as an independent clinical social worker under section 148B.21, subdivision 6, or a person with a master's degree in social work from an accredited college or university, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness;*

(3) in psychology: a psychologist licensed under sections 148.88 to 148.98 who has stated to the board of psychology competencies in the diagnosis and treatment of mental illness;

(4) in psychiatry: a physician licensed under chapter 147 and certified by the American board of psychiatry and neurology or eligible for board certification in psychiatry; or

(5) in allied fields: a person with a master's degree from an accredited college or university in one of the behavioral sciences or related fields, with at least 4,000 hours of post-master's supervised experience in the delivery of clinical services in the treatment of mental illness.

Sec. 69. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 19, is amended to read:

Subd. 19. [MENTAL HEALTH SERVICES.] "Mental health services" means *at least* all of the treatment services and *case management* activities that are provided to persons with mental illness and are described in sections ~~245.468 245.461~~ to ~~245.476 245.486~~.

Sec. 70. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 20, is amended to read:

Subd. 20. [MENTAL ILLNESS.] (a) "Mental illness" means an organic disorder of the brain or a clinically significant disorder of thought, mood, perception, orientation, memory, or behavior that is listed in the clinical manual of the International Classification of Diseases (ICD-9-CM), current edition, code range 290.0 to 302.99 or 306.0 to 316.0 or the corresponding code in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders (DSM-MD), current edition, Axes I, II, or III, and that seriously limits a person's capacity to function in primary aspects of daily living such as personal relations, living arrangements, work, and recreation.

(b) A "person with acute mental illness" means a person who has a mental illness that is serious enough to require prompt intervention.

(c) For purposes of sections ~~245.461 to 245.486~~ *case management and community support services*, a "person with serious and persistent mental illness" means a person who has a mental illness and meets at least one of the following criteria:

(1) the person has undergone two or more episodes of inpatient care for a mental illness within the preceding 24 months-;

(2) the person has experienced a continuous psychiatric hospitalization or residential treatment exceeding six months' duration within the preceding 12 months-;

(3) the person:

(i) has had a history of recurring inpatient or residential treatment episodes of a frequency described in clause (1) or (2), but not within the preceding 24 months. There must also be a diagnosis of schizophrenia, bipolar disorder, major depression, or borderline personality disorder;

(ii) indicates a significant impairment in functioning; and

(iii) has a written opinion of from a mental health professional stating that the person is reasonably likely to have future episodes requiring inpatient or residential treatment, of a frequency described in clause (1) or (2), unless an ongoing community support services program is provided; or

(4) the person has been committed by a court as a mentally ill person under chapter 253B, or the person's commitment has been stayed or continued.

Sec. 71. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 21, is amended to read:

Subd. 21. [OUTPATIENT SERVICES.] "Outpatient services" means mental health services, excluding day treatment and community support services programs, provided by or under the clinical supervision of a mental health professional to persons with a mental illness who live outside a hospital or residential treatment setting. Outpatient services include clinical activities such as individual, group, and family therapy; individual treatment planning; diagnostic assessments; medication management; and psychological testing.

Sec. 72. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 23, is amended to read:

Subd. 23. [RESIDENTIAL TREATMENT.] "Residential treatment" means a 24-hour-a-day residential program under the clinical supervision of a mental health professional, in a community residential setting other than an acute care hospital or regional treatment center, which that must be licensed as a residential treatment facility for mentally ill persons with mental illness under Minnesota Rules, parts 9520.0500 to 9520.0690 for adults, 9545.0900 to 9545.1090 for children, or other rule adopted by the commissioner.

Sec. 73. Minnesota Statutes 1987 Supplement, section 245.462, subdivision 25, is amended to read:

Subd. 25. [CLINICAL SUPERVISION.] "Clinical supervision," when referring to the responsibilities of a mental health professional, means the oversight responsibility of a mental health professional for individual treatment plans, and individual service delivery, and program activities including that provided by the case manager. Clinical supervision may must be accomplished by full or part-time employment of or contracts with mental health professionals. Clinical supervision must be documented by the mental health professional cosigning individual treatment plans and evidence of input into service delivery and program development by entries in the client's record regarding supervisory activities.

Sec. 74. Minnesota Statutes 1987 Supplement, section 245.465, is amended to read:

#### 245.465 [DUTIES OF COUNTY BOARD.]

The county board in each county shall use its share of mental health and community social service act funds allocated by the commissioner according to a biennial local mental health service proposal approved by the

commissioner. The county board must:

(1) develop and coordinate a system of affordable and locally available mental health services in accordance with sections ~~245.466~~ 245.461 to ~~245.474~~ 245.486;

(2) provide for case management services to persons with serious and persistent mental illness in accordance with ~~section 245.475~~ sections 245.462, subdivisions 3 and 4; 245.471; 245.475; and 245.486;

(3) provide for screening of persons specified in section 245.476 upon admission to a residential treatment facility or acute care hospital inpatient, or informal admission to a regional treatment center; and

(4) prudently administer grants and purchase-of-service contracts that the county board determines are necessary to fulfill its responsibilities under sections 245.461 to 245.486.

Sec. 75. Minnesota Statutes 1987 Supplement, section 245.466, subdivision 1, is amended to read:

Subdivision 1. [DEVELOPMENT OF SERVICES.] The county board in each county is responsible for using all available resources to develop and coordinate a system of locally available and affordable mental health services. The county board may provide some or all of the mental health services and activities specified in subdivision 2 directly through a county agency or under contracts with other individuals or agencies. A county or counties may enter into an agreement with a regional treatment center *under section 246.57* to enable the county or counties to provide the treatment services in subdivision 2. Services provided through an agreement between a county and a regional treatment center must meet the same requirements as services from other service providers. County boards shall demonstrate their continuous progress toward full implementation of sections 245.461 to 245.486 during the period July 1, 1987 to January 1, 1990. County boards must develop fully each of the treatment services and management activities prescribed by sections 245.461 to 245.486 by January 1, 1990, according to the priorities established in section 245.464 and *the* local mental health services proposal approved by the commissioner under section 245.478.

Sec. 76. Minnesota Statutes 1987 Supplement, section 245.466, subdivision 2, is amended to read:

Subd. 2. [MENTAL HEALTH SERVICES.] The mental health service system developed by each county board must include the following ~~treat-~~  
~~ment~~ services:

(1) education and prevention services in accordance with section 245.468;

(2) emergency services in accordance with section 245.469;

(3) outpatient services in accordance with section 245.470;

(4) community support program services in accordance with sections 245.471 and 245.475;

(5) residential treatment services in accordance with section 245.472;

(6) acute care hospital inpatient treatment services in accordance with section 245.473;

(7) regional treatment center inpatient services in accordance with section

245.474; and

(8) screening in accordance with section 245.476; and

(9) case management in accordance with sections 245.462, subdivision 3; 245.471; and 245.475.

Sec. 77. Minnesota Statutes 1987 Supplement, section 245.466, subdivision 5, is amended to read:

Subd. 5. [LOCAL ADVISORY COUNCIL.] The county board, individually or in conjunction with other county boards, shall establish a local mental health advisory council or mental health subcommittee of an existing advisory council. The council's members must reflect a broad range of community interests. They must include at least one consumer, one family member of a person with mental illness, one mental health professional, and one community support services program representative. The local mental health advisory council or mental health subcommittee of an existing advisory council shall meet at least quarterly to review, evaluate, and make recommendations regarding the local mental health system. Annually, the local advisory council or mental health subcommittee of an existing advisory council shall arrange for input from the regional treatment center review board center's mental illness program unit regarding coordination of care between the regional treatment center and community-based services. The county board shall consider the advice of its local mental health advisory council or mental health subcommittee of an existing advisory council in carrying out its authorities and responsibilities.

Sec. 78. Minnesota Statutes 1987 Supplement, section 245.467, is amended by adding a subdivision to read:

Subd. 4. [REFERRAL FOR CASE MANAGEMENT.] *Each provider of emergency services, outpatient treatment, community support services, residential treatment, acute care hospital inpatient treatment, or regional treatment center inpatient treatment must inform each of its clients with serious and persistent mental illness of the availability and potential benefits to the client of case management. If the client consents, the provider must refer the client by notifying the county employee designated by the county board to coordinate case management activities of the client's name and address and by informing the client of whom to contact to request case management. The provider must document compliance with this subdivision in the client's record.*

Sec. 79. Minnesota Statutes 1987 Supplement, section 245.467, is amended by adding a subdivision to read:

Subd. 5. [INFORMATION FOR BILLING.] *Each provider of outpatient treatment, community support services, emergency services, residential treatment, or acute care hospital inpatient treatment must include the name and home address of each client for whom services are included on a bill submitted to a county, if the client has consented to the release of that information and if the county requests the information. Each provider shall attempt to obtain each client's consent and must explain to the client that the information can only be released with the client's consent and may be used only for purposes of payment and maintaining provider accountability. The provider shall document the attempt in the client's record.*

Sec. 80. Minnesota Statutes 1987 Supplement, section 245.467, is amended by adding a subdivision to read:



*Subd. 6. [RESTRICTED ACCESS TO DATA.] The county board shall establish procedures to ensure that the names and addresses of persons receiving mental health services are disclosed only to:*

*(1) county employees who are specifically responsible for determining county of financial responsibility or making payments to providers; and*

*(2) staff who provide treatment services or case management and their clinical supervisors.*

*Release of mental health data on individuals submitted under section 245.467, subdivisions 4 and 5, to persons other than those specified in this subdivision, or use of this data for purposes other than those stated in section 245.467, subdivisions 4 and 5, results in civil or criminal liability under the standards in sections 13.08 or 13.09.*

Sec. 81. Minnesota Statutes 1987 Supplement, section 245.469, subdivision 2, is amended to read:

**Subd. 2. [SPECIFIC REQUIREMENTS.]** The county board shall require that all service providers of emergency services provide immediate direct access to a mental health professional during regular business hours. For evenings, weekends, and holidays, the service may be by direct toll free telephone access to a mental health professional, a mental health practitioner, or a designated person with training in human services who ~~is under the receives clinical supervision of from~~ a mental health professional. Whenever emergency service during nonbusiness hours is provided by anyone other than a mental health professional, a mental health professional must be available for *at least telephone* consultation within 30 minutes.

Sec. 82. Minnesota Statutes 1987 Supplement, section 245.471, subdivision 2, is amended to read:

**Subd. 2. [CASE MANAGEMENT ACTIVITIES.]** (a) By January 1, 1989, *the county board shall develop case management activities must be developed as part of the community support program available to for* all persons with serious and persistent mental illness residing in the county *who request or consent to the services*. Staffing ratios must be sufficient to serve the needs of the clients. The case manager must ~~at a minimum qualify as a mental health practitioner meet the requirements in section 245.462, subdivision 4.~~

(b) ~~All providers of case management activities must develop an individual community support plan. The individual community support plan must state for each of their clients:~~

~~(1) the goals of each service;~~

~~(2) the activities for accomplishing each goal;~~

~~(3) a schedule for each activity; and~~

~~(4) the frequency of face-to-face client contacts, as appropriate to client need and the implementation of the community support plan.~~

The case manager must develop an individual community support plan ~~must incorporate for each client that incorporates the client's individual treatment plan~~. The individual treatment plan may not be a substitute for the development of an individual community support plan. The individual community support plan must be developed within 30 days of client intake and reviewed every 90 days after it is developed. The case manager is

responsible for developing the individual community support plan based on a diagnostic assessment and for implementing and monitoring the delivery of services according to the individual community support plan. To the extent possible, the person with serious and persistent mental illness, the person's family, advocates, service providers, and significant others must be involved in all phases of development and implementation of the individual community support plan.

(c) *The client's individual community support plan must state:*

(1) *the goals of each service;*

(2) *the activities for accomplishing each goal;*

(3) *a schedule for each activity; and*

(4) *the frequency of face-to-face contacts by the case manager, as appropriate to client need and the implementation of the community support plan.*

(d) *The county board must establish procedures that ensure ongoing contact and coordination between the case manager and the community support program as well as other mental health services.*

Sec. 83. Minnesota Statutes 1987 Supplement, section 245.471, subdivision 3, is amended to read:

Subd. 3. [DAY TREATMENT ACTIVITIES SERVICES PROVIDED.]

(a) By July 1, 1989, day treatment activities services must be developed as a part of the community support program available to persons with serious and persistent mental illness residing in the county. ~~Day treatment services must be available to persons with serious and persistent mental illness residing in the county as part of the community support program of each county.~~ Clients may be required to pay a fee. Day treatment services must be designed to:

(1) provide a structured environment for treatment;

(2) provide family and community support;

(3) prevent placement in settings that are more intensive, costly, or restrictive than necessary and appropriate to meet client need; and

(4) establish fee schedules approved by the county board that are based on a client's ability to pay.

(b) County boards may request a waiver from including day treatment services if they can document that:

(1) an alternative plan of care exists through the county's community support program for clients who would otherwise need day treatment services;

(2) ~~that~~ day treatment, if included, would be duplicative of other components of the community support program; and

(3) ~~that~~ county demographics and geography make the provision of day treatment services cost ineffective and unfeasible.

Sec. 84. Minnesota Statutes 1987 Supplement, section 245.472, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC REQUIREMENTS.] Providers of residential services must be licensed under applicable rules adopted by the commissioner and must be clinically supervised by a mental health professional. *Persons*

*employed in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, in the capacity of program director as of July 1, 1987, in accordance with Minnesota Rules, parts 9520.0500 to 9520.0690, may be allowed to continue providing clinical supervision within a facility until July 1, 1991, provided they continue to be employed as a program director in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690.*

Sec. 85. Minnesota Statutes 1987 Supplement, section 245.475, subdivision 1, is amended to read:

Subdivision 1. [~~CLIENT ELIGIBILITY CASE MANAGEMENT.~~] *By January 1, 1989, the county board shall provide case management and other appropriate community support services to all persons each person with serious and persistent mental illness who requests services or is referred by a provider under section 245.467, subdivision 4, and to each person for whom the court appoints a case manager. Case management services provided to people with serious and persistent mental illness eligible for medical assistance must be billed to the medical assistance program under section 256B.02, subdivision 8.*

Sec. 86. Minnesota Statutes 1987 Supplement, section 245.475, subdivision 2, is amended to read:

Subd. 2. [~~DESIGNATION OF CASE MANAGER NOTIFICATION OF CASE MANAGEMENT ELIGIBILITY.~~] *The county board shall designate and notify the client of the person's potential eligibility for case manager management services within five working days after receiving an application for community support services or immediately after authorizing payment for residential, acute care hospital inpatient, or regional treatment center services under section 245.476 a request from an individual or a referral from a provider under section 245.467, subdivision 4.*

*The county board shall send a written notice to the applicant client and the applicant's client's representative, if any, that identifies the designated case manager management providers.*

Sec. 87. Minnesota Statutes 1987 Supplement, section 245.476, subdivision 1, is amended to read:

Subdivision 1. [~~SCREENING REQUIRED.~~] *By No later than January 1, 1989 1991, the county board shall screen all persons before they may be admitted for treatment of mental illness to a residential treatment facility, an acute care hospital, or informally admitted to a regional treatment center if public funds are used to pay for the services. Screening prior to admission must occur within ten days. If a person is admitted for treatment of mental illness on an emergency basis to a residential facility or acute care hospital or held for emergency care by a regional treatment center under section 253B.05, subdivision 1, screening must occur within five days of the admission. Persons must be screened within ten days before or within five days after admission to ensure that:*

- (1) an admission is necessary,
- (2) the length of stay is as short as possible consistent with individual client need, and
- (3) a case manager, if assigned, is immediately assigned to individuals with serious and persistent mental illness and developing an individual community support plan is developed.

The screening process and placement decision must be documented in the client's record.

*An alternate review process may be approved by the commissioner if the county board demonstrates that an alternate review process has been established by the county board and the times of review, persons responsible for the review, and review criteria are comparable to the standards specified in clauses (1) to (3).*

Sec. 88. Minnesota Statutes 1987 Supplement, section 245.477, is amended to read:

245.477 [APPEALS.]

Any person who ~~applies for requests~~ applies for requests mental health services under sections 245.461 to 245.486 must be advised of services available and the right to appeal at the time of ~~application~~ *the request* and each time the community service plan is reviewed. Any person whose ~~application request~~ *request* for mental health services under sections ~~245.468~~ 245.461 to 245.476 245.486 is denied, not acted upon with reasonable promptness, or whose services are suspended, reduced, or terminated may contest that action before the state agency as specified in section 256.045. The commissioner shall monitor the nature and frequency of administrative appeals under this section.

Sec. 89. Minnesota Statutes 1987 Supplement, section 245.478, subdivision 1, is amended to read:

Subdivision 1. [TIME PERIOD.] The first local mental health proposal period is from July 1, 1988, to December 31, 1989. The county board shall submit its first proposal to the commissioner by January 1, 1988. Subsequent proposals must be on the same two-year cycle as community social service plans. *If a proposal complies with sections 245.461 to 245.486, it satisfies the requirement of the community social service plan for the mental illness target population as required by section 256E.09.* The proposal must be made available upon request to all residents of the county at the same time it is submitted to the commissioner.

Sec. 90. Minnesota Statutes 1987 Supplement, section 245.478, subdivision 2, is amended to read:

Subd. 2. [PROPOSAL CONTENT.] The local mental health proposal must include:

(1) the local mental health advisory council's or mental health subcommittee of an existing advisory council's report on unmet needs and any other needs assessment used by the county board in preparing the local mental health proposal;

(2) a description of the local mental health advisory council's or the mental health subcommittee of an existing advisory council's involvement in preparing the local mental health proposal and methods used by the county board to obtain participation of citizens, mental health professionals, and providers in development of the local mental health proposal;

(3) information for the preceding year, including the actual number of clients who received each of the mental health services listed in sections 245.468 to 245.476, and actual expenditures and revenues for each mental health service;

(4) for the first proposal period only, information for the year during

which the proposal is being prepared:

(i) a description of the current mental health system identifying each mental health service listed in sections 245.468 to 245.476;

(ii) a description of each service provider, including a listing of the professional qualifications of the staff involved in service delivery, that is either the sole provider of one of the ~~treatment~~ *mental health services* or ~~management activities~~ described in sections 245.468 to 245.476 or that provides over \$10,000 of mental health services per year *for the county*;

(iii) a description of how the mental health services in the county are unified and coordinated;

(iv) the estimated number of clients receiving each mental health service;

(v) estimated expenditures ~~and revenues~~ for each mental health service; and

(5) the following information describing how the county board intends to meet the requirements of sections 245.461 to 245.486 during the proposal period:

(i) specific objectives and outcome goals for each mental health service listed in sections 245.468 to 245.476;

(ii) a description of each service provider, including county agencies, contractors, and subcontractors, that is expected to either be the sole provider of one of the ~~treatment~~ *mental health services* or ~~management activities~~ described in sections 245.468 to 245.476 or to provide over \$10,000 of mental health services per year, including a listing of the professional qualifications of the staff involved in service delivery *for the county*;

(iii) a description of how the mental health services in the county will be unified and coordinated;

(iv) the estimated number of clients who will receive each mental health service; and

(v) estimated expenditures ~~and revenues~~ for each mental health service *and revenues for the entire proposal*.

Sec. 91. Minnesota Statutes 1987 Supplement, section 245.478, subdivision 9, is amended to read:

Subd. 9. [PLAN AMENDMENT.] If the county board finds it necessary to make significant changes in the approved local proposal, it must present the proposed changes to the commissioner for approval at least ~~60~~ 30 days before the changes take effect. "Significant changes" means:

(1) the county board proposes to provide a mental health service through a provider other than the provider listed for that service in the approved local proposal;

(2) the county board expects the total annual expenditures for any single mental health service to vary more than ten percent *or \$5,000, whichever is greater*, from the amount in the approved local proposal;

(3) the county board expects a combination of changes in expenditures per mental health service to exceed more than ten percent of the total mental health services expenditures; or

(4) the county board proposes a major change in the specific objectives

and outcome goals listed in the approved local proposal.

Sec. 92. Minnesota Statutes 1987 Supplement, section 245.479, is amended to read:

245.479 [COUNTY OF FINANCIAL RESPONSIBILITY.]

For purposes of ~~section 245.476~~ *sections 245.461 to 245.486*, the county of financial responsibility is ~~the same as that for community social services determined under section 256E.08, subdivision 7~~ *256G.02, subdivision 4*. Disputes between counties regarding financial responsibility must be resolved by the commissioner in accordance with ~~section 256D.18, subdivision 4~~ *256G.09*.

Sec. 93. Minnesota Statutes 1987 Supplement, section 245.482, subdivision 2, is amended to read:

Subd. 2. [PROGRAM REPORTS.] The commissioner shall develop a unified format for ~~a semiannual~~ *an annual* program report that will include information that the commissioner determines necessary to carry out sections 245.461 to 245.486 and section 256E.10. The county board shall submit a completed program report in the required format ~~no later than 75 days after each six-month period~~ *by March 15 of each year*.

Sec. 94. Minnesota Statutes 1987 Supplement, section 245.696, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC DUTIES.] In addition to the powers and duties already conferred by law, the commissioner of human services shall:

(1) review and evaluate local programs and the performance of administrative and mental health personnel and make recommendations to county boards and program administrators;

(2) provide consultative staff service to communities and advocacy groups to assist in ascertaining local needs and in planning and establishing community mental health programs;

(3) employ qualified personnel to implement this chapter;

(4) as part of the biennial budget process, report to the legislature on staff use and staff performance, including in the report a description of duties performed by each person in the mental health division;

(5) adopt rules for minimum standards in community mental health services as directed by the legislature;

(6) cooperate with the commissioners of health and jobs and training to coordinate services and programs for people with mental illness;

(7) *convene meetings with the commissioners of corrections, health, education, and commerce at least four times each year for the purpose of coordinating services and programs for children with mental illness and children with emotional or behavioral disorders;*

(8) evaluate the needs of people with mental illness as they relate to assistance payments, medical benefits, nursing home care, and other state and federally funded services;

~~(8)~~ (9) provide data and other information, as requested, to the advisory council on mental health;

~~(9)~~ (10) develop and maintain a data collection system to provide information on the prevalence of mental illness, the need for specific mental health services and other services needed by people with mental illness, funding sources for those services, and the extent to which state and local areas are meeting the need for services;

~~(10)~~ (11) apply for grants and develop pilot programs to test and demonstrate new methods of assessing mental health needs and delivering mental health services;

~~(11)~~ (12) study alternative reimbursement systems and make waiver requests that are deemed necessary by the commissioner;

~~(12)~~ (13) provide technical assistance to county boards to improve fiscal management and accountability and quality of mental health services, and consult regularly with county boards, public and private mental health agencies, and client advocacy organizations for purposes of implementing this chapter;

~~(13)~~ (14) promote coordination between the mental health system and other human service systems in the planning, funding, and delivery of services; entering into cooperative agreements with other state and local agencies for that purpose as deemed necessary by the commissioner;

~~(14)~~ (15) conduct research regarding the relative effectiveness of mental health treatment methods as the commissioner deems appropriate, and for this purpose, enter treatment facilities, observe clients, and review records in a manner consistent with the Minnesota government data practices act, chapter 13; and

~~(15)~~ (16) enter into contracts and promulgate rules the commissioner deems necessary to carry out the purposes of this chapter.

Sec. 95. Minnesota Statutes 1987 Supplement, section 245.697, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The state advisory council on mental health shall:

(1) advise the governor, the legislature, and heads of state departments and agencies about policy, programs, and services affecting people with mental illness;

(2) advise the commissioner of human services on all phases of the development of mental health aspects of the biennial budget;

(3) advise the governor and the legislature about the development of innovative mechanisms for providing and financing services to people with mental illness;

(4) encourage state departments and other agencies to conduct needed research in the field of mental health;

(5) review recommendations of the subcommittee on children's mental health;

(6) educate the public about mental illness and the needs and potential of people with mental illness; and

~~(6)~~ (7) review and comment on all grants dealing with mental health and on the development and implementation of state and local mental health plans.

Sec. 96. Minnesota Statutes 1987 Supplement, section 245.697, is amended

by adding a subdivision to read:

*Subd. 2a. [SUBCOMMITTEE ON CHILDREN'S MENTAL HEALTH.] The state advisory council on mental health (the "advisory council") must have a subcommittee on children's mental health. The subcommittee must make recommendations to the advisory council on policies, laws, regulations, and services relating to children's mental health. Members of the subcommittee must include:*

- (1) the commissioners or designees of the commissioners of the departments of human services, health, education, and corrections;*
- (2) the commissioner of commerce or a designee of the commissioner who is knowledgeable about medical insurance issues;*
- (3) at least one representative of an advocacy group for children with mental illness;*
- (4) providers of children's mental health services, including at least one provider of services to preadolescent children, one provider of services to adolescents, and one hospital-based provider;*
- (5) parents of children who have mental illness or emotional or behavioral disorders;*
- (6) a present or former consumer of adolescent mental health services;*
- (7) educators experienced in working with emotionally disturbed children;*
- (8) people knowledgeable about the needs of emotionally disturbed children of minority races and cultures;*
- (9) people experienced in working with emotionally disturbed children who have committed status offenses;*
- (10) members of the advisory council; and*
- (11) county commissioners and social services agency representatives.*

*The chair of the advisory council shall appoint subcommittee members described in clauses (3) through (11) through the process established in section 15.0597. The chair shall appoint members to ensure a geographical balance on the subcommittee. Terms, compensation, removal, and filling of vacancies are governed by subdivision 1, except that terms of subcommittee members who are also members of the advisory council are coterminous with their terms on the advisory council. The subcommittee shall meet at the call of the subcommittee chair, who is elected by the subcommittee from among its members. The subcommittee expires with the expiration of the advisory council.*

**Sec. 97. [245.698] [CHILDREN'S MENTAL HEALTH SERVICE SYSTEM.]**

*The commissioner of human services shall create and ensure a unified, accountable, comprehensive children's mental health service system that:*

- (a) identifies children who are eligible for mental health services;*
- (b) makes preventive services available to a wide range of children, including those who are not eligible for more intensive services;*
- (c) assures access to a continuum of services that:*
  - (1) educate the community about the mental health needs of children;*



(2) address the unique physical, emotional, social, and educational needs of children;

(3) are coordinated with other social and human services provided to children and their families;

(4) are appropriate to the developmental needs of children; and

(5) are sensitive to cultural differences and special needs;

(d) includes early screening and prompt intervention in order to:

(1) identify and treat the mental health needs of children in the least restrictive setting appropriate to their needs; and

(2) prevent further deterioration;

(e) provides services to children and their families in the context in which the children live and go to school;

(f) addresses the unique problems of paying for mental health services for children, including:

(1) access to private insurance coverage; and

(2) public funding;

(g) to every extent possible, includes children and their families in planning the child's program of mental health services; and

(h) when necessary, assures a smooth transition to the adult services system.

For purposes of this section, "child" means a person under age 18.

The commissioner shall begin implementing the goals and objectives of this section by February 15, 1990, and shall fully implement the goals and objectives by February 15, 1992. By February 15, 1989, the commissioner shall present a report to the legislature outlining recommendations for full implementation. The report must include a timetable for implementing the recommendations and identify additional resources needed for full implementation. The report must be updated annually by February 15 of 1990, 1991, and 1992.

Sec. 98. Minnesota Statutes 1986, section 245.771, is amended by adding a subdivision to read:

*Subd. 3. [EMPLOYMENT AND TRAINING PROGRAMS.] The commissioner of human services may contract with the commissioner of jobs and training to implement and supervise employment and training programs for food stamp recipients that are required by federal regulations.*

Sec. 99. Minnesota Statutes 1986, section 245.814, subdivision 1, is amended to read:

Subdivision 1. [INSURANCE FOR FOSTER PARENTS HOME PROVIDERS.] The commissioner of human services shall within the appropriation provided purchase and provide insurance to individuals licensed as foster parents home providers to cover their liability for:

(1) injuries or property damage caused or sustained by foster children persons in foster care in their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child or natural parents or children of a foster adult.

Sec. 100. Minnesota Statutes 1986, section 245.814, subdivision 2, is amended to read:

Subd. 2. [APPLICATION OF COVERAGE.] 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 *individual foster parents home provider*, damage caused intentionally by a *child person* over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

Sec. 101. Minnesota Statutes 1986, section 245.814, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION PROVISIONS.] If the commissioner of human services is unable to obtain insurance through ordinary methods for coverage of foster *parents home providers*, the appropriation shall be returned to the general fund and the state shall pay claims subject to the following limitations.

(a) Compensation shall be provided only for injuries, damage, or actions set forth in subdivision 1.

(b) Compensation shall be subject to the conditions and exclusions set forth in subdivision 2.

(c) The state shall provide compensation for bodily injury, property damage, or personal injury resulting from the foster *parent's home providers* activities as a foster *parent home provider* while the foster child or adult is in the care, custody, and control of the foster *parent home provider* in an amount not to exceed \$250,000 for each occurrence.

(d) The state shall provide compensation for damage or destruction of property caused or sustained by a foster child or adult in an amount not to exceed \$250 for each occurrence.

(e) The compensation in clauses (c) and (d) is the total obligation for all damages because of each occurrence regardless of the number of claims made in connection with the same occurrence, but compensation applies separately to each foster home. The state shall have no other responsibility to provide compensation for any injury or loss caused or sustained by any foster *parent home provider* or foster child or foster adult.

This coverage is extended as a benefit to foster *parents home providers* to encourage care of *children persons* who need out-of-home care. Nothing in this section shall be construed to mean that foster *parents home providers* are agents or employees of the state nor does the state accept any responsibility for the selection, monitoring, supervision, or control of foster *parents home providers* which is exclusively the responsibility of the counties which shall regulate foster *parents home providers* in the manner set forth in the rules of the commissioner of human services.

Sec. 102. [245.827] [COMMUNITY INITIATIVES FOR CHILDREN.]

*Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner of human services shall establish a demonstration program of grants for community initiatives for children. The goal of the program is to enlist the resources*

of a community to promote the healthy physical, educational, and emotional development of children who are living in poverty. Community initiatives for children accomplish the goal by offering support services that enable a family to provide the child with a nurturing home environment. The commissioner shall award grants to nonprofit organizations based on the criteria in subdivision 3.

*Subd. 2. [DEFINITION.] "Community initiatives for children" are programs that promote the healthy development of children by increasing the stability of their home environment. They include support services such as child care, parenting education, respite activities for parents, counseling, recreation, and other services families may need to maintain a nurturing environment for their children. Community initiatives for children must be planned by members of the community who are concerned about the future of children.*

*Subd. 3. [CRITERIA.] In order to qualify for a community initiatives for children grant, a nonprofit organization must:*

*(1) involve members of the community and use community resources in planning and executing all aspects of the program;*

*(2) provide a central location that is accessible to low-income families and is available for informal as well as scheduled activities during the day and on evenings and weekends;*

*(3) provide a wide range of services to families living at or below the poverty level, including but not limited to, quality affordable child care and training in parental skills;*

*(4) demonstrate that the organization is using and coordinating existing resources of the community;*

*(5) demonstrate that the organization has applied to private foundations for funding;*

*(6) ensure that services are focused on development of the whole child; and*

*(7) have a governing structure that includes consumer families and members of the community.*

*Subd. 4. [COVERED EXPENSES.] Grants awarded under this section may be used for the capital costs of establishing or improving a program that meets the criteria listed in subdivision 3. Capital costs include land and building acquisition, planning, site preparation, design fees, rehabilitation, construction, and equipment costs.*

Sec. 103. Minnesota Statutes 1986, section 245.83, is amended to read:  
245.83 [CHILD CARE SERVICES; DEFINITIONS.]

Subdivision 1. As used in sections 245.83 to 245.87 245.858 the words defined in this section shall have the meanings given them.

*Subd. 2. [CHILD CARE SERVICES.] "Child care services" means child care provided in family day care homes, group day care centers, nursery schools, day nurseries, child day care centers, play groups, head start and parent cooperatives, as defined by rules of the commissioner, and in-home child care as defined in the Minnesota plan for social services to families and children.*

Subd. 3. [CHILD.] "Child" means ~~any~~ a person ~~14~~ 12 years of ~~age~~ old or younger, or a person age 13 or 14 who is handicapped, as defined in section 120.03.

Subd. 3a. [CHILD CARE.] "Child care" means the care of a child by someone other than a parent or legal guardian outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

Subd. 3b. [CHILD CARE WORKER.] "Child care worker" means a person who cares for children for compensation, including a licensed provider of child care services, an employee of a provider and a person who has applied for a license as a provider.

Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of human services.

Subd. 4a. [FACILITY IMPROVEMENT EXPENSES.] "Facility improvement expenses" means building improvements, equipment, toys, and supplies needed to establish, expand, or improve a licensed child care facility.

Subd. 5. [INTERIM FINANCING.] "Interim financing" means funds to carry out such activities as are necessary for family day care homes, group family day care homes and ~~cooperative~~ child care centers to receive and maintain state licensing, to expand an existing program or to improve program quality and to provide operating funds for a period of six consecutive months following receipt of state licensing by a family day care home, group family day care home, or ~~cooperative~~ child care center. Interim financing may not exceed a period of 18 months.

Subd. 6. [RESOURCE AND REFERRAL PROGRAM.] "Resource and referral program" means a program that provides information to parents, including referrals and coordination of community child care resources for parents and public or private providers of care. Services may include parent education, technical assistance for providers, staff development programs, and referrals to social services.

Subd. 7. [STAFF TRAINING OR DEVELOPMENT EXPENSES.] "Staff training or development expenses" include the cost to a child care worker of tuition, transportation, required materials and supplies, and wages for a substitute while the child care worker is engaged in a training program.

Subd. 8. [TRAINING PROGRAM.] "Training program" means child development courses offered by an accredited post-secondary institution or similar training approved by a county board or the department of human services. To qualify as a training program under this section, a course of study must teach specific skills that a child care worker needs to meet licensing requirements.

#### Sec. 104. [245.833] [DUTIES OF COMMISSIONER.]

In addition to the powers and duties already conferred by law, the commissioner of human services shall:

(1) by September 1, 1990, and by September 1 of each subsequent even-numbered year, survey and report on all components of the child care system including, but not limited to, availability of licensed child care slots; numbers of children in various kinds of child care settings; staff wages, rate of staff turnover, and qualifications of child care workers; cost

of child care by type of service and ages of children; and child care availability through school systems;

(2) by September 1, 1990, and September 1 of each subsequent even-numbered year, survey and report on the extent to which existing child care services fulfill the need for child care, giving particular attention to the need for part-time care and for care of infants, sick children, children with special needs, and low-income children;

(3) administer the child care fund, including the sliding fee program, authorized under section 268.91;

(4) monitor the child care resource and referral programs established under section 268.911; and

(5) encourage child care providers to participate in a nationally-recognized accreditation system for early childhood programs.

Sec. 105. [245.836] [GRANTS FOR CHILD CARE SERVICES.]

*Subdivision 1. [GRANTS ESTABLISHED.] The commissioner shall award grants to develop child care services, including facility improvement expenses, interim financing, resource and referral programs, and staff training expenses. The commissioner shall develop a grant application form, inform county social service agencies about the availability of child care services grants, and set a date by which applications must be received by the commissioner.*

*Subd. 2. [DISTRIBUTION OF FUNDS.] The commissioner shall allocate grant money appropriated for child care services among the 12 development regions designated by the governor under section 462.385, in proportion to the ratio of the number of children to the number of licensed child care slots available in each region. Out of the amount allocated for each development region the commissioner shall award grants based on the recommendation of the grant review advisory task force. In addition, the commissioner shall:*

*(1) award no more than 75 percent of the money either to child care facilities for the purpose of facility improvement or interim financing or to child care workers for staff training expenses; and*

*(2) redistribute funds not awarded by January 1, 1989, without regard to the distribution formula in this subdivision.*

*Subd. 3. [GRANT REVIEW ADVISORY TASK FORCE.] The commissioner shall appoint a child care grant review advisory task force. Members appointed under this subdivision must be parents of children in child care, providers of child care, or citizens with a demonstrated interest in child care issues. The grant review advisory task force shall review and make recommendations to the commissioner on applications for grants under this section. Task force members do not receive a per diem but may be reimbursed for expenses in accordance with section 15.059, subdivision 6. The advisory task force does not expire but is otherwise governed by section 15.059.*

*Subd. 4. [FUNDING PRIORITIES; FACILITY IMPROVEMENT AND INTERIM FINANCING.] In evaluating applications for funding and making recommendations to the commissioner, the grant review advisory task force shall give priority to:*

*(1) new programs or projects, or the expansion or enrichment of existing programs or projects;*

(2) *programs or projects in areas where a demonstrated need for child care facilities has been shown, with special emphasis on programs or projects in areas where there is a shortage of licensed child care;*

(3) *programs and projects that serve sick children, infants, children with special needs, and children from low-income families; and*

(4) *unlicensed providers who wish to become licensed.*

*Subd. 5. [FUNDING PRIORITIES; TRAINING GRANTS.] In evaluating applications for training grants and making recommendations to the commissioner, the grant review advisory task force shall give priority to:*

(1) *applicants who will work in facilities caring for sick children, infants, children with special needs, and children from low-income families;*

(2) *applicants who will work in geographic areas where there is a shortage of child care;*

(3) *unlicensed providers who wish to become licensed;*

(4) *child care providers seeking accreditation; and*

(5) *entities that will use grant money for scholarships for child care workers attending educational or training programs sponsored by the entity.*

Sec. 106. Minnesota Statutes 1986, 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, *special tax revenue, or its general 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~~ 245.856.

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. *In awarding grants for training, counties must give priority to child care workers caring for infants, toddlers, sick children, children in low-income families, and children with special needs;*

(c) For supportive child development services including, but not limited to, in-service 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;

(e) For interim financing; and

(f) For carrying out the resource and referral program services identified in section 268.911, subdivision 3.

Sec. 107. [245.856] [INTERAGENCY ADVISORY COMMITTEE ON CHILD CARE.]

*Subdivision 1. [MEMBERSHIP] By July 1, 1988, the commissioner of the state planning agency shall convene and chair an interagency advisory committee on child care. In addition to the commissioner, members of the committee are the commissioners of each of the following agencies and departments: health, human services, jobs and training, public safety, education, and the higher education coordinating board. The purpose of the committee is to improve the quality and quantity of child care and the coordination of child care related activities among state agencies.*

*Subd. 2. [DUTIES.] The committee shall advise its member agencies on matters related to child care policy and planning. Specifically, the committee shall:*

- (1) develop a consistent policy on issues related to child care;*
- (2) advise the member agencies on implementing policies and developing rules that are consistent with the committee's policy on child care;*
- (3) advise the member agencies on state efforts to increase the supply and improve the quality of child care facilities and options; and*
- (4) perform other advisory tasks related to improving child care options throughout the state.*

*Subd. 3. [MEETINGS.] The committee shall meet as often as necessary to perform its duties.*

Sec. 108. Minnesota Statutes 1986, section 246.023, subdivision 1, is amended to read:

**Subdivision 1. [LEGISLATIVE POLICY.]** It is recognized that closure and consolidation of ~~state hospitals~~ regional treatment centers have negative economic effects upon public employees and communities. It is the policy of the state that deinstitutionalization policies shall be carried out in a manner that ensures fair and equitable arrangements to protect the interests of employees and communities affected by deinstitutionalization of ~~state hospitals~~.

Sec. 109. [252.035] [STATE-OPERATED, COMMUNITY-BASED RESIDENTIAL PROGRAMS.]

*Subdivision 1. [RESIDENTIAL PROGRAMS ESTABLISHED.] The commissioner may establish a system of noninstitutional, state-operated, community-based residential services for persons with mental retardation or related conditions. For purposes of this section, "state-operated, community-based residential facility" means a residential program administered by the state to provide treatment and habilitation in noninstitutional community settings to persons with mental retardation or related conditions. Employees of the facilities must be state employees under chapters 43A and 179A. The establishment of state-operated, community-based residential facilities must be within the context of a comprehensive definition of the role of state-operated services in the state. The role of state-operated services must be defined within the context of a comprehensive system of services for persons with mental retardation or related conditions. Services may include, but are not limited to, community group homes, foster care, supportive living arrangements, and respite care arrangements. The commissioner may operate the pilot projects established under Laws 1985,*

*First Special Session chapter 9, article 1, section 2, subdivision 6, and may, within the limits of available appropriations, establish additional state-operated, community-based services for regional treatment center residents with mental retardation or related conditions. Day program services for clients living in state-operated, community-based residential facilities must not be provided by a regional treatment center or a state-operated, community-based program.*

*Subd. 2. [AUTHORIZATION TO BUILD OR PURCHASE.] Within the limits of available appropriations, the commissioner may build, purchase or lease suitable buildings for state-operated, community-based residential facilities. Facilities must be homelike and adaptable to the needs of persons with mental retardation or related conditions.*

*Subd. 3. [ALTERNATIVE FUNDING MECHANISMS.] To the extent possible, the commissioner may amend the medical assistance home and community-based waiver and, as appropriate, develop special waiver procedures for targeting services to persons currently in state regional centers.*

*Subd. 4. [COUNTIES.] State-operated, community-based residential facilities may be developed in conjunction with existing county responsibilities and authorities for persons with mental retardation. Assessment, placement, screening, case management responsibilities, and determination of need procedures must be consistent with county responsibilities established under law and rule. Counties may enter into shared service agreements with state-operated programs.*

**Sec. 110. [252.045] [REGIONAL CENTER AND COMMUNITY-BASED FACILITY EMPLOYEES.]**

*In accordance with section 43A.21, the commissioner shall develop procedures to assure that:*

*(1) there are workers employed at state regional centers and nursing homes who are skilled in the treatment of persons with severe and profound mental retardation or related conditions, behavioral problems, and medical needs, to facilitate adjustment to community living;*

*(2) suitable training programs exist for regional treatment center and state-operated, community-based residential facility staff; and*

*(3) state employees under the jurisdiction of the commissioner who are included in a position reduction plan have the option of transferring to a community-based program; to a similar, comparable classification in another regional center setting; or to a position in another state agency.*

**Sec. 111. Minnesota Statutes 1986, section 252.291, subdivision 1, is amended to read:**

**Subdivision 1. [MORATORIUM.]** Notwithstanding section 252.28, subdivision 1, or any other law or rule to the contrary, the commissioner of human services shall deny any request for a determination of need and refuse to grant a license pursuant to section 245.782 for any new intermediate care facility for persons with mental retardation or related conditions or for an increase in the licensed capacity of an existing facility except as provided in *this subdivision and subdivision 2. In no event shall* The total number of certified intermediate care beds for persons with mental retardation or related conditions in community facilities and state hospitals *shall not exceed 7,500 beds as of July 1, 1983, and 7,000 beds as of July 1, 1986 except that, to the extent that federal authorities disapprove any*



*applications of the commissioner for home and community-based waivers under United States Code, title 42, section 1396n, as amended through December 31, 1987, the commissioner may authorize new intermediate care beds, as necessary, to serve persons with mental retardation or related conditions who would otherwise have been served under a proposed waiver. "Certified bed" means an intermediate care bed for persons with mental retardation or related conditions certified by the commissioner of health for the purposes of the medical assistance program under United States Code, title 42, sections 1396 to 1396p, as amended through December 31, 1982 1987.*

Sec. 112. Minnesota Statutes 1986, section 252.291, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] The commissioner of human services in coordination with the commissioner of health may approve a ~~new~~ newly constructed or newly established publicly or privately operated community intermediate care facility for six or fewer persons with mental retardation or related conditions only ~~in~~ when the following circumstances exist:

(a) when the facility is developed in accordance with a request for proposal system established pursuant to subdivision 3, ~~clause (b) approved by the commissioner of human services;~~

(b) when the facility is necessary to serve the needs of identifiable identified persons with mental retardation or related conditions who are seriously behaviorally disordered or who are seriously physically or sensorily impaired. At least 50 percent of the capacity of the facility must be used for persons coming from regional treatment centers; ~~or and~~

(c) ~~to license beds in new facilities where need was determined by the commissioner prior to June 10, 1983 when the commissioner determines that the need for increased service capacity cannot be met by the use of alternative resources or the modification of existing facilities.~~

Sec. 113. Minnesota Statutes 1987 Supplement, section 252.291, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF COMMISSIONER OF HUMAN SERVICES.] The commissioner shall:

(a) establish standard admission criteria for state hospitals and county utilization targets to limit and reduce the number of intermediate care beds in state hospitals and community facilities in accordance with approved waivers under United States Code, title 42, sections 1396 to 1396p, as amended through December 31, 1982 1987, to assure that appropriate services are provided in the least restrictive setting;

(b) define services, including respite care, that may be needed in meeting individual service plan objectives;

(c) provide technical assistance so that county boards may establish a request for proposal system for meeting individual service plan objectives through home and community-based services; alternative community services; or, if no other alternative will meet the needs of identifiable individuals for whom the county is financially responsible, a new intermediate care facility for persons with mental retardation or related conditions;

(d) establish a client tracking and evaluation system as required under applicable federal waiver regulations, Code of Federal Regulations, title

42, sections 431, 435, 440, and 441, as amended through December 31, 1982 1987; and

(e) develop a state plan for the delivery and funding of residential day and support services to persons with mental retardation or related conditions in Minnesota and submit that plan to the clerk of each house of the Minnesota legislature on or before the 15th of January of each biennium beginning January 15, 1985. The biennial mental retardation plan shall include but not be limited to:

- (1) county by county maximum intermediate care bed utilization quotas;
- (2) plans for the development of the number and types of services alternative to intermediate care beds;
- (3) procedures for the administration and management of the plan;
- (4) procedures for the evaluation of the implementation of the plan; and
- (5) the number, type, and location of intermediate care beds targeted for decertification.

The commissioner shall modify the plan to ensure conformance with the medical assistance home and community-based services waiver.

Sec. 114. Minnesota Statutes 1987 Supplement, section 252.46, subdivision 5, is amended to read:

Subd. 5. [SUBMITTING RECOMMENDED RATES.] The county board shall submit recommended payment rates to the commissioner on forms supplied by the commissioner by ~~November 1, 1987~~, and at least 60 days before revised payment rates or payment rates for new vendors are to be effective. The forms must require the county board's written verification of the individual documentation required under section 252.44, clause (a). If the number of days of service provided by a licensed vendor are projected to increase, the county board must recommend payment rates based on the projected increased days of attendance and resulting lower per unit fixed costs. *Recommended increases in payment rates for vendors whose approved payment rates are ten or more than ten percent below the statewide median payment rates must be equal to the maximum increases allowed for that vendor under subdivision 3.* If a vendor provides services at more than one licensed site, the county board may recommend the same payment rates for each site based on the average rate for all sites. The county board may also recommend differing payment rates for each licensed site if it would result in a total annual payment to the vendor that is equal to or less than the total annual payment that would result if the average rates had been used for all sites. For purposes of this subdivision, the average payment rate for all service sites used by a vendor must be computed by adding the amounts that result when the payment rates for each licensed site are multiplied by the projected annual number of service units to be provided at that site and dividing the sum of those amounts by the total units of service to be provided by the vendor at all sites.

Sec. 115. Minnesota Statutes 1987 Supplement, section 252.46, subdivision 6, is amended to read:

Subd. 6. [VARIANCES.] A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request with the recommended payment rates. *A variance*

may be utilized for costs associated with compliance with state administrative rules, compliance with court orders, increased insurance costs, start-up and conversion costs for supported employment, direct service staff salaries, and transportation. The county board shall review all vendors' payment rates that are ~~20 ten or more than ten~~ percent lower than the ~~average rates for the regional development commission district to which the county belongs statewide median~~ payment rates. If the county determines that the payment rates do not provide sufficient revenue to the vendor for authorized service delivery the county must recommend a variance under this section. ~~This review must occur prior to November 1, 1987.~~ When the county board contracts for increased services from any vendor for some or all individuals receiving services from the vendor, the county board shall review the vendor's payment rates to determine whether the increase requires that a variance to the minimum rates be recommended under this section to reflect the vendor's lower per unit fixed costs. The written variance request must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates ~~to change the number of direct service staff or the level of qualifications of the staff.~~

(2) The proposed changes are required for the vendor to deliver authorized individual services in an effective and efficient manner.

(3) The proposed changes ~~are necessary to demonstrate compliance with minimum licensing standards governing minimum staffing ratios and staff qualifications.~~

(4) The vendor documents that the ~~change in staff numbers or qualifications changes~~ cannot be achieved by reallocating current staff or by reallocating financial resources ~~to provide or purchase the necessary services.~~

(5) The county board submits evidence that the need for additional staff cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(6) The county board submits a description of the nature and cost of the proposed changes, ~~and how the county will monitor the use of money by the vendor to make necessary changes in services. Allowable costs are limited to salaries, related fringe benefits, and payroll taxes.~~

(7) The county board's recommended payment rates do not exceed 125 percent of the ~~average current calendar year's statewide median~~ payment rates ~~in the regional development commission district in which the vendor is located.~~

Sec. 116. Minnesota Statutes 1987 Supplement, section 252.46, is amended by adding a subdivision to read:

*Subd. 13. [REVIEW AND REVISION OF PROCEDURES FOR RATE EXCEPTIONS FOR VERY DEPENDENT PERSONS WITH SPECIAL NEEDS.] The commissioner shall review the procedures established in Minnesota Rules, parts 9510.1020 to 9510.1140, that counties must follow to seek authorization for a medical assistance rate exception for services for very dependent persons with special needs. The commissioner shall appoint an advisory task force to work with the commissioner. Members of the task force must include vendors, providers, advocates, and consumers. After considering the recommendations of the advisory task force and*

county rate setting procedures developed under this section, the commissioner shall:

- (1) revise administrative procedures as necessary;
- (2) implement new review procedures for county applications for medical assistance rate exceptions for services for very dependent persons with special needs in a manner that accounts for services available to the person within the approved payment rates of the vendor;
- (3) provide training and technical assistance to vendors, providers, and counties in use of procedures governing medical assistance rate exceptions for very dependent persons with special needs and in county rate setting procedures established under this subdivision; and
- (4) develop a strategy and implementation plan for uniform data collection for use in establishing equitable payment rates and medical assistance rate exceptions for services provided by vendors.

Sec. 117. Minnesota Statutes 1987 Supplement, section 252.46, is amended by adding a subdivision to read:

*Subd. 14. [PILOT STUDY.] The commissioner may initiate a pilot payment rate system under section 252.47. The pilot project may establish training and demonstration sites. The pilot payment rate system must include actual transfers of funds, not simulated transfers. The pilot payment rate system may involve up to four counties and four vendors representing different geographic regions and rates of reimbursement. Participation in the pilot project is voluntary. Selection of participants by the commissioner is based on the vendor's submission of a complete application form provided by the commissioner. The application must include letters of agreement from the host county, counties of financial responsibility, and residential service providers. Evaluation of the pilot project must include consideration of the effectiveness of procedures governing establishment of equitable payment rates. Implementation of the pilot payment rate system is contingent upon federal approval and systems feasibility. The policies and procedures governing administration, participation, evaluation, service utilization, and payment for services under the pilot payment rate system are not subject to the rulemaking requirements of chapter 14.*

Sec. 118. Minnesota Statutes 1987 Supplement, section 253B.03, subdivision 6, is amended to read:

*Subd. 6. [CONSENT FOR MEDICAL PROCEDURE.] A patient has the right to prior consent to any medical or surgical treatment, other than the treatment of mental illness or chemical dependency. A patient with mental retardation or the patient's guardian or conservator has the right to give or withhold consent before:*

- (1) the implementation of any aversive or deprivation procedure except for emergency procedures permitted in rules of the commissioner adopted under section 245.825; or
- (2) the administration of psychotropic medication.

The following procedures shall be used to obtain consent for any treatment necessary to preserve the life or health of any committed patient:

- (a) The written, informed consent of a competent adult patient for the treatment is sufficient.

(b) If the patient is subject to guardianship or conservatorship which includes the provision of medical care, the *written, informed* consent of the guardian or conservator for the treatment is sufficient.

(c) If the head of the treatment facility determines that the patient is not competent to consent to the treatment and the patient has not been adjudicated incompetent, *written, informed* consent for the surgery or medical treatment shall be obtained from the nearest proper relative. For this purpose, the following persons are proper relatives, in the order listed: the patient's spouse, parent, adult child, or adult sibling. If the nearest proper relatives cannot be located or refuse to consent to the procedure, the head of the treatment facility or an interested person may petition the committing court for approval for the treatment or may petition an appropriate court of competent jurisdiction for the appointment of a guardian or conservator. The determination that the patient is not competent, and the reasons for the determination, shall be documented in the patient's clinical record.

(d) Consent to treatment of any minor patient shall be secured in accordance with sections 144.341 to 144.346, except that a minor 16 years of age or older may give valid consent for hospitalization, routine diagnostic evaluation, and emergency or short-term acute care.

(e) In the case of an emergency and when the persons ordinarily qualified to give consent cannot be located, the head of the treatment facility may give consent.

No person who consents to treatment pursuant to the provisions of this subdivision shall be civilly or criminally liable for the performance or the manner of performing the treatment. No person shall be liable for performing treatment without consent if *written, informed* consent was given pursuant to this subdivision. This provision shall not affect any other liability which may result from the manner in which the treatment is performed.

Sec. 119. Minnesota Statutes 1986, section 253B.03, is amended by adding a subdivision to read:

*Subd. 6a. [ADMINISTRATION OF NEUROLEPTIC MEDICATIONS.]*

(a) *Neuroleptic medications may be administered to persons committed as mentally ill or mentally ill and dangerous only as described in this subdivision.*

(b) *A neuroleptic medication may be administered to a patient who is competent to consent to neuroleptic medications only if the patient has given written, informed consent to administration of the neuroleptic medication.*

(c) *A neuroleptic medication may be administered to a patient who is not competent to consent to neuroleptic medications only if a court approves the administration of the neuroleptic medication or:*

*(1) the patient does not object to or refuse the medication;*

*(2) a guardian ad litem appointed by the court with authority to consent to neuroleptic medications gives written, informed consent to the administration of the neuroleptic medication; and*

*(3) a multidisciplinary treatment review panel composed of persons who are not engaged in providing direct care to the patient gives written approval to administration of the neuroleptic medication.*

*(d) A person who consents to treatment pursuant to this subdivision is not civilly or criminally liable for the performance of or the manner of*

*performing the treatment. A person is not liable for performing treatment without consent if written, informed consent was given pursuant to this subdivision. This provision does not affect any other liability that may result from the manner in which the treatment is performed.*

Sec. 120. Minnesota Statutes 1986, section 253B.17, subdivision 1, is amended to read:

Subdivision 1. [PETITION.] Any patient, except one committed as mentally ill and dangerous to the public, or any interested person may petition the committing court or the court to which venue has been transferred for an order that the patient is not in need of continued institutionalization or for an order that an individual is no longer mentally ill, mentally retarded, or chemically dependent, or for any other relief as the court deems just and equitable. *A patient committed as mentally ill or mentally ill and dangerous may petition the committing court or the court to which venue has been transferred for a hearing concerning the administration of neuroleptic medication. A hearing may also be held pursuant to sections 253B.09 and 253B.12.*

Sec. 121. Minnesota Statutes 1987 Supplement, section 256.01, subdivision 4, is amended to read:

Subd. 4. [DUTIES AS STATE AGENCY.] The state agency shall:

(1) supervise the administration of assistance to dependent children under Laws 1937, chapter 438, by the county agencies in an integrated program with other service for dependent children maintained under the direction of the state agency;

(2) may subpoena witnesses and administer oaths, make rules, and take such action as may be necessary, or desirable for carrying out the provisions of Laws 1937, chapter 438. All rules made by the state agency shall be binding on the counties and shall be complied with by the respective county agencies;

(3) establish adequate standards for personnel employed by the counties and the state agency in the administration of Laws 1937, chapter 438, and make the necessary rules to maintain such standards;

(4) prescribe the form of and print and supply to the county agencies blanks for applications, reports, affidavits, and such other forms as it may deem necessary and advisable;

(5) cooperate with the federal government and its public welfare agencies in any reasonable manner as may be necessary to qualify for federal aid for aid to dependent children and in conformity with the provisions of Laws 1937, chapter 438, including the making of such reports and such forms and containing such information as the Federal Social Security Board may from time to time require, and comply with such provisions as such board may from time to time find necessary to assure the correctness and verification of such reports; ~~and~~

(6) may cooperate with other state agencies in establishing reciprocal agreements in instances where a child receiving aid to dependent children moves or contemplates moving into or out of the state, in order that such child may continue to receive supervised aid from the state moved from until the child shall have resided for one year in the state moved to; ~~and~~

(7) on or before October 1 in each even-numbered year make a biennial

report to the governor concerning the activities of the agency; and

(8) design, develop, and administer an intake, referral, and inventory system that provides localized, single-point intake with a direct access to a statewide data base to match client needs with employment opportunities and public and private services. The system must include information on all available public and private programs for employment and training services and income maintenance and support services as defined in section 268.0111. The state agency shall cooperate with the department of jobs and training, counties and other local service units, service providers, and clients in the development and operation of the system. The system is not subject to sections 16B.40 to 16B.45;

(9) enter into agreements with other departments of the state as necessary to meet all requirements of the federal government.

Sec. 122. Minnesota Statutes 1987 Supplement, section 256.015, subdivision 2, is amended to read:

Subd. 2. [PERFECTION; ENFORCEMENT.] The state agency may perfect and enforce its lien under sections 514.69, 514.70, and 514.71, and must file the verified lien statement with the appropriate court administrator in the county of financial responsibility. The verified lien statement must contain the following: the name and address of the person to whom medical care, subsistence, or other payment was furnished; the date of injury; the name and address of vendors furnishing medical care; the dates of the service or payment; the amount claimed to be due for the care or payment; and to the best of the state agency's knowledge, the names and addresses of all persons, firms, or corporations claimed to be liable for damages arising from the injuries.

This section does not affect the priority of any attorney's lien. The state agency is not subject to any limitations period referred to in section 514.69 or 514.71 and has one year from the date notice is received by it under subdivision 4, paragraph (c), or one year from the date medical bills are first paid by the state agency, whichever is later, to file its verified lien statement. The state agency may commence an action to enforce the lien within one year of (1) the date the notice required by subdivision 4, paragraph (c), is received, or (2) the date the person's cause of action is concluded by judgment, award, settlement, or otherwise, whichever is later.

Sec. 123. [256.016] [PLAIN LANGUAGE IN WRITTEN MATERIALS.]

(a) *To the extent reasonable and consistent with the goals of providing easily understandable and readable materials and complying with federal and state laws governing the programs, all written materials relating to services and determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under a program administered or supervised by the commissioner of human services must be understandable to a person who reads at the seventh-grade level, using the Flesch scale analysis readability score as determined under section 72C.09.*

(b) *All written materials relating to determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under programs administered or supervised by the commissioner of human services must be developed to satisfy the plain language requirements of the plain language contract act under sections 325G.29 to 325G.36.*

*Materials may be submitted to the attorney general for review and certification. Notwithstanding section 325G.35, subdivision 1, the attorney general shall review submitted materials to determine whether they comply with the requirements of section 325G.31. The remedies available pursuant to sections 8.31 and 325G.33 to 325G.36 do not apply to these materials. Failure to comply with this section does not provide a basis for suspending the implementation or operation of other laws governing programs administered by the commissioner.*

*(c) The requirements of this section apply to all materials modified or developed by the commissioner on or after July 1, 1988. The requirements of this section do not apply to materials that must be submitted to a federal agency for approval, to the extent that application of the requirements prevents federal approval.*

*(d) Nothing in this section may be construed to prohibit a lawsuit brought to require the commissioner to comply with this section or to affect individual appeal rights granted pursuant to section 256.045.*

*(e) The commissioner shall report annually to the chairs of the health and human services divisions of the senate finance committee and the house of representatives appropriations committee on the number and outcome of cases that raise the issue of the commissioner's compliance with this section.*

Sec. 124. Minnesota Statutes 1986, 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~~ home owned and occupied by the child, relative or other member of the assistance unit as a 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 all contiguous acres in rural areas surrounding property which is not separated from the home by intervening property owned by others. Public rights-of-way, such as roads which run through the surrounding property and separate it from the home, will not affect the exemption of the property;~~ 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 ~~or the entire equity value of a motor vehicle determined to be necessary for the operation of a self-employment business~~, one burial plot for each member of the assistance unit, one prepaid burial contract with an equity value of no more than \$1,000 for each member of the assistance unit, clothing and necessary



household furniture and equipment and other basic maintenance items essential for daily living, in accordance with rules promulgated by and standards established by the commissioner of human services.

Sec. 125. Minnesota Statutes 1986, section 256.73, subdivision 6, is amended to read:

Subd. 6. [REPORTS BY RECIPIENT.] (a) An assistance unit with a recent work history or with earned income shall report monthly to the local agency on income received and other circumstances affecting eligibility or assistance amounts. All other assistance units shall report on income and other circumstances affecting eligibility and assistance amounts at less frequent intervals, as specified by the state agency. All income not specifically disregarded by the Social Security Act, the Code of Federal Regulations, or state law and rules, shall be income applicable to the budgetary needs of the family. If any amount of aid to families with dependent children assistance is paid to a recipient thereof in excess of the payment due it shall be recoverable by the local agency. The agency shall give written notice to the recipient of its intention to recover the overpayment. Overpayments to a current assistance unit shall be recovered either through repayment by the individual in part or in full or by reducing the amount of aid payable to the assistance unit of which the individual is a member. For any month in which an overpayment must be recovered, recoupment may be made by reducing the grant but only if the reduced assistance payment, together with the assistance unit's liquid assets and total income after deducting actual work expenses equals at least 95 percent of the standard of need for the assistance unit, except that if the overpayment is due solely to agency error, this total after deducting actual work expenses shall equal at least 99 percent of the standard of need. In cases when there is both an overpayment and underpayment the local agency shall offset one against the other in correcting the payment. The local agency shall make reasonable efforts to recover overpayments made to persons no longer on assistance in accordance with standards established by the commissioner of human services. The local agency need not attempt to recover overpayments of less than \$35 paid to an individual no longer on assistance if the individual does not receive assistance again within three years, unless the individual has been convicted of fraud under section 256.98. The recipient may appeal the agency's determination that an overpayment has occurred in accordance with section 256.045. The county agency shall promptly repay the recipient for any underpayment and shall disregard that payment when determining the assistance unit's income and resources in the month when the payment is made and the following month.

(b) An assistance unit required to submit a report on the form designated by the commissioner is considered to have continued its application for assistance effective the date the required report is received by the local agency, if a complete report is received within a calendar month after the month in which assistance was received, except that no assistance shall be paid for the period beginning with the end of the month in which the report was due and ending with the date the report was received by the local agency.

Sec. 126. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

Subd. 8. [RECOVERY OF OVERPAYMENTS.] (a) If an amount of aid to families with dependent children assistance is paid to a recipient in

*excess of the payment due, it shall be recoverable by the local agency. The agency shall give written notice to the recipient of its intention to recover the overpayment.*

*(b) When an overpayment occurs, the local agency shall recover the overpayment from a current recipient by reducing the amount of aid payable to the assistance unit of which the recipient is a member for one or more monthly assistance payments until the overpayment is repaid. For any month in which an overpayment must be recovered, recoupment may be made by reducing the grant but only if the reduced assistance payment, together with the assistance unit's total income after deducting work expenses as allowed under section 256.74, subdivision 1, clauses (3) and (4), equals at least 95 percent of the standard of need for the assistance unit, except that if the overpayment is due solely to agency error, this total after deducting allowable work expenses must equal at least 99 percent of the standard of need. Notwithstanding the preceding sentence, beginning on the date on which the commissioner implements a computerized client eligibility and information system in one or more counties, all local agencies in the state shall reduce the assistance payment by three percent of the assistance unit's standard of need or the amount of the monthly payment, whichever is less, for all overpayments whether or not the overpayment is due solely to agency error. In cases when there is both an overpayment and underpayment, the local agency shall offset one against the other in correcting the payment.*

*(c) Overpayments may also be voluntarily repaid, in part or in full, by the individual, in addition to the above aid reductions, until the total amount of the overpayment is repaid.*

*(d) The local agency shall make reasonable efforts to recover overpayments to persons no longer on assistance in accordance with standards adopted in rule by the commissioner of human services. The local agency need not attempt to recover overpayments of less than \$35 paid to an individual no longer on assistance if the individual does not receive assistance again within three years, unless the individual has been convicted of fraud under section 256.98.*

Sec. 127. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

*Subd. 9. [APPEAL OF OVERPAYMENT DETERMINATIONS.] The recipient may appeal the agency's determination that an overpayment has occurred in accordance with section 256.045.*

Sec. 128. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

*Subd. 10. [UNDERPAYMENTS.] The local agency shall promptly repay the recipient for any underpayment. The local agency shall disregard that payment when determining the assistance unit's income and resources in the month when the payment is made and the following month.*

Sec. 129. Minnesota Statutes 1986, section 256.73, is amended by adding a subdivision to read:

*Subd. 11. [COMPLIANCE WITH FEDERAL LAW AND REGULATION.] None of the provisions in this section shall be implemented to the extent that they violate federal law or regulation.*

Sec. 130. Minnesota Statutes 1987 Supplement, section 256.736, subdivision 1b, is amended to read:

Subd. 1b. [WORK INCENTIVE SUBSIDIZED HOUSING PROGRAM.] Within the limit of available appropriations, employed recipients of aid to families with dependent children who meet eligibility requirements established by the commissioner of human services are eligible for a state housing subsidy as an incentive to seek and retain employment. The commissioner of human services shall adopt rules for the work incentive subsidized housing program using eligibility criteria, subsidy amounts, and an administrative system developed jointly by the commissioner of human services and the commissioner of jobs and training. *Unless superseded by permanent rules, emergency rules adopted to implement this section remain in effect until July 1, 1989.* The rules must:

- (1) target recipients who are or are likely to become long-term recipients or who experience substantial barriers to employment;
- (2) establish a fixed or sliding scale subsidy amount that will create a significant work incentive yet enable the program to serve the greatest possible number of recipients;
- (3) limit the subsidy to persons who become employed while receiving assistance; and
- (4) provide for continued subsidy payments for up to one year after termination of assistance to ease the transition from assistance to self-sufficiency.

The program must be coordinated with existing work and training programs and must be designed to maximize savings in the aid to families with dependent children program. The subsidy must be provided as in-kind assistance, and it is not available if it would be considered countable income under state and federal requirements.

Sec. 131. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 3b. [MANDATORY SCHOOL ATTENDANCE FOR MINOR PARENTS.] (a) [DEFINITIONS.] *The definitions in this paragraph apply to this subdivision.*

(1) "Minor parent" means a recipient of AFDC who is under age 18, and who is the natural or adoptive parent of a child living with the minor parent.

(2) "School" means:

(i) an educational program which leads to a high school diploma. The program or coursework may be, but is not limited to, a program under the post-secondary enrollment options of section 123.3514, a regular or alternative program of an elementary or secondary school, a technical institute, or a college;

(ii) coursework for a general educational development (GED) diploma of not less than six hours of classroom instruction per week; or

(iii) any other post-secondary educational program that is approved by the public school or the local agency under subdivision 11.

(b) [SCHOOL ATTENDANCE REQUIRED.] *Notwithstanding section 256.736, subdivision 3, a minor parent must attend school if all of the*

following apply:

(1) the minor parent has no child living with the parent who is younger than six weeks of age;

(2) transportation services needed to enable the minor parent to attend school are available;

(3) licensed or legal nonlicensed child care services needed to enable the minor parent to attend school are available;

(4) the minor parent has not already graduated from high school and has not received a general educational development (GED) diploma; and

(5) the minor parent does not have good cause for failing to attend school, as provided in paragraph (d).

(c) [ENROLLMENT AND ATTENDANCE.] The minor parent must be enrolled in school and meeting the school's attendance requirements. The minor parent is considered to be attending when the minor parent is enrolled but the school is not in regular session, including during holiday and summer breaks.

(d) [GOOD CAUSE FOR NOT ATTENDING SCHOOL.] The local agency shall determine whether good cause for not attending or not enrolling in school exists, according to this paragraph:

(1) Good cause exists when the minor parent is ill or injured seriously enough to prevent the minor parent from attending school.

(2) Good cause exists when the minor parent's child is ill or injured and the minor parent's presence in the home is required to care for the child.

(3) Good cause exists when the local agency has verified that the only available school program requires round trip commuting time from the minor parent's residence of more than two hours by available means of transportation, excluding the time necessary to transport children to and from child care.

(4) Good cause exists when there is an interruption in availability of child care services.

(5) Good cause exists when the minor parent has indicated a desire to attend school, but the public school system is not providing for the minor parent's education and alternative programs are not available.

(6) Good cause exists when the school does not cooperate with the local agency in providing verification of the minor parent's education or attendance.

(7) Good cause exists when the minor parent or the minor parent's child has a medical appointment or an appointment with the local welfare agency, is required to appear in court during the minor parent's normal school hours, or has any other obligation consistent with the case management contract.

(8) For the minor parent of a child between six and twelve weeks of age, good cause exists when child care is not available on the premises of the school, or a medical doctor certifies that it would be better for the health of either the parent or the child for the parent to remain at home with the child for a longer period of time.

(e) [FAILURE TO COMPLY.] If the school notifies the local agency that the minor parent is not enrolled or is not meeting the school's attendance

requirements, and the local agency determines that the minor parent does not have good cause, the local agency shall apply the sanctions listed in subdivision 4 beginning with the first payment month after issuance of notice.

(f) [NOTICE AND HEARING.] A right to notice and fair hearing shall be provided in accordance with section 256.045 and the Code of Federal Regulations, title 45, section 205.10.

(g) [SOCIAL SERVICES.] When a minor parent has failed to attend school and does not have good cause, the local agency shall refer the minor parent to social services for services, as provided in section 257.33.

(h) [VERIFICATION.] No less often than quarterly, the local agency must verify that the minor parent is meeting the requirements of this subdivision. Notwithstanding section 13.32, subdivision 3, when the local agency notifies the school that a minor parent is subject to this subdivision, the school must furnish verification of school enrollment and attendance to the local agency.

Sec. 132. Minnesota Statutes 1986, section 256.736, is amended by adding a subdivision to read:

Subd. 3c. [MINOR PARENTS NOT LIVING WITH RELATIVES.] (a) This subdivision applies to a minor parent who is not living with a parent or other adult relative and who is not living in a group or foster home licensed by the commissioner.

(b) For purposes of this subdivision, the following terms have the meanings given them:

(1) "Minor parent" means an applicant for or recipient of AFDC who is under age 18, and who is the natural or adoptive parent of a child living with the minor parent.

(2) "Other adult relative" means a person who qualifies to be an eligible relative caretaker for AFDC, as specified in federal regulations.

(c) The agency shall determine, for each minor parent who applies for or receives AFDC, whether this section applies. For a minor parent to whom this section applies, the local agency shall refer the minor parent to its social services unit within 30 days of the date the application for assistance is approved for development of a social service plan as required in section 257.33. The agency shall notify the minor parent of the referral to social services and that cooperation in developing and participating in a social service plan is required in order for AFDC eligibility to continue.

(d) In addition to meeting the requirements of section 257.33, the social service plan may, based upon the social service unit's evaluation of the minor caretaker's needs and parenting abilities, and the health, safety, and parenting needs of the minor caretaker's child, require the minor caretaker to live in a group or foster home or participate in available programs which teach skills in parenting or independent living.

(e) If the minor parent fails to cooperate in developing or participating in the social service plan, the social services unit shall notify the income maintenance unit of the local agency, which shall then notify the minor parent of the determination and of the sanctions in subdivision 4 that will be applied.

Sec. 133. Minnesota Statutes 1987 Supplement, section 256.736, subdivision 4, is amended to read:

Subd. 4. [CONDITIONS OF CERTIFICATION.] The commissioner of human services shall:

(1) Arrange for or provide any caretaker or child required to participate in employment and training services pursuant to this section with child-care services, transportation, and other necessary family services;

(2) Pay 10 percent of the cost of the work incentive program and any other costs that are required of that agency by federal regulation for employment and training services for recipients of aid to families with dependent children;

(3) Provide that in determining a recipient's needs any monthly incentive training payment made to the recipient by the department of jobs and training is disregarded and the additional expenses attributable to participation in a program are taken into account in grant determination to the extent permitted by federal regulation; and

(4) Provide that when it has been certified by the county board that a caretaker or child required to participate in an employment and training program has been found by the employment and training service provider to have refused without good cause to participate in appropriate employment and training services or to have refused without good cause to accept a bona fide offer of public or other employment, the county board shall provide that the county board shall impose the sanctions in clause (5) or (6) when the county board:

(a) is notified that a caretaker or child required to participate in employment and training services has been found by the employment and training service provider to have failed without good cause to participate in appropriate employment and training services or to have failed without good cause to accept a bona fide offer of public or other employment;

(b) determines that a minor parent who is required to attend school under subdivision 3b has, without good cause, failed to attend school;

(c) determines that subdivision 3c applies to a minor parent and the minor parent has, without good cause, failed to cooperate with development of a social service plan or to participate in execution of the plan, to live in a group or foster home, or to participate in a program that teaches skills in parenting and independent living; or

(d) determines that a caretaker has, without good cause, failed to attend orientation.

(5) To the extent permissible by federal law, the following sanctions must be imposed for a recipient's failure to participate in required employment and training services, education, orientation, or the requirements of subdivision 3c:

(a) For the first failure, 50 percent of the grant provided to the family for the month following the failure shall be made in the form of protective or vendor payments;

(b) For the second and subsequent failures, the entire grant provided to the family must be made in the form of protective or vendor payments. Assistance provided to the family must be in the form of protective or vendor payments until the recipient complies with the requirement; and

(c) *When protective payments are required, the local agency may continue payments to the caretaker if a protective payee cannot reasonably be found.*

(6) *When the sanctions provided by clause (5) are not permissible under federal law, the following sanctions shall be imposed for a recipient's failure to participate in required employment and training services, education, orientation, or the requirements of subdivision 3c:*

(a) *If the caretaker ~~makes the refusal~~ fails to participate, the caretaker's needs shall not be taken into account in making the grant determination, and aid for any dependent child in the family will be made in the form of protective or vendor payments, except that when protective payments are made, the local agency may continue payments to the caretaker if a protective payee cannot reasonably be found. The standard of assistance for the remaining eligible members of the assistance unit is the standard that is used in other instances in which the caretaker is excluded from the assistance unit for noncompliance with a program requirement.*

(b) *Aid with respect to a dependent child will be denied if a child who ~~makes the refusal~~ fails to participate is the only child receiving aid in the family.*

(c) *If there is more than one child receiving aid in the family, aid for the child who ~~makes the refusal~~ fails to participate will be denied and the child's needs will not be taken into account in making the grant determination.*

(d) *If the assistance unit's eligibility is based on the nonexempt principal earner's unemployment and this principal earner fails ~~or refuses~~ without good cause to participate or to accept employment, the entire assistance unit is ineligible for benefits under sections 256.72 to 256.87.*

Sec. 134. Minnesota Statutes 1987 Supplement, section 256.736, subdivision 11, is amended to read:

Subd. 11. [CASE MANAGEMENT SERVICES.] (a) For clients described in subdivision 2a, the case manager shall:

(1) Assess the education, skills, and ability of the caretaker to secure and retain a job which, when added to child support, will support the caretaker's family. The case manager must work with the caretaker in completing this task;

(2) Set goals and develop a timetable for completing education and employment goals. The case manager must work with the caretaker in completing this task. For caretakers who are not literate or who have not completed high school, the first goal for the caretaker must be to complete literacy training or a general education diploma. Caretakers who are literate and have completed high school shall be counseled to set realistic attainable goals, taking into account the long-term needs of both the caretaker and the caretaker's family;

(3) Coordinate services such as child care, transportation, and education assistance necessary to enable the caretaker to work toward the goals developed in clause (2). When a client needs child care services in order to attend a Minnesota public or nonprofit college, university or technical institute, the case manager shall contact the appropriate agency to reserve child care funds for the client. A caretaker who needs child care services in order to complete high school or a general education diploma is eligible for child care under section 268.91;

(4) Develop, execute, and monitor a contract between the local agency and the caretaker. The contract must include: (a) specific goals of the caretaker including stated measurements of progress toward each goal; (b) specific services provided by the county agency; and (c) conditions under which the county will withdraw the services provided;

The contract may include other terms as desired or needed by either party. In all cases, however, the case manager must ensure that the caretaker has set forth in the contract realistic goals consistent with the ultimate goal of self-sufficiency for the caretaker's family; and

(5) Develop and refer caretakers to counseling or peer group networks for emotional support while participating in work, education, or training.

(b) In addition to the duties in paragraph (a), for minor parents *and pregnant minors*, the case manager shall:

(1) Ensure that the contract developed under paragraph (a)(4) considers all factors set forth in section 257.33, subdivision 2; ~~and~~

(2) Assess the housing and support systems needed by the caretaker in order to provide the dependent children with adequate parenting. The case manager shall encourage minor parents *and pregnant minors* who are not living with friends or relatives to live in a group home or foster care setting. If minor parents *and pregnant minors* are unwilling to live in a group home or foster care setting or if no group home or foster care setting is available, the case manager shall assess the ~~minor parent's~~ *their* need for training in parenting and independent living skills and *when appropriate* shall refer ~~appropriate minor parents~~ *them* to available counseling programs designed to teach needed skills; *and*

(3) *Inform minor parents or pregnant minors of, and assist them in evaluating the appropriateness of, the high school graduation incentives program under section 126.22, including post-secondary enrollment options, and the employment related and community based instruction programs.*

(c) A caretaker may request a conciliation conference to attempt to resolve disputes regarding the contents of a contract developed under this section or a housing and support systems assessment conducted under this section. The caretaker may request a hearing pursuant to section 256.045 to dispute the contents of a contract or assessment developed under this section. The caretaker need not request a conciliation conference in order to request a hearing pursuant to section 256.045.

Sec. 135. Minnesota Statutes 1986, section 256.76, subdivision 1, is amended to read:

Subdivision 1. Upon the completion of ~~such the~~ investigation the county agency shall decide whether the child is eligible for assistance under the provisions of sections 256.72 to 256.87, *and determine the amount of such the assistance, and the date on which such the assistance shall begin begins.* *A decision on an application for assistance must be made as promptly as possible and no more than 30 days from the date of application.* Notwithstanding section 393.07, the county agency shall not delay approval or issuance of assistance pending formal action of the county board of commissioners. The first month's grant shall be based upon that portion of the month from the date of application, or from the date that the applicant meets all eligibility factors, whichever occurs later, provided that on the date that assistance is first requested, the local agency shall inquire and



determine whether the person requesting assistance is in immediate need of food, shelter, clothing, or other emergency assistance. If an emergency need is found to exist, the applicant shall be granted assistance pursuant to section 256.871 within a reasonable period of time. It shall make a grant of assistance which shall be binding upon the county and be complied with by the county until ~~such~~ the grant is modified or vacated. ~~If the applicant is subsequently found to have been eligible for assistance under sections 256.72 to 256.87, assistance rendered under section 256.871 must be considered as a regular AFDC payment and not a payment under section 256.871.~~ The county agency shall notify the applicant of its decision in writing. ~~Such~~ The assistance shall be paid monthly to the applicant or to the vendor of medical care upon order of the county agency from funds appropriated to the county agency for this purpose. The county agency shall, upon the granting of assistance under these sections, file an order on the form to be approved by the state agency with the auditor of the county ~~and thereafter.~~ *After the order is filed,* warrants shall be drawn and payments made only in accordance with this order to or for recipients of this assistance or in accordance with any subsequent order.

Sec. 136. [256.925] [OPTIONAL VOTER REGISTRATION FOR PUBLIC ASSISTANCE APPLICANTS AND RECIPIENTS.]

*A county agency shall provide voter registration cards to every individual eligible to vote who applies for a public assistance program at the time application is made. The agency shall also make voter registration cards available to a public assistance recipient upon the recipient's request or at the time of the recipient's eligibility redetermination. The county agency shall assist applicants and recipients in completing the voter registration cards, as needed. Applicants must be informed that completion of the cards is optional. Completed forms shall be collected by agency employees and submitted to proper election officials.*

Sec. 137. Minnesota Statutes 1987 Supplement, section 256.936, is amended to read:

256.936 [CHILDREN'S HEALTH PLAN.]

Subdivision 1. [DEFINITIONS.] For purposes of this section the following terms shall have the meanings given them:

(a) "Eligible persons" means ~~pregnant women and children under six years old who are one year of age or older but less~~

*than nine years of age* who have gross family incomes that are

*equal to or less than 185 percent of the federal poverty guidelines and who are not eligible for medical assistance under chapter 256B or general assistance medical care under chapter 256D and who are not otherwise insured for the covered services. Eligibility for pregnant women shall continue for 60 days postpartum to allow for follow-up visits. The period of eligibility extends from the first day of the month in which the child's first birthday occurs to the last day of the month in which the child becomes nine years old.*

(b) "Covered services" means ~~prenatal care services and children's health services.~~

(c) "~~Prenatal care services~~" means *the outpatient services provided to*

pregnant women which are medically necessary for the pregnancy. Physician or certified nurse midwife services for delivery are included but inpatient hospital services are not included.

(d) "Children's health services" means the health services reimbursed under chapter 256B, with the exception of inpatient hospital services, *private duty nursing services, orthodontic services, medical transportation services, personal care assistant and case management services, hospice care services*, nursing home or intermediate care facilities services, and mental health and chemical dependency services.

(e) (d) "Eligible providers" means those health care providers who provide ~~prenatal care services and~~ children's health services to medical assistance clients under rules established by the commissioner for that program. Reimbursement under this section shall be at the same rates and conditions established for medical assistance. A provider of prenatal care services shall assess whether the pregnant woman is at risk of delivering a low birth weight baby or has a health condition which may increase the probability of a problem birth.

(f) (e) "Commissioner" means the commissioner of human services.

Subd. 2. [PLAN ADMINISTRATION.] The children's health plan is established to promote access to appropriate *primary* health care for pregnant women and to assure healthy babies and healthy children. The commissioner shall establish an office for the state administration of this plan. The plan shall be used to provide prenatal care and children's health services for eligible persons. Payment for these services shall be made to all eligible providers. The commissioner shall establish marketing efforts to encourage potentially eligible persons to receive information about the program and about other medical care programs administered or supervised by the department of human services. A toll-free telephone number must be used to provide information about the plan medical programs and to promote access to the covered services. The commissioner must make a quarterly assessment of the expected expenditures for the covered services and the appropriation. Based on this assessment the commissioner may limit enrollments and target former aid to families with dependent children recipients. If sufficient money is not available to cover all costs incurred in one quarter, the commissioner may seek an additional authorization for funding from the legislative advisory committee.

Subd. 3. [APPLICATION PROCEDURES.] Applications and other information must be made available in to provider offices, local human services agencies, school districts, public and private elementary schools in which 25 percent or more of the students receive free or reduced price lunches, community health offices, and Women, Infants and Children (WIC) program sites. These sites may accept applications, collect the enrollment fee, and forward the forms and fees to the commissioner. Otherwise, applicants may apply directly to the commissioner. The commissioner may use individuals' social security numbers as identifiers for purposes of administering the plan and conduct data matches to verify income. Applicants shall submit evidence of family income, earned and unearned, that will be used to verify income eligibility. Notwithstanding any other law to the contrary, benefits under this section are secondary to any a plan of insurance or benefit program under which an eligible person may have coverage. The commissioner shall identify eligible persons who may have coverage or benefits under other plans of insurance or who become eligible for medical assistance.

Subd. 4. [ENROLLMENT FEE.] An enrollment fee of \$35 is required from eligible persons for prenatal care services and an annual enrollment fee of \$25, not to exceed \$150 per family, is required from eligible persons for children's health services. ~~The fees may be paid together at the time of enrollment or as two payment installments.~~ Enrollment fees must be deposited in the public health fund and are appropriated to the commissioner for the children's health plan program. The commissioner shall make an annual redetermination of continued eligibility and identify people who may become eligible for medical assistance.

Sec. 138. [256.9655] [PAYMENTS TO MEDICAL PROVIDERS.]

*The commissioner shall establish procedures to analyze and correct problems associated with medical care claims preparation and processing under the medical assistance, general assistance medical care, and children's health plan programs. At a minimum, the commissioner shall:*

*(1) designate a full-time position as a liaison between the department of human services and providers;*

*(2) analyze impediments to timely processing of claims, provide information and consultation to providers, and develop methods to resolve or reduce problems;*

*(3) provide to each acute-care hospital a quarterly listing of claims received and identify claims that have been suspended and the reason the claims were suspended;*

*(4) provide education and information on reasons for rejecting and suspending claims and identify methods that would avoid multiple submissions of claims; and*

*(5) for each acute-care hospital, identify and prioritize claims that are in jeopardy of exceeding time factors that eliminate payment.*

Sec. 139. Minnesota Statutes 1987 Supplement, section 256.969, subdivision 2, is amended to read:

Subd. 2. [RATES FOR INPATIENT HOSPITALS.] 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. 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, unless disapproved by the federal Health Care Financing Administration. The state shall pay the state share of the adjustment for care provided on or after August 1, 1985, up to and including June 30, 1987, whether or not the adjustment is approved by the federal Health Care Financing Administration. The commissioner may reconstitute the diagnostic categories to reflect actual hospital practices, the specific character of specialty hospitals, or to reduce variances within the diagnostic categories after notice in the State Register and a 30-day comment period.

After May 1, 1986, acute care hospital billings under the medical assistance and general assistance medical care programs must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments with inpatient hospitals that have individual patient lengths of stay in excess of 30 days regardless of diagnosis-related group. For purposes of establishing interim rates, the commissioner is exempt from the requirements of chapter 14. Medical assistance and general assistance medical care reimbursement for treatment of mental illness shall be reimbursed based upon diagnosis classifications. The commissioner may selectively contract with hospitals for services within the diagnostic classifications relating to mental illness and chemical dependency under competitive bidding when reasonable geographic access by recipients can be assured. No physician shall be denied the privilege of treating a recipient required to utilize a hospital under contract with the commissioner, as long as the physician meets credentialing standards of the individual hospital. Effective July 1, 1988, the commissioner shall limit the annual increase in pass-through cost payments for depreciation, rents and leases, and interest expense to the annual growth in the ~~consumer price index for all urban consumers (CPI-U)~~ *hospital cost index described in section 256.969, subdivision 1.* When computing budgeted pass-through cost payments, the commissioner shall use the annual increase in the ~~CPI-U~~ *hospital cost index* forecasted by Data Resources, Inc. consistent with the quarter of the hospital's fiscal year end. In final settlement of pass-through cost payments, the commissioner shall use the ~~CPI-U~~ *hospital cost index* for the month in which the hospital's fiscal year ends compared to the same month one year earlier.

Sec. 140. Minnesota Statutes 1987 Supplement, section 256.969, subdivision 3, is amended to read:

Subd. 3. [SPECIAL CONSIDERATIONS.] (a) In determining the rate the commissioner of human services will take into consideration whether the following circumstances exist:

- (1) minimal medical assistance and general assistance medical care utilization;
- (2) unusual length of stay experience; and
- (3) disproportionate numbers of low-income patients served.

(b) To the extent of available appropriations, the commissioner shall provide supplemental grants directly to a hospital described in section 256B.031, subdivision 10, paragraph (a), that receives medical assistance payments through a county-managed health plan that serves only residents of the county. The payments must be designed to compensate for actuarially demonstrated higher health care costs within the county, for the population served by the plan, that are not reflected in the plan's rates under section 256B.031, subdivision 4.

(c) *For inpatient hospital originally paid admissions, excluding medicare cross-overs, provided from July 1, 1988, through June 30, 1989, hospitals with 100 or fewer medical assistance annualized paid admissions, excluding medicare cross-overs, that were paid by March 1, 1988, for admissions paid during the period January 1, 1987, to June 30, 1987, shall have medical assistance inpatient payments increased 30 percent. Hospitals with more than 100 but fewer than 250 medical assistance annualized paid admissions, excluding medicare cross-overs, that were paid by March 1, 1988, for admissions paid during the period January 1, 1987, to June 30,*

1987, shall have medical assistance inpatient payments increased 20 percent for inpatient hospital originally paid admissions, excluding medicare cross-overs, provided from July 1, 1988, through June 30, 1989. This provision applies only to hospitals that have 100 or fewer licensed beds on March 1, 1988.

Sec. 141. Minnesota Statutes 1987 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 identified in subdivisions 8a to 8y, for eligible individuals whose income and resources are insufficient to meet all of this cost:

(1) *Subd. 8a. [INPATIENT HOSPITAL SERVICES.] Medical assistance covers inpatient hospital services. A second medical opinion is required prior to reimbursement for elective surgeries requiring a second opinion. The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion prior to reimbursement, and the criteria and standards for deciding whether an elective surgery should require a second medical opinion. The list and the criteria and standards are not subject to the requirements of sections 14.01 to 14.69. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal.*

(2) *Subd. 8b. [SKILLED AND INTERMEDIATE NURSING CARE.] Medical assistance covers skilled nursing home services and services of intermediate care facilities, including training and habilitation services, as defined in section 252.41, subdivision 3, for persons with mental retardation or related conditions who are residing in intermediate care facilities for persons with mental retardation or related conditions. Medical assistance must not be used to pay the costs of nursing care provided to a patient in a swing bed as defined in section 144.562, unless (a) the facility in which the swing bed is located is eligible as a sole community provider, as defined in Code of Federal Regulations, title 42, section 412.92, or the facility is a public hospital owned by a governmental entity with 15 or fewer licensed acute-care beds; (b) the health care financing administration approves the necessary state plan amendments; (c) the patient was screened as provided in section 256B.091; (d) the patient no longer requires acute-care services; and (e) no nursing home beds are available within 25 miles of the facility. The daily medical assistance payment for nursing care for the patient in the swing bed is the statewide average medical assistance skilled nursing care per diem as computed annually by the commissioner on July 1 of each year.*

(3) *Subd. 8c. [PHYSICIANS' SERVICES.] Medical assistance covers physicians' services.*

(4) *Subd. 8d. [OUTPATIENT AND CLINIC SERVICES.] Medical assistance covers outpatient hospital or nonprofit community health clinic services or physician-directed clinic services. The physician-directed clinic staff shall include at least two physicians, one of whom is on the premises whenever the clinic is open, and all services shall be provided under the direct supervision of the physician who is on the premises. Hospital outpatient departments are subject to the same limitations and reimbursements as other enrolled vendors for all services, except initial triage, emergency*

services, and services not provided or immediately available in clinics, physicians' offices, or by other enrolled providers. A second medical opinion is required before reimbursement for elective surgeries requiring a second opinion. The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion before reimbursement and the criteria and standards for deciding whether an elective surgery should require a second surgical opinion. The list and the criteria and standards are not subject to the requirements of sections 14.01 to 14.69. The commissioner's decision whether a second medical opinion is required, made in accordance with rules governing that decision, is not subject to administrative appeal. "Emergency services" means those medical services required for the immediate diagnosis and treatment of medical conditions that, if not immediately diagnosed and treated, could lead to serious physical or mental disability or death or are necessary to alleviate severe pain. Neither the hospital, its employees, nor any physician or dentist, shall be liable in any action arising out of a determination not to render emergency services or care if reasonable care is exercised in determining the condition of the person, or in determining the appropriateness of the facilities, or the qualifications and availability of personnel to render these services consistent with this section.

(5) *Subd. 8e. [COMMUNITY HEALTH CENTER SERVICES.] Medical assistance covers 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) *Subd. 8f. [HOME HEALTH CARE.] Medical assistance covers home health care services.*

(7) *Subd. 8g. [PRIVATE DUTY NURSING.] Medical assistance covers private duty nursing services.*

(8) *Subd. 8h. [PHYSICAL THERAPY.] Medical assistance covers physical therapy and related services.*

(9) *Subd. 8i. [DENTAL SERVICES.] Medical assistance covers dental services, excluding cast metal restorations.*

(10) *Subd. 8j. [LABORATORY AND X-RAY SERVICES.] Medical assistance covers laboratory and X-ray services.*

(11) *Subd. 8k. [NURSE ANESTHETIST SERVICES.] Medical assistance covers nurse anesthetist services.*

*Subd. 8l. [EYEGLASSES, DENTURES, AND PROSTHETIC DEVICES.] The following Medical assistance covers eyeglasses, dentures, and prosthetic devices if prescribed by a licensed practitioner: ~~drugs, eyeglasses, dentures, and prosthetic devices.~~*

*Subd. 8m. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner. The commissioner shall designate a formulary committee which shall advise the commissioner on the names of drugs for which payment shall be made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981. The formulary committee shall consist of nine members,*

four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation. The commissioner may establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. Prior authorization may be required by the commissioner, with the consent of the drug formulary committee, before certain formulary drugs are eligible for payment. The formulary shall not include: drugs or products for which there is no federal funding; over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, prenatal vitamins, and vitamins for children under the age of seven; or any other over-the-counter drug identified by the commissioner, in consultation with the appropriate professional consultants under contract with or employed by the state agency, as necessary, appropriate and cost effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, the administrative procedure act; nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product; anorectics; and drugs for which medical value has not been established. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(b) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may be estimated by the commissioner. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug

Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written" on the prescription as required by section 151.21, subdivision 2. ~~Notwithstanding the above provisions,~~ Implementation of any change in the fixed dispensing fee ~~which that~~ has not been subject to the administrative procedure act ~~shall be~~ is limited to not more than 180 days, unless, during that time, the commissioner ~~shall have initiated~~ initiates rulemaking through the administrative procedure act.

(12) *Subd. 8n. [DIAGNOSTIC, SCREENING, AND PREVENTIVE SERVICES.]* Medical assistance covers diagnostic, screening, and preventive services. "Preventive services" include services related to pregnancy, including services for those conditions which may complicate a pregnancy and which may be available to a pregnant woman determined to be at risk of poor pregnancy outcome. Preventive services available to a woman at risk of poor pregnancy outcome may differ in an amount, duration, or scope from those available to other individuals eligible for medical assistance.

(13) *Subd. 8o. [HEALTH PLAN PREMIUMS.]* Medical assistance covers health care prepayment plan premiums and insurance premiums if paid directly to a vendor and supplementary medical insurance benefits under Title XVIII of the Social Security Act. For purposes of obtaining Medicare part B, expenditures may be made even if federal funding is not available.

(14) *Subd. 8p. [ABORTION SERVICES.]* Medical assistance covers 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) *Subd. 8q. [TRANSPORTATION COSTS.]* Medical assistance covers transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining



emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this clause, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory.

(16) *Subd. 8r.* [BUS OR TAXICAB TRANSPORTATION.] To the extent authorized by rule of the state agency, *medical assistance covers* costs of bus or taxicab transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care.

(17) *Subd. 8s.* [PERSONAL CARE ASSISTANTS.] *Medical assistance covers* personal care assistant services provided by an individual, not a relative, who is qualified to provide the services, where the services are prescribed by a physician in accordance with a plan of treatment and are supervised by a registered nurse. Payments to personal care assistants shall be adjusted annually to reflect changes in the cost of living or of providing services by the average annual adjustment granted to vendors such as nursing homes and home health agencies.

(18) *Subd. 8t.* [MENTAL ILLNESS CASE MANAGEMENT.] To the extent authorized by rule of the state agency, *medical assistance covers* case management services to persons with serious and persistent mental illness.

(19) *Subd. 8u.* [CASE MANAGEMENT FOR BRAIN INJURED PERSONS.] To the extent authorized by rule of the state agency, *medical assistance covers* case management services to persons with brain injuries.

(20) *Subd. 8v.* [HOSPICE CARE.] *Medical assistance covers* hospice care services under Public Law Number 99-272, section 9505, to the extent authorized by rule; and.

(21) *Subd. 8w.* [DAY TREATMENT SERVICES.] *Medical assistance covers day treatment services as specified in sections 245.462, subdivision 8, and 245.471, subdivision 3, that are provided under contract with the county board.*

*Subd. 8x.* [OTHER MEDICAL OR REMEDIAL CARE.] *Medical assistance covers* any other medical or remedial care licensed and recognized under state law unless otherwise prohibited by law, except licensed chemical dependency treatment programs or primary treatment or extended care treatment units in hospitals that are covered under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall include chemical dependency services in the state medical assistance plan for federal reporting purposes, but payment must be made under Laws 1986, chapter 394, sections 8 to 20. The commissioner shall publish in the State Register a list of elective surgeries that require a second medical opinion before medical assistance reimbursement, and the criteria and standards for deciding whether an elective surgery should require a second medical opinion. The list and criteria and standards are not subject to the requirements of sections 14.01 to 14.69.

*Subd. 8y.* [SECOND OPINION OR PRIOR AUTHORIZATION REQUIRED.] The commissioner shall publish in the State Register a list of health services that require prior authorization, as well as the criteria and standards used to select health services on the list. The list and the criteria and standards used to formulate it are not subject to the requirements of sections 14.01 to 14.69. The commissioner's decision whether prior authorization is required for a health service or a second medical opinion

is required for an elective surgery is not subject to administrative appeal.

Sec. 142. Minnesota Statutes 1987 Supplement, section 256B.031, subdivision 5, is amended to read:

Subd. 5. [FREE CHOICE LIMITED.] (a) The commissioner may require recipients of aid to families with dependent children, ~~except those recipients who are refugees and whose health services are reimbursed 100 percent by the federal government for the first 31 months after entry into the United States,~~ to enroll in a prepaid health plan and receive services from or through the prepaid health plan, *with the following exceptions:*

*(1) recipients who are refugees and whose health services are reimbursed 100 percent by the federal government for the first 24 months after entry into the United States; and*

*(2) recipients who are placed in a foster home or facility. If placement occurs before the seventh day prior to the end of any month, the recipient will be disenrolled from the recipient's prepaid health plan effective the first day of the following month. If placement occurs after the seventh day before the end of any month, that recipient will be disenrolled from the prepaid health plan on the first day of the second month following placement. The prepaid health plan must provide all services set forth in subdivision 2 during the interim period.*

Enrollment in a prepaid health plan is mandatory only when recipients have a choice of at least two prepaid health plans.

(b) Recipients who become eligible on or after December 1, 1987, must choose a health plan within 30 days of the date eligibility is determined. At the time of application, the local agency shall ask the recipient whether the recipient has a primary health care provider. If the recipient has not chosen a health plan within 30 days but has provided the local agency with the name of a primary health care provider, the local agency shall determine whether the provider participates in a prepaid health plan available to the recipient and, if so, the local agency shall select that plan on the recipient's behalf. If the recipient has not provided the name of a primary health care provider who participates in an available prepaid health plan, commissioner shall randomly assign the recipient to a health plan.

(c) ~~Recipients who are eligible on November 30, 1987, must choose a prepaid health plan by January 15, 1988.~~ If possible, the local agency shall ask whether the recipient has a primary health care provider and the procedures under paragraph (b) shall apply. If a recipient does not choose a prepaid health plan by this date, the commissioner shall randomly assign the recipient to a health plan.

(d) ~~Each recipient must be enrolled in the health plan for a minimum of six months following the effective date of enrollment, except that the recipient may change health plans once within the first 60 days after initial enrollment.~~ The commissioner shall request a waiver from the federal Health Care Financing Administration to ~~extend the minimum period to 12 months~~ *to limit a recipient's ability to change health plans to once every six or 12 months. If such a waiver is obtained, each recipient must be enrolled in the health plan for a minimum of six or 12 months. A recipient may change health plans once within the first 60 days after initial enrollment.*

(e) Women who are receiving medical assistance due to pregnancy and later become eligible for aid to families with dependent children are not

required to choose a prepaid health plan until 60 days postpartum. An infant born as a result of that pregnancy must be enrolled in a prepaid health plan at the same time as the mother.

(f) If third-party coverage is available to a recipient through enrollment in a prepaid health plan through employment, through coverage by the former spouse, or if a duty of support has been imposed by law, order, decree, or judgment of a court under section 518.551, the obligee or recipient shall participate in the prepaid health plan in which the obligee has enrolled provided that the commissioner has contracted with the plan.

Sec. 143. Minnesota Statutes 1987 Supplement, section 256B.042, subdivision 2, is amended to read:

Subd. 2. [LIEN ENFORCEMENT.] The state agency may perfect and enforce its lien by following the procedures set forth in sections 514.69, 514.70 and 514.71, and its verified lien statement shall be filed with the appropriate court administrator in the county of financial responsibility. The verified lien statement shall contain the following: the name and address of the person to whom medical care was furnished, the date of injury, the name and address of the vendor or vendors furnishing medical care, the dates of the service, the amount claimed to be due for the care, and, to the best of the state agency's knowledge, the names and addresses of all persons, firms, or corporations claimed to be liable for damages arising from the injuries. This section shall not affect the priority of any attorney's lien. The state agency is not subject to any limitations period referred to in section 514.69 or 514.71 and has one year from the date notice is received by it under subdivision 4, *paragraph (c)*, or one year from the date medical bills are first paid by the state agency, whichever is later, to file its verified lien statement. The state agency may commence an action to enforce the lien within one year of (1) the date the notice *required by subdivision 4, paragraph (c)*, is received or (2) the date the recipient's cause of action is concluded by judgment, award, settlement, or otherwise, whichever is later.

Sec. 144. Minnesota Statutes 1987 Supplement, section 256B.06, subdivision 1, is amended to read:

Subdivision 1. [CHILDREN ELIGIBLE FOR SUBSIDIZED ADOPTION ASSISTANCE.] Medical assistance may be paid for ~~any person: (1) who is~~ a child eligible for or receiving adoption assistance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676 under Minnesota Statutes, section 259.40 or 259.43; ~~or~~.

(2) ~~who is~~ Subd. 1a. [SUBSIDIZED FOSTER CHILDREN.] Medical assistance may be paid for a child eligible for or receiving foster care maintenance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676; ~~or~~.

(3) Subd. 1b. [AFDC FAMILIES.] Medical assistance may be paid for a person who is eligible for or receiving public assistance under the aid to families with dependent children program.

Subd. 1c. [RECIPIENTS OF MINNESOTA SUPPLEMENTAL AID.] Medical assistance may be paid for a person who is receiving public assistance under the Minnesota supplemental aid program, ~~except for those persons eligible for Minnesota supplemental aid because the local agency waived excess assets under section 256D.37, subdivision 2; or~~.

(4) ~~who is~~ Subd. 1d. [PREGNANT WOMEN; DEPENDENT UNBORN

CHILD.] *Medical assistance may be paid for a pregnant woman, as certified in writing by a physician or nurse midwife, and who (a) meets the other eligibility criteria of this section; and (b) who would be categorically eligible for assistance under the aid to families with dependent children program if the child had been born and was living with the woman. For purposes of this section subdivision, a woman is considered pregnant for 60 days postpartum; or.*

(5) ~~who is~~ *Subd. 1e. [PREGNANT WOMEN; NEEDY UNBORN CHILD.] Medical assistance may be paid for a pregnant woman, as certified in writing by a physician or nurse midwife, who meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under clause (8) if born and living with the woman. For purposes of this section subdivision, a woman is considered pregnant for 60 days postpartum; or.*

(6) *Subd. 1f. [AGED, BLIND, OR DISABLED PERSONS.] Medical assistance may be paid for a person who meets the categorical eligibility requirements of the supplemental security income program and the other eligibility requirements of this section; or. The methodology for calculating disregards and deductions from income must be as specified in section 256D.37, subdivisions 6 to 14.*

(7) *Subd. 1g. [MEDICALLY NEEDY PERSONS WITH EXCESS INCOME OR ASSETS.] Medical assistance may be paid for a person who, except for the amount of income or assets, would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children, and who meets the other eligibility requirements of this section. However, in the case of families and children who meet the categorical eligibility requirements for aid to families with dependent children, the methodology for calculating assets shall be as specified in section 256.73, subdivision 2, except that the exclusion for an automobile shall be as in clause (13)(g) as long as acceptable to the health care financing administration, and the methodology for calculating deductions from earnings for child care and work expenses shall be as specified in section 256.74, subdivision 1; or.*

(8) *Subd. 1h. [CHILDREN.] Medical assistance may be paid for a person who is under 21 years of age and in need of medical care that neither the person nor the person's relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or.*

(9) ~~who is~~ *Subd. 1i. [INFANTS.] Medical assistance may be paid for an infant less than one year of age born on or after October 1, 1984, whose mother was eligible at the time of birth and who remains in the mother's household. Eligibility under this clause subdivision is concurrent with the mother's and does not depend on the father's income except as the income affects the mother's eligibility; or.*

(10) *Subd. 1j. [ELDERLY HOSPITAL INPATIENTS.] Medical assistance may be paid for a person who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and.*

(11) ~~who resides~~ *Subd. 1k. [RESIDENCY.] To be eligible for medical assistance, a person must reside in Minnesota, or, if absent from the state, is be deemed to be a resident of Minnesota in accordance with the rules of the state agency; and.*

(12) ~~who alone~~, *Subd. 11. [HOMESTEAD.] To be eligible for medical assistance, a person must not own, individually or together with the person's spouse, does not own* real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant or recipient as a primary place of residence, together with the contiguous land upon which it is situated. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by the spouse, minor child, or disabled child of any age. The homestead is also excluded for the first six calendar months of the person's stay in the long-term care facility. The homestead must be reduced to an amount within limits or excluded on another basis if the person remains in the long-term care facility for a period longer than six months. Real estate not used as a home may not be retained unless the property is not salable, the equity is \$6,000 or less and the income produced by the property is at least six percent of the equity, or the excess real property is exempted for a period of nine months if there is a good faith effort to sell the property and a legally binding agreement is signed to repay the amount of assistance issued during that nine months; ~~and~~.

(13) ~~who~~ *Subd. 1m. [ASSET LIMITATIONS.] To be eligible for medical assistance, a person must not individually does not own more than \$3,000 in cash or liquid assets, or if a member of a household with two family members (husband and wife, or parent and child), does the household must not own more than \$6,000 in cash or liquid assets, plus \$200 for each additional legal dependent. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. For residents of long-term care facilities, the accumulation of the clothing and personal needs allowance pursuant to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. Cash and liquid assets may include a prepaid funeral contract and insurance policies with cash surrender value. The value of the following shall not be included:*

(a) the homestead, (b) household goods and ~~furniture in use in the home~~ *personal effects with a total equity value of \$2,000 or less,* (c) ~~wearing apparel,~~ (d) personal property used as a regular abode by the applicant or recipient, (e) (d) a lot in a burial plot for each member of the household, (f) ~~personal jewelry acquired more than 24 months immediately prior to the period of medical assistance eligibility and personal jewelry acquired within 24 months immediately prior to the period of medical assistance eligibility and not purchased with assets of the applicant or recipient,~~ (g) (e) capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income, (h) (f) for a period of six months, insurance settlements to repair or replace damaged, destroyed, or stolen property, (i) (g) one motor vehicle that is licensed pursuant to chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.013, subdivision 1e, and that is used primarily for the person's benefit, and (j) (h) other items which may be required by federal law or statute. To be excluded, the vehicle must have a market value of less than \$4,500; be necessary to obtain medically necessary health services; be necessary for employment; be modified for operation by or transportation of a handicapped person; or be necessary to perform essential daily tasks because of climate, terrain, distance, or similar factors. The equity value of other motor vehicles is counted against the

cash or liquid asset limit; and.

(14) ~~who has~~ *Subd. 1n.* [INCOME.] *To be eligible for medical assistance, a person must not have, or anticipates anticipate receiving a, semiannual income not in excess of 115 percent of the income standards by family size used in the aid to families with dependent children program, except that families and children may have an income up to 133-1/3 percent of the AFDC income standard. Notwithstanding any laws or rules to the contrary, in computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Numbers 94-566, section 503; 99-272; and 99-509; and.*

(15) *Subd. 1o.* [EXCESS INCOME.] *A person who has monthly excess income is eligible for medical assistance if the person has expenses for medical care that are more than the amount of the person's excess income, computed on a monthly basis, in which case eligibility may be established and medical assistance payments may be made to cover the monthly unmet medical need by deducting incurred medical expenses from the excess income to reduce the excess to the income standard specified in clause (14). The person shall elect to have the medical expenses deducted monthly or at the beginning of the budget period; or who is a pregnant woman or infant up to one year of age who meets the requirements of clauses (1) to (8) except that her anticipated income is in excess of the income standards by family size used in the aid to families with dependent children program, but is equal to or less than 133-1/3 185 percent of that income standard the federal poverty guideline for the same family size. Eligibility for a pregnant woman or infant up to one year of age with respect to this clause shall be without regard to the asset standards specified in clauses (12) and (13). For persons who reside in licensed nursing homes, regional treatment centers, or medical institutions, the income over and above that required in section 256B.35 for personal needs allowance is to be applied to the cost of institutional care. In addition, income may be retained by an institutionalized person (a) to support dependents in the amount that, together with the income of the spouse and child under age 18, would provide net income equal to the medical assistance standard for the family size of the dependents excluding the person residing in the facility; or (b) for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if the person was not living together with a spouse or child under age 21 at the time the person entered a long-term care facility, if the person has expenses of maintaining a residence in the community, and if a physician certifies that the person is expected to reside in the long-term care facility on a short-term basis. For purposes of this section, persons are determined to be residing in licensed nursing homes, regional treatment centers, or medical institutions if the persons are expected to remain for a period expected to last longer than three months. The commissioner of human services may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care; and.*

(16) ~~who~~ *Subd. 1p.* [ASSIGNMENT OF BENEFITS.] *has To be eligible for medical assistance a person must have applied or agrees must agree to apply all proceeds received or receivable by the person or the person's spouse from any third person liable for the costs of medical care for the person, the spouse, and children. The state agency shall require from any applicant or recipient of medical assistance the assignment of any rights*

to medical support and third party payments. Persons must cooperate with the state in establishing paternity and obtaining third party payments. By signing an application for medical assistance, a person assigns to the department of human services all rights the person may have to medical support or payments for medical expenses from any other person or entity on their own or their dependent's behalf and agrees to cooperate with the state in establishing paternity and obtaining third party payments. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment takes effect upon the determination that the applicant is eligible for medical assistance and up to three months prior to the date of application if the applicant is determined eligible for and receives medical assistance benefits. The application must contain a statement explaining this assignment. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to notification of the assignment by the person or organization providing the benefits; ~~and~~.

(17) *Subd. 1q. [DISABLED CHILDREN.] A person is eligible for medical assistance if the person is under age 19 and qualifies as a disabled individual under United States Code, title 42, section 1382c(a), and would be eligible for medical assistance under the state plan if residing in a medical institution, and who requires a level of care provided in a hospital, skilled nursing facility, intermediate care facility, or intermediate care facility for persons with mental retardation or related conditions, for whom home care is appropriate, provided that the cost to medical assistance for home care services is not more than the amount that medical assistance would pay for appropriate institutional care.*

*Subd. 1r. [PERIOD OF INELIGIBILITY.] Eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.*

Sec. 145. Minnesota Statutes 1987 Supplement, section 256B.06, subdivision 4, is amended to read:

*Subd. 4. [CITIZENSHIP REQUIREMENTS.] Eligibility for medical assistance is limited to citizens of the United States and aliens lawfully admitted for permanent residence or otherwise permanently residing in the United States under the color of law. Aliens who are seeking legalization under the Immigration Reform and Control Act of 1986, Public Law Number 99-603, who are under age 18, over age 65, blind, disabled, or Cuban or Haitian, and who meet the eligibility requirements of medical assistance under subdivision 1 and section 256B.17 are eligible to receive medical assistance. Pregnant women who are aliens seeking legalization under the Immigration Reform and Control Act of 1986, Public Law Number 99-603, and who meet the eligibility requirements of medical assistance under subdivision 1 are eligible for payment of care and services through the period of pregnancy and six weeks postpartum. Payment shall also be made for care and services that are furnished to an alien, regardless of immigration status, who otherwise meets the eligibility requirements of this section if such care and services are necessary for the treatment of an emergency medical condition. For purposes of this subdivision, the term "emergency medical condition" means a medical condition, including labor and delivery, that if not immediately treated could cause a person physical or mental disability, continuation of severe pain, or death.*

Sec. 146. Minnesota Statutes 1986, section 256B.08, is amended to read:  
256B.08 [APPLICATION.]

*Subdivision 1. [APPLICATION PROCESS.]* An applicant for medical assistance ~~hereunder~~, or a person acting in the applicant's behalf, shall file an application with a ~~county~~ local agency in ~~such~~ the manner and form as ~~shall be~~ prescribed by the state agency. When a married applicant resides in a nursing home or applies for medical assistance for nursing home services, the ~~county~~ local agency shall consider an application on behalf of the applicant's spouse only upon specific request of the applicant or upon specific request of the spouse and separate filing of an application.

*Subd. 2. [EXPEDITED REVIEW FOR PREGNANT WOMEN.]* A pregnant woman who may be eligible for assistance under section 256B.06, subdivision 1, must receive an appointment for eligibility determination no later than five working days from the date of her request for assistance from the local agency. The local agency shall expedite processing her application for assistance and shall make a determination of eligibility on a completed application no later than ten working days following the applicant's initial appointment. The local agency shall assist the applicant to provide all necessary information and documentation in order to process the application within the time period required under this subdivision. The state agency shall provide for the placement of applications for medical assistance in eligible provider offices, community health offices, and Women, Infants and Children (WIC) program sites.

Sec. 147. Minnesota Statutes 1987 Supplement, section 256B.091, subdivision 4, is amended to read:

*Subd. 4. [SCREENING OF PERSONS.]* Prior to nursing home or boarding care home admission, screening teams shall assess the needs of all applicants, except (1) patients transferred from other certified nursing homes or boarding care homes; (2) patients who, having entered acute care facilities from nursing homes or boarding care homes, are returning to a nursing home or boarding care home; (3) persons entering a facility described in section 256B.431, subdivision 4, paragraph (c); (4) individuals not eligible for medical assistance whose length of stay is expected to be 30 days or less based on a physician's certification, if the facility notifies the screening team upon admission and provides an update to the screening team on the 30th day after admission; (5) individuals who have a contractual right to have their nursing home care paid for indefinitely by the veteran's administration; or (6) persons entering a facility conducted by and for the adherents of a recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing. ~~The cost for screening applicants who are receiving medical assistance must be paid by the medical assistance program.~~ The total screening cost for each county for applicants ~~who are not eligible for medical assistance~~ and residents of nursing homes who request a screening 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 or boarding care home must be submitted to the nursing home or boarding care home and the state by the county no later than February 15 of each year for inclusion in the nursing home's or boarding care home's payment rate on the following rate year. The commissioner shall include the reported annual estimated cost of screenings for each nursing home or boarding care home as an operating cost of that nursing home in accordance with section 256B.431, subdivision 2b, clause (g). For all individuals regardless of payment source, if delay-of-screening timelines are not met because a county is late in screening an individual who meets the delay-of-screening criteria, the county is solely responsible for paying the cost of the preadmission screening. Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility. *Any other interested person may be screened under this subdivision if the person pays a fee for the screening based upon a sliding fee scale determined by the commissioner.*

Sec. 148. Minnesota Statutes 1986, section 256B.092, subdivision 5, is amended to read:

Subd. 5. [FEDERAL WAIVERS.] The commissioner shall apply for any federal waivers necessary to secure, to the extent allowed by law, federal financial participation under United States Code, title 42, sections 1396 to 1396p, as amended through December 31, ~~1982~~ 1987, for the provision of services to persons who, in the absence of the services, would need the level of care provided in a state hospital or a community intermediate care facility for persons with mental retardation or related conditions. The commissioner may seek amendments to the waivers or apply for additional waivers under United States Code, title 42, sections 1396 to 1396p, as amended through December 31, ~~1982~~ 1987, to contain costs. The commissioner shall ensure that payment for the cost of providing home and community-based alternative services under the federal waiver plan shall not exceed the cost of intermediate care services that would have been provided without the waived services.

Sec. 149. Minnesota Statutes 1986, section 256B.092, subdivision 7, is amended to read:

Subd. 7. [SCREENING TEAMS ESTABLISHED.] Each county agency shall establish a screening team which, under the direction of the county case manager, shall make an evaluation of need for home and community-based services of persons who are entitled to the level of care provided by an intermediate care facility for persons with mental retardation or related conditions or for whom there is a reasonable indication that they might require the level of care provided by an intermediate care facility. The screening team shall make an evaluation of need within 15 working days of the ~~request for service~~ *date that the assessment is completed or within 60 working days of a request for service by a person with mental retardation or related conditions, whichever is the earlier*, and within five working days of an emergency admission of an individual to an intermediate care facility for persons with mental retardation or related conditions. The screening team shall consist of the case manager, the client, a parent or guardian, a qualified mental retardation professional, as defined in the Code of Federal Regulations, title 42, section 442.401, as amended through December 31, ~~1982~~ 1987. For individuals determined to have overriding health care needs, a registered nurse must be designated as either the case manager or the qualified mental retardation professional. The case manager shall consult

with the client's physician, other health professionals or other persons as necessary to make this evaluation. The case manager, with the concurrence of the client or the client's legal representative, may invite other persons to attend meetings of the screening team. No member of the screening team shall have any direct or indirect service provider interest in the case.

Sec. 150. Minnesota Statutes 1986, section 256B.14, subdivision 2, is amended to read:

Subd. 2. [ACTIONS TO OBTAIN PAYMENT.] The state agency shall promulgate rules to determine the ability of responsible relatives to contribute partial or complete repayment of medical assistance furnished to recipients for whom they are responsible. ~~In determining the~~ *No resource contribution is required of a spouse at the time of the first approved medical assistance application; all medical assistance exclusions shall be allowed, and a resource limit of \$10,000 for nonexcluded resources shall be implemented.* Above these limits, a contribution of one-third of the excess resources shall be required. These rules shall not require repayment when payment would cause undue hardship to the responsible relative or that relative's immediate family. These rules shall be consistent with the requirements of section 252.27, subdivision 2, for parents of children whose eligibility for medical assistance was determined without deeming of the parents' resources and income. For parents of children receiving services under a federal medical assistance waiver *or under section 134 of the Tax Equity and Fiscal Responsibility Act of 1982, United States Code, title 42, section 1396a(e)(3)*, while living in their natural home, including in-home family support services, respite care, homemaker services, and minor adaptations to the home, the state agency shall take into account the room, board, and services provided by the parents in determining the parental contribution to the cost of care. The county agency shall give the responsible relative notice of the amount of the repayment. If the state agency or county agency finds that notice of the payment obligation was given to the responsible relative, but that the relative failed or refused to pay, a cause of action exists against the responsible relative for that portion of medical assistance granted after notice was given to the responsible relative, which the relative was determined to be able to pay.

The action may be brought by the state agency or the county agency in the county where assistance was granted, for the assistance, together with the costs of disbursements incurred due to the action.

In addition to granting the county or state agency a money judgment, the court may, upon a motion or order to show cause, order continuing contributions by a responsible relative found able to repay the county or state agency. The order shall be effective only for the period of time during which the recipient receives medical assistance from the county or state agency.

Sec. 151. Minnesota Statutes 1986, section 256B.17, subdivision 7, is amended to read:

Subd. 7. [EXCEPTION FOR ASSET TRANSFERS.] Notwithstanding the provisions of subdivisions 1 to 6, an institutionalized spouse who applies for medical assistance on or after July 1, 1983, may transfer liquid assets to a noninstitutionalized spouse without loss of eligibility if all of the following conditions apply:

(a) The noninstitutionalized spouse is not applying for or receiving

assistance;

(b) *Either (1) the noninstitutionalized spouse has less than \$10,000 in liquid assets, including assets singly owned and 50 percent of assets owned jointly with the institutionalized spouse; or (2) the noninstitutionalized spouse has less than 50 percent of the total value of nonexempt assets owned by both parties, jointly or individually;*

(c) *The amount transferred, together with the noninstitutionalized spouse's own assets, totals no more than one-half of the total value of the liquid assets of the parties or \$10,000 in liquid assets, whichever is greater; and*

(d) *The transfer may be effected only once, at the time of initial medical assistance application.*

**Sec. 152. [256B.31] [CONTINUED HOSPITAL CARE FOR LONG-TERM POLIO PATIENT.]**

*A medical assistance recipient who has been a polio patient in an acute care hospital for a period of not less than 25 consecutive years is eligible to continue receiving hospital care, whether or not the care is medically necessary for purposes of federal reimbursement. The cost of continued hospital care not reimbursable by the federal government must be paid with state money allocated for the medical assistance program. The rate paid to the hospital is the rate per day established using Medicare principles for the hospital's fiscal year ending December 31, 1981, adjusted each year by the annual hospital cost index established under section 256.969, subdivision 1, or by other limits in effect at the time of the adjustment. This section does not prohibit a voluntary move to another living arrangement by a recipient whose care is reimbursed under this section.*

**Sec. 153. Minnesota Statutes 1987 Supplement, section 256B.35, subdivision 1, is amended to read:**

**Subdivision 1. [PERSONAL NEEDS ALLOWANCE.]** *(a) Notwithstanding any law to the contrary, welfare allowances for clothing and personal needs for individuals receiving medical assistance while residing in any skilled nursing home, intermediate care facility, or medical institution including recipients of supplemental security income, in this state shall not be less than \$40 \$45 per month from all sources. When benefit amounts for social security or supplemental security income recipients are increased pursuant to United States Code, title 42, sections 415(i) and 1382f, the commissioner shall, effective in the month in which the increase takes effect, increase by the same percentage to the nearest whole dollar the clothing and personal needs allowance for individuals receiving medical assistance while residing in any skilled nursing home, medical institution, or intermediate care facility. The commissioner shall provide timely notice to local agencies, providers, and recipients of increases under this provision.*

**Provided that this (b)** *The personal needs allowance may be paid as part of the Minnesota supplemental aid program, notwithstanding the provisions of section 256D.37, subdivision 2, and payments to the recipients from of Minnesota supplemental aid funds may be made once each three months beginning in October 1977, covering liabilities that accrued during the preceding three months.*

**Sec. 154. Minnesota Statutes 1987 Supplement, section 256B.431, subdivision 2b, is amended to read:**

Subd. 2b. [OPERATING COSTS, AFTER JULY 1, 1985.] (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing home's cost report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, size of the nursing home, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing home. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing homes in any county contiguous to the Minneapolis-St. Paul seven-county metropolitan area are included in the same geographic group. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. For rate years beginning on or after July 1, 1987, or until the new base period is established, facilities located in geographic group I as described in Minnesota Rules, part 9549.0052 (Emergency), on January 1, 1987, may choose to have the commissioner apply either the care related limits or the other operating cost limits calculated for facilities located in geographic group II, or both, if either of the limits calculated for the group II facilities is higher. The efficiency incentive for geographic group I nursing homes must be calculated based on geographic group I limits. The phase-in must be established utilizing the chosen limits. For purposes of these exceptions to the geographic grouping requirements, the definitions in Minnesota Rules, parts 9549.0050 to 9549.0059 (Emergency), and 9549.0010 to 9549.0080, apply. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e). In determining allowable historical operating cost per diems for purposes of setting limits and nursing home payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing home is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories. For the rate year beginning on July

1, 1985, the commissioner shall:

(1) allow nursing homes that have an average length of stay of 180 days or less in their skilled nursing level of care, 125 percent of the care related limit and 105 percent of the other operating cost limit established by rule; and

(2) exempt nursing homes licensed on July 1, 1983, by the commissioner to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3600, from the care related limits and allow 105 percent of the other operating cost limit established by rule.

For the purpose of calculating the other operating cost efficiency incentive for nursing homes referred to in clause (1) or (2), the commissioner shall use the other operating cost limit established by rule before application of the 105 percent.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing home shall receive an operating cost payment rate equal to the sum of the nursing home's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing home's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing home's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability or payments in lieu of real estate tax of each nursing home as an operating cost of that nursing home. *Except as provided in Minnesota Rules, parts 9549.0010 to 9549.0080, the commissioner shall allow an amount for payments in lieu of real estate tax assessed by a municipality, city, township, or county that does not exceed an amount equivalent to a similar assessment for fire, police, or sanitation services assessed to all other nonprofit or governmental entities located in the municipality, city, township, or county in which a nursing home to be assessed is located.* For rate years beginning on or after July 1, 1987, the reported actual real estate tax liability or payments in lieu of real estate tax of nursing homes shall be adjusted to include an amount equal to one-half of the dollar change in real estate taxes from the prior year. The commissioner shall include a reported actual special assessment, and reported actual license fees required by the Minnesota department of health, for each nursing home as an operating cost of that nursing home. Total adjusted real estate tax liability, payments in lieu of real estate tax, actual special assessments paid, and license fees paid as required by the Minnesota department of health, for each nursing home (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the 60th percentile or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e).

(h) For rate years beginning on or after July 1, 1987, the commissioner shall adjust the rates of a nursing home that meets the criteria for the special dietary needs of its residents as specified in section 144A.071, subdivision 3, clause (c), and the requirements in section 31.651. The adjustment for raw food cost shall be the difference between the nursing home's allowable historical raw food cost per diem and 115 percent of the median historical allowable raw food cost per diem of the corresponding geographic group.

The rate adjustment shall be reduced by the applicable phase-in percentage as provided under subdivision 2h.

Sec. 155. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

*Subd. 2i. [OPERATING COSTS AFTER JULY 1, 1988.] (a) [OTHER-OPERATING-COST LIMITS.] For the rate year beginning July 1, 1988, the commissioner shall increase the other-operating-cost limits established in Minnesota Rules, part 9549.0055, subpart 2, item E, to 110 percent of the median of the array of allowable historical other-operating-cost per diems and index these limits as in Minnesota Rules, part 9549.0056, subparts 3 and 4. The limits must be established in accordance with subdivision 2b, paragraph (d). For rate years beginning on or after July 1, 1989, the adjusted other-operating-cost limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 3 and 4.*

*(b) [CARE-RELATED OPERATING COST LIMITS.] For the rate year beginning July 1, 1988, the commissioner shall increase the care-related operating cost limits established in Minnesota Rules, part 9549.0055, subpart 2, items A and B, to 125 percent of the median of the array of the allowable historical case mix operating cost standardized per diems and the allowable historical other-care-related operating cost per diems and index those limits as in Minnesota Rules, part 9549.0056, subparts 1 and 2. The limits must be established in accordance with subdivision 2b, paragraph (d). For rate years beginning on or after July 1, 1989, the adjusted care-related limits must be indexed as in Minnesota Rules, part 9549.0056, subparts 1 and 2.*

*(c) [SALARY ADJUSTMENT PER DIEM.] For the rate period October 1, 1988, through June 30, 1990, the commissioner shall add the appropriate salary adjustment per diem calculated in clause (1) or (2) to the total operating cost payment rate of each nursing home. The salary adjustment per diem for each nursing home must be determined as follows:*

*(1) for each nursing home that reports salaries for registered nurses, licensed practical nurses, and aides, orderlies and attendants separately, the commissioner shall determine the salary adjustment per diem by multiplying the total salaries, payroll taxes, and fringe benefits allowed in each operating cost category, except management fees and administrator and central office salaries and the related payroll taxes and fringe benefits, by 3.5 percent and then dividing the resulting amount by the nursing home's actual resident days; and*

*(2) for each nursing home that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the salary adjustment per diem is the weighted average salary adjustment per diem increase determined under clause (1).*

*Each nursing home that receives a salary adjustment per diem pursuant*

to this subdivision shall adjust nursing home employee salaries by a minimum of the amount determined in clause (1) or (2). The commissioner shall review allowable salary costs, including payroll taxes and fringe benefits, for the reporting year ending September 30, 1989, to determine whether or not each nursing home complied with this requirement. The commissioner shall report the extent to which each nursing home complied with the legislative commission on long-term care by August 1, 1990.

(d) [PENSION CONTRIBUTIONS.] For rate years beginning on or after July 1, 1989, the commissioner shall exempt allowable employee pension contributions separately reported by a nursing home on its annual cost report from the care-related operating cost limits and the other-operating-cost limits. Hospital-attached homes that provide allowable employee pension contributions may report the costs that are allocated to nursing home operations independently for verification by the commissioner. For rate years beginning on or after July 1, 1989, amounts verified as allowable employee pension contributions are exempt from care-related operating cost limits and other-operating-cost limits. For purposes of this paragraph, "employee pension contributions" means contributions required under the Public Employee Retirement Act and contributions to other employee pension plans if the pension plan existed on March 1, 1988.

(e) [NEW BASE YEAR.] The commissioner shall establish the reporting year ending September 30, 1989, as a new base year.

Sec. 156. Minnesota Statutes 1987 Supplement, section 256B.431, subdivision 3, is amended to read:

Subd. 3. [PROPERTY-RELATED COSTS, 1983-1985.] (a) For rate years beginning July 1, 1983 and July 1, 1984, property-related costs shall be reimbursed to each nursing home at the level recognized in the most recent cost report received by December 31, 1982 and audited by March 1, 1983, and may be subsequently adjusted to reflect the costs recognized in the final rate for that cost report, adjusted for rate limitations in effect before the effective date of this section. *Effective for rate years beginning on or after July 1, 1988, a rate limitation ratio that is based on historical limitations resulting from the application of the regional maximum rate, private-pay rate, or ten percent cap on rate increases, must not be less than .90.* Property-related costs include: depreciation, interest, earnings or investment allowance, lease, or rental payments. No adjustments shall be made as a result of sales or reorganizations of provider entities.

(b) Adjustments for the cost of repairs, replacements, renewals, betterments, or improvements to existing buildings, and building service equipment shall be allowed if:

(1) the cost incurred is reasonable, necessary, and ordinary;

(2) the net cost is greater than \$5,000. "Net cost" means the actual cost, minus proceeds from insurance, salvage, or disposal;

(3) the nursing home's property-related costs per diem is equal to or less than the average property-related costs per diem within its group; and

(4) the adjustment is shown in depreciation schedules submitted to and approved by the commissioner.

(c) Annual per diem shall be computed by dividing total property-related costs by 96 percent of the nursing home's licensed capacity days for nursing homes with more than 60 beds and 94 percent of the nursing home's licensed

capacity days for nursing homes with 60 or fewer beds. For a nursing home whose residents' average length of stay is 180 days or less, the commissioner may waive the 96 or 94 percent factor and divide the nursing home's property-related costs by the actual resident days to compute the nursing home's annual property-related per diem. The commissioner shall promulgate emergency and permanent rules to recapture excess depreciation upon sale of a nursing home.

Sec. 157. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

*Subd. 3d. [BETTERMENTS AND ADDITIONS.] Notwithstanding any contrary provision of chapter 256B, or a rule adopted under chapter 256B, a nursing home that commenced construction on a betterment and addition costing \$700,000 or more prior to the expiration of Minnesota Rules, 12 MCAR 2.05001 to 2.05016 (Temporary)(1983) shall have its property-related payment rate step-up as a result of the betterment and addition calculated as set forth in 12 MCAR 2.05011.B.3 in the case of betterments, and 12 MCAR 2.05011.D in the case of additions. For purposes of this subdivision, the terms "betterment" and "addition" have the meaning set forth in 12 MCAR 2.05002 and the term "commenced construction" has the meaning set forth in section 144A.071, subdivision 3.*

Sec. 158. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

*Subd. 3e. [HOSPITAL ATTACHED CONVALESCENT AND NURSING CARE FACILITIES.] If a community-operated hospital and attached convalescent and nursing care facility suspend operation of the hospital, the surviving nursing care facility must be allowed to continue its status as a hospital-attached convalescent and nursing care facility for reimbursement purposes in three subsequent rate years.*

Sec. 159. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

*Subd. 3f. [PROPERTY COSTS AFTER JULY 1, 1988.] (a) [INVESTMENT PER BED LIMIT.] For the rate year beginning July 1, 1988, the replacement-cost-new per bed limit must be \$32,571 per licensed bed in multiple bedrooms and \$48,857 per licensed bed in a single bedroom. Beginning January 1, 1989, the replacement-cost-new per bed limits must be adjusted annually as specified in Minnesota Rules, part 9549.0060, subpart 4, item A, subitem (1).*

*(b) [RENTAL FACTOR.] For the rate year beginning July 1, 1988, the commissioner shall increase the rental factor as established in Minnesota Rules, part 9549.0060, subpart 8, item A, by 6.2 percent rounded to the nearest 100th percent for the purpose of reimbursing nursing homes for soft costs and entrepreneurial profits not included in the cost valuation services used by the state's contracted appraisers. For rate years beginning on or after July 1, 1989, the rental factor is the amount determined under this paragraph for the rate year beginning July 1, 1988.*

*(c) [OCCUPANCY FACTOR.] For rate years beginning on or after July 1, 1988, in order to determine property-related payment rates under Minnesota Rules, part 9549.0060, for all nursing homes except those whose average length of stay in a skilled level of care within a nursing home is 180 days or less, the commissioner shall use 95 percent of capacity days. For a nursing home whose average length of stay in a skilled level of care*



within a nursing home is 180 days or less, the commissioner shall use the greater of resident days or 80 percent of capacity days but in no event shall the divisor exceed 95 percent of capacity days.

(d) [EQUIPMENT ALLOWANCE.] For rate years beginning on July 1, 1988, and July 1, 1989, the commissioner shall add ten cents per resident per day to each nursing home's property-related payment rate. The ten-cent property-related payment rate increase is not cumulative from rate year to rate year. For the rate year beginning July 1, 1990, the commissioner shall increase each nursing home's equipment allowance as established in Minnesota Rules, part 9549.0060, subpart 10, by ten cents per resident per day. For rate years beginning on or after July 1, 1991, the adjusted equipment allowance must be adjusted annually for inflation as in Minnesota Rules, part 9549.0060, subpart 10, item E.

(e) [REFINANCING.] If a nursing home is refinanced, the commissioner shall adjust the nursing home's property-related payment rate for the savings that result from refinancing. The adjustment to the property-related payment rate must be as follows:

(1) The commissioner shall recalculate the nursing home's rental per diem by substituting the new allowable annual principle and interest payments for those of the refinanced debt.

(2) The nursing home's property-related payment rate must be decreased by the difference between the nursing home's current rental per diem and the rental per diem determined under clause (1).

If a nursing home payment rate is adjusted according to this paragraph, the adjusted payment rate is effective the first of the month following the date of the refinancing for both medical assistance and private paying residents. The nursing home's adjusted property-related payment rate is effective until June 30, 1990.

Sec. 160. Minnesota Statutes 1986, section 256B.431, is amended by adding a subdivision to read:

Subd. 3g. [PROPERTY COSTS AFTER JULY 1, 1990, FOR CERTAIN FACILITIES.] For rate years beginning on or after July 1, 1990, non-hospital-attached nursing homes that, on or after January 1, 1976, but prior to December 31, 1985, were newly licensed after new construction, or increased their licensed beds by a minimum of 35 percent through new construction, and whose building capital allowance is less than their allowable annual principal and interest on allowable debt prior to the application of the replacement-cost-new per bed limit and whose remaining weighted average debt amortization schedule as of January 1, 1988, exceeded 15 years, must receive a property-related payment rate equal to the greater of their rental per diem or their annual allowable principal and allowable interest without application of the replacement-cost-new per bed limit plus their equipment allowance. A nursing home that is eligible for a property-related payment rate under this subdivision and whose property-related payment rate in a subsequent rate year is its rental per diem must continue to have its property-related payment rates established for all future rate years based on the rental reimbursement method in Minnesota Rules, part 9549.0060.

The commissioner may require the nursing home to apply for refinancing as a condition of receiving special rate treatment under this subdivision.

Sec. 161. Minnesota Statutes 1987 Supplement, section 256B.431, subdivision 4, is amended to read:

Subd. 4. [SPECIAL RATES.] (a) For the rate years beginning July 1, 1983, and July 1, 1984, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property-related costs calculated pursuant to the statutes and rules in effect on May 1, 1983, and for operating costs negotiated by the commissioner based upon the 60th percentile established for the appropriate group under subdivision 2a, to be effective from the first day a medical assistance recipient resides in the home or for the added beds. For newly constructed nursing homes which are not included in the calculation of the 60th percentile for any group, subdivision 2f, the commissioner shall establish by rule procedures for determining interim operating cost payment rates and interim property-related cost payment rates. The interim payment rate shall not be in effect for more than 17 months. The commissioner shall establish, by emergency and permanent rules, procedures for determining the interim rate and for making a retroactive cost settle-up after the first year of operation; the cost settled operating cost per diem shall not exceed 110 percent of the 60th percentile established for the appropriate group. Until procedures determining operating cost payment rates according to mix of resident needs are established, the commissioner shall establish by rule procedures for determining payment rates for nursing homes which provide care under a lesser care level than the level for which the nursing home is certified.

(b) For the rate years beginning on or after July 1, 1985, a newly constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property related costs, operating costs, and real estate taxes and special assessments calculated under rules promulgated by the commissioner.

(c) For rate years beginning on or after July 1, 1983, the commissioner may exclude from a provision of 12 MCAR S 2.050 any facility that is licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, is licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690, and has less than five percent of its licensed boarding care capacity reimbursed by the medical assistance program. Until a permanent rule to establish the payment rates for facilities meeting these criteria is promulgated, the commissioner shall establish the medical assistance payment rate as follows:

(1) The desk audited payment rate in effect on June 30, 1983, remains in effect until the end of the facility's fiscal year. The commissioner shall not allow any amendments to the cost report on which this desk audited payment rate is based.

(2) For each fiscal year beginning between July 1, 1983, and June 30, 1985, the facility's payment rate shall be established by increasing the desk audited operating cost payment rate determined in clause (1) at an annual rate of five percent.

(3) For fiscal years beginning on or after July 1, 1985, *but before January 1, 1988*, the facility's payment rate shall be established by increasing the facility's payment rate in the facility's prior fiscal year by the increase indicated by the consumer price index for Minneapolis and St. Paul.

(4) For the fiscal year beginning on January 1, 1988, the facility's payment rate must be established using the following method: The commissioner shall divide the real estate taxes and special assessments payable as stated in the facility's current property tax statement by actual resident days to compute a real estate tax and special assessment per diem. Next, the prior year's payment rate must be adjusted by the higher of (1) the percentage change in the consumer price index (CPI-U U.S. city average) as published by the Bureau of Labor Statistics between the previous two Septembers, new series index (1967-100), or (2) 2.5 percent, to determine an adjusted payment rate. The facility's payment rate is the adjusted prior year's payment rate plus the real estate tax and special assessment per diem.

(5) For fiscal years beginning on or after January 1, 1989, the facility's payment rate must be established using the following method: The commissioner shall divide the real estate taxes and special assessments payable as stated in the facility's current property tax statement by actual resident days to compute a real estate tax and special assessment per diem. Next, the prior year's payment rate less the real estate tax and special assessment per diem must be adjusted by the higher of (1) the percentage change in the consumer price index (CPI-U U.S. city average) as published by the Bureau of Labor Statistics between the previous two Septembers, new series index (1967-100), or (2) 2.5 percent, to determine an adjusted payment rate. The facility's payment rate is the adjusted payment rate plus the real estate tax and special assessment per diem.

(6) For the purpose of establishing payment rates under this paragraph, the facility's rate and reporting years coincide with the facility's fiscal year.

A facility that meets the criteria of this paragraph shall submit annual cost reports on forms prescribed by the commissioner.

For the rate year beginning July 1, 1985, each nursing home total payment rate must be effective two calendar months from the first day of the month after the commissioner issues the rate notice to the nursing home. From July 1, 1985, until the total payment rate becomes effective, the commissioner shall make payments to each nursing home at a temporary rate that is the prior rate year's operating cost payment rate increased by 2.6 percent plus the prior rate year's property-related payment rate and the prior rate year's real estate taxes and special assessments payment rate. The commissioner shall retroactively adjust the property-related payment rate and the real estate taxes and special assessments payment rate to July 1, 1985, but must not retroactively adjust the operating cost payment rate.

(d) For the purposes of Minnesota Rules, part 9549.0060, subpart 13, item F, the following types of transactions shall not be considered a sale or reorganization of a provider entity:

- (1) the sale or transfer of a nursing home upon death of an owner;
- (2) the sale or transfer of a nursing home due to serious illness or disability of an owner as defined under the social security act;
- (3) the sale or transfer of the nursing home upon retirement of an owner at 62 years of age or older;
- (4) any transaction in which a partner, owner, or shareholder acquires an interest or share of another partner, owner, or shareholder in a nursing home business provided the acquiring partner, owner, or shareholder has

less than 50 percent ownership after the acquisition;

(5) a sale and leaseback to the same licensee which does not constitute a change in facility license;

(6) a transfer of an interest to a trust;

(7) gifts or other transfers for no consideration;

(8) a merger of two or more related organizations;

(9) a transfer of interest in a facility held in receivership;

(10) a change in the legal form of doing business other than a publicly held organization which becomes privately held or vice versa;

(11) the addition of a new partner, owner, or shareholder who owns less than 20 percent of the nursing home or the issuance of stock; or

(12) an involuntary transfer including foreclosure, bankruptcy, or assignment for the benefit of creditors.

Any increase in allowable debt or allowable interest expense or other cost incurred as a result of the foregoing transactions shall be a nonallowable cost for purposes of reimbursement under Minnesota Rules, parts 9549.0010 to 9549.0080.

(e) For rate years beginning on or after July 1, 1986, the commissioner may exclude from a provision of Minnesota Rules, parts 9549.0010 to 9549.0080, any facility that is certified by the commissioner of health as an intermediate care facility, licensed by the commissioner of human services as a chemical dependency treatment program, and enrolled in the medical assistance program as an institution for mental disease. The commissioner of human services shall establish a medical assistance payment rate for these facilities. Chapter 14 does not apply to the procedures and criteria used to establish the ratesetting structure. The ratesetting method is not appealable.

Sec. 162. Minnesota Statutes 1987 Supplement, section 256B.433, subdivision 1, is amended to read:

Subdivision 1. [SETTING PAYMENT; MONITORING USE OF THERAPY SERVICES.] The commissioner shall promulgate rules pursuant to the administrative procedure act to set the amount and method of payment for ancillary materials and services provided to recipients residing in nursing homes. Payment for materials and services may be made to either the nursing home in the operating cost per diem, to the vendor of ancillary services pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080 or to a nursing home pursuant to Minnesota Rules, parts 9500.0750 to 9500.1080. Payment for the same or similar service to a recipient shall not be made to both the nursing home and the vendor. The commissioner shall ensure the avoidance of double payments through audits and adjustments to the nursing home's annual cost report as required by section 256B.47, and that charges and arrangements for ancillary materials and services are cost effective and as would be incurred by a prudent and cost-conscious buyer. Therapy services provided to a recipient must be medically necessary and appropriate to the medical condition of the recipient. If the vendor, nursing home, or ordering physician cannot provide adequate medical necessity justification, as determined by the commissioner, in consultation with an advisory committee that meets the requirements of section 256B.064, subdivision 1a, the commissioner may recover or disallow the payment for the

services and may require prior authorization for therapy services as a condition of payment or may impose administrative sanctions to limit the vendor, nursing home, or ordering physician's participation in the medical assistance program. *If the provider number of a nursing home is used to bill services provided by a vendor of therapy services that is not related to the nursing home by ownership, control, affiliation or employment status, no withholding of payment shall be imposed against the nursing home for services not medically necessary except for funds due the unrelated vendor of therapy services as provided in subdivision 3, paragraph (c). For the purpose of this subdivision, no monetary recovery may be imposed against the nursing home for funds paid to the unrelated vendor of therapy services as provided in subdivision 3, paragraph (c), for services not medically necessary.*

Sec. 163. Minnesota Statutes 1986, section 256B.50, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] ~~A nursing home provider may appeal from a decision arising from the application of standards or methods determination of a payment rate established pursuant to sections 256B.41 and 256B.47 this chapter and reimbursement rules of the commissioner if the appeal, if successful, would result in a change to the nursing home's provider's payment rate, or appraised value. The appeal procedures also apply to appeals of payment rates calculated under Minnesota Rules, parts 9510.0010 to 9510.0480 filed with the commissioner on or after May 1, 1984. Appeals must be filed in accordance with procedures in this section.~~ This section does not apply to a request from a resident or nursing home for reconsideration of the classification of a resident under section 144.0722.

*Subd. 1a. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given.*

(a) "Determination of a payment rate" means the process by which the commissioner establishes the payment rate paid to a provider pursuant to this chapter, including determinations made in desk audit, field audit, or pursuant to an amendment filed by the provider.

(b) "Provider" means a nursing home as defined in section 256B.421, subdivision 7, or a facility as defined in section 256B.501, subdivision 1.

(c) "Reimbursement rules" means Minnesota Rules, parts 9510.0010 to 9510.0480, 9510.0500 to 9510.0890, and rules adopted by the commissioner pursuant to sections 256B.41 and 256B.501, subdivision 3.

*Subd. 1b. [FILING AN APPEAL.] To appeal, the nursing home provider shall notify file with the commissioner in writing of its intent to appeal within 30 days and submit a written notice of appeal; the appeal request must be received by the commissioner within 60 days of receiving notice of the date the payment rate determination or decision of the payment rate was mailed. The notice of appeal request shall must specify each disputed item; the reason for the dispute; an estimate of: the total dollar amount involved for each disputed item; and the dollar amount per bed in dispute for each separate disallowance, allocation, or adjustment of each cost item or part of a cost item; the computation that the nursing home provider believes is correct; the authority in statute or rule upon which the nursing home provider relies for each disputed item; the name and address of the person or firm with whom contacts may be made regarding the appeal; and other information required by the commissioner.*

*Subd. 1c.* [CONTESTED CASE PROCEDURES.] Except as provided in subdivision 2, the appeal shall *must* be heard by an administrative law judge according to sections 14.48 to 14.56, or upon agreement by both parties according to a modified appeals procedure established by the commissioner and the administrative law judge. In any proceeding under this section, the appealing party must demonstrate by a preponderance of the evidence that the commissioner's determination is incorrect. Regardless of any rate appeal, the rate established shall *must* be the rate paid and shall *must* remain in effect until final resolution of the appeal or subsequent desk or field audit adjustment, notwithstanding any provision of law or rule to the contrary. To challenge the validity of rules established by the commissioner pursuant to this section and sections 256B.41, 256B.421, 256B.431, 256B.47, 256B.48, 256B.501, and 256B.502, a nursing home provider shall comply with section 14.44.

Sec. 164. Minnesota Statutes 1986, section 256B.50, is amended by adding a subdivision to read:

*Subd. 1d.* [EXPEDITED APPEAL REVIEW PROCESS.] (a) Within 120 days of the date an appeal is due according to subdivision 1b, the department shall review an appealed adjustment equal to or less than \$100 annually per licensed bed of the provider, make a determination concerning the adjustment, and notify the provider of the determination. Except as allowed in paragraph (g), this review does not apply to an appeal of an adjustment made to, or proposed on, an amount already paid to the provider. In this subdivision, an adjustment is each separate disallowance, allocation, or adjustment of a cost item or part of a cost item as submitted by a provider according to forms required by the commissioner.

(b) For an item on which the provider disagrees with the results of the determination of the department made under paragraph (a), the provider may, within 60 days of the date of the review notice, file with the office of administrative hearings and the department its written argument and documents, information, or affidavits in support of its appeal. If the provider fails to make a submission in accordance with this paragraph, the department's determinations on the disputed items must be upheld.

(c) Within 60 days of the date the department received the provider's submission under paragraph (b), the department may file with the office of administrative hearings and serve upon the provider its written argument and documents, information, and affidavits in support of its determination. If the department fails to make a submission in accordance with this paragraph, the administrative law judge shall proceed pursuant to paragraph (d) based on the provider's submission.

(d) Upon receipt by the office of administrative hearings of the department's submission made under paragraph (c) or upon the expiration of the 60-day filing period, whichever is earlier, the chief administrative law judge shall assign the matter to an administrative law judge. The administrative law judge shall consider the submissions of the parties and all relevant rules, statutes, and case law. The administrative law judge may request additional argument from the parties if it is deemed necessary to reach a final decision, but shall not allow witnesses to be presented or discovery to be made in the proceeding. Within 60 days of receipt by the office of administrative hearings of the department's submission or the expiration of the 60-day filing period in paragraph (c), whichever is earlier, the administrative law judge shall make a final decision on the items in

issue, and shall notify the provider and the department by first-class mail of the decision on each item. The decision of the administrative law judge is the final administrative decision, is not appealable, and does not create legal precedent; except that the department may make an adjustment contrary to the decision of the administrative law judge based upon a subsequent cost report amendment or field audit that reveals information relating to the adjustment that was not known to the department at the time of the final decision.

(e) For a disputed item otherwise subject to the review set forth in this subdivision, the department and the provider may mutually agree to bypass the expedited review process and proceed to a contested case hearing at any time prior to the time for the department's submission under paragraph (c).

(f) When the department determines that the appeals of two or more providers otherwise subject to the review set forth in this subdivision present the same or substantially the same adjustment, the department may remove the disputed items from the review in this subdivision, and the disputed items shall proceed in accordance with subdivision 1c. The department's decision to remove the appealed adjustments to contested case proceeding is final and is not reviewable.

(g) For a disputed item otherwise subject to the review in this subdivision, the department or a provider may petition the chief administrative law judge to issue an order allowing the petitioning party to bypass the expedited review process. If the petition is granted, the disputed item must proceed in accordance with subdivision 1c. In making the determination, the chief administrative law judge shall consider the potential impact and precedential and monetary value of the disputed item. A petition for removal to contested case hearing must be filed with the chief administrative law judge and the opposing party on or before the date on which its submission is due under paragraph (b) or (c). Within 20 days of receipt of the petition, the opposing party may submit its argument opposing the petition. Within 20 days of receipt of the argument opposing the petition, or if no argument is received, within 20 days of the date on which the argument was due, the chief administrative law judge shall issue a decision granting or denying the petition. If the petition is denied, the petitioning party has 60 days from the date of the denial to make a submission under paragraph (b) or (c).

(h) The department and a provider may mutually agree to use the procedures set forth in this subdivision for any disputed item not otherwise subject to this subdivision.

(i) Nothing shall prevent either party from making its submissions and arguments under this subdivision through a person who is not an attorney.

(j) This subdivision applies to all appeals for rate years beginning after June 30, 1988.

Sec. 165. Minnesota Statutes 1986, section 256B.50, is amended by adding a subdivision to read:

*Subd. 1e. [ATTORNEY'S FEES AND COSTS.] (a) Notwithstanding section 3.762, paragraph (a), for an issue appealed under subdivision 1, the prevailing party in a contested case proceeding or, if appealed, in subsequent judicial review, must be awarded reasonable attorney's fees and costs incurred in litigating the appeal, if the prevailing party shows that*

*the position of the opposing party was not substantially justified. The procedures for awarding fees and costs set forth in section 3.764 must be followed in determining the prevailing party's fees and costs except as otherwise provided in this subdivision. For purposes of this subdivision, "costs" means subpoena fees and mileage, transcript costs, court reporter fees, witness fees, postage and delivery costs, photocopying and printing costs, amounts charged the commissioner by the office of administrative hearings, and direct administrative costs of the department; and "substantially justified" means that a position had a reasonable basis in law and fact, based on the totality of the circumstances prior to and during the contested case proceeding and subsequent review.*

*(b) When an award is made to the department under this subdivision, attorney fees must be calculated at the cost to the department. When an award is made to a provider under this subdivision, attorney fees must be calculated at the rate charged to the provider except that attorney fees awarded must be the lesser of the attorney's normal hourly fee or \$100 per hour.*

*(c) In contested case proceedings involving more than one issue, the administrative law judge shall determine what portion of each party's attorney fees and costs is related to the issue or issues on which it prevailed and for which it is entitled to an award. In making that determination, the administrative law judge shall consider the amount of time spent on each issue, the precedential value of the issue, the complexity of the issue, and other factors deemed appropriate by the administrative law judge.*

*(d) When the department prevails on an issue involving more than one provider, the administrative law judge shall allocate the total amount of any award for attorney fees and costs among the providers. In determining the allocation, the administrative law judge shall consider each provider's monetary interest in the issue and other factors deemed appropriate by the administrative law judge.*

*(e) Attorney fees and costs awarded to the department for proceedings under this subdivision must not be reported or treated as allowable costs on the provider's cost report.*

*(f) Fees and costs awarded to a provider for proceedings under this subdivision must be reimbursed to them by reporting the amount of fees and costs awarded as allowable costs on the provider's cost report for the reporting year in which they were awarded. Fees and costs reported pursuant to this subdivision must be included in the general and administrative cost category but are not subject to either the general and administrative or other-operating-cost limits.*

*(g) If the provider fails to pay the awarded attorney fees and costs within 120 days of the final decision on the award of attorney fees and costs, the department may collect the amount due through any method available to it for the collection of medical assistance overpayments to providers. Interest charges must be assessed on balances outstanding after 120 days of the final decision on the award of attorney fees and costs. The annual interest rate charged must be the rate charged by the commissioner of revenue for late payment of taxes that is in effect on the 121st day after the final decision on the award of attorney fees and costs.*

*(h) Amounts collected by the commissioner pursuant to this subdivision must be deemed to be recoveries pursuant to section 256.01, subdivision*



2, clause 15.

(i) This subdivision applies to all contested case proceedings set on for hearing by the commissioner on or after the effective date of this section, regardless of the date the appeal was filed.

Sec. 166. Minnesota Statutes 1986, section 256B.50, is amended by adding a subdivision to read:

*Subd. 1f. [LEGAL AND RELATED EXPENSES.] Legal and related expenses for unresolved challenges to decisions by governmental agencies shall be separately identified and explained on the provider's cost report for each year in which the expenses are incurred. When the challenge is resolved in favor of the governmental agency, the provider shall notify the department of the extent to which its challenge was unsuccessful or the cost report filed for the reporting year in which the challenge was resolved. In addition, the provider shall inform the department of the years in which it claimed legal and related expenses and the amount of the expenses claimed in each year relating to the unsuccessful challenge. The department shall reduce the provider's medical assistance rate in the subsequent rate year by the total amount claimed by the provider for legal and related expenses incurred in an unsuccessful challenge to a decision by a governmental agency.*

Sec. 167. Minnesota Statutes 1986, section 256B.50, is amended by adding a subdivision to read:

*Subd. 1g. [APPEAL SUPPLEMENT.] (a) For an appeal filed with the commissioner regarding payment rates calculated pursuant to Minnesota Rules, parts 9510.0010 to 9510.0480, or parts 9510.0500 to 9510.0890, or prior provisions of these rules, that was not subject to the provisions of this section or section 256B.501, subdivision 3, at the time it was filed, the appellant must file an appeal supplement. The appeal supplement must be filed no later than December 31, 1988, and must specify each disputed item, the reason for the dispute, an estimate of the dollar amount involved for each disputed item, the computation that the provider believes is correct, the authority in statute or rule upon which the provider relies for each disputed item, the name and address of the person or firm with whom contacts may be made regarding the appeal, and any other information required by the commissioner. Failure to file the appeal supplement is jurisdictional and the commissioner may accordingly dismiss the appeal, and the rate established by the commissioner shall take effect.*

*(b) Filing of an appeal supplement must not be construed to correct any legal defect in the original appeal.*

*(c) An appeal for which an appeal supplement is filed pursuant to this subdivision must be set on for a contested case hearing, made part of the expedited appeal process with the agreement of both the provider and the department, or otherwise resolved by December 31, 1989.*

Sec. 168. Minnesota Statutes 1987 Supplement, section 256B.50, subdivision 2, is amended to read:

*Subd. 2. [APPRAISED VALUE.] (a) ~~An~~ A nursing home may appeal the determination of its appraised value, as determined by the commissioner pursuant to section 256B.431 and rules established thereunder. A written notice of appeal request concerning the appraised value of a nursing home's real estate as established by an appraisal conducted after July 1,*

1986, shall *must be filed with the commissioner within 60 days of the date the determination was made and shall state the appraised value the nursing home believes is correct for the building, land improvements, and attached equipment and the name and address of the firm with whom contacts may be made regarding the appeal. The appeal request shall include a separate appraisal report prepared by an independent appraiser of real estate which supports the total appraised value claimed by the nursing home. The appraisal report shall be based on an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, must be in a form comparable to that used in the commissioner's appraisal, and must pertain to the same time period covered by the appealed appraisal. The appraisal report shall include information related to the training, experience, and qualifications of the appraiser who conducted and prepared the appraisal report for the nursing home.*

(b) A nursing home which has filed an appeal request prior to the effective date of Laws 1987, chapter 403, concerning the appraised value of its real estate as established by an appraisal conducted before July 1, 1986, must submit to the commissioner the information described under paragraph (a) within 60 days of the effective date of Laws 1987, chapter 403, in order to preserve the appeal.

(c) An appeal request which has been filed pursuant to the provisions of paragraph (a) or (b) shall be finally resolved through an agreement entered into by and between the commissioner and the nursing home or by the determination of an independent appraiser based upon an on-site inspection of the nursing home's real estate using the depreciated replacement cost method, in a form comparable to that used in the commissioner's appraisal, and pertaining to the same time period covered by the appealed appraisal. The appraiser shall be selected by the commissioner and the nursing home by alternately striking names from a list of appraisers approved for state contracts by the commissioner of administration. The appraiser shall make assurances to the satisfaction of the commissioner and the nursing home that the appraiser is experienced in the use of the depreciated cost method of appraisals and that the appraiser is free of any personal, political, or economic conflict of interest that may impair the ability to function in a fair and objective manner. The commissioner shall pay costs of the appraiser through a negotiated rate for services of the appraiser.

(d) The decision of the appraiser is final and is not appealable. Exclusive jurisdiction for appeals of the appraised value of nursing homes lies with the procedures set out in this subdivision. No court of law shall possess subject matter jurisdiction to hear appeals of appraised value determinations of nursing homes.

Sec. 169. Minnesota Statutes 1987 Supplement, section 256B.501, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meaning given them.

(a) "Commissioner" means the commissioner of human services.

(b) "Facility" means a facility licensed as a mental retardation residential facility under section 252.28, licensed as a supervised living facility under chapter 144, and certified as an intermediate care facility for persons with mental retardation or related conditions.

(c) "Waivered service" means home or community-based service authorized under United States Code, title 42, section 1396n(c), as amended through December 31, 1982 1987, and defined in the Minnesota state plan for the provision of medical assistance services. Waivered services include, at a minimum, case management, family training and support, developmental training homes, supervised living arrangements, semi-independent living services, respite care, and training and habilitation services.

Sec. 170. Minnesota Statutes 1986, section 256B.501, subdivision 3, is amended to read:

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

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

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

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

(d) incentives to reward accumulation of equity; and

(e) *a revaluation on sale for a facility that, for at least three years before its use as an intermediate care facility, has been used by the seller as a single family home and been claimed by the seller as a homestead, and was not revalued immediately prior to or upon entering the medical assistance program, provided that the facility revaluation not exceed the amount permitted by the Social Security Act, section 1902(a)(13); and*

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

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

Sec. 171. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

*Subd. 3a. [INTERIM RATES.] For rate years beginning October 1,*

1988, and October 1, 1989, the commissioner shall establish an interim program operating cost payment rate for care of residents in intermediate care facilities for persons with mental retardation.

(a) For the rate year beginning October 1, 1988, the interim program operating cost payment rate is the greater of the facility's 1987 reporting year allowable program operating costs per resident day increased by the composite forecasted index in section 256B.501, subdivision 3c, or the facility's January 1, 1988, program operating cost payment rate increased by the composite forecasted index in section 256B.501, subdivision 3c, except that the composite forecasted index is established based on the midpoint of the period January 1, 1988, through September 30, 1988, to the midpoint of the following rate year.

(b) For the rate year beginning October 1, 1989, the interim program operating cost payment rate is the greater of the facility's 1988 reporting year allowable program operating costs per resident day increased by the composite forecasted index in section 256B.501, subdivision 3c, or the facility's October 1, 1988, program operating cost payment rate increased by the composite forecasted index in section 256B.501, subdivision 3c, except that the composite forecasted index is established based on the midpoint of the rate year beginning October 1, 1988, to the midpoint of the following rate year.

Sec. 172. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

Subd. 3b. [SETTLE-UP OF COSTS.] The facility's program operating costs are subject to a retroactive settle-up for the 1988 and 1989 reporting years, determined by the following method:

(a) If a facility's program operating costs, including one-time adjustment program operating costs for the facility's 1988 or 1989 reporting year, are less than 98 percent of the facility's total program operating cost payments for facilities with 20 or fewer licensed beds, or less than 99 percent of the facility's total program operating cost payments for facilities with more than 20 licensed beds, then the facility must repay the difference to the state according to the desk audit adjustment procedures in Minnesota Rules, part 9553.0041, subpart 13, items B to E. For the purpose of determining the retroactive settle-up amounts, the facility's total program operating cost payments must be computed by multiplying the facility's program operating cost payment rates, including one-time program operating cost adjustment rates for those reporting years, by the prorated resident days that correspond to those program operating cost payment rates paid during those reporting years.

(b) If a facility's program operating costs, including one-time adjustment program operating costs for the facility's 1989 reporting year are between 102 and 105 percent of the amount computed by multiplying the facility's program operating cost payment rates, including one-time program operating cost adjustment rates for those reporting years, by the prorated resident days that correspond to those program operating cost payment rates paid during that reporting year, the state must repay the difference to the facility according to the desk audit adjustment procedures in Minnesota Rules, part 9553.0041, subpart 13, items B to E.

A facility's retroactive settle-up must be calculated by October 1, 1990.

Sec. 173. Minnesota Statutes 1986, section 256B.501, is amended by

adding a subdivision to read:

*Subd. 3c. [COMPOSITE FORECASTED INDEX.] For rate years beginning on or after October 1, 1988, the commissioner shall establish a statewide composite forecasted index to take into account economic trends and conditions between the midpoint of the facility's reporting year and the midpoint of the rate year following the reporting year. The statewide composite index must incorporate the forecast by Data Resources, Inc. of increases in the average hourly earnings of nursing and personal care workers indexed in Standard Industrial Code 805 in "Employment and Earnings," published by the Bureau of Labor Statistics, United States Department of Labor. This portion of the index must be weighted annually by the proportion of total allowable salaries and wages to the total allowable operating costs in the program, maintenance, and administrative operating cost categories for all facilities.*

*For adjustments to the other operating costs in the program, maintenance, and administrative operating cost categories, the statewide index must incorporate the Data Resources, Inc. forecast for increases in the national CPI-U. This portion of the index must be weighted annually by the proportion of total allowable other operating costs to the total allowable operating costs in the program, maintenance, and administrative operating cost categories for all facilities. The commissioner shall use the indices as forecasted by Data Resources, Inc., in the fourth quarter of the reporting year.*

Sec. 174. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

*Subd. 3d. [LIMITS ON ADMINISTRATIVE OPERATING COSTS.] For the rate year beginning October 1, 1989, the administrative operating cost per bed limit shall be calculated according to paragraphs (a) to (d).*

*(a) The commissioner shall classify a facility into one of two groups based on the number of licensed beds reported on the facility's cost report. Group one includes facilities with more than 20 licensed beds. Group two includes facilities with 20 or fewer licensed beds.*

*(b) The commissioner shall determine the allowable administrative historical operating cost per licensed bed for each facility in the two groups by dividing the allowable administrative historical operating cost in each facility by the number of licensed beds in each facility.*

*(c) The commissioner shall establish the administrative cost per licensed bed limit by multiplying the median of the array of allowable administrative historical operating costs per licensed bed for each group by the percentage that establishes the limit at the 75th percentile of the array of each group.*

*(d) For the rate year beginning October 1, 1989, the maximum allowable administrative historical operating cost shall be the facility's allowable administrative historical operating cost or the amount in paragraph (c) multiplied by the facility's licensed beds, whichever is less.*

Sec. 175. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

*Subd. 3e. [INCREASE IN LIMITS.] For rate years beginning on or after October 1, 1990, the commissioner shall increase the administrative cost per licensed bed limit in section 256B.501, subdivision 3d, paragraph (c), and the maintenance operating cost limit in Minnesota Rules, part 9553.0050,*

*subpart 1, item A, subitem (2), by multiplying the administrative operating cost per bed limit and the maintenance operating cost limit by the composite forecasted index in section 256B.501, subdivision 3c except that the index shall be based on the 12 months between the midpoints of the two preceding reporting years.*

Sec. 176. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

*Subd. 3f. [RATE ADJUSTMENTS.] For rate years beginning October 1, 1989, the commissioner may develop a method to adjust facility rates to meet new licensing or certification standards or regulations adopted by the state or federal government that result in significant cost increases. The commissioner may also consider establishing separate administrative cost limits based on other factors including difficulty of care of residents and licensure classification.*

Sec. 177. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

*Subd. 3g. [ASSESSMENT OF RESIDENTS.] For rate years beginning on or after October 1, 1990, the commissioner shall establish program operating cost rates for care of residents in facilities that take into consideration service characteristics of residents in those facilities. To establish the service characteristics of residents, the quality assurance and review teams in the department of health shall assess all residents annually beginning January 1, 1989, using a uniform assessment instrument developed by the commissioner. This instrument shall include assessment of the client's behavioral needs, integration into the community, ability to perform activities of daily living, medical and therapeutic needs, and other relevant factors determined by the commissioner. The commissioner may establish procedures to adjust the program operating costs of facilities based on a comparison of client services characteristics, resource needs, and costs.*

Sec. 178. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

*Subd. 3h. [WAIVING INTEREST CHARGES.] The commissioner may waive interest charges on overpayments incurred by intermediate care facilities for persons with mental retardation and related conditions for the period October 1, 1987, through February 29, 1988, if the overpayments resulted from the continuation of the desk audit rate in effect on September 30, 1987, through the period.*

Sec. 179. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

*Subd. 3i. [SCOPE.] Subdivisions 3a to 3h do not apply to facilities whose payment rates are governed by Minnesota Rules, part 9553.0075.*

Sec. 180. Minnesota Statutes 1986, section 256B.501, is amended by adding a subdivision to read:

*Subd. 3j. [RULES.] The commissioner shall adopt rules to implement this section. The commissioner shall consult with provider groups, advocates, and legislators to develop these rules.*

Sec. 181. [256B.64] [ATTENDANTS TO VENTILATOR-DEPENDENT RECIPIENTS.]

*A ventilator-dependent recipient of medical assistance who has been*

receiving the services of a private duty nurse or personal care assistant in the recipient's home may continue to have a private duty nurse or personal care assistant present upon admission to a hospital licensed under chapter 144. The personal care assistant or private duty nurse shall perform only the services of communicator or interpreter for the ventilator-dependent patient during a transition period of up to 120 hours to assure adequate training of the hospital staff to communicate with the patient and to understand the unique comfort, safety, and personal care needs of the patient. The personal care assistant or private duty nurse may offer non-binding advice to the health care professionals in charge of the ventilator-dependent patient's care and treatment on matters pertaining to the comfort and safety of the patient. After the 120 hour transition period, an assessment may be made by the ventilator-dependent patient, the attending physician, and the patient's primary care nurse to determine whether continued services of communicator or interpreter for the patient by the private duty nurse or personal care assistant are necessary and appropriate for the patient's needs. If continued service is necessary and appropriate, the physician must certify this need to the commissioner of human services in order for payments to continue. The commissioner may adopt rules necessary to implement this section. Reimbursement under this section must be at the payment rate and in a manner consistent with the payment rate and manner used in reimbursing these providers for home care services for the ventilator-dependent recipient under the medical assistance program.

Sec. 182. Minnesota Statutes 1986, section 256B.69, subdivision 3, is amended to read:

Subd. 3. [GEOGRAPHIC AREA.] The commissioner shall designate the geographic areas in which eligible individuals may be included in the demonstration project. The geographic areas shall may include one urban, one suburban, and at least one rural county. In order to encourage the participation of long-term care providers, the project area may be expanded beyond the designated counties for eligible individuals over age 65.

Sec. 183. Minnesota Statutes 1986, section 256B.69, subdivision 4, is amended to read:

Subd. 4. [LIMITATION OF CHOICE.] The commissioner shall develop criteria to determine when limitation of choice may be implemented in the experimental counties. The criteria shall ensure that all eligible individuals in the county have continuing access to the full range of medical assistance services as specified in subdivision 6. The commissioner shall exempt the following persons from participation in the project, in addition to those who do not meet the criteria for limitation of choice: (1) persons eligible for medical assistance according to section 256B.06, subdivision 1, clause (1) or who are in foster placement; and (2) persons eligible for medical assistance due to blindness or disability as determined by the social security administration or the state medical review team, unless they are 65 years of age or older. Before limitation of choice is implemented, eligible individuals shall be notified and after notification, shall be allowed to choose only among demonstration providers. After initially choosing a provider, the recipient is allowed to change that choice only at specified times as allowed by the commissioner.

Sec. 184. Minnesota Statutes 1987 Supplement, section 256B.73, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT: GEOGRAPHIC AREA.] The commissioner of human services shall *cooperate with a local coalition* to establish a demonstration project to provide low cost medical insurance to uninsured low income persons in Cook, Crow Wing, Lake, St. Louis, Carlton, Aitkin, Pine, Itasca, and Koochiching counties except an individual county may be excluded as determined by the county board of commissioners. *The coalition shall work with the commissioner and potential demonstration providers as well as other public and private organizations to determine program design, including enrollee eligibility requirements, benefits, and participation.*

Sec. 185. Minnesota Statutes 1987 Supplement, section 256D.01, subdivision 1a, is amended to read:

Subd. 1a. [STANDARDS.] (1) A principal objective in providing general assistance is to provide for persons ineligible for federal programs who are unable to provide for themselves. The minimum standard of assistance determines the total amount of the general assistance grant without separate standards for shelter, utilities, or other needs.

(2) The commissioner shall set the standard of assistance for an assistance unit consisting of an adult recipient who is childless and unmarried or living apart from children and spouse and who does not live with a parent or parents or a legal custodian. When the other standards specified in this subdivision increase, this standard shall also be increased by the same percentage.

(3) For an assistance unit consisting of ~~an a single adult who is childless and unmarried or living apart from children and spouse, but~~ who lives with a parent or parents, the general assistance standard of assistance shall be equal to the amount that the aid to families with dependent children standard of assistance would increase if the recipient were added as an additional minor child to an assistance unit consisting of the recipient's parent and all of that parent's family members, provided that the standard shall not exceed the standard for a general assistance recipient living alone. Benefits received by a responsible relative of the assistance unit under the supplemental security income program, a workers' compensation program, the Minnesota supplemental aid program, or any other program based on the responsible relative's disability, and any benefits received by a responsible relative of the assistance unit under the social security retirement program, shall not be counted in the determination of eligibility or benefit level for the assistance unit. ~~An adult child shall be~~ *The assistance unit is ineligible for general assistance if the available resources or the countable income of the adult child assistance unit and the parent or parents with whom the adult child assistance unit lives are such that a family consisting of the adult child's assistance unit's parent or parents, the parent or parents' other family members and the adult child assistance unit as the only or additional minor child would be financially ineligible for general assistance. For the purposes of calculating the countable income of the assistance unit's parent or parents, use the calculation methods, income deductions, exclusions, and disregards used when calculating the countable income for a single adult or childless couple.*

(4) For an assistance unit consisting of a ~~married childless couple who are childless or who live apart from any child or children of whom either of the married couple is a parent or legal eustodian,~~ the standards of assistance shall be equal to the first and second adult standards of the aid



to families with dependent children program. If one member of the couple is not included in the general assistance grant, then the standard of assistance for the other shall be equal to the second adult standard of the aid to families with dependent children program, except that, when one member of the couple is not included in the general assistance grant because that member is not categorically eligible for general assistance under section 256D.05, subdivision 1, and has exhausted work readiness eligibility under section 256D.051, subdivision 4 or 5, for the period of time covered by the general assistance grant, then the standard of assistance for the remaining member of the couple shall be equal to the first adult standard of the aid to families with dependent children program.

(5) For an assistance unit consisting of all members of a family, the standards of assistance shall be the same as the standards of assistance applicable to a family under the aid to families with dependent children program if that family had the same number of parents and children as the assistance unit under general assistance and if all members of that family were eligible for the aid to families with dependent children program. If one or more members of the family are not included in the assistance unit for general assistance, the standards of assistance for the remaining members shall be equal to the standards of assistance applicable to an assistance unit composed of the entire family, less the standards of assistance applicable to a family of the same number of parents and children as those members of the family who are not in the assistance unit for general assistance. Notwithstanding the foregoing, if an assistance unit consists solely of the minor children because their parent or parents have been sanctioned from receiving benefits from the aid to families with dependent children program, the standard for the assistance unit shall be equal to the special child standard of the aid to families with dependent children program. A child shall not be excluded from the assistance unit unless income intended for its benefit is received from a federally aided categorical assistance program; or supplemental security income; retirement, survivors, and disability income; other assistance programs; or child support and maintenance payments. The income of a child who is excluded from the assistance unit shall not be counted in the determination of eligibility or benefit level for the assistance unit.

Sec. 186. Minnesota Statutes 1986, section 256D.02, subdivision 7, is amended to read:

Subd. 7. "Childless couple" means two individuals who are ~~related by marriage and who are living~~ married to each other, live in a place of residence maintained by them as their own home, and are either childless or living apart from their children.

Sec. 187. Minnesota Statutes 1986, section 256D.02, is amended by adding a subdivision to read:

Subd. 12a. "Single adult" means an individual 18 years or older who is childless and unmarried or living apart from the individual's children and spouse.

Sec. 188. Minnesota Statutes 1987 Supplement, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.]  
(a) General assistance medical care may be paid for any person:

(1) who is eligible for assistance under section 256D.05 or 256D.051 and

is not eligible for medical assistance under chapter 256B; or

(2) who is a resident of Minnesota; whose income as calculated under chapter 256B is not in excess of the medical assistance standards or whose excess income is spent down pursuant to chapter 256B; and whose equity in resources is not in excess of \$1,000 per assistance unit. Exempt real and liquid assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B.

(b) Eligibility is available for the month of application and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) *General assistance medical care may be paid for a person, regardless of age, who is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, if the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.*

(d) *General assistance medical care is not available for applicants or recipients who do not cooperate with the local agency to meet the requirements of medical assistance.*

Sec. 189. Minnesota Statutes 1987 Supplement, section 256D.06, subdivision 1, is amended to read:

Subdivision 1. General assistance shall be granted in ~~such~~ an amount that when added to the nonexempt income actually available to the ~~individual, married couple, or family assistance unit~~, the total amount equals the applicable standard of assistance for general assistance. In determining eligibility for and the amount of assistance for *an individual or married couple*, the local agency shall disregard the first \$50 of earned income per month.

Sec. 190. Minnesota Statutes 1987 Supplement, section 256D.06, subdivision 1b, is amended to read:

Subd. 1b. [EARNED INCOME SAVINGS ACCOUNT.] In addition to the \$50 disregard required under subdivision 1, the local agency shall disregard an additional earned income up to a maximum of \$150 per month for persons residing in facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690 and 9530.2500 to 9530.4000, and for whom discharge and work are part of a treatment plan *and for persons living in supervised apartments with services funded under Minnesota Rules, parts 9535.0100 to 9535.1600, and for whom discharge and work are part of a treatment plan.* The additional amount disregarded must be placed in a separate savings account by the eligible individual, to be used upon discharge from the residential facility into the community. A maximum of \$1,000, including interest, of the money in the savings account must be excluded from the resource limits established by section 256D.08, subdivision 1, clause (1). Amounts in that account in excess of \$1,000 must be applied to the resident's cost of care. If excluded money is removed from the savings account by the eligible individual at any time before the individual is discharged from the facility into the community, the money is income to the individual in the month of receipt and a resource in subsequent months. If an eligible individual moves from a community facility to an

inpatient hospital setting, the separate savings account is an excluded asset for up to 18 months. During that time, amounts that accumulate in excess of the \$1,000 savings limit must be applied to the patient's cost of care. If the patient continues to be hospitalized at the conclusion of the 18-month period, the entire account must be applied to the patient's cost of care.

Sec. 191. Minnesota Statutes 1986, section 256D.06, is amended by adding a subdivision to read:

*Subd. 1c. [ELIGIBILITY OF FAMILIES.] Notwithstanding any other provisions of sections 256D.01 to 256D.22, general assistance for an assistance unit consisting of members of a family must be granted in an amount that is equal to the amount of assistance which would be paid to an aid to families with dependent children assistance unit which has the same size, composition, income, and other circumstances relevant to the computation of an AFDC grant. Income for an assistance unit consisting of members of a family applying for or receiving general assistance must be determined in the same manner as for persons applying for or receiving aid to families with dependent children, except that the first \$50 per month of total child support paid on behalf of family members is excluded and the balance is counted as unearned income, and nonrecurring lump sums received by the family shall be considered income in the month received and a resource thereafter.*

Sec. 192. Minnesota Statutes 1986, section 256D.07, is amended to read:

256D.07 [TIME OF PAYMENT OF ASSISTANCE.]

An applicant for general assistance or general assistance medical care authorized by section 256D.03, subdivision 3 shall be deemed eligible if the application and the verification of the statement on that application demonstrate that the applicant is within the eligibility criteria established by sections 256D.01 to 256D.21 and any applicable rules of the commissioner. Any person requesting general assistance or general assistance medical care shall be permitted by the local agency to make an application for assistance as soon as administratively possible and in no event later than the fourth day following the date on which assistance is first requested, and no local agency shall require that a person requesting assistance appear at the offices of the local agency more than once prior to the date on which the person is permitted to make the application. The application shall be in writing in the manner and upon the form prescribed by the commissioner and attested to by the oath of the applicant or in lieu thereof shall contain the following declaration which shall be signed by the applicant: "I declare that this application has been examined by me and to the best of my knowledge and belief is a true and correct statement of every material point." On the date that general assistance is first requested, the local agency shall inquire and determine whether the person requesting assistance is in immediate need of food, shelter, clothing, assistance for necessary transportation, or other emergency assistance pursuant to section 256D.06, subdivision 2. A person in need of emergency assistance shall be granted emergency assistance immediately, and necessary emergency assistance shall continue until either the person is determined to be ineligible for general assistance or the first grant of general assistance is paid to the person. A determination of an applicant's eligibility for general assistance shall be made by the local agency as soon as the required verifications are received by the local agency and in no event later than 30 days following the date that the application is made. Any verifications required of the

applicant shall be reasonable, and the commissioner shall by rule establish reasonable verifications. General assistance shall be granted to an eligible applicant without the necessity of first securing action by the board of the local agency. ~~The amount of the first grant of general assistance awarded to an applicant shall be computed to cover the time period starting with the date that assistance is first requested or if the applicant is not eligible on that date, the date on which the applicant first becomes eligible, and the first grant may be reduced by the amount of emergency general assistance provided to the applicant. The first month's grant must be computed to cover the time period starting with the date a signed application form is received by the local agency or from the date that the applicant meets all eligibility factors, whichever occurs later. The first grant may be reduced by the amount of emergency general assistance provided to the applicant.~~

If upon verification and due investigation it appears that the applicant provided false information and the false information materially affected the applicant's eligibility for general assistance or general assistance medical care provided pursuant to section 256D.03, subdivision 3 or the amount of the applicant's general assistance grant, the local agency may refer the matter to the county attorney. The county attorney may commence a criminal prosecution or a civil action for the recovery of any general assistance wrongfully received, or both.

Sec. 193. Minnesota Statutes 1986, section 256D.35, is amended by adding a subdivision to read:

*Subd. 9. [HOMESTEAD.] "Homestead" means a shelter in which the individual or the spouse with whom the individual lives has an ownership interest, and that is the principal residence of the individual, spouse, or the individual's minor or disabled child. The home may be either real or personal property, fixed or mobile, and located on land or water. The home includes all the land that appertains to it and buildings located on that land.*

Sec. 194. Minnesota Statutes 1987 Supplement, section 256D.37, subdivision 1, is amended to read:

Subdivision 1. (a) For all individuals who apply to the appropriate local agency for supplemental aid, the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program.

(b) When a recipient is an adult with mental illness in a facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, a resident of a state hospital or a dwelling with a negotiated rate, the recipient is not eligible for a shelter standard, a basic needs standard, or for special needs payments. The state standard of assistance for those recipients is the clothing and personal needs allowance for medical assistance recipients under section 256B.35. Minnesota supplemental aid may be paid to negotiated rate facilities at the rates in effect on March 1, 1985, for services provided under the supplemental aid program to residents of the facility, up to the maximum negotiated rate specified in this section. The rate for room and board for a licensed facility must not exceed \$800. The maximum negotiated rate does not apply to a facility that, on August 1, 1984, was licensed by the

commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690 or a facility that, on August 1, 1984, was licensed by the commissioner of human services under Minnesota Rules, parts 9525.0520 to 9525.0660, but funded as a supplemental aid negotiated rate facility under this chapter. The following facilities are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until an alternative reimbursement system covering services excluding room and board maintenance services is developed by the commissioner:

(1) a facility that only provides services to persons with mental retardation; and

(2) a facility not certified to participate in the medical assistance program that is licensed as a boarding care facility as of March 1, 1985, and does not receive supplemental program funding under Minnesota Rules, parts 9535.2000 to 9535.3000 or parts 9553.0010 to 9553.0080. Beginning July 1, 1987, the facilities under clause (1) are subject to applicable supplemental aid limits, and must meet all applicable licensing and reimbursement requirements for programs for persons with mental retardation. The negotiated rates may be paid for persons who are placed by the local agency or who elect to reside in a room and board facility or a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, provided the local agency agrees that this care is needed by the person. When Minnesota supplemental aid is used to pay a negotiated rate, the rate payable to the facility must not exceed the rate paid by an individual not receiving Minnesota supplemental aid. To receive payment for a negotiated rate, the dwelling must comply with applicable laws and rules establishing standards necessary for health, safety, and licensure. The negotiated rate must be adjusted by the annual percentage change in the consumer price index (CPI-U U.S. city average), as published by the Bureau of Labor Statistics between the previous two Septembers, new series index (1967-100) or 2.5 percent, whichever is less. In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program, except that the earned income disregard for disabled persons who are not residents of long-term care facilities must be the same as the earned income disregard available to disabled persons in the supplemental security income program and all actual work expenses must be deducted when determining the amount of income for the individual. From the first of the month in which an effective application is filed, the state and the county shall share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as provided in section 256D.36.

Sec. 195. Minnesota Statutes 1986, section 256D.37, subdivision 2, is amended to read:

Subd. 2. [RESOURCE STANDARDS.] The resource standards and restrictions for supplemental aid under this section shall be those used to determine eligibility for disabled individuals in the supplemental security income program. The local agency shall apply the relevant criteria to each application. The local agency in its discretion may permit eligibility of an applicant having assets in excess of the amount prescribed in this section if liquidation of the assets would cause undue loss or hardship.

Sec. 196. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

*Subd. 6. [TRANSFERS.] (a) In determining the resources of an individual and an eligible spouse, if any, a person shall include a resource or interest that exceeds the limits set out in subdivision 2 and that was given away or sold for less than fair market value within the 24 months preceding application for Minnesota supplemental aid or during the period of eligibility.*

*(b) A transaction described in this subdivision is presumed to have been made to establish eligibility for benefits or assistance under this chapter unless the individual or eligible spouse gives convincing evidence to establish that the transaction was made exclusively for another purpose.*

*(c) For purposes of this subdivision, the value of a resource or interest is the fair market value when it was sold or given away, less the amount of compensation received.*

*(d) For any uncompensated transfer, the period of ineligibility must be calculated by dividing the amount of the uncompensated transferred amount by the statewide average monthly skilled nursing facility payment for the previous calendar year to determine the number of months of ineligibility. The individual is ineligible until the fixed period of ineligibility has expired. The period of ineligibility may exceed 24 months, and a reapplication for benefits after 24 months from the date of the transfer does not result in eligibility unless and until the period of ineligibility has expired.*

*(e) The period of ineligibility must not be applied if the local agency determines that it would create an immediate threat to the health or safety of the assistance unit.*

Sec. 197. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

*Subd. 7. [EXCLUSIONS.] The following must not be included as income in determining eligibility:*

*(1) the value of food stamps;*

*(2) home-produced food used by the household;*

*(3) Indian claim payments made by the United States Congress to compensate members of Indian tribes for the taking of tribal lands by the federal government;*

*(4) cash payments to displaced persons who face relocation as a result of the Housing Act of 1965, the Housing and Urban Development Act of 1965, or the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;*

*(5) one-third of child support payments received by an eligible child from an absent parent;*

*(6) displaced homemaker payments;*

*(7) reimbursement received for maintenance costs of providing foster care to adults or children;*

*(8) benefits received under Title IV and Title VII of the Older Americans Act of 1965;*

*(9) Minnesota renter or homeowner property tax refunds;*

(10) infrequent, irregular income that does not total more than \$20 per person in a month;

(11) reimbursement payments received from the VISTA program;

(12) in-kind income;

(13) payments received for providing volunteer services under Title I, Title II, and Title III of the Domestic Volunteer Service Act of 1973;

(14) loans that have to be repaid;

(15) federal low income heating assistance program payments; and

(16) any other type of funds excluded as income by state law.

The local agency shall exclude the first \$20 of earned or unearned income.

Sec. 198. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

*Subd. 8. [APPLICATION FOR FEDERALLY FUNDED BENEFITS.] Persons for whom the applicant or recipient has financial responsibility and who have unmet needs must apply for, and if eligible, accept aid to families with dependent children and other federally funded benefits before allocation of earned and unearned income from the applicant or recipient to meet the needs of those persons. If the persons are determined potentially eligible for these benefits, the applicant or recipient may not allocate earned or unearned income to those persons.*

Sec. 199. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

*Subd. 9. [ALLOCATION OF INCOME.] The rate of allocation for the financially responsible relatives of applicants or recipients is one-half the individual supplemental security income standard of assistance, except as restricted in subdivision 8.*

*If the applicant or recipient shares a residence with another person who has financial responsibility for the applicant or recipient, the income of the responsible relative must be considered available to the applicant or recipient after allowing the deductions in subdivisions 11 and 12.*

Sec. 200. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

*Subd. 10. [EARNED INCOME DISREGARDS.] From the assistance unit's gross earned income, the local agency shall disregard \$65 plus one-half of the remaining income.*

Sec. 201. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

*Subd. 11. [EARNED INCOME DEDUCTIONS.] From the assistance unit's gross earned income, the local agency shall subtract work expenses allowed by the supplemental security income program.*

Sec. 202. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

*Subd. 12. [SELF-EMPLOYMENT EARNINGS.] A local agency must determine gross earned income from self-employment by subtracting business costs from gross receipts.*

Sec. 203. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

*Subd. 13. [RENTAL PROPERTY.] Income from rental property must be considered self-employment earnings for each month that an average of at least ten hours a week of labor is expended by the owner of the property. When no labor is expended, income from rental property must be considered as unearned income and an additional deduction must be allowed for actual, reasonable, and necessary labor costs for upkeep and repair.*

Sec. 204. Minnesota Statutes 1986, section 256D.37, is amended by adding a subdivision to read:

*Subd. 14. [GROSS INCOME TEST.] The local agency shall apply a gross income test prospectively for each month of program eligibility. An assistance unit is ineligible when nonexcluded income, before applying any disregards or deductions, exceeds 300 percent of the supplemental security income standard for the assistance unit.*

Sec. 205. Minnesota Statutes 1986, section 256E.12, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall establish an ~~experimental~~ a state-wide program to assist counties in providing services to ~~chronically mentally ill~~ persons with serious and persistent mental illness as defined in section 245.462, subdivision 20. The commissioner shall make grants to counties to establish, operate, or contract with private providers to provide services designed to help ~~chronically mentally ill~~ persons with serious and persistent mental illness remain and function in their own communities. Grants received pursuant to this section may be used to fund ~~innovative~~ community support services programs; ~~relating to physical fitness programs designed as part of a mental health treatment plan as specified in section 245.462, subdivision 6, and case management activities that cannot be billed to the medical assistance program under section 256B.02, subdivision 8.~~

Sec. 206. Minnesota Statutes 1986, section 256E.12, subdivision 2, is amended to read:

Subd. 2. To apply for a grant a county board shall submit an application and budget for the use of the money in the form specified by the commissioner. The commissioner shall make grants only to counties whose applications and budgets are approved by the commissioner. A county receiving a grant under this section shall finance at least ten percent of the cost of services for ~~chronically mentally ill~~ persons with serious and persistent mental illness from local resources, which may include private contributions and federal money.

Sec. 207. Minnesota Statutes 1987 Supplement, section 256E.12, subdivision 3, is amended to read:

Subd. 3. The commissioner shall allocate grants under this section to finance up to 90 percent of each county's costs for services ~~for chronically mentally ill~~ to persons with serious and persistent mental illness. The commissioner shall promulgate ~~emergency~~ and permanent rules to govern grant applications, approval of applications, allocation of grants, and maintenance of financial statements by grant recipients. The commissioner shall require collection of data and periodic reports as the commissioner deems necessary to demonstrate the effectiveness of the services in helping ~~chronically mentally ill~~ persons with serious and persistent mental illness remain



and function in their own communities. ~~The experimental program shall expire no later than June 30, 1989.~~

Sec. 208. Minnesota Statutes 1986, section 256F03, subdivision 8, is amended to read:

Subd. 8. [PLACEMENT PREVENTION AND FAMILY REUNIFICATION SERVICES.] "Placement prevention and family reunification services" means a continuum of services designed to help children remain with their families or to facilitate reunification of children with their parents. *Placement prevention and family reunification services available to a minority family must reflect and support family models that are accepted within the culture of the particular minority.*

Sec. 209. Minnesota Statutes 1986, section 256F07, is amended by adding a subdivision to read:

Subd. 3a. [MINORITY FAMILY SERVICES.] *In addition to services listed in subdivision 3, placement prevention and family reunification services for minority children include:*

*(1) development of foster and adoptive placement resources, including recruitment, licensing, and support;*

*(2) advocacy in working with the county and private social service agencies, and activities to help provide access to agency services;*

*(3) family and community involvement strategies to combat child abuse and chronic neglect of children;*

*(4) coordinated child welfare and mental health services to minority families; and*

*(5) other activities and services approved by the commissioner that further the goals of the minority heritage preservation act.*

Sec. 210. [257.066] [RULES.]

*By December 31, 1989, the commissioner of human services shall revise Minnesota Rules, parts 9545.0750 to 9545.0830, 9560.0010 to 9560.0180, and 9560.0500 to 9560.0670 to ensure that, as conditions of licensure, social services and child-placing agencies meet the requirements of section 257.072, subdivisions 7 and 8, and keep records in compliance with sections 257.01 and 259.46.*

Sec. 211. Minnesota Statutes 1986, section 257.071, subdivision 2, is amended to read:

Subd. 2. [SIX MONTH REVIEW OF PLACEMENTS.] There shall be an administrative review of the case plan of each child placed in a residential facility no later than 180 days after the initial placement of the child in a residential facility and at least every six months thereafter if the child is not returned to the home of the parent or parents within that time. *The case plan must be monitored and updated at each administrative review.* As an alternative to the administrative review, the social service agency responsible for the placement may bring a petition as provided in section 260.131, subdivision 1a, to the court for review of the foster 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.

Sec. 212. Minnesota Statutes 1986, section 257.071, subdivision 3, is

amended to read:

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 the parent or parents, and is not returned home within 18 months after initial placement in the residential facility, the social service agency responsible for the placement shall:

(a) Return the child to the home of the 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.

*The case plan must be updated when a petition is filed and must include a specific plan for permanency.*

Sec. 213. Minnesota Statutes 1986, section 257.071, subdivision 6, is amended to read:

Subd. 6. [ANNUAL FOSTER CARE REPORT.] The commissioner of human services shall publish annually a report on children in residential 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 care, and other demographic information deemed appropriate on all children placed in residential 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. *The commissioner shall publish the report for each calendar year by June 1 of the following year.*

Sec. 214. Minnesota Statutes 1986, section 257.071, is amended by adding a subdivision to read:

Subd. 8. [RULES.] *By December 31, 1988, the commissioner shall revise Minnesota Rules, parts 9545.0010 to 9545.0269, the rules setting standards for family and group family foster care. The commissioner shall:*

(1) *require that, as a condition of licensure, foster care providers attend training on the importance of protecting cultural heritage within the meaning of Laws 1983, chapter 278, the Indian Child Welfare Act, Public Law Number 95-608, and the Minnesota Indian family preservation act, sections 257.35 to 257.357; and*

(2) *review and, where necessary, revise foster care rules to reflect sensitivity to cultural diversity and differing lifestyles. Specifically, the commissioner shall examine whether space and other requirements discriminate against single-parent, minority, or low-income families who may be able to provide quality foster care reflecting the values of their own respective cultures.*

Sec. 215. Minnesota Statutes 1986, section 257.072, is amended to read:

257.072 [RECRUITMENT OF FOSTER FAMILIES WELFARE OF MINORITY CHILDREN.]

Subdivision 1. [RECRUITMENT OF FOSTER FAMILIES.] Each authorized child placing agency shall make special efforts to recruit a foster family from among the child's relatives, except as authorized in section

260.181, subdivision 3, and among families of the same minority racial or minority ethnic heritage. Special efforts include contacting and working with community organizations and religious organizations, utilizing local media and other local resources, and conducting outreach activities, and increasing the number of minority recruitment staff employed by the agency. The agency may accept any gifts, grants, offers of services, and other contributions to use in making special recruitment efforts.

*Subd. 2. [DUTIES OF COMMISSIONER.] The commissioner of human services shall:*

*(1) in cooperation with child-placing agencies, develop a cost-effective campaign using radio and television to recruit minority adoptive and foster families;*

*(2) require that agency staff people who work in the area of minority adoption and foster family recruitment attend cultural sensitivity training; and*

*(3) monitor the recordkeeping, licensing, placement preference, recruitment, review, and reporting requirements of the minority child heritage protection act, Laws 1983, chapter 278.*

*Subd. 3. [MINORITY RECRUITMENT SPECIALIST.] The commissioner shall designate a permanent professional staff position for a minority recruitment specialist. The minority recruitment specialist shall provide services to child-placing agencies seeking to recruit minority adoptive and foster care families and qualified minority professional staff. The minority recruitment specialist shall:*

*(1) develop materials for use by the agencies in training staff;*

*(2) conduct in-service workshops for agency personnel;*

*(3) provide consultation, technical assistance, and other appropriate services to agencies wishing to improve service delivery to minority populations;*

*(4) conduct workshops for foster care and adoption recruiters to evaluate the effectiveness of techniques for recruiting minority families; and*

*(5) perform other duties as assigned by the commissioner to implement the minority child heritage protection act and the Minnesota Indian family preservation act.*

*Upon recommendation of the minority recruitment specialist, the commissioner may contract for portions of these services.*

*Subd. 4. [CONSULTATION WITH MINORITY REPRESENTATIVES.] The commissioner of human services shall, after seeking and considering advice from representatives from the councils established under sections 3.922, 3.9223, 3.9225, and 3.9226:*

*(1) review, and where necessary, revise the department of human services social service manual and practice guide to reflect the scope and intent of Laws 1983, chapter 278;*

*(2) develop criteria for determining whether a prospective adoptive or foster family is "knowledgeable and appreciative" as the term is used in section 260.181, subdivision 3;*

*(3) develop a standardized training curriculum for adoption and foster*

care workers, family-based providers and administrators who work with minority and special needs children. Training must address the following subjects:

- (a) developing and maintaining sensitivity to other cultures;
- (b) assessing values and their cultural implications; and
- (c) implementing the minority child heritage protection act, Laws 1983, chapter 278, and the Minnesota Indian family preservation act, sections 257.35 to 257.357;
- (4) develop a training curriculum for family and extended family members of minority adoptive and foster children. The curriculum must address issues relating to cross-cultural placements as well as issues that arise after a foster or adoptive placement is made; and
- (5) develop and provide to agencies an assessment tool to be used in combination with group interviews and other preplacement activities to evaluate prospective adoptive and foster families of minority children. The tool must assess problem-solving skills; identify parenting skills; and, when required by section 260.181, subdivision 3, evaluate the degree to which the prospective family is knowledgeable and appreciative of racial and ethnic differences.

*Subd. 5. [MINORITY PLACEMENTS.] Beginning December 1, 1989, the commissioner shall provide to the Indian affairs council, the council on affairs of Spanish-Speaking people, the council on Black Minnesotans, and the council on Asian-Pacific Minnesotans the semiannual reports required under section 216.*

*Subd. 6. [ADVISORY TASK FORCE.] The commissioner of human services may convene and meet periodically with an advisory task force on minority child welfare. The task force may advise the commissioner on issues related to minority child welfare, including, but not limited to, adoption and foster care, the use of citizen review boards, infant mortality in minority communities, and placement prevention. The task force should include minority adoption and foster care workers and minority adoptive and foster parents.*

*Subd. 7. [DUTIES OF CHILD-PLACING AGENCIES.] Each authorized child-placing agency must:*

- (1) develop and follow procedures for implementing the order of preference prescribed by section 260.181, subdivision 3;
- (2) have a written plan for recruiting minority adoptive and foster families. The plan must include (a) strategies for using existing resources in minority communities, (b) use of minority outreach staff wherever possible, (c) use of minority foster homes for placements after birth and before adoption, and (d) other techniques as appropriate;
- (3) have a written plan for training adoptive and foster families of minority children;
- (4) if located in an area with a significant minority population, have a written plan for employing minority social workers in adoption and foster care. The plan must include staffing goals and objectives; and
- (5) ensure that adoption and foster care workers attend training offered

or approved by the department of human services regarding cultural diversity and the needs of special needs children.

*Subd. 8. [REPORTING REQUIREMENTS.] Each authorized child-placing agency shall provide to the commissioner of human services all data needed by the commissioner for the report required by section 216. The agency shall provide the data within 60 days of the end of the six-month period for which the data is applicable.*

**Sec. 216. [257.0725] [SEMIANNUAL REPORT.]**

*The commissioner of human services shall publish a semiannual report on children in out-of-home placement. The report shall include, by county and statewide, information on legal status, living arrangement, age, sex, race, accumulated length of time in placement, reason for most recent placement, race of family with whom placed, number of families from the child's own culture in the placement pool during the period for which data is provided, and other demographic information deemed appropriate on all children in out-of-home placement. The commissioner shall provide the required data for children who entered placement during the previous quarter and for children who are in placement at the end of the quarter. Out-of-home placement includes placement in any facility by an authorized child-placing agency. By December 1, 1989, and by December 1 of each successive year, the commissioner shall publish a report covering the first six months of the calendar year. By June 1, 1990, and by June 1 of each successive year, the commissioner shall publish a report covering the last six months of the calendar year.*

**Sec. 217. [257.075] [GRANTS FOR SUPPORT SERVICES.]**

*The commissioner of human services may make grants to authorized child-placing agencies that provide services to minority children in out-of-home placements. Support services may include, but are not limited to:*

*(1) development of foster and adoptive placement resources, including recruitment, licensing, and support;*

*(2) advocacy in working with the county and private social service agencies, and activities to help provide access to agency services;*

*(3) family and community involvement strategies to combat child abuse and chronic neglect of children;*

*(4) coordinated child welfare and mental health services to minority families;*

*(5) preadoption, postadoption, and foster care support groups for minority children and prospective adoptive and foster families;*

*(6) the use of minority foster parents as continuing support for children returned to birth homes;*

*(7) information, counseling, and support groups to assist minority children approaching age 18 in setting permanent goals for independent living;*

*(8) minority adolescent support groups for children in long-term foster care, new adoptive placements, and nonminority homes where identity issues threaten the adoptive relationship and adjustment;*

*(9) services listed at section 256F07; and*

*(10) other activities and services approved by the commissioner that*

*further the goals of the minority heritage preservation act.*

Sec. 218. Minnesota Statutes 1986, section 260.181, subdivision 3, is amended to read:

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 foster care placements.

The court, in transferring legal custody of any child or appointing a guardian for the child under the laws relating to juvenile courts, shall place the child, in the following order of preference, in the absence of good cause to the contrary, in the legal custody or guardianship of an individual who (a) is the child's relative, or if that would be detrimental to the child or a relative is not available, who (b) is of the same racial or ethnic heritage as the child, or if that is not possible, who (c) 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. *For purposes of this subdivision, "relative" includes members of a child's extended family and important friends with whom the child has resided or had significant contact.*

If the child's genetic parent or parents explicitly request that the preference described in clause (a) or in clauses (a) and (b) not be followed, the court shall honor that request consistent with the best interests of the child.

If the child's genetic parent or parents express a preference for placing the child in a foster or adoptive home of the same or a similar religious background to that of the genetic parent or parents, in following the preferences in clause (a) or (b), the court shall order placement of the child with an individual who meets the genetic parent's religious preference. Only if no individual is available who is described in clause (a) or (b) may the court give preference to an individual described in clause (c) who meets the parent's religious preference.

Sec. 219. Minnesota Statutes 1986, section 268.0111, is amended by adding a subdivision to read:

*Subd. 4a. [HOMELESS INDIVIDUAL.] "Homeless individual," or "homeless person" means:*

*(1) an individual who lacks a fixed, regular, and adequate nighttime residence; and*

*(2) an individual who has a primary nighttime residence that is:*

*(i) a supervised publicly or privately operated shelter or dwelling designed to provide temporary living accommodations,*

*(ii) an institution that provides a temporary residence for individuals intended to be institutionalized, or*

*(iii) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for humans.*

*The term "homeless individual" does not include any individual imprisoned or otherwise detained pursuant to federal or state law.*

Sec. 220. [268.0124] [PLAIN LANGUAGE IN WRITTEN MATERIALS.]

(a) To the extent reasonable and consistent with the goals of providing easily understandable and readable materials and complying with federal and state laws governing the programs, all written materials relating to services and determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under a program administered or supervised by the commissioner of jobs and training must be understandable to a person who reads at the seventh-grade level, using the Flesch scale analysis readability score as determined under section 72C.09.

(b) All written materials relating to determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under programs administered or supervised by the commissioner of jobs and training must be developed to satisfy the plain language requirements of the plain language contract act under sections 325G.29 to 325G.36. Materials may be submitted to the attorney general for review and certification. Notwithstanding section 325G.35, subdivision 1, the attorney general shall review submitted materials to determine whether they comply with the requirements of section 325G.31. The remedies available pursuant to sections 8.31 and 325G.33 to 325G.36 do not apply to these materials. Failure to comply with this section does not provide a basis for suspending the implementation or operation of other laws governing programs administered by the commissioner.

(c) The requirements of this section apply to all materials modified or developed by the commissioner on or after July 1, 1988. The requirements of this section do not apply to materials that must be submitted to a federal agency for approval, to the extent that application of the requirements prevents federal approval.

(d) Nothing in this section may be construed to prohibit a lawsuit brought to require the commissioner to comply with this section or to affect individual appeal rights granted pursuant to section 268.10.

(e) The commissioner shall report annually to the chairs of the health and human services divisions of the senate finance committee and the house of representatives appropriations committee on the number and outcome of cases that raise the issue of the commissioner's compliance with this section.

#### Sec. 221. [268.39] [LIFE SKILLS AND EMPLOYMENT GRANTS.]

The commissioner may provide grants to organizations for the development and administration of life skills and employment plans for homeless individuals that reside in residential units constructed or rehabilitated under section 462A.05, subdivision 29. Grants awarded under this section may also be used for the management of these residential units. The organizations that receive grants under this section must coordinate their efforts with organizations that receive grants under section 462A.05, subdivision 29.

A life skills and employment plan must be developed for each tenant residing in a dwelling that receives funding under section 462A.05, subdivision 29. The plan may include preapprentice and apprenticeship training in the area of housing rehabilitation. If preapprentice and apprenticeship training is part of a plan, the organization must consult with labor organizations experienced in working with apprenticeship programs. The completion or compliance with the individual life skills and employment plan

*must be required for a tenant to remain in a unit constructed or rehabilitated under section 462A.05, subdivision 29.*

*The application for a grant under this section must include a plan that must provide for:*

- (1) training for tenants in areas such as cleaning and maintenance, payment of rent, and roommate skills, and*
- (2) tenant selection and rental policies that insure rental of units to people who are homeless if applicable.*

*The applicant must provide a proposed occupancy contract if applicable, the name and address of the rental agent if applicable, and other information the commissioner considers necessary with the application.*

*The commissioner may adopt permanent rules to administer this grant program.*

Sec. 222. Minnesota Statutes 1986, section 268.86, is amended by adding a subdivision to read:

*Subd. 10. [INVENTORY, REFERRAL, AND INTAKE SERVICES.] The commissioner of jobs and training, in cooperation with the commissioner of human services, shall develop an inventory, referral, and intake system. The system must provide for coordinated delivery of employment and training and income maintenance support services, efficient client referral among programs and services, reduction of duplicate data collection, coordinated program intake by local agencies, and effective evaluation of employment and training services. The system must, at a minimum, include the following:*

- (1) a listing of all available public and private employment and training services, income maintenance and support services, and vocationally directed education and training programs;*
- (2) the capability to assess client needs and match those needs with employment opportunities, education and training programs, and employment and training and income maintenance and support services, and to refer the client to the appropriate employer, educational institution, or service provider;*
- (3) a coordinated intake procedure for employment and training services, and income maintenance and support services;*
- (4) access to a statewide data base for client tracking and program evaluation; and*
- (5) internal security measures to protect private data from unauthorized access.*

*In developing the system, the commissioner shall consult with the public post-secondary educational systems, local agencies, employment and training service providers, and client and employer representatives. The system must be available in each local agency or service provider delivering programs administered by the commissioner of jobs and training or the commissioner of human services. Access by intake workers, state agency personnel, clients, and any other system users to information contained in the system must conform with all applicable federal and state data privacy requirements.*

Sec. 223. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 1, is amended to read:



Subdivision 1. [DEFINITIONS.] For the purposes of this section the following terms have the meanings given:

(a) "Child care services" means child care provided in family day care homes, group day care homes, nursery schools, day nurseries, child day care centers, play groups, head start, and parent cooperatives, or in the child's home.

(b) "Child" means a person 12 years old or younger, or a person age 13 or 14 who is handicapped, as defined in section 120.03.

(c) "Commissioner" means the commissioner of human services.

(d) "Child care" means the care of a child by someone other than a parent or legal guardian in or outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

(e) "County board" means the board of county commissioners in each county.

(f) "Education program" means remedial or basic education or English as a second language instruction, high school education, a program leading to a general equivalency diploma, and post-secondary education excluding post-baccalaureate programs.

(g) "Employment program" means employment of recipients financially eligible for the child care sliding fee program, vocational assessment, and job readiness and job search activities.

(h) "Family" means parents, stepparents, guardians, or other caretaker relatives, and their blood related dependent children and adoptive siblings under the age of 18 years living in the same home including children temporarily absent from the household in settings such as schools, foster care, and residential treatment facilities. When a minor parent or parents and his, her, or their child or children are living with other relatives, and the minor parent or parents apply for a child care subsidy, "family" means only the minor parent or parents and the child or children. An adult may be considered a dependent member of the family unit if 50 percent of the adult's support is being provided by the parents, stepparents, guardians, or other caregiver relatives residing in the same household. An adult age 18 who is a full-time high school student and can reasonably be expected to graduate before age 19 may be considered a dependent member of the family unit.

(i) "Human services board" means a board established under section 402.02, Laws 1974, chapter 293, or Laws 1976, chapter 340.

(j) "Income" means earned or unearned income received by all family members 16 years or older, including public assistance benefits, unless specifically excluded. The following are excluded from income: scholarships and grants that cover costs for tuition, fees, books, and educational supplies; student loans for tuition, fees, books, supplies, and living expenses; in-kind income such as food stamps, energy assistance, medical assistance, and housing subsidies; income from summer or part-time employment of 16-, 17-, and 18-year-old full-time secondary school students; grant awards under the family subsidy program; and nonrecurring lump sum income only to the extent that it is earmarked and used for the purpose for which it is paid.

(k) "Provider" means the child care license holder or the legal non-licensed caregiver who operates a family day care home, a group family day care home, a day care center, a nursery school, or a day nursery, or who functions in the child's home.

(l) "Post-secondary educational systems" means the University of Minnesota board of regents, the state university board, the state board for community colleges, and the state board of vocational technical education.

(m) "AFDC priority groups" means the recipients defined in section 256.736, subdivision 2a.

(n) "AFDC" means aid to families with dependent children.

Sec. 224. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION.] (a) By June 1 of each odd-numbered year, the commissioner shall notify all county and human services boards and post-secondary educational systems of their allocation. If the appropriation is insufficient to meet the needs in all counties, the amount must be prorated among the counties. *Each county that receives funds under this section must keep a written record and report to the commissioner the number of eligible families who have applied for a child care subsidy. Counties shall perform a cursory determination of eligibility when a family requests information about child care assistance. A family that appears to be eligible must be put on a waiting list if funds are not immediately available.*

(b) Except for set-aside money allocated under subdivisions 3a, 3b, 3c, and 3d, the commissioner shall allocate money appropriated between the metropolitan area, comprising the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and the area outside the metropolitan area so that no more than 55 percent of the total appropriation goes to either area after excluding allocations for statewide administrative costs. The commissioner shall allocate 50 percent of the money among counties on the basis of the number of families below the poverty level, as determined from the most recent special census, and 50 percent on the basis of caseloads of aid to families with dependent children for the preceding fiscal year, as determined by the commissioner of human services.

(c) Once each quarter, the commissioner shall review the use of child care fund allocations by county. ~~In accordance with the formula found in paragraph (b),~~ The commissioner may reallocate unexpended or unencumbered money among those counties who have expended their full portion. Any unexpended money from the first year of the biennium may be carried forward to the second year of the biennium.

Sec. 225. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 3b, is amended to read:

Subd. 3b. [SET-ASIDE MONEY FOR AFDC PRIORITY GROUPS.] (a) Set-aside money for AFDC priority groups must be allocated among the counties based on the average monthly number of caretakers receiving AFDC under the age of 21 and the average monthly number of AFDC cases open 24 or more consecutive months. For each fiscal year the average monthly caseload shall be based on the 12-month period ending March 31 of the previous fiscal year. The commissioner may reallocate quarterly unexpended or unencumbered set-aside money to counties that expend their full allocation. The county shall use the set-aside money for AFDC priority

groups and for former AFDC recipients who (1) have had their child care subsidized under the set-aside for AFDC priority groups; (2) continue to require a child care subsidy in order to remain employed; and (3) are on a waiting list for the basic sliding fee program.

(b) The county shall develop cooperative agreements with the employment and training service provider for coordination of child care funding with employment, training, and education programs for aid to families with dependent children priority groups. The cooperative agreement shall specify that individuals receiving employment, training, and education services under an employability plan from the employment and training service provider shall, as resources permit, be guaranteed set-aside money for child care assistance from the county of their residence.

(c) Counties may contract for administration of the program or may arrange for or contract for child care funds to be used by other appropriate programs, in accordance with this section and as permitted by federal law and regulations.

(d) If the commissioner finds, on or after January 1 of a fiscal year, that set-aside money for AFDC priority groups is not being fully utilized, the commissioner may permit counties to use set-aside money for other eligible applicants, as long as priority for use of the money will continue to be given to the AFDC priority groups.

(e) A county may claim federal reimbursement under the AFDC special needs program for money spent for persons listed in subdivision 3a, clause (1). The commissioner shall allocate any federal earnings to the county. The county shall use the money to expand services to AFDC recipients child care sliding fee services under the child care sliding fee program this subdivision.

Sec. 226. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 3c, is amended to read:

Subd. 3c. [SET-ASIDE MONEY FOR AFDC POST-SECONDARY STUDENTS.] (a) For the fiscal year ending June 30, 1988, set-aside money for persons listed in subdivision 3a, clause (2), shall be allocated to the counties based on caseloads of aid to families with dependent children for the preceding fiscal year, as determined by the commissioner. For succeeding fiscal years, the commissioner shall, in cooperation with the director of the higher education coordinating board, develop a formula for allocation of the funds to counties based on the number of AFDC caretakers in each county who are enrolled at post-secondary institutions.

(b) Money allocated in paragraph (a) must be used for child care expenses of AFDC recipients attending post-secondary educational programs, excluding post-baccalaureate programs, and making satisfactory progress towards completion of the program.

(c) Once each quarter the commissioner shall review the use of child care fund allocations under this subdivision by county. The commissioner may reallocate unexpended or unencumbered money among those counties that have expended their full portion for the purposes of this subdivision.

(d) A county may claim federal reimbursement under the AFDC special needs program for money spent for persons listed in subdivision 3a, clause (2). The commissioner shall allocate any federal earnings to the county. The county shall use the money to expand child care sliding fee services

to AFDC recipients under the child care sliding fee program under this subdivision.

(e) Recipients of AFDC who have completed their post-secondary education and had received child care funds during that education shall be assured, to the extent of available ~~resources~~ *allocations*, of sliding fee money for employment programs after graduation if they meet sliding fee program eligibility standards.

Sec. 227. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 3e, is amended to read:

Subd. 3e. [USE OF MONEY.] Money for persons listed in subdivision 3a, clauses (2) and (3), shall be used to reduce the costs of child care for students, including the costs of child care for students while employed if enrolled in an eligible education program at the same time and making satisfactory progress towards completion of the program. The county may plan for and provided child care assistance to persons listed in subdivision 3a, clauses (2) and (3), from the regular sliding fee fund to supplement the set-aside funds. *Financially eligible* students ~~provided who have received~~ child care assistance for one academic year shall be provided child care assistance in the following academic year; ~~providing they remain financially eligible if funds allocated under subdivision 3c or 3d are available.~~

Sec. 228. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL ELIGIBILITY.] (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

- (1) receive aid to families with dependent children;
- (2) have household income below the eligibility levels for aid to families with dependent children; or
- (3) have household income within a range established by the commissioner.

(b) Child care services for the families receiving aid to families with dependent children must be made available as in-kind services, to cover any difference between the actual cost and the amount disregarded under the aid to families with dependent children program. Child care services to families whose incomes are below the threshold of eligibility for aid to families with dependent children, but that are not receiving aid to families with dependent children, must be made available without cost to the families.

(c) Child care services to families with incomes in the commissioner's established range must be made available on a sliding fee basis. The lower limit of the sliding fee range must be the eligibility limit for aid to families with dependent children. The upper limit of the range must be neither less than 70 percent nor more than 90 percent of the state median income for a family of four, adjusted for family size.

(d) If a disproportionate amount of the available money is provided to any one of the groups described in subdivision 4, paragraph (a), the county board shall document to the commissioner the reason the group received a disproportionate share. If a county projects that its child care allocation is insufficient to meet the needs of all eligible groups, it may prioritize among the groups to be served. Counties shall assure that a person receiving child care assistance from the sliding fee program prior to July 1, 1987,

continues to receive assistance, providing the person meets all other eligibility criteria. Set-aside money must be prioritized by the state, and counties do not have discretion over the use of this money.

*(e) Annual income of the applicant family is the current monthly income of the family multiplied by 12 or the income for the 12-month period immediately preceding the date of application, whichever provides the most accurate assessment of income available to the family. Self-employment income must be calculated based on gross receipts less operating expenses. Income must be redetermined when the family's income changes, but no less often than every six months. Income must be verified with documentary evidence. If the applicant does not have sufficient evidence of income, verification must be obtained from the source of the income.*

Sec. 229. Minnesota Statutes 1986, section 268.91, subdivision 7, is amended to read:

Subd. 7. [SLIDING FEE SCALE.] In setting the sliding fee schedule, the commissioner shall exclude from the amount of income used to determine eligibility an amount for federal and state income and social security taxes attributable to that income level according to federal and state standardized tax tables. *The commissioner shall base the parent fee on the ability of the family to pay for child care.* The fee schedule must be designed to use any available tax credits and to progress smoothly from appropriated assistance to assistance through tax credits.

Sec. 230. Minnesota Statutes 1987 Supplement, section 268.91, subdivision 12, is amended to read:

Subd. 12. [FAIR HEARING PROCESS.] (a) Applicants and recipients have the option to request the county to conduct a conciliation conference to attempt to resolve complaints arising from any of the following actions:

- (1) a determination of ineligibility for child care assistance;
- (2) unauthorized termination of child care assistance;
- (3) determination of the factors considered in setting the family fee; and
- (4) income redetermination resulting in change of a family fee.

(b) The county shall notify the applicant or the recipient, in writing, of any adverse action. The determination described in paragraph (a), clauses (1) and (3), must include written notice of the applicant's or recipient's right to the election described in paragraph (c), where and how to request the election, the time limit within which to make the request, and the reasons for the determination. Notice of the proposed actions described in paragraph (a), clauses (2) and (4), must be mailed to the applicant or recipient at least 45 calendar days before the effective date of the action. The notice must clearly state what action the county proposes to take, the effective date of the proposed action, the reasons for the proposed action, the necessary corrective measures, the option to request either a conciliation conference or an administrative hearing, where and how to make the request, the time limits within which a request must be made, and the consequence of the action.

(c) An applicant or recipient who receives a determination or notice of proposed action under paragraph (b) must mail or deliver either a written notice of request for a conciliation conference to the administering agency or a written notice of request for the hearing specified under paragraph (e)

to the administering agency on or before the effective date of the proposed action or the date specified in the notice, or the action will be final.

(d) The county shall provide a conciliation conference within 30 days of receipt of a written request.

The county shall give the applicant or recipient ten calendar days' notice of the conference date. The applicant or recipient and the county's representative have the right to appear, to bring witnesses, and to submit documentation. The written request and the resolution, if any, of the conference shall be maintained as part of the official record. The county's representative shall issue a written resolution only if mutual agreement is reached between the county's representative and the applicant or recipient. The resolution must be signed by both parties and issued the same day as the conciliation conference is held. Participating in a conciliation conference or signing a resolution does not constitute a waiver of the right to an administrative hearing.

An applicant or recipient may, within 15 calendar days of the conference, mail or deliver a written request to the administering agency for an administrative hearing. Unless an appeal is requested, a determination, proposed action, or resolution of a conciliation conference will be final after the 15-day period has passed.

(e) A fair hearing shall be conducted in the manner prescribed by section 268.10, subdivision 3. A right to review will be provided in accordance with section 268.10, subdivision 5. The proposed action will not take effect until the appeal is decided by the administrative hearing process.

(a) An applicant or recipient adversely affected by a county agency action may request a fair hearing in accordance with section 256.045, subdivision 3.

(b) The county agency shall offer an informal conference to applicants and recipients adversely affected by an agency action to attempt to resolve the dispute. The county agency shall advise adversely affected applicants and recipients that a request for a conference with the agency is optional and does not delay or replace the right to a fair hearing.

Sec. 231. Minnesota Statutes 1986, section 268.911, subdivision 3, is amended to read:

Subd. 3. [PROGRAM SERVICES.] The commissioner may make grants to public or private nonprofit entities to fund child care resource and referral programs. Child care resource and referral programs must serve a defined geographic area.

(a) Each program shall identify all existing child care services through information provided by all relevant public and private agencies in the areas of service, and shall develop a resource file of the services which shall be maintained and updated at least quarterly. These services must include family day care homes; public and private day care programs; full-time and part-time programs; infant, preschool, and extended care programs; and programs for school age children.

The resource file must include: the type of program, hours of program service, ages of children served, fees, location of the program, eligibility requirements for enrollment, and transportation available to the program. The file may also include program information and special needs services.

(b) Each program shall establish a referral process which responds to parental need for information and which fully recognizes confidentiality rights of parents. The referral process must afford parents maximum access to all referral information. This access must include telephone referral available for no less than 20 hours per week.

Each child care resource and referral agency shall publicize its services through popular media sources, agencies, *employers*, and other appropriate methods.

(c) Each program shall maintain ongoing documentation of requests for service. All child care resource and referral agencies must maintain documentation of the number of calls and contacts to the child care information and referral agency or component. A program may collect and maintain the following information:

- (1) ages of children served;
- (2) time category of child care request for each child;
- (3) special time category, such as nights, weekends, and swing shift; and
- (4) reason that the child care is needed.

(d) Each program shall have available the following information as an educational aid to parents:

(1) information on aspects of evaluating the quality and suitability of child care services, including licensing regulation, financial assistance available, child abuse reporting procedures, appropriate child development information;

(2) information on available parent, early childhood, and family education programs in the community.

(e) A program may provide technical assistance to existing and potential providers of all types of child care services *and employers*. This assistance shall include:

(1) information on all aspects of initiating new child care services including licensing, zoning, program and budget development, and assistance in finding information from other sources;

(2) information and resources which help existing child care providers to maximize their ability to serve the children and parents of their community;

(3) dissemination of information on current public issues affecting the local and state delivery of child care services;

(4) facilitation of communication between existing child care providers and child-related services in the community served; ~~and~~

(5) recruitment of licensed providers; *and*

(6) *options, and the benefits available to employers utilizing the various options, to expand child care services to employees.*

Services prescribed by this section must be designed to maximize parental choice in the selection of child care and to facilitate the maintenance and development of child care services and resources.

(f) Child care resource and referral information must be provided to all persons requesting services and to all types of child care providers *and employers*.

(g) Public or private entities may apply to the commissioner for funding. The maximum amount of money which may be awarded to any entity for the provision of service under this subdivision is \$60,000 per year. A local match of up to 25 percent is required.

Sec. 232. Minnesota Statutes 1986, section 326.371, is amended to read:

326.371 [BAN ON LEAD IN PLUMBING.]

Lead pipe, solders, and flux containing more than 0.2 percent lead, *and pipes and pipe fittings containing more than eight percent lead* shall not be used in any plumbing installation which conveys a potable water supply. A Minnesota seller of lead solder, except for a seller whose primary business is contracting in plumbing, heating, and air conditioning, shall not sell any solder containing 0.2 percent lead unless the seller displays a sign which states,

“Contains Lead

Minnesota law prohibits the use of this solder in any plumbing installation which is connected to a potable water supply.”

Sec. 233. Minnesota Statutes 1987 Supplement, section 326.73, is amended to read:

326.73 [EMPLOYEE ASBESTOS CERTIFICATIONS.]

Before an employee performs asbestos-related work, the employee shall first obtain a certificate from the commissioner certifying that the employee is qualified to perform the work. No certificate shall be issued unless the employee *has shown evidence of training or experience in the general commercial building construction trades*, has taken a course of training in asbestos control and removal, passed an examination in those subjects, and demonstrated to the commissioner the ability to perform asbestos-related work safely in accordance with the current state-of-the-art technology. The commissioner shall specify the course of training necessary. The certificate issued by the commissioner shall be in writing, be dated when issued, contain an expiration date, be signed by the commissioner, and contain the name and address of the employee to whom it is issued. The certificate shall be carried by the employee and be readily available for inspection by the commissioner, other public officials charged with the health, safety, and welfare of the state's citizens, and the contracting entity.

Sec. 234. Minnesota Statutes 1986, section 462.05, is amended by adding a subdivision to read:

*Subd. 29. [HOUSING GRANTS FOR HOMELESS INDIVIDUALS.] The agency may provide grants to eligible mortgagors for the purpose of purchasing, rehabilitating, and constructing housing for homeless individuals as defined in section 268.0111, subdivision 4a. The agency may determine the conditions, if any, under which all or a portion of the grant will be repaid and appropriate security, if any, for repayment of the grant. In establishing this grant program, the agency must consult the commissioner of jobs and training. The applicant must consult with advocates for the homeless, representatives from neighborhood groups and representatives of labor organizations in preparing the proposal.*



Grants awarded under this section may not exceed \$25,000 per residential unit. Priority must be given to viable proposals with the lowest total cost. Applicants must consider the use of donated or leased, abandoned or empty dwellings owned by a public entity including, but not limited to, a housing redevelopment authority, community development authority, public housing authority, the federal Department of Housing and Urban Development, or the Farmers Home Administration. Any residential unit purchased, rehabilitated, or constructed under this section must be allocated in the following order:

- (1) homeless families with at least one dependent,
- (2) other homeless individuals,
- (3) other very low income families or individuals whose incomes are equal to or less than 30 percent of the median income for the Minneapolis-St. Paul metropolitan area, and
- (4) families or individuals that receive public assistance and do not qualify in any other priority group.

Proposals must include a plan for (a) maintaining the ownership of the property and managing the dwelling for rental to homeless individuals and families and very low income families; (b) selling rehabilitated dwellings to homeless individuals and families or very low income families; or (c) selling, leasing, or conveying to organizations that will manage the dwelling for rental to homeless individuals and families and very low income families. These organizations may include organizations awarded grants under section 268.39. The homeless individuals or families or very low income families that may purchase dwellings under (b) must have incomes that are equal to or less than 30 percent of the median income for the Minneapolis-St. Paul metropolitan area.

Eligible mortgagors must demonstrate that the grants awarded under this section will not exceed 50 percent of the project's total cost. A project's total cost includes, but is not limited to, acquisition costs, rehabilitation costs, and related costs. In cases where the property is donated, the acquisition costs are the prerehabilitated estimated market value as established for property tax purposes. Donated property may be used to satisfy the match requirement.

Sec. 235. Minnesota Statutes 1986, section 462A.21, is amended by adding a subdivision to read:

*Subd. 14. It may make housing grants for homeless individuals as provided in section 462A.05, subdivision 29, and may pay the costs and expenses for the development and operation of the program.*

Sec. 236. Minnesota Statutes 1986, section 609.72, subdivision 1, is amended to read:

Subdivision 1. Whoever does any of the following in a public or private place, knowing, or having reasonable grounds to know that it will, or will tend to, alarm, anger or disturb others or provoke an assault or breach of the peace, is guilty of disorderly conduct, which is a misdemeanor:

- (1) Engages in brawling or fighting; or
- (2) Disturbs an assembly or meeting, not unlawful in its character; or
- (3) Engages in offensive, obscene, or abusive language or in boisterous

and noisy conduct tending reasonably to arouse alarm, anger, or resentment in others.

*A person does not violate this section if the person's disorderly conduct was caused by an epileptic seizure.*

Sec. 237. Minnesota Statutes 1986, section 611A.32, is amended by adding a subdivision to read:

*Subd. 1a. [PROGRAM FOR AMERICAN INDIAN WOMEN.] The commissioner shall establish at least one program under this section to provide emergency shelter services and support services to battered American Indian women. The commissioner shall grant continuing operating expenses to the program established under this subdivision in the same manner as operating expenses are granted to programs established under subdivision 1.*

Sec. 238. Laws 1984, chapter 654, article 5, section 57, subdivision 1, as amended by Laws 1987, chapter 75, section 1, is amended to read:

Subdivision 1. [RESTRICTED CONSTRUCTION OR MODIFICATION.] Through June 30, 1990, the following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied prior to the date of enactment of this act if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals

must be reinstated at the capacity that existed on each site prior to the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another, or (iii) redistribution of hospital beds within the state or a region of the state; or

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building; or

*(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice county that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota.*

Sec. 239. Laws 1987, chapter 337, section 131, is amended to read:

Sec. 131. [REPEALER.]

Minnesota Statutes 1986, sections 62A.12; and 67A.43, subdivision 3, are repealed.

Minnesota Rules, parts 2700.2400; 2700.2410; 2700.2420; 2700.2430; and 2700.2440, are repealed.

~~Section 123 is repealed effective July 1, 1988, if the project implementation phase has not begun by that date.~~

Sec. 240. Laws 1987, chapter 403, article 1, section 4, subdivision 4, is amended to read:

Subd. 4. Community Services

\$ 1,921,000            \$ 1,520,000

Of this appropriation, \$200,000 the first year and \$200,000 the second year are to provide for the local storage, transportation, processing, and distribution of United States Department of Agriculture surplus commodities. The department of jobs and training shall report on the surplus commodities program to the state legislature by January 15 of each year.

Notwithstanding any law to the contrary, for the biennium ending June 30, 1989, the commissioner of jobs and training shall transfer to the community services block grant program ten percent of the money received under the low-income home energy assistance block grant in

each year of the biennium and shall expend all of the transferred money during the year of the transfer or the year following the transfer. ~~None of the transferred money may be used by the commissioner of jobs and training for administrative costs, except that up to two~~ *Up to 3.75 percent of the transferred money may be used by the commissioner of jobs and training for administrative costs, except that up to 4.25 percent of the funds used to supplement the federal funding for Project Head Start may be used for administrative costs.*

Twenty-five percent of the money transferred by the commissioner of jobs and training from the low-income home energy assistance block grant to the community services block grant shall be used to supplement the federal funding of Project Head Start for children from low-income families. Notwithstanding any law to the contrary, these transferred funds shall be allocated through the existing Project Head Start formula to existing Project Head Start grantees for the purpose of expanding services to additional low-income families. The transferred funds shall be expended according to the federal regulations governing Project Head Start, including Code of Federal Regulations, title 45, sections 1302 through 1305. Each local Project Head Start shall expend the supplemental funds during the year of their receipt or the year following their receipt.

The commissioner of jobs and training shall prepare an annual report to the legislature describing the uses and impacts of the Project Head Start supplemental funding. The first annual report shall be delivered to the appropriate committees of the legislature on January 1 following the first full school year for which supplemental funding is available.

For the biennium ending June 30, 1989, the commissioner of jobs and training shall shift to the low-income home weatherization program at least five percent of money received under the low-income home energy assistance block grant in each year of the biennium and shall expend all of the transferred funds

during the year of the transfer or the year following the transfer. ~~None~~ *Up to 1.63 percent* of the transferred money may be used by the commissioner of jobs and training for administrative costs.

To the extent allowed by federal regulations, the commissioner of jobs and training shall ensure that the same income eligibility criteria apply to both the weatherization program and the energy assistance program.

For the biennium ending June 30, 1989, ~~no more than 1.11 percent of funds received under the total low-income home energy assistance program may be used by the commissioner for departmental administrative costs~~ *1.63 percent of funds remaining under the low-income home energy assistance program after transfers to community services block grants and the weatherization program may be used by the department for administrative costs.*

Discretionary money from the community services block grant (regular) must be used to supplement the appropriation for local storage, transportation, processing, and distribution of United States Department of Agriculture surplus commodities to the extent supplementary funding is required. Any remaining funds shall be allocated to state-designated and state-recognized community action agencies, Indian reservations, and the Minnesota migrant council.

In the event that the federal office of community services does not recognize the Olmsted and Freeborn county community action agencies as eligible entities for full funding, the commissioner shall provide full funding for those agencies from discretionary funds resulting from block grant transfers to the community services block grant. The balance of these funds may be used by the commissioner for discretionary purposes consistent with federal community services block grant guidelines stated in Public Law Number 97-35. The commissioner shall by January 1, 1988, report to the legislature on the use of these funds.

The commissioner shall by January 1,

1988, provide to the chairs of the health and human services divisions of the house appropriations committee and the senate finance committee a written plan describing how the department's division of community services will issue one contract for human service programs, with the community action agencies, the Indian reservations, and the Minnesota migrant council, including but not limited to, the community services block grant program, the low-income home weatherization program, the low-income energy assistance program, the USDA Surplus Commodities Program, and all other programs for which the division has contractual responsibility.

Sec. 241. Laws 1987, chapter 403, article 2, section 34, is amended to read:

Sec. 34. [245.48] [MAINTENANCE OF EFFORT.]

Counties must continue to spend for mental health services, *according to generally accepted budgeting and accounting principles*, an amount equal to the total expenditures shown in the county's approved 1987 Community Social Services Act plan under "State CSSA, Title XX and County Tax" for services to persons with mental illness plus the ~~total~~ *comparable figure* for Rule 5 facilities under target populations other than mental illness in the approved 1987 CSSA plan.

Sec. 242. Laws 1987, chapter 403, article 4, section 13, is amended to read:

Sec. 13. [STUDY AND REPORT.]

(a) The interagency board for quality assurance shall study the following issues and report to the legislature by December 15, 1988, on its findings and recommendations:

- (1) the advisability of changing the definition of "hardship" for purposes of the nursing home moratorium;
- (2) the advisability of defining the need for nursing home beds in terms of the population aged 75 and older; and
- (3) the existence of a geographic maldistribution of long-term care beds and alternative care services in the state.

(b) *In addition to the issues in paragraph (a), the interagency board shall study and make recommendations concerning the policy and fiscal impact of the changes made in Public Law Number 100-203 relating to the elimination of the intermediate care facility certification level in 1990. The interagency board shall consider at least the following: the need for continuation of the services currently offered by certified boarding care home beds, the need for additional beds in state licensed nursing homes, the fiscal impact associated with the reconstruction or replacement of facilities that do not meet nursing home standards, the costs of establishing an alternative funding source for the payment of services currently provided in these facilities, and the need to promulgate licensure standards.*

*If the interagency board recommends that facilities be licensed as nursing homes, the interagency board shall recommend specific procedures for the granting of the licenses and identify methods for the licensing or funding of facilities that may be considered out of compliance with federal law on October 1, 1990. The board shall provide recommendations to the legislature for legislative changes that are necessary to implement the board's recommendations. The costs associated with the board's recommendations must be provided to the commissioner of human services and included in the medical assistance forecast and the agency budget requests for the biennium ending June 30, 1991.*

**Sec. 243. [MEDICAL ASSISTANCE; QUALIFIED OCCUPATIONAL THERAPIST.]**

*Notwithstanding Minnesota Rules, part 9500.1070, subpart 13, item B, for purposes of medical assistance reimbursement, the term "qualified occupational therapist" includes a person who:*

- (1) has completed an occupational therapy educational program in a foreign school approved by the World Federation of Occupational Therapists;*
- (2) has at least ten years' experience working as a paid occupational therapist in the United States; and*
- (3) is eligible to write the national certification examination administered by the American Occupational Therapy Association for registration as an occupational therapist.*

**Sec. 244. [NURSING HOME SPECIAL ASSESSMENT FOR SEWER RENTAL.]**

*Notwithstanding contrary provisions of Minnesota Statutes, section 256B.431, for purposes of determining the amount of a reported actual special assessment to be included in a nursing home's operating cost, the commissioner of human services shall include an expense charged to a nursing home by the municipality of Minneota through a sewer rental charge assessed against the nursing home for a wastewater treatment facility.*

**Sec. 245. [REPORT ON HOSPITAL-ATTACHED NURSING HOME PROPERTY PAYMENTS.]**

*The commissioner of human services shall study property-related payments for hospital-attached nursing homes and report to the legislative commission on long-term health care by February 1, 1989, with recommendations on appropriate cost allocation methods to be used for property-related reimbursement.*

**Sec. 246. [MEDICAL SCREENING.]**

*Subdivision 1. [SCREENINGS.] The commissioner of health shall conduct a medical screening of a sample of people and family members of people who were employed at the Conwed Corporation plant in Cloquet, Minnesota, from January 1, 1958 to December 31, 1974. The purpose of the screening is to study the existence of asbestos-related diseases among people employed at the plant during that time, evaluate their health care needs, and provide medical and scientific data to coordinate future health screening, counseling, and treatment activities among these people and their families.*

*Subd. 2. [EXPERTS.] The commissioner of health may contract with*

local, state, or nationally recognized experts in the diagnosis and treatment of asbestos-related diseases for medical examinations of workers, scientific evaluations of data and consultations on the screening results.

*Subd. 3. [REPORT AND RECOMMENDATIONS.] The commissioner of health shall present a report and recommendations to the legislature on or before March 1, 1989, based on the findings of the medical screenings specified above. The report shall address, but not be limited to:*

*(1) the actual and estimated extent and risks of asbestos-related disease among the people screened;*

*(2) the types of counseling and prevention services that the people screened may need and the methods of administering the services; and*

*(3) the estimated cost and effectiveness of screening, counseling, and preventive services for people described in subdivision 1 who were not included in the sample of people screened.*

**Sec. 247. [INCREASE IN FEES.]**

*For licenses issued for 1989 and succeeding years, the commissioner of health shall increase license fees for facilities licensed under chapters 157 and 327 to a level sufficient to recover all expenses related to the licensing, inspection, and enforcement activities prescribed in those chapters. In calculating the fee increase, the commissioner shall include the salaries and expenses of 5.5 new positions required to meet the inspection frequency prescribed in Minnesota Statutes, section 157.04. Fees collected must be deposited in the special revenue account.*

**Sec. 248. [LOCAL INCOME ASSISTANCE FROM FEDERAL FOOD STAMPS.]**

*To the extent of available appropriations, the commissioner of human services shall contract with community outreach programs to encourage participation in the food stamp program of seniors, farmers, veterans, unemployed workers, low-income working heads of households, battered women residing in shelters, migrant workers, families with children, and other eligible individuals who are homeless. For purposes of this section, "homeless" means that the individual lacks a fixed and regular nighttime residence or has a primary nighttime residence that is:*

*(1) a publicly supervised or privately operated shelter, including a welfare hotel or congregate shelter, designed to provide temporary living accommodations;*

*(2) an institution that provides a temporary residence for individuals who will be institutionalized;*

*(3) a temporary accommodation in the residence of another individual;*  
or

*(4) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings.*

*The commissioner shall seek federal reimbursement for state money used for grants and contracts under this section. Federal money received is appropriated to the commissioner for purposes of this section. The commissioner shall convene an advisory committee to help establish criteria for awarding grants, to make recommendations regarding grant proposals, to assist in the development of training and educational materials, and to*



participate in the evaluation of grant programs. The grantees shall provide training for program workers, offer technical assistance, and prepare educational materials. Grantees must demonstrate that grants were used to increase participation in the food stamp program by creating new outreach activities, and not by replacing existing activities. No more than five percent of the appropriation for community outreach programs shall be used by the commissioner for the department's administrative costs. The rule-making requirements of Minnesota Statutes, chapter 14 do not apply to the procedures used by the commissioner to request and evaluate grant proposals and to award grants and contracts under this section. Distribution of grant money must begin within three months after any transfer of funds from the commissioner of health to the commissioner of human services.

**Sec. 249. [HEALTHSPAN IMPLEMENTATION PLAN.]**

The commissioner of human services, in consultation with the commissioners of health and commerce, shall develop a plan to implement the healthspan program to provide health coverage to uninsured individuals. The plan must include at least the following:

(1) estimates of the number of people eligible for the program, the expected number of individuals who will enroll, and the costs of the program;

(2) a description of benefits to be offered;

(3) recommendations for methods to determine eligibility and collect premiums;

(4) strategies for contracting and marketing;

(5) strategies to preserve and enhance employer participation in the provision of health care coverage;

(6) strategies to coordinate or merge the program with health care programs such as general assistance medical care, the university hospital papers program at the University of Minnesota hospitals, Minnesota comprehensive health association, medical assistance, Medicare, the catastrophic health expense protection program, the children's health plan, and other similar programs;

(7) timelines for implementing the program, with specific implementation plans for the 1989-1991 biennium;

(8) methods of financing the program; and

(9) recommendations for legislation to implement the program.

The commissioner shall report to the legislature by January 1, 1989, on options to implement the program.

**Sec. 250. [TRANSFER FOR ENVIRONMENTAL LABORATORY CERTIFICATION PROGRAM.]**

An amount equal to the appropriation from the special revenue fund to the commissioner of health for implementation of the environmental laboratory certification program must be transferred from the laboratory certification account to the special revenue fund by June 30, 1992.

**Sec. 251. [DEMONSTRATION PROJECT.]**

The commissioner of human services shall establish a demonstration project to increase the independence of people with epilepsy by providing training in independent living. The commissioner shall award a grant for

*the demonstration project to a nonresidential program that provides medical monitoring and living skills training to people with epilepsy who live independently. The grant awarded under this section must be used for salaries, administration, transportation, and other program costs. The developmental disabilities planning section of the state planning agency shall consult with the commissioner of human services and shall evaluate the effectiveness of the epilepsy demonstration project in increasing independence of the people with epilepsy who are served by the project. By December 1, 1989, the developmental disabilities planning section shall present a report to the legislature with the evaluation and a recommendation on whether there is a need to continue or expand the program.*

**Sec. 252. [PURPOSE FOR MINNESOTA INSTITUTE FOR ADDICTION AND STRESS RESEARCH.]**

*To place Minnesota in a leadership role for neurobiological research of addictive disorders and stress-related diseases, the legislature finds it necessary to establish a research institute dedicated to clinical and basic scientific investigation of addictive disorders and stress-related diseases. Because of the critical relationship between addictive and stress-related disorders, the institute will study the neurobiological origins of stress and will investigate and develop therapies for other stress-related medical disorders that are not responsive to available medical therapies. Regarding addictive disorders, the institute's primary objective is to develop and test new scientifically based therapy to reduce the rate of recidivism in the addicted population and lower the costs of therapy. Furthermore, the institute will stimulate and attract significant new research activity to Minnesota.*

**Sec. 253. [LEAD CONTAMINATION; DEMONSTRATION PROJECTS.]**

*The department of health shall fund and participate in a two-year demonstration project to be undertaken by an organization serving a population at risk from lead contamination to monitor blood lead levels in pregnant women, provide information to pregnant patients about how to avoid high blood lead levels, and to provide intervention for pregnant patients whose blood lead levels exceed 12 micrograms per deciliter. The purpose of the project is to establish an effective prototype method of monitoring, education, and intervention to prevent or reduce high blood lead levels in pregnant women. By November 1, 1990, the center and the department shall report to the legislature on the outcome of the project.*

*The department shall also fund a project for the purpose of demonstrating the impact on blood lead levels in children, of soil, dust, paint, and interior and exterior lead cleanup and use of educational materials on proper handling of lead paint removal and cleanup. The project must be undertaken by a community based organization and must include:*

*(1) neighborhood involvement and an educational community outreach component;*

*(2) a cost-benefit analysis;*

*(3) planning for a centrally located information and educational center to serve the community; and*

*(4) a final evaluation on the effectiveness of the project based on routes of exposure, statistical design of the project, and geographical distribution. The project must include cleanup of lead contamination in a targeted portion of a neighborhood with known lead contamination. Cleanup includes*

soil removal and replacement, landscaping and removal of loose paint. The department shall test children who reside in the project area before cleanup and one year following cleanup for blood lead levels. The evaluation required as part of the project must be presented to the legislature by January 1, 1990.

**Sec. 254. [REVIEW OF SMALL HOSPITAL RATES.]**

*The commissioner of human services shall, in conjunction with hospitals, review the adequacy of reimbursement for catastrophic cases for hospitals described in section 140, paragraph (c), in light of changes in case mix from the base year.*

**Sec. 255. [STUDY OF RURAL HOSPITALS.]**

*The commissioner of health shall study the rural hospital system in the state and report to the legislature by February 1, 1989, with a description of the financial condition of rural hospitals, including the identification of regions in the state where the closing of a financially distressed hospital will result in access problems for rural residents.*

**Sec. 256. [ALTERNATIVE CARE GRANTS PILOT PROJECTS.]**

*Subdivision 1. [SELECTION OF PROJECTS.] The commissioner of human services shall establish pilot projects to demonstrate the feasibility and cost-effectiveness of alternatives to nursing home care that involve providing coordinated alternative care grant services for all eligible residents in an identified apartment building or complex or other congregate residential setting. The commissioner shall solicit proposals from counties and shall select up to four counties to participate, including at least one metropolitan county and one county in greater Minnesota. The commissioner shall select counties for participation based on the extent to which a proposed project is likely to:*

- (1) meet the needs of low-income, frail elderly;*
- (2) enable clients to live as independently as possible;*
- (3) result in cost-savings by reducing the per person cost of alternative care grant services through the efficiencies of coordinated services; and*
- (4) facilitate the discharge of elderly persons from nursing homes to less restrictive settings or delay their entry into nursing homes.*

*Participating counties shall use existing alternative care grant allocations to pay for pilot project services. The counties must contract with a medical assistance-certified home care agency to coordinate and deliver services and must demonstrate to the commissioner that quality assurance and auditing systems have been established. Notwithstanding Minnesota Statutes, section 256B.091, and rules of the commissioner of human services relating to the alternative care grants program, the commissioner may authorize pilot projects to use pre-capitated rates; to provide expanded services such as chore services, activities, and meal planning, preparation, and serving; and to waive freedom of choice of vendor to the extent necessary to allow one vendor to provide services to all eligible persons in a residence or building. The commissioner may apply for a waiver of federal requirements as necessary to implement the pilot projects.*

*Subd. 2. [ELIGIBLE INDIVIDUALS.] An individual is eligible to receive project services if the individual:*

- (1) is receiving medical assistance or would be eligible for medical assistance within 180 days after admission to a nursing home;
- (2) is residing in a nursing home or is at risk of nursing home placement;
- (3) is able to direct his or her own care;
- (4) has been prescreened by the county for eligibility and for appropriateness of service; and
- (5) is otherwise eligible for alternative care grant services.

*Subd. 3. [REPORT.] The commissioner shall monitor and evaluate the pilot projects and report to the legislature by January 31, 1991. The report must address at least the following:*

- (1) the extent to which each pilot project succeeded in moving elderly persons out of nursing homes into less restrictive settings or in delaying placement in a nursing home;
- (2) the ability of each project to target low-income, frail elderly;
- (3) the cost-effectiveness of each project, including the financial impact on the resident, the state, and the county;
- (4) the success of each project in meeting other goals established by the commissioner; and
- (5) recommendations on whether the pilot projects should be continued or expanded.

**Sec. 257. [FEASIBILITY STUDY FOR HABILITATION SERVICES.]**

*The commissioner of human services, in consultation with the commissioner of jobs and training, shall study the feasibility of providing medical assistance reimbursement to work activity programs for training and habilitative services provided to participants. The commissioner shall report the findings to the legislature by December 1, 1988. For the purposes of this section, a work activity program is as defined in section 129A.01.*

**Sec. 258. [REPORT ON INTERMEDIATE CARE FACILITY RATES.]**

*The commissioner of human services shall report to the legislature by February 1, 1989, on the status of rulemaking to establish a new rate system for payments to intermediate care facilities for persons with mental retardation and related conditions, including a description of the proposed rules and an estimate of their fiscal impact.*

**Sec. 259. [STUDY OF MEDICAL ASSISTANCE PAYMENTS FOR SWING BED CARE.]**

*The interagency board for quality assurance shall include in its report on nursing home bed distribution required under Laws 1987, chapter 403, article 4, section 13, a recommendation on whether medical assistance payments for swing bed care should continue beyond June 30, 1990.*

**Sec. 260. [REPORT ON HUMAN IMMUNODEFICIENCY VIRUS TESTING.]**

*The commissioner of health shall submit a report to the legislature by February 15, 1989, that:*

- (1) identifies existing quality controls and standards for laboratories that perform human immunodeficiency virus testing and specifies whether

*additional quality assurance measures are needed to ensure accurate test results; and*

*(2) identifies the level of counseling and education that is occurring for individuals who are tested for the human immunodeficiency virus and specifies whether additional measures are needed to ensure that individuals tested for the human immunodeficiency virus are adequately counseled about the meaning of the test, test results, and steps the individual should take to protect the individual and others from infection.*

**Sec. 261. [CHILD CARE SERVICES STUDY.]**

*The commissioner of human services shall study the existing public and private funding sources for child care services and the development of child care services, including the AFDC special needs program, the sliding fee child care program, the maternal and child nutrition program, county funding, Title XX funding, and private foundation, corporate, community social services act, or nonprofit funding to child care services providers and parents. The study shall determine the extent to which:*

*(i) individual funding sources meet existing needs and what level of funding comes from each source;*

*(ii) the need for subsidized child care services for low-income parents is being met;*

*(iii) present funding mechanisms are efficient or can be made more efficient;*

*(iv) alternative or improved methods may encourage private funding for child care services;*

*(v) the funding level has an impact on availability of child care facilities; and*

*(vi) child care reimbursement rates are meeting actual costs for quality child care.*

*The commissioner shall report the results of the study, together with any proposed legislation to implement study recommendations, to the legislature by January 1, 1990.*

**Sec. 262. [CHILD CARE INFORMATION NUMBER.]**

*By January 1, 1989, the council on children, youth, and families shall study and report to the legislature on the need for and the feasibility of a toll-free number to provide information and technical assistance to parents, child care providers, and potential child care providers. The study shall include an assessment of need, cost, and potential impact.*

**Sec. 263. [FARIBAUT REGIONAL CENTER.]**

*Subdivision 1. [TASK FORCE.] The commissioner of the state planning agency shall appoint a 13-member task force to develop a plan to expand the use of the Faribault regional center. The task force shall include four community representatives and one representative from each of the following entities: Faribault regional center, Faribault Technical Institute, Faribault public schools, Academies for the Deaf and Blind, Wilson Center, Rice county, city of Faribault, Rice county district No. 1 hospital, and the department of human services.*

*Subd. 2. [DUTIES OF COMMISSIONER.] The commissioner of the state*

*planning agency shall provide a grant for a Faribault community task force to develop a plan for the future use of Faribault regional center. The plan must assess the feasibility of providing educational services, nonresidential services, and care to a number of populations including, but not limited to, adolescents, veterans, and people who have developmental disabilities, chemical dependency, mental illness, or communicable diseases.*

*Subd. 3. [REPORT.] The Faribault community task force must report the plan to the chairs of the health and human services committees of the house of representatives and senate by November 1, 1988. The report must include a list of recommended services to be provided at Faribault regional center and must evaluate each recommendation.*

**Sec. 264. [STUDY OF MANAGED CARE FOR MEDICAL ASSISTANCE AND GENERAL ASSISTANCE MEDICAL CARE RECIPIENTS.]**

*Subdivision 1. [STUDY.] The commissioner of human services shall study the utilization patterns of individuals in the medical assistance and general assistance medical care programs. The study will examine the applicability and usefulness of focused utilization review, case management services, and other managed care approaches to all or parts of these populations.*

*Subd. 2. [FORMATION OF TASK FORCE.] The commissioner shall convene a task force composed of representatives from expert and interested parties to advise and assist the commissioner with the study in subdivision 1. The task force shall include, at a minimum, representatives from the provider community, recipient groups, the departments of health and finance, and the University of Minnesota. The analysis will be conducted by staff from the department of human services.*

*Subd. 3. [OBJECTIVES.] The specific objectives of the task force shall be determined by the commissioner in consultation with the task force, and shall include at a minimum:*

*(a) to identify in the state and in selected geographic areas, patterns of utilization of health services, especially high frequency, high-cost use, and possible underutilization.*

*(b) to recommend interventions and an implementation plan consistent with the goals of the medical assistance and general assistance medical care programs to improve the management of health services to recipients identified as at-risk of inappropriately high or low utilization of care.*

*Subd. 4. [REPORTING DATE.] The task force shall report its findings and recommendations to the commissioner and the legislature by September 30, 1988.*

**Sec. 265. [APPROVED COMPLEMENT INCREASED.]**

*The complement of the office of administrative hearings is increased by one full-time equivalent position.*

**Sec. 266. [RULES.]**

*The commissioner of human services may adopt rules to administer and implement the provisions of section 245.836.*

**Sec. 267. [RULE CHANGES.]**

*The commissioner of jobs and training shall adopt rule amendments to*

*Minnesota Rules, chapter 3300, including changes in the allocation formula for funds appropriated for extended employment programs, as necessary to effect the changes required by the legislature in sections 129A.01, subdivisions 5, 6, and 7; 129A.02, subdivision 3; 129A.03; 129A.06, subdivision 1; 129A.07, subdivision 1; 129A.08, subdivisions 1, 4, 4a, and 5; 129A.09; and 129A.10.*

*This rule is exempt from the rulemaking provisions of Minnesota Statutes, chapter 14. The commissioner must comply with Minnesota Statutes, section 14.38, subdivision 7, when adopting this rule amendment.*

**Sec. 268. [INSTRUCTION TO REVISOR.]**

*(a) In the next edition of Minnesota Statutes, the revisor of statutes shall substitute in chapter 129A the term "rehabilitation facility" for the terms "long-term sheltered workshop," "workshop," or "sheltered workshop" in the form appropriate for the context.*

*In the next edition of Minnesota Statutes, the revisor of statutes shall substitute in chapter 129A the term "extended employment program participant" for the term "sheltered employee" in the form appropriate for the context.*

*The revisor shall make the substitutions required by this section in other places in Minnesota Statutes where the terms appear if they refer to the subject matter covered by chapter 129A.*

*(b) In accordance with Minnesota Statutes 1986, section 3C.10, the revisor of statutes shall renumber section 141, subdivisions 8a to 8y as a new section of Minnesota Statutes, chapter 256B.*

*The revisor of statutes shall renumber section 144, subdivisions 1j to 1r as a new section of Minnesota Statutes, chapter 256B.*

*The revisor of statutes shall correct cross-references in Minnesota Statutes and Minnesota Rules consistent with the renumbering.*

**Sec. 269. [REPEALER.]**

*Subdivision 1. Minnesota Statutes 1986, sections 144.388; 153A.01; 153A.02; 153A.03; 153A.04; 153A.05; 153A.06; 153A.07; 153A.08; 153A.09; 153A.10; 153A.11; 153A.12; 245.84, subdivision 4; 245.86; 245.87; 246.023, subdivisions 2, 3, 4, and 5; and 268.061; Minnesota Statutes 1987 Supplement, sections 129A.01, subdivision 8; 129A.07, subdivision 2; 129A.08, subdivision 3; 148B.04, subdivision 1; and 256B.73, subdivision 10, are repealed. Minnesota Statutes 1986, section 257.071, subdivision 6, is repealed effective July 1, 1989.*

*Subd. 2. Section 248 is repealed effective July 1, 1990.*

*Subd. 3. Section 243 is repealed July 1, 1989.*

*Subd. 4. Section 141, subdivision 8b, is repealed effective July 1, 1990.*

*Subd. 5. Sections 50 to 54, and 252, are repealed effective July 1, 1991.*

**Sec. 270. [EFFECTIVE DATE.]**

*Subdivision 1. Sections 6, 11, 13, and 15 apply to any policy, plan, or contract issued or renewed on or after the date following final enactment.*

*Subd. 2. Section 14 is effective the day after final enactment except that in the case of a plan maintained under one or more collective bargaining*

agreements between employee representatives and one or more employers ratified on or before April 7, 1986, section 14 is effective on the earlier of:

(1) the date on which the last of the collective bargaining agreements under which the plan is maintained, which were in effect on April 7, 1986, ends without regard to any extension of the agreement agreed to after April 7, 1986; or

(2) April 7, 1989.

*Subd. 3. Section 144, subdivisions 1f and 1m, are effective February 1, 1989.*

*Subd. 4. Sections 193 to 204 are effective February 1, 1989.*

*Subd. 5. Sections 16 to 28, 267, and 268 are effective the day following final enactment and apply to allocations of funds appropriated for the extended employment programs administered under Minnesota Statutes, chapter 129A, made after July 1, 1988.*

*Subd. 6. Sections 29, 32, 33 to 40, 46, 48, 49, 61, 62, 84, 118 to 121, 158, 161, 163 to 168, 170, 178, 222, 238, 242 to 244, 247, 249, and 263 to 265 are effective the day after final enactment.*

*Subd. 7. Sections 150 and 151 are effective upon receiving approval of the health care financing administration.*

*Subd. 8. Section 157 is effective, and applies to nursing home rate years that begin on or after, July 1, 1988.*

*Subd. 9. Section 151 and that portion of section 150 relating to the resource contribution of a spouse are effective upon receiving approval from the health care financing administration."*

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for human services and health and other purposes with certain conditions; amending Minnesota Statutes 1986, sections 3.9223, subdivision 3; 3.9225, subdivision 3; 3.9226, subdivision 3; 62A.54; 62E.04, by adding subdivisions; 129A.02, subdivision 3; 129A.09; 129A.10; 144.053, by adding a subdivision; 144.125; 144.50, by adding a subdivision; 144A.04, by adding a subdivision; 144A.08, by adding a subdivision; 145.43, subdivisions 1 and 1a; 145.853, subdivision 2; 145.894; 245.771, by adding a subdivision; 245.814, subdivisions 1, 2, and 3; 245.83; 245.84, subdivision 1; 246.023, subdivision 1; 252.291, subdivisions 1 and 2; 253B.03, by adding a subdivision; 253B.17, subdivision 1; 256.73, subdivisions 2 and 6, and by adding subdivisions; 256.736, by adding subdivisions; 256.76, subdivision 1; 256B.08; 256B.092, subdivisions 5 and 7; 256B.14, subdivision 2; 256B.17, subdivision 7; 256B.431, by adding subdivisions; 256B.50, subdivision 1, and by adding subdivisions; 256B.501, subdivision 3, and by adding subdivisions; 256B.69, subdivisions 3 and 4; 256D.02, subdivision 7, and by adding a subdivision; 256D.06, by adding a subdivision; 256D.07; 256D.35, by adding a subdivision; 256D.37, subdivision 2, and by adding subdivisions; 256E.12, subdivisions 1 and 2; 256E03, subdivision 8; 256E07, by adding a subdivision; 257.071, subdivisions 2, 3, 6, and by adding a subdivision; 257.072; 260.181, subdivision 3; 268.0111, by adding a subdivision; 268.86, by adding a subdivision; 268.91, subdivision 7; 268.911, subdivision 3; 326.371;



462.05, by adding a subdivision; 462A.21, by adding a subdivision; 609.72, subdivision 1; and 611A.32, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.922, subdivision 6; 16B.08, subdivision 7; 62A.152, subdivision 2; 62A.48, subdivision 7; 62A.50, subdivision 3; 62D.102; 129A.01, subdivision 5, 6, and 7; 129A.03; 129A.06, subdivision 1; 129A.07, subdivision 1; 129A.08, subdivisions 1, 4, 5, and by adding a subdivision; 144A.071, subdivision 3; 144A.073, subdivisions 1, 7, and 8; 145.43, subdivision 4; 145A.06, by adding a subdivision; 148B.23, subdivision 1; 148B.42, subdivision 1; 245.462, subdivisions 3, 4, 6, 17, 18, 19, 20, 21, 23, and 25; 245.465; 245.466, subdivisions 1, 2, and 5; 245.467, by adding subdivisions; 245.469, subdivision 2; 245.471, subdivisions 2 and 3; 245.472, subdivision 2; 245.475, subdivisions 1 and 2; 245.476, subdivision 1; 245.477; 245.478, subdivisions 1, 2, and 9; 245.479; 245.482, subdivision 2; 245.696, subdivision 2; 245.697, subdivision 2, and by adding a subdivision; 252.291, subdivision 3; 252.46, subdivisions 5 and 6, and by adding subdivisions; 253B.03, subdivision 6; 256.01, subdivision 4; 256.015, subdivision 2; 256.736, subdivisions 1b, 4, and 11; 256.936; 256.969, subdivisions 2 and 3; 256B.02, subdivision 8; 256B.031, subdivision 5; 256B.042, subdivision 2; 256B.06, subdivisions 1 and 4; 256B.091, subdivision 4; 256B.35, subdivision 1; 256B.431, subdivisions 2b, 3, and 4; 256B.433, subdivision 1; 256B.50, subdivision 2; 256B.501, subdivision 1; 256B.73, subdivision 2; 256D.01, subdivision 1a; 256D.03, subdivision 3; 256D.06, subdivisions 1 and 1b; 256D.37, subdivision 1; 256E.12, subdivision 3; 268.91, subdivisions 1, 3, 3b, 3c, 3e, 4, and 12; and 326.73; Laws 1984, chapter 654, article 5, section 57, subdivision 1, as amended; Laws 1987, chapter 337, section 131; Laws 1987, chapter 403, articles 1, section 4, subdivision 4; 2, section 34; and 4, section 13; proposing coding for new law in Minnesota Statutes, chapters 62A; 62C; 62D; 144; 145; 153A; 157; 179A; 198; 245; 252; 256; 256B; 257; and 268; proposing coding for new law as Minnesota Statutes, chapter 152A; repealing Minnesota Statutes 1986, sections 144.388; 153A.01; 153A.02; 153A.03; 153A.04; 153A.05; 153A.06; 153A.07; 153A.08; 153A.09; 153A.10; 153A.11; 153A.12; 245.84, subdivision 4; 245.86; 245.87; 246.023, subdivisions 2, 3, 4, and 5; 257.071, subdivision 6; and 268.061; Minnesota Statutes 1987 Supplement, sections 129A.01, subdivision 8; 129A.07, subdivision 2; 129A.08, subdivision 3; 148B.04, subdivision 1; and 256B.73, subdivision 10."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Lee Greenfield, Peter Rodosovich, Mary Murphy, Phillip J. Riveness, Bob Anderson

Senate Conferees: (Signed) Don Samuelson, Pat Piper, Howard A. Knutson, Michael O. Freeman, Linda Berglin

Mr. Samuelson moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2126 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2126 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 64 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Merriam	Ramstad
Anderson	Decker	Knaak	Metzen	Reichgott
Beckman	DeCramer	Knutson	Moe, D.M.	Samuelson
Belanger	Dicklich	Kroening	Moe, R.D.	Schmitz
Berg	Diessner	Laidig	Morse	Solon
Berglin	Frank	Langseth	Novak	Spear
Bernhagen	Frederick	Lantry	Olson	Storm
Bertram	Frederickson, D.J.	Larson	Pehler	Stumpf
Brandl	Frederickson, D.R.	Lessard	Peterson, D.C.	Taylor
Brataas	Freeman	Luther	Peterson, R.W.	Vickerman
Chmielewski	Hughes	Marty	Piper	Waldorf
Cohen	Johnson, D.E.	McQuaid	Pogemiller	Wegscheid
Dahl	Johnson, D.J.	Mehrkens	Purfeerst	

Messrs. Benson and Renneke voted in the negative.

So the bill, as amended by the Conference Committee, was repassed 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. 2590:

Messrs. Bernhagen, Brandl, Novak, Pogemiller and Johnson, D.J. The motion prevailed.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Waldorf moved that the following members be excused for a Conference Committee on S.F. No. 2569:

Messrs. Waldorf, Dicklich, Dahl, Taylor and Mrs. Brataas. The motion prevailed.

### 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. 2432.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

### FIRST READING OF HOUSE BILLS

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

H.F. No. 2432: A bill for an act relating to retirement; requiring a majority vote of all members of the St. Paul police and fire department relief associations on consolidation with the public employees retirement association; amending Minnesota Statutes 1987 Supplement, section 353A.02, subdivision 17.

Referred to the Committee on Governmental Operations.

**MOTIONS AND RESOLUTIONS**

Mr. Moe, R.D. moved that Senate Resolution No. 119 be withdrawn from the Committee on Rules and Administration and laid on the table. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1943, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1943 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 16, 1988

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 1943**

A bill for an act relating to state lands; permitting the sale of certain tax-forfeited lands that border public waters in the city of Aitkin.

April 12, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1943, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments and that H.F. No. 1943 be further amended as follows:

Page 1, after line 19, insert:

“Sec. 3. [HISTORICAL SOCIETY LEVY.]

*Each of the counties of Chisago, Kanabec, Pine, and Carlton may levy a tax not greater than .75 mills per year on property in the county and use its proceeds for the county historical society. The levy shall be disregarded in the calculation of any other levies or limits on levies provided by other law.*

Sec. 4. [LOCAL APPROVAL.]

*Section 3 of this act is effective January 1, 1989 separately for each of the counties of Chisago, Kanabec, Pine, and Carlton if its county board has complied with the requirements of Minnesota Statutes, section 645.021, subdivision 3, and section 3 has not been disapproved in a referendum under this section.*

Before January 1, 1988, the county board shall publish this act 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 to obtain public comment 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.

If within 30 days after the hearing, a petition requesting a vote on section 3, signed by voters equal in number to ten percent of the votes cast in the county in the last general election, is filed with the county auditor, section 3 shall not be effective until a majority of the voters at a general or special election cast affirmative votes on the question of approving it. The question of whether section 3 shall go into effect shall then be submitted to the voters at a general or special election before January 1, 1989. The question submitted shall be:

"Shall the law that permits a tax not greater than .75 mills on property for the . . . . . county historical society be approved?"

Yes . . . . .

No . . . . . "

If a majority of those voting on the question vote yes, section 3 shall be effective for the county on January 1, 1989, and the county board shall report the fact in accordance with section 645.021.

Sec. 5. [TAX-FORFEITED LAND SALE; MCLEOD COUNTY.]

Notwithstanding Minnesota Statutes, section 282.018, McLeod county may sell in accordance with the other provisions of Minnesota Statutes, chapter 282, the three tax-forfeited parcels described as follows:

(1) Beginning at the Northwest corner of Lot "A" in Schillings Addition to Lake Addie Townsite, running thence North 65' thence East 206.09', thence South 20', thence East by South 119', thence South 40', thence West 118', thence North 10', thence West 206.09' to the point of beginning, and beginning at a point 65' North of the Northwest corner of Lot "A" in Schillings Addition to Lake Addie Townsite according to the plat thereof thence running North to the right-of-way of the Chicago, Milwaukee and St. Paul Railroad Company, thence Northeasterly along said railway right-of-way 341.6', thence South to a point 40' North of the Northeast corner of Lot "M" in Schillings Addition to Lake Addie Townsite, thence Northwesterly 119', thence North 20', thence West to the point of beginning; and, beginning at a point in the center of Buffalo Creek 50' North of the Northeast corner of Lot "M" in Schillings Addition to Lake Addie Townsite, according to the plat thereof on file and of record in the office of the county recorder of McLeod county, thence North 254' to the South line of right-of-way of the Chicago, Milwaukee and St. Paul Railroad Company, thence South 34 degrees 32 minutes East along said right-of-way a distance of 35', thence South 261' to the center of Buffalo Creek, thence Northwesterly 85.1' to the place of beginning, all of the above being and lying in the Southeast Quarter of Southwest Quarter of Section 29, Township 115 North, Range 29 West.

(2) Beginning at a point in the center of Buffalo Creek 442.09' East and 50' North of the Northeast Corner of Block 1 in Lake Addie Townsite, according to the plat thereof on file and of record in the office of the county

recorder of the county of McLeod, Minnesota thence North to the South Line of the right-of-way of the Chicago, Milwaukee and St. Paul Railroad Company thence Southeasterly along said right-of-way to a point 360' due East of the West line of this tract, thence South to the center of Buffalo Creek, thence Westerly along the center of Buffalo Creek, to the point of beginning, being and lying in the Southeast Quarter of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter of Section 29, Township 115 North, Range 29 West.

(3) United States Government Lot 1 (0.90 ac.) in Section 14, Township 117 North, Range 27 West.

The parcels are all inaccessible and are not necessary for public access to the adjacent public waters.

#### Sec. 6. [SALE OF TAX-FORFEITED LAND; PINE COUNTY.]

Notwithstanding Minnesota Statutes, section 282.018, Pine county may sell certain tax-forfeited land bordering public water, located in Pine county and described in this section, in the manner provided for appraisal, sale, and conveyance of tax-forfeited land by Minnesota Statutes, chapter 282.

The land described in this section may be sold by public sale for a consideration not less than its appraised value. The conveyance must be in a form approved by the attorney general.

The land that may be sold borders public water and consists of 57 lots in Windemere Township, Pine county, bordering Lake Twelve in Section 12, Township 45 North, Range 19 West, and described as:

- (1) Windemere Acres, Block 1, lots 1, 2, 3, 4, 5, 8, 9, 12, 13, and 14;
- (2) Windemere Acres, Block 2, lots 15, 16, 17, 18, 19, 20, 23, 24, 26, 27, 28, 29, 30, 31, 32, and 33;
- (3) Windemere Acres, Block 3, lots 1, 2, 7, 8, 15, 16, 17, 18, 19, 20, 22, 23, 24, 25, 26, 27, 28, 29, and 30; and
- (4) Windemere Acres, Block 4, lots 1, 2, 3, 4, 5, 6, 7, 11, 12, 13, 14, and 20.

#### Sec. 7. [SALE OF TAX-FORFEITED LAND; PINE COUNTY.]

Notwithstanding Minnesota Statutes, section 282.018, and the public sale requirements of Minnesota Statutes, section 282.01, Pine county may sell certain tax-forfeited land, located in Pine county and described in this section, to Travel America in the manner provided for appraisal, sale, and conveyance of tax-forfeited land by Minnesota Statutes, chapter 282.

The land described in this section may be sold by private sale for a consideration not less than its appraised value. The conveyance must be in a form approved by the attorney general.

The land that may be sold borders public water and consists of three tracts of about 120 acres of land located in Pine county, described as:

- (1) the Northeast Quarter of the Northeast Quarter, Section 21, Township 42 North, Range 20 West;
- (2) the Southeast Quarter of the Northeast Quarter, Section 21, Township 42 North, Range 20 West; and
- (3) the Southwest Quarter of the Northeast Quarter, Section 21, Township

42 North, Range 20 West.”

Page 1, line 20, delete “2” and insert “8”

Page 1, line 21, before “This” insert “Except for sections 3 and 4,”

Delete the title and insert:

“A bill for an act relating to public administration; permitting the sale of certain tax-forfeited lands that border public waters; providing for exchange of certain tax-forfeited peat lands; permitting certain counties to levy a tax for the county historical society; imposing a reverse referendum requirement.”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Paul Anders Ogren, Andy Steensma, Douglas W. Carlson

Senate Conferees: (Signed) Florian Chmielewski, Betty A. Adkins, Bob Lessard

Mr. Chmielewski moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1943 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1943 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Johnson, D.J.	Mehrrens	Purfeerst
Anderson	Davis	Jude	Metzen	Ramstad
Beckman	Decker	Knaak	Moe, D.M.	Reichgott
Belanger	DeCramer	Knutson	Moe, R. D.	Renneke
Benson	Diessner	Langseth	Morse	Schmitz
Berg	Frank	Lantry	Novak	Spear
Berglin	Frederick	Larson	Olson	Storm
Bernhagen	Frederickson, D.J.	Lessard	Pehler	Stumpf
Bertram	Frederickson, D.R.	Luther	Peterson, D.C.	Vickerman
Brandl	Hughes	Marty	Piper	Wegscheid
Chmielewski	Johnson, D.E.	McQuaid	Pogemiller	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1000, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1000 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1000

A bill for an act relating to agriculture; making changes in various agriculture programs; establishing agriculture programs; establishing a commodity contract task force; appropriating money; providing penalties; amending Minnesota Statutes 1986, sections 41A.09, by adding a subdivision; 41B.02, by adding a subdivision; and 65A.33, subdivision 3; Minnesota Statutes 1987 Supplement, sections 17.102, subdivision 1; 41B.01, subdivision 2; 41B.03, subdivision 3; 41B.039, subdivisions 1, 2, 4, and by adding a subdivision; 41B.05; Laws 1987, chapter 396, article 9, section 1, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 17; 31; 124; and 325E; proposing coding for new law as Minnesota Statutes, chapter 32C; repealing Minnesota Statutes 1986, sections 32A.01; 32A.02; 32A.03; 32A.04; 32A.05; 32A.07; 32A.08; and 32A.09; and Laws 1987, chapter 358, section 31.

April 15, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1000, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1000 be further amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### MINNESOTA AGRICULTURAL PRODUCTS

Section 1. [16B.103] [AGRICULTURAL FOOD PRODUCTS GROWN IN STATE.]

*Subdivision 1. [STATE CONTRACTS.] The commissioner shall encourage and make a reasonable attempt to identify and purchase food products that are grown in this state.*

*Subd. 2. [REPORT.] The commissioner shall prepare a report at the end of each biennium and submit it to the committees on agriculture of the house of representatives and senate on the total food products purchased or contracted for by agencies and the amounts of fruits, vegetables, grains, meats, poultry, and other food products purchased or contracted for that are grown in this state.*

Sec. 2. [AGRICULTURAL PRODUCT USE REPORT.]

*The commissioner of agriculture shall investigate the use of agricultural products to discern the opportunity for expansion of market share by agricultural producers in the state. This investigation must include franchised food chain and restaurant establishments selling prepared food in this state. The commissioner shall submit a report of the investigation to the committees on agriculture of the house of representatives and senate by January 31, 1989.*

## Sec. 3. [EFFECTIVE DATE.]

*This article is effective the day following final enactment. Section 1 applies to contracts entered into by the state after June 30, 1988.*

## ARTICLE 2

## RURAL HEALTH AND SAFETY PROGRAM

## Section 1. [PROGRAM ESTABLISHED.]

*Subdivision 1. [PROGRAM ESTABLISHED.] The Minnesota extension service is instructed to develop and implement an ongoing program for rural health and safety.*

*Subd. 2. [PROGRAM GOALS.] (a) During fiscal years 1989 and 1990, priority goals of the rural health and safety program must include the following:*

*(1) assessment of the availability of high quality farm safety education and training materials and programs and identification of any barriers to increasingly widespread acceptance and utilization of these materials and programs;*

*(2) design, coordination, conduct, and interpretation of statewide rural health and safety studies;*

*(3) evaluation of the concept of voluntary farm safety audits and the possibility that those audits might be linked to an appropriate recognition or reward system including reduced insurance premiums for farmsteads that achieve a particularly good safety rating;*

*(4) development of joint educational programs and effective working relationships among the Minnesota agencies and organizations having rural health and safety concerns; and*

*(5) development of effective working relationships and information sharing arrangements with agencies and organizations in other states of the upper midwest that have rural health and safety concerns.*

*(b) The director of the Minnesota extension service shall report to the committees on agriculture of the house of representatives and senate on the findings and recommendations of the rural health and safety program by March 1, 1989.*

*Subd. 3. [RESPONSIBILITIES.] The rural health and safety program in the Minnesota extension service has the following ongoing responsibilities:*

*(1) to develop programs and materials related to farm accident prevention;*

*(2) to develop and implement educational programs that will enable rural residents to understand and comply with safety standards and good health practices;*

*(3) to maintain cooperation and effective working relationships with health and safety agencies and organizations in Minnesota, other states, and the United States government; and*

*(4) to seek and efficiently utilize grant money made available for programs relating to rural and farm safety.*

*Subd. 4. [PROGRAM FUNDING.] Money for support of the rural health and safety program in the Minnesota extension service may be accepted from the following sources:*



- (1) legislative appropriations from the general fund;
- (2) funds from other sources within the University of Minnesota and the extension service to the extent not precluded by other law; and
- (3) gifts or grants from individuals, organizations, governmental units, foundations, corporations, or other sources except that no restrictions may be placed by the giver with respect to the functions, duties, and responsibilities of the program.

## ARTICLE 3

## DAIRY TASK FORCE

Section 1. [32.025] [MINNESOTA DAIRY TASK FORCE.]

*Subdivision 1. [ESTABLISHMENT.] The Minnesota dairy task force is established consisting of:*

- (1) the commissioner of agriculture or the commissioner's designee, who is a nonvoting member;
- (2) a representative from the University of Minnesota designated by the dean of the college of agriculture, who is a nonvoting member;
- (3) two members representing dairy processors of class I and class II milk appointed by the governor;
- (4) one member representing the dairy herd improvement association appointed by the governor;
- (5) two class I milk producers appointed by the governor;
- (6) two class II milk producers appointed by the governor;
- (7) one dairy farmer at-large appointed by the governor; and
- (8) one retail grocer appointed by the governor.

*Subd. 2. [OBJECTIVES.] The objectives of the Minnesota dairy task force are to:*

- (1) increase production efficiency of dairy cow herds;
- (2) reduce input costs of production;
- (3) increase profitability of individual dairy farms; and
- (4) establish long-range goals, objectives, and time line achievement strategies for the dairy industry.

*Subd. 3. [DUTIES.] The Minnesota dairy task force shall by June 1, 1989:*

- (1) gather existing information on increasing milk production efficiency of dairy cow herds, reducing input costs, and increasing profitability of dairy farms;
- (2) establish a mechanism to disseminate gathered information to dairy farmers in a practical form;
- (3) examine computerized analysis of dairy records and the available software, and recommend practical alternatives for dairy farmers to use computerized analysis;
- (4) develop a preliminary draft of long-range goals, objectives, and time line achievement strategies for the dairy industry;

- (5) *study alternatives for component pricing of milk;*
- (6) *recommend legislation needed to accomplish the objectives and goals in subdivision 2; and*
- (7) *examine available data on patterns and relationships between changes in the purchase price of raw milk from dairy farmers and changes in the retail price of dairy products purchased by the consumer.*

*Subd. 4. [PILOT PROJECTS; DEMONSTRATIONS.] The task force may sponsor and oversee pilot projects and demonstrations on dairy farms. The projects must be of general applicability to family size dairy farms of the state. Pilot projects and demonstrations must apply strategies and practices for increasing the profitability of dairy farms and increasing income levels for individual dairy farmers.*

Sec. 2. [REPORT.]

*The Minnesota dairy task force shall prepare and submit an interim report on its activities, accomplishments, and recommendations to the committees on agriculture of the senate and house of representatives by February 1, 1989.*

Sec. 3. [REPEALER.]

*Section 1 is repealed effective June 30, 1990.*

Sec. 4. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective July 1, 1988.*

ARTICLE 4

MINNESOTA GROWN LABEL

Section 1. Minnesota Statutes 1987 Supplement, section 17.102, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT AND USE OF LABEL.] (a) The commissioner shall establish a "Minnesota grown" logo or labeling statement for use in identifying agricultural products that are grown, processed, or manufactured in this state. *The commissioner may develop labeling statements that apply to specific marketing or promotional needs. One version of a labeling statement must identify food products certified as organically grown in this state.* The Minnesota grown logo or labeling statement may be used on raw agricultural products ~~that are not processed into a different physical form or frozen,~~ only if 80 percent or more of the agricultural product is produced in this state.

(b) The Minnesota grown logo or labeling statement may not be used without a license from the commissioner except that wholesalers and retailers may use the Minnesota grown logo and labeling statement for displaying and advertising products that qualify for use of the Minnesota grown logo or labeling statement.

Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 5

## SOIL TEST LABORATORY CERTIFICATION

## Section 1. [17.73] [SOIL TESTING LABORATORY CERTIFICATION.]

*Subdivision 1. [PROGRAM ESTABLISHMENT.] The commissioner shall establish a program to certify the accuracy of analyses from soil testing laboratories and promote standardization of soil testing procedures and analytical results.*

*Subd. 2. [CHECK SAMPLE SYSTEM.] (a) The commissioner shall institute a system of check samples that requires a laboratory to be certified to analyze at least four multiple soil check samples during the calendar year. The samples must be supplied by the commissioner or by a person under contract with the commissioner to prepare and distribute the samples.*

*(b) Within 30 days after the laboratory receives check samples, the laboratory shall report to the commissioner the results of the analyses for all requested elements or compounds or for the elements or compounds the laboratory makes an analytical determination of as a service to others.*

*(c) The commissioner shall compile analytical data submitted by laboratories and provide laboratories submitting samples with a copy of the data without laboratory names or code numbers.*

*(d) The commissioner may conduct check samples on laboratories that are not certified.*

*Subd. 3. [ANALYSES REPORTING STANDARDS.] (a) The results obtained from soil or plant analysis must be reported in accordance with standard reporting units established by the commissioner by rule. The standard reporting units must conform as far as practical to uniform standards that are adopted on a regional or national basis.*

*(b) If a certified laboratory offers a recommendation, the University of Minnesota recommendation or that of another land grant college in a contiguous state must be offered in addition to other recommendations, and the source of the recommendation must be identified on the recommendation form. If relative levels such as low, medium, or high are presented to classify the analytical results, the corresponding relative levels based on the analysis as designated by the University of Minnesota or the land grant college in a contiguous state must also be presented.*

*Subd. 4. [REVOCAION OF CERTIFICATION.] If the commissioner determines that analysis being performed by a laboratory is inaccurate as evidenced by check sample results, the commissioner may deny, suspend, or revoke certification.*

*Subd. 5. [CERTIFICATION FEES.] (a) A laboratory applying for certification shall pay an application fee of \$100 and a certification fee of \$100 before the certification is issued.*

*(b) Certification is valid for one year and the renewal fee is \$100. The commissioner shall charge an additional application fee of \$100 if a certified laboratory allows certification to lapse before applying for renewed certification.*

*(c) The commissioner shall notify a certified lab that its certification lapses within 30 to 60 days of the date when the certification lapses.*

*(d) Fees collected under this subdivision must be deposited in the state*

*treasury and credited to the laboratory services account. The money in the account is annually appropriated to the commissioner to administer this section.*

*Subd. 6. [RULES.] The commissioner shall adopt rules for the establishment of minimum standards for laboratories, equipment, procedures, and personnel used in soil analysis and rules necessary to administer and enforce this section. The commissioner shall consult with representatives of the fertilizer industry, representatives of the laboratories doing business in this state, and with the University of Minnesota college of agriculture before proposing rules.*

**Sec. 2. [EFFECTIVE DATE.]**

*This article is effective the day following final enactment.*

**ARTICLE 6**

**GRAIN MARKETING**

**Section 1. Minnesota Statutes 1986, section 17B.02, is amended to read:**

**17B.02 [DEFINITIONS.]**

**Subdivision 1. [SCOPE.]** As used in sections 17B.01 to 17B.29, the terms defined in this section have the meanings given them.

**Subd. 2. [DEPARTMENT.]** "Department" means the Minnesota department of agriculture.

**Subd. 3. [COMMISSIONER.]** "Commissioner" means the commissioner of agriculture or the commissioner's authorized representative.

**Subd. 3a. [DISCOUNT.]** "Discount" means an offer or purchase price for grain that is lower than the base or standard price offered by a buyer at a certain time and at a specified location. A discount price represents the lower than normal value of the grain because of inferior quality as determined by measurement of grade, dockage, test weight, or other factors.

**Subd. 4. [PERSON.]** "Person" means any individual, firm, copartnership, cooperative, company, association, and corporation, or their lessees, trustees, or receivers.

**Subd. 5. [PREMIUM.]** "Premium" means an offer or a purchase price for corn, soybeans, or wheat that exceeds the base or standard price offered by a buyer at a certain time and at a specified location. A premium price represents the higher than normal value of the grain because of superior quality as determined by measurement of grade, dockage, test weight, or other factors.

**Subd. 6. [TEST EQUIPMENT.]** "Test equipment" means the mechanical and electronic devices commonly used in measurement of grain qualities including protein content, moisture content, and test weight.

**Subd. 7. [TEST EQUIPMENT OPERATOR.]** "Test equipment operator" means a person assigned by the management of an elevator or grain storage facility who is chiefly responsible for the preparation and analysis of grain samples for protein content, test weight, moisture content, and other qualities upon which price is determined.

**Sec. 2. [17B.041] [COMMISSIONER TO REVIEW ACCURACY OF TEST EQUIPMENT AND TEST EQUIPMENT OPERATORS.]**

*Subdivision 1. [PERIODIC REVIEW; EQUIPMENT AND OPERATORS.] The commissioner shall implement, by rule or emergency rule, a program for the periodic review of protein analysis, test weight, dockage testing devices, moisture testing equipment, and other equipment used to determine qualities upon which price is determined, and the operators of the equipment. If a review is performed by department personnel at the site of the test equipment, the review must consist of the performance of routine tests and analysis on one or more samples of grain by the principal operator of the test equipment.*

*Subd. 2. [TAGGING OF OUT-OF-COMPLIANCE TEST EQUIPMENT.] Personnel of the department who perform an on-site review of test equipment and operators shall prohibit the further use of test equipment that fails to meet and maintain acceptable tolerance levels established by rule.*

*Subd. 3. [FOLLOW-UP REVIEW UPON REQUEST.] The commissioner shall arrange for a follow-up review within seven business days of a periodic review if a follow-up review is requested by the test equipment operator.*

*Subd. 4. [REQUEST FOR COMMISSIONER TO SCHEDULE A REVIEW.] A purchaser or seller of grain may request the commissioner to perform a review of the test equipment and test equipment operator that is used to test the grain. A signed request must be submitted to the commissioner and upon receipt of a request, the commissioner shall schedule a review at a reasonable time considering other duties and responsibilities of the department personnel.*

*Subd. 5. [STATE NOT LIABLE.] The state is not liable to a seller or purchaser of grain for losses resulting from erroneous tests or analysis by test equipment or test equipment operators, whether reviewed by the department or not, if the commissioner and the department have exercised due care in the scheduling and conduct of reviews under subdivisions 1 and 3.*

**Sec. 3. [17B.0451] [PREMIUMS BASED ON CORN TEST WEIGHT MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of corn who provides a discount for corn that falls below the standard test weight for corn must offer an equal or greater premium for corn that has a test weight higher than the standard test weight.*

**Sec. 4. [17B.0452] [PREMIUMS BASED ON SOYBEAN TEST WEIGHT MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of soybeans who provides a discount for soybeans that fall below the standard test weight for soybeans must offer an equal or greater premium for soybeans that have a test weight higher than the standard test weight.*

**Sec. 5. [17B.0453] [PREMIUMS BASED ON TEST WHEAT WEIGHT MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of wheat who provides a discount for wheat that falls below the standard test weight for wheat must offer an equal or greater premium for wheat that has a test weight higher than the standard test weight.*

**Sec. 6. [17B.0461] [PREMIUMS BASED ON FOREIGN MATERIAL IN CORN MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of corn who provides a discount for corn that falls below the standard for foreign material for corn must offer an equal or greater premium for corn that has less foreign material than the standard. For*

*corn, foreign material includes broken corn and foreign material.*

**Sec. 7. [17B.0462] [PREMIUMS BASED ON FOREIGN MATERIAL IN SOYBEANS MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of soybeans who provides a discount for soybeans that fall below the standard for foreign material for soybean must offer an equal or greater premium for soybeans that have less foreign material than the standard.*

**Sec. 8. [17B.0463] [PREMIUMS BASED ON FOREIGN MATERIAL IN WHEAT MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of wheat who provides a discount for wheat that falls below the standard for foreign material for wheat must offer an equal or greater premium for wheat that has less foreign material than the standard.*

**Sec. 9. [17B.0471] [PREMIUMS BASED ON TOTAL DAMAGED CORN KERNELS MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of corn who provides a discount for corn that falls below the standard for total damaged kernels for corn must offer an equal or greater premium for corn that has less total damaged kernels than the standard.*

**Sec. 10. [17B.0472] [PREMIUMS BASED ON TOTAL DAMAGED SOYBEAN KERNELS MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of soybeans who provides a discount for soybeans that fall below the standard for total damaged kernels for soybeans must offer an equal or greater premium for soybeans that have less total damaged kernels than the standard.*

**Sec. 11. [17B.0473] [PREMIUMS BASED ON TOTAL DAMAGED WHEAT KERNELS MUST EQUAL OR EXCEED DISCOUNTS.]**

*A purchaser of wheat who provides a discount for wheat that falls below the standard for total damaged kernels for wheat must offer an equal or greater premium for wheat that has less total damaged kernels than the standard.*

**Sec. 12. [17B.048] [SELLER OPTION TO AVERAGE LOADS.]**

*A purchaser of corn, soybeans, or wheat must allow a seller who delivers the grain in multiple loads within a period of two consecutive calendar days, at the option of the seller, to average the measurements from the multiple loads with respect to test weight, moisture content, and protein analysis. All loads allowed to be averaged under this section must be of a quality acceptable to the purchaser.*

**Sec. 13. Minnesota Statutes 1987 Supplement, section 17B.05, is amended to read:**

**17B.05 [DISPUTES ON GRADES, DOCKAGE; STATE ARBITRATION.]**

*(a) If a disagreement arises between a person receiving and a person delivering grain in this state as to the proper grade, dockage, moisture content, protein content, or other factors used in establishing the market price of the grain, an average sample of the grain in dispute may be taken by either or both of the parties interested. The commissioner shall prescribe a procedure for taking samples and having the samples certified by both the person receiving and the person delivering the grain as being true*

samples of the grain in dispute on the day the grain is delivered and sampled. Samples must be forwarded prepaid in suitable air-tight containers, with the names and addresses of the person receiving and the person delivering the grain, to the head of the grain inspection division of the department. The head of the grain inspection division shall examine samples submitted, and determine the proper grade, dockage, moisture content, protein content, and other factors used in establishing the market price of the samples of grain in accordance with the inspection rules and the standards established by the United States Department of Agriculture and the state of Minnesota. The test results must be based on the arithmetic mean of the samples submitted. If a person requesting the inspection asks for determination of some but not all of the factors that affect market price, the department shall perform only the requested tests on the samples. A person requesting the inspection must pay the required fee before the results of the inspection are released. The fee charged must be the same as that required for similar services rendered by the grain inspection division. Payment for the grain involved in a disagreement must be made on the basis of grade, dockage, moisture content, protein content, and other market pricing factors certified by the department on samples submitted. An appeal of the determination made by the department may be made as provided under the United States Grain Standards Act, United States Code, title 7, section 79, subsection (c), and the Code of Federal Regulations, title 7, sections 800.125 to 800.140. A person receiving or delivering grain that is subject to this section is liable for damages resulting from not abiding by the determination made by the department. A person who violates this section is subject to penalties prescribed in section 17B.29.

*(b) A licensed business that uses test equipment as defined in section 17B.02 to perform tests or analysis on grain to be purchased or placed in storage must post at the place of business a notice informing persons selling or delivering grain of their right to have a representative sample of the grain forwarded to the grain inspection division for analysis. The commissioner shall provide copies of the notice to each business licensed to buy or receive grain. The business must display the notice in a conspicuous location as prescribed by the commissioner.*

#### Sec. 14. [EFFECTIVE DATE.]

*Section 3, 4, 5, 6, 7, 8, 9, 10, or 11 is effective 30 days after at least three states representing 30 percent or more of the national production of that grain according to the current United States Department of Agriculture crop production summary requires that a premium be paid for the grain based on the factors provided in the section. Section 3, 4, 5, 6, 7, 8, 9, 10, or 11 applies to purchasers of grain in this state 30 days after the commissioner publishes notice in the State Register that the section is effective. The commissioner must notify affected licensed purchasers of grain that section 3, 4, 5, 6, 7, 8, 9, 10, or 11 is effective by ten days after notice is published in the State Register. Section 12 is effective August 1, 1989.*

### ARTICLE 7

#### BY-PRODUCT SOIL BUFFERING MATERIALS

##### Section 1. [17.7241] [DEFINITIONS.]

*Subdivision 1. [SCOPE.] The definitions in this section apply to sections 1 to 5.*

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

*Subd. 3. [INDUSTRIAL BY-PRODUCT SOIL BUFFERING MATERIAL.] "Industrial by-product soil buffering material" means an industrial waste or by-product or the by-product of municipal water treatment processes containing calcium or magnesium or both in a form that may neutralize soil acidity.*

*Subd. 4. [LIMESTONE.] "Limestone" means a material consisting essentially of calcium carbonate or a combination of calcium carbonate with magnesium carbonate capable of neutralizing soil acidity.*

*Subd. 5. [SOIL BUFFERING MATERIALS.] "Soil buffering materials" means materials whose calcium or magnesium or both are capable of neutralizing soil acidity.*

*Subd. 6. [STOCKPILE.] "Stockpile" means a supply of agricultural soil buffering material stored for future use.*

*Subd. 7. [TNP.] "TNP" means total neutralizing power and is the number of pounds of neutralizing value in one ton of a soil buffering material.*

**Sec. 2. [17.7242] [SOIL BUFFERING DEMONSTRATION PROJECT AND STUDY.]**

*Subdivision 1. [PURPOSE.] The purpose of the demonstration project required under sections 1 to 5 is to identify appropriate and mutually beneficial methods for the use of industrial by-product soil buffering materials. Proper use will minimize current waste disposal problems, provide a market for an underutilized resource, and make available to farmers an effective, low-cost soil buffering product.*

*Subd. 2. [AUTHORITY.] The commissioner shall coordinate the design and implementation of a demonstration project to examine the technical feasibility, economic benefits, and environmental impacts of using industrial by-product soil buffering materials as a substitute for limestone and other traditional soil buffering materials.*

*Subd. 3. [PROCEDURES DEVELOPED.] The demonstration project must identify and recommend as proposed standards appropriate procedures for the sampling, analysis, TNP labeling, storage, stockpiling, transportation, and application of industrial by-product soil buffering materials. After TNP labeling standards have been established, which must be no later than March 1, 1989, they must be provided to the landowner or tenant prior to land application or stockpiling.*

*Subd. 4. [SCOPE.] The demonstration project must be on a scale deemed by the commissioner to be efficient and manageable while providing the greatest practicable use of industrial by-product soil buffering materials for agricultural purposes.*

**Sec. 3. [17.7423] [RESPONSIBILITIES OF THE COMMISSIONER.]**

*Subdivision 1. [BROAD PARTICIPATION.] The commissioner shall seek participation in the demonstration project by other persons, institutions, and organizations having an interest in soil buffering materials and industrial by-product soil buffering materials including the pollution control agency, one or more counties, one or more soil and water conservation districts, and the University of Minnesota.*



*Subd. 2. [PUBLIC EDUCATION.] The commissioner shall seek to maximize the public education benefit of the demonstration program.*

**Sec. 4. [17.7424] [ENVIRONMENTAL CONTROLS.]**

*Subdivision 1. [SAMPLING; ANALYSIS.] The commissioner and the commissioner's agents may sample, inspect, make analysis of, and test industrial by-product soil buffering materials used in the demonstration project and study at a time and place and to an extent the commissioner considers necessary to determine whether the industrial by-product soil buffering materials are suitable for the project. The commissioner and the commissioner's agents may enter public or private premises where demonstration projects are being conducted in order to have access to:*

- (1) soil buffering materials used in the demonstration project;*
- (2) sampling of sites actually or reportedly exposed to industrial by-product soil buffering materials;*
- (3) inspection of storage, handling, transportation, use, or disposal areas of industrial by-product soil buffering materials;*
- (4) inspection or investigation of complaints of injury to humans, wildlife, domesticated animals, crops, or the environment;*
- (5) observation of the use and application of the soil buffering material;*
- (6) inspection of records related to the production, transportation, stockpiling, use, or disposal of industrial by-product soil buffering material; and*
- (7) other purposes necessary to implement sections 1 to 5.*

*Subd. 2. [RECEIPT FOR INSPECTION SAMPLES; REPORT ON ANALYSES.] Before leaving inspected premises, the commissioner shall provide the owner, operator, or agent in charge with a receipt describing any samples obtained. If an analysis is made of the samples, a copy of the results of the analysis must be furnished to the owner, operator, or agent in charge.*

*Subd. 3. [EMERGENCY INSPECTION.] The commissioner and the commissioner's agents may enter public or private property without a notice of inspection if a suspected incident involving industrial by-product soil buffering materials may threaten public health or the environment.*

**Sec. 5. [17.7425] [REPORT.]**

*The commissioner shall report to the committees on agriculture of the house of representatives and senate by March 1, 1989, and on March 1 of each year thereafter, about the activities, findings, and recommendations related to the demonstration project.*

**Sec. 6. [EXEMPTION.]**

*Sections 1 to 5 do not apply to industrial by-product soil buffering material produced at a facility if the University of Minnesota, North Central Experimental Station, has conducted a study of the material at that facility.*

**Sec. 7. [REPEALER.]**

*Sections 1 to 6 are repealed June 30, 1991.*

**Sec. 8. [EFFECTIVE DATE.]**

*This article is effective the day following final enactment.*

## ARTICLE 8

### ORGANIC CERTIFICATION

#### Section 1. [31.95] [ORGANIC CERTIFICATION.]

*Subdivision 1. [DESIGNATION.] The commissioner shall designate one or more organizations located in this state, made up of organic food growers, manufacturers, or sellers, to certify organically grown seeds, products, and food.*

*Subd. 2. [FEES.] The commissioner shall prescribe fees to be charged to persons for certification of organically grown seeds, production, and food under section 16A.128. By 1991, fees collected must reflect the total annual cost of certification.*

*Subd. 3. [CERTIFICATION REQUIREMENT.] An organic certification agency may not refuse services or certification to a person:*

*(1) whose seeds, production, and food meet certification requirements; and*

*(2) who has paid membership dues and certification fees.*

*Subd. 4. [RULES.] The organic certification organization may draft rules for submission to the commissioner to adopt for implementation of the organically grown certification program.*

## ARTICLE 9

### CROP HAIL INSURANCE RATE FILING

#### Section 1. [60A.32] [RATE FILING FOR CROP HAIL INSURANCE.]

*An insurer issuing policies of insurance against crop damage by hail in this state shall file its insurance rates with the commissioner. The insurance rates must be filed before April 1 of the year in which a policy is issued.*

## ARTICLE 10

### RURAL FINANCE AUTHORITY

Section 1. Minnesota Statutes 1987 Supplement, section 41B.01, subdivision 2, is amended to read:

*Subd. 2. [PURPOSE.] Sections 41B.01 to 41B.23 create and establish the Minnesota rural finance authority and establish a program under which state bonds are authorized to be issued and proceeds of their sale are appropriated under the authority of article XI, section 5, clause (h) of the Minnesota Constitution, to develop the state's agricultural resources by extending credit on real estate security. The purpose of the rural finance authority's programs and of the bonds issued to finance or provide security for the programs is to purchase participation interests in loans, including seller-sponsored loans to be made available by agricultural lenders to farmers on terms and conditions not otherwise available from other credit sources. It is hereby found and declared that there presently exist in the state economic conditions which have severely adversely affected the economic viability of farms to the detriment of the rural economy and to the detriment of the economy of the state of Minnesota as a whole. It is further found and declared that as a result of public agricultural policies, agricultural market conditions, and other causes, the condition of the farm economy of*

the state of Minnesota is such as to jeopardize the continued existence and successful operation of farms in this state, necessitating the establishment of the programs in sections 41B.01 to 41B.23 to provide new sources of credit on favorable terms and conditions. It is further found and declared that providing credit for farmers on favorable terms and conditions will serve and promote the public welfare by assuring the viability of farm operations, by preventing erosion of the tax base in rural areas, by reducing foreclosures on farm property, and by enhancing the financial stability of farmers and of the businesses which depend on farmers as customers. It is further found and declared that in establishing a Minnesota rural finance authority and in authorizing the programs in sections 41B.01 to 41B.23, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve the public purpose of improving and otherwise promoting their health, welfare, and prosperity and that the Minnesota rural finance authority, as created and established, is empowered to act on behalf of the people of the state of Minnesota in serving this public purpose for the benefit of the general public.

Sec. 2. Minnesota Statutes 1986, section 41B.02, is amended by adding a subdivision to read:

*Subd. 18. [SELLER-SPONSORED LOAN.] "Seller-sponsored loan" means a loan in which part or all of the price of a farm is financed by a loan from the seller of the farm who is a natural person, a partnership, or a family farm corporation as defined in section 500.24, located in Minnesota. The loan must be secured by a real estate mortgage evidenced by one or more notes that may carry different interest rates or by a contract for deed. The definition of a seller-sponsored loan under this subdivision does not include a loan between persons within the second degree of kindred according to common law. A seller-sponsored loan may not be made to a person who has previously defaulted on a state loan or state guarantee of a loan.*

Sec. 3. Minnesota Statutes 1987 Supplement, section 41B.03, subdivision 3, is amended to read:

Subd. 3. [BEGINNING FARMER LOANS.] In addition to the requirements under subdivision 1, a prospective borrower for a beginning farm loan, including a seller-sponsored loan, in which the authority holds an interest, must:

- (1) have sufficient education, training, or experience in the type of farming for which the loan is desired;
- (2) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$100,000;
- (3) demonstrate a need for the loan;
- (4) demonstrate an ability to repay the loan;
- (5) demonstrate that the agricultural land to be purchased will be used by the borrower for agricultural purposes; and
- (6) demonstrate that farming will be the principal occupation of the borrower.

Sec. 4. Minnesota Statutes 1987 Supplement, section 41B.039, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The authority may establish, develop

criteria, and implement a beginning farmer program. ~~The program must assist persons entering farming who have not owned a farm before entering the beginning farmer program.~~ *The program may include assistance for persons entering or reentering farming through the use of seller-sponsored loans.*

Sec. 5. Minnesota Statutes 1987 Supplement, section 41B.039, subdivision 2, is amended to read:

Subd. 2. [STATE PARTICIPATION.] The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of ~~one-fourth~~ *35 percent* of the principal amount of the loan or ~~\$25,000~~ *\$50,000*, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 6. Minnesota Statutes 1987 Supplement, section 41B.039, subdivision 4, is amended to read:

Subd. 4. [FARM MANAGEMENT.] A borrower must agree to participate in a farm management program approved by the commissioner of agriculture for at least the first ~~eight~~ *five* years of the loan.

Sec. 7. Minnesota Statutes 1987 Supplement, section 41B.05, is amended to read:

#### 41B.05 [GENERAL POWERS OF THE AUTHORITY.]

For the purpose of exercising the specific powers granted in section 41B.04 and effectuating the other purposes of sections 41B.01 to 41B.23 the authority has the general powers granted in this section.

(a) It may sue and be sued.

(b) It may have a seal and alter the seal.

(c) It may make, and from time to time, amend and repeal rules consistent with sections 41B.01 to 41B.23.

(d) It may acquire, hold, and dispose of *real or* personal property for its corporate purposes.

(e) It may enter into agreements, contracts, or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association, or organization, including contracts or agreements for administration and implementation of all or part of sections 41B.01 to 41B.23.

(f) It may acquire real property, or an interest therein, in its own name, by purchase or foreclosure, where such acquisition is necessary or appropriate.

(g) It may provide general technical services related to rural finance.

(h) It may provide general consultative assistance services related to rural finance.

(i) It may promote research and development in matters related to rural finance.

(j) It may enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of farms financed in whole or in part by the proceeds of qualified agricultural loans.

(k) It may enter into agreements with other appropriate federal, state, or local governmental units to foster rural finance. It may give advance reservations of loan financing as part of the agreements, with the understanding that the authority will only approve the loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in such programs.

(l) It may undertake and carry out studies and analyses of rural financing needs within the state and ways of meeting such needs including: data with respect to geographical distribution; farm size; the distribution of farm credit needs according to debt ratios and similar factors; the amount and quality of available financing and its distribution according to factors affecting rural financing needs and the meeting thereof; and may make the results of such studies and analyses available to the public and may engage in research and disseminate information on rural finance.

(m) It may survey and investigate the rural financing needs throughout the state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing shortage in the state.

(n) It may establish cooperative relationships with such county and multicounty authorities as may be established and may develop priorities for the utilization of authority resources and assistance within a region in cooperation with county and multicounty authorities.

(o) It may contract with, use, or employ any federal, state, regional, or local public or private agency or organization, legal counsel, financial advisors, investment bankers or others, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in sections 41B.01 to 41B.23 and to carry out the objectives of sections 41B.01 to 41B.23 and may pay for the services from authority funds.

(p) It may establish cooperative relationships with counties to develop priorities for the use of authority resources and assistance within counties and to consider county plans and programs in the process of setting the priorities.

(q) It may delegate any of its powers to its officers or staff.

(r) It may enter into agreements with qualified agricultural lenders or others insuring or guaranteeing to the state the payment of all or a portion of qualified agricultural loans.

(s) It may enter into agreements with eligible agricultural lenders providing for advance reservations of purchases of participation interests in restructuring loans, if the agreements provide that the authority may only purchase participation interests in restructuring loans under the normal procedure. The authority may provide in an agreement for special procedures or requirements designed to meet specific conditions or requirements.

*(t) It may allow farmers who are natural persons to combine programs of the federal Agriculture Credit Act of 1987 with programs of the rural finance authority.*

## ARTICLE 11

## INTEREST RATE BUY-DOWN ADJUSTMENT

## Section 1. [INTEREST RATE BUY-DOWN ADJUSTMENT.]

*Subdivision 1. [ELIGIBILITY.] Notwithstanding Laws 1987, chapter 15, section 8, subdivision 2, the commissioner may consider a farmer an eligible buyer if the farmer has a loan balance with a lender under the Federal Guaranteed Operating Loan Program with the Interest Rate Buy-down Program administered by the FmHA between the dates January 1, 1987, and December 31, 1988, and complies with the remaining provisions of Laws 1987, chapter 15.*

*Subd. 2. [LATER MATURITY.] Notwithstanding Laws 1987, chapter 15, section 8, subdivision 3, the commissioner may consider a farm operating loan eligible for interest rate buy-down even though the maturity date is later than June 30, 1989, if the maturity date is later due to participation in the Federal Guaranteed Operating Loan Program Interest Rate Buy-down Program administered by the FmHA.*

*Subd. 3. [PAYMENT AFTER REQUEST.] Notwithstanding Laws 1987, chapter 15, section 4, subdivision 5, the commissioner may pay the last one-half of the interest rate buy-down amount within 30 days after request for final payment is received from the lender.*

## Sec. 2. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

## ARTICLE 12

## EXTENSION OF DEADLINE FOR SEED POTATO STANDARDS

Section 1. Laws 1987, chapter 124, section 2, is amended to read:

## Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective for potatoes planted after January 1, ~~1989~~ 1990.

## ARTICLE 13

## AGRICULTURAL CONTRACT TASK FORCE

## Section 1. [AGRICULTURAL CONTRACT TASK FORCE.]

*The commissioner of agriculture shall form an advisory task force to determine the feasibility of changing existing programs or developing a new program to provide economic protection for farmers producing agricultural commodities under contract. The economic protection would be provided when businesses have filed bankruptcy and are unable to make payments under the contract or are otherwise financially unable to make payments under the contract.*

*The advisory task force membership must include farmers, canning processors, contract seed businesses, livestock and poultry contractors, other agricultural processors, farm organizations, and bonding and financial institutions.*

*The commissioner shall coordinate meetings of the advisory task force, provide staff support, and participate in the advisory task force meetings.*

*The commissioner shall prepare a report of recommendations of the task force including recommendations for the legislature. The report must be*

*presented to the chairs of the agriculture committees in the legislature by January 15, 1989.*

ARTICLE 14

DRY EDIBLE BEANS

Section 1. Minnesota Statutes 1986, section 223.16, subdivision 4, is amended to read:

Subd. 4. [GRAIN.] "Grain" means any cereal grain, coarse grain or oilseed in unprocessed form for which a standard has been established by the United States Secretary of Agriculture or the Minnesota board of grain standards, *dry edible beans*, or ~~any other agricultural crop which crops~~ *designated by the commissioner* ~~may designate~~ by rule.

Sec. 2. Minnesota Statutes 1986, section 232.21, subdivision 7, is amended to read:

Subd. 7. [GRAIN.] "Grain" means any cereal grain, course grain or oilseed in unprocessed form for which a standard has been established by the United States secretary of agriculture or the Minnesota board of grain standards, *dry edible beans*, or *agricultural crops designated by the commissioner by rule*.

Sec. 3. Minnesota Statutes 1986, section 232.23, subdivision 4, is amended to read:

Subd. 4. [FORM OF GRAIN WAREHOUSE RECEIPT.] (a) A grain warehouse receipt must be in duplicate, contain the name and location of the grain warehouse, and be delivered to the depositor or the depositor's agent. Grain warehouse receipts shall be consecutively numbered as prescribed by the commissioner and state the date of deposit, except where the deposit of a certain lot for storage is not completed in one day. In that case, the grain warehouse receipt, when issued, shall be dated not later than Saturday of the week of delivery.

(b) A grain warehouse receipt shall contain either on its face or reverse side the following specific grain warehouse and storage contract: "This grain is received, insured and stored through the date of expiration of the annual licenses of this grain warehouse and terms expressed in the body of this grain warehouse receipt shall constitute due notice to its holder of the expiration of the storage period. It is unlawful for a public grain warehouse operator to charge or collect a greater or lesser amount than the amount filed with the commissioner. All charges shall be collected by the grain warehouse operator upon the owner's presentation of the grain warehouse receipt for the sale or delivery of the grain represented by the receipt, or the termination of the storage period. Upon the presentation of this grain warehouse receipt and payment of all charges accrued up to the time of presentation, the above amount, kind and grade of grain will be delivered within the time prescribed by law to the depositor or the depositor's order."

(c) A grain warehouse receipt shall also have printed on it the following:

"Redemption of Receipt

Received from . . . . ., the sum of \$ . . . . . or . . . . . bushels in full satisfaction of the obligation represented by this grain warehouse receipt.

Gross price per bushel \$ . . . . .

Storage per bushel \$ . . . . .

Net price per bushel \$ . . . . .

All blank spaces in this grain warehouse receipt were filled in before I signed it and I certify that I am the owner of the commodity for which this grain warehouse receipt was issued and that there are no liens, chattel mortgages or other claims against the commodity represented by this grain warehouse receipt.

Signed .....

Accepted ..... Dated .....  
Warehouse operator

This redemption shall be signed by the depositor or the depositor's agent in the event that the grain represented is redelivered or purchased by the public grain warehouse operator. Signature of this redemption by the depositor constitutes a valid cancellation of the obligation embraced in the storage contract."

(d) A warehouse receipt for dry edible beans must state the grade of the dry edible beans delivered to the grain warehouse and the redelivery charge required under section 4, paragraph (a).

Sec. 4. Minnesota Statutes 1986, section 232.23, is amended by adding a subdivision to read:

*Subd. 10a. [REDELIVERY OF DRY EDIBLE BEANS.] (a) A public grain warehouse shall deliver dry edible beans to a holder of a warehouse receipt after the warehouse receipt holder pays a redelivery charge and the charges accrued until the time the warehouse receipt is surrendered to the grain warehouse operator. The dry edible beans must be dry and processed to acceptable standards for canning and packaging use. The redelivery charge may not exceed \$3 per net hundredweight of the dry edible beans. The commissioner may determine the maximum redelivery charge by rule, after receiving a petition to change the redelivery charge signed by at least 25 dry edible bean processors, producers, and public warehouse operators.*

*(b) A grain warehouse operator shall deliver dry edible beans in bags or in bulk as requested by the warehouse receipt holder. The warehouse receipt holder shall furnish the bags if dry edible beans are to be bagged.*

*(c) A grain warehouse operator shall grade the dry edible beans if requested by the warehouse receipt holder. The grain warehouse operator may determine grade by United States Department of Agriculture standards, Northarvest standards, or Michigan Bean Shippers Association standards. The warehouse receipt holder shall pay grading fees.*

ARTICLE 15

SUSTAINABLE AGRICULTURE LOANS AND GRANTS

Section 1. [17.115] [SHARED SAVINGS LOAN PROGRAM.]

*Subdivision 1. [ESTABLISHMENT.] The commissioner shall establish a shared savings loan program to provide loans that enable farmers to adopt best management practices that emphasize sufficiency and self-sufficiency in agricultural inputs, including energy efficiency, reduction of*



*petroleum and chemical inputs, and increasing the energy self-sufficiency of agricultural producers.*

*Subd. 2. [LOAN CRITERIA.] (a) The shared savings loan program must provide loans for purchase of new or used machinery, installation of equipment, and projects that reduce or make more efficient farm energy use. Eligible loan uses do not include seed, fertilizer, or fuel.*

*(b) Loans may not exceed \$15,000 per individual applying for a loan and may not exceed \$75,000 for loans to five or more individuals on joint projects. The loan repayment period may be up to seven years as determined by project cost and energy savings. The interest on the loans is six percent.*

*(c) Loans may only be made to residents of this state engaged in farming.*

*Subd. 3. [AWARDING OF LOANS.] (a) Applications for loans must be made to the commissioner on forms prescribed by the commissioner.*

*(b) The applications must be reviewed, ranked, and recommended by a loan review panel appointed by the commissioner. The loan review panel shall consist of two lenders with agricultural experience, two resident farmers of the state using sustainable agriculture methods, a farm management specialist, a representative from a post-secondary education institution, and a chairperson from the department.*

*(c) The loan review panel shall rank applications according to the following criteria:*

*(1) realize savings to the cost of agricultural production and project savings to repay the cost of the loan;*

*(2) reduce or make more efficient use of energy; and*

*(3) reduce production costs.*

*(d) A loan application must show that the loan can be repaid by the applicant.*

*(e) The commissioner must consider the recommendations of the loan review panel and may make loans for eligible projects. Priority must be given based on the amount of savings realized by adopting the practice implemented by the loan.*

*Subd. 4. [ADMINISTRATION; INFORMATION DISSEMINATION.] The amount in the revolving loan account is appropriated to the commissioner to make loans under this section and administer the loan program. The interest on the money in the revolving loan account and the interest on loans repaid to the state may be spent by the commissioner for administrative expenses. The commissioner shall collect and disseminate information relating to projects for which loans are given under this section.*

**Sec. 2. [17.116] [SUSTAINABLE AGRICULTURE DEMONSTRATION GRANTS.]**

*Subdivision 1. [ESTABLISHMENT.] The commissioner of agriculture shall establish a grant program for sustainable agriculture methods that demonstrates best management practices, including farm input reduction, farm energy efficiency, or usable on-farm energy production. The commissioner shall use the program to demonstrate and publicize the energy efficiency, environmental benefit, and profitability of sustainable agriculture techniques. The grants must fund demonstrations on farms of external*

*input reduction techniques or farm scale energy production methods consistent with the program objectives.*

*Subd. 2. [ELIGIBILITY.] (a) Grants may only be made to farmers, educational institutions, or nonprofit organizations residing or located in the state for demonstrations on farms in the state.*

*(b) Grants may only be made for projects that show:*

- (1) the ability to maximize direct or indirect energy savings or production;*
- (2) a positive effect or reduced adverse effect on the environment; and*
- (3) profitability for the individual farm.*

*Subd. 3. [AWARDING OF GRANTS.] (a) Applications for grants must be made to the commissioner on forms prescribed by the commissioner.*

*(b) The applications must be reviewed, ranked, and recommended by a technical review panel appointed by the commissioner. The technical review panel shall consist of a soil scientist, an agronomist, a representative from a post-secondary educational institution, two resident farmers of the state using sustainable agriculture methods, and a chairperson from the department.*

*(c) The technical review panel shall rank applications according to the following criteria:*

- (1) direct or indirect energy savings or production;*
- (2) environmental benefit;*
- (3) farm profitability;*
- (4) the number of farms able to apply the techniques or the technology proposed;*
- (5) the effectiveness of the project as a demonstration;*
- (6) the immediate transferability of the project to farms; and*
- (7) the ability of the project to accomplish its goals.*

*(d) The commissioner shall consider the recommendations of the technical review panel and may award grants for eligible projects. Priority must be given to applicants who are farmers or groups of farmers.*

*(e) Grants for eligible projects may not exceed \$25,000 unless the portion above \$25,000 is matched on an equal basis by the applicant's cash or in-kind land use contribution. Grant funding of projects may not exceed \$50,000 under this section, but applicants may utilize other funding sources. A portion of each grant must be targeted for public information activities of the project.*

*(f) A project may continue for up to three years. Multi-year projects must be reevaluated by the technical review panel and the commissioner before second or third year funding is approved. A project is limited to one grant for its funding.*

*(g) Only one grant under this section may be made per grantee.*

ARTICLE 16  
SCHOOL MILK PROGRAM

Section 1. [124.648] [MILK PROGRAM.]

*Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature finds that for best health and well-being, school children in the state should receive at least one serving of milk each day. The school milk program established in this section is to provide school districts in the state with added resources so that all kindergarten students in public and nonpublic schools may have access to wholesome milk on a daily basis.*

*Subd. 2. [ESTABLISHMENT; SCHOOL PARTICIPATION.] Each school district in the state is encouraged to participate in the state-supported school milk program for kindergartners. Participating districts shall provide one serving of milk on each school day to each kindergarten student attending a public or nonpublic school in the district. No student is required to accept the milk that is provided by the district. The program must be promoted and operated under the direction of the commissioner or the commissioner's designee.*

*Subd. 3. [PROGRAM GUIDELINES; DUTIES OF THE COMMISSIONER.] (a) The commissioner shall:*

*(1) encourage all districts to participate in the school milk program for kindergartners;*

*(2) prepare program guidelines, not subject to chapter 14, which will effectively and efficiently distribute appropriated and donated money to participating districts; and*

*(3) seek donations and matching funds from appropriate private and public sources.*

*(b) Program guidelines may provide for disbursement to districts through a mechanism of prepayments or by reimbursement for approved program expenses.*

*(c) It is suggested that the benefits of the school milk program may reach the largest number of kindergarten students if districts are allowed to submit annual bids stating the per-serving level of support that would be acceptable to the district for their participation in the program. The commissioner would review all bids received and approve bids in sufficient number and value to maximize the provision of milk to kindergarten students consistent with available funds.*

*Subd. 4. [REIMBURSEMENT.] In accordance with program guidelines, the commissioner shall prepay or reimburse participating school districts for the state share of the district's cost for providing milk to kindergarten students.*

ARTICLE 17  
DEGRADABLE PLASTICS

Section 1. [325E.045] [PURCHASE, SALE, AND USE OF CERTAIN POLYETHYLENE MATERIAL PROHIBITED.]

*Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to section 1.*

(a) "Degradable" means capable of being decomposed by natural biological processes, including exposure to ultraviolet rays of the sun, within five years after the date of disposal.

(b) "Person" means an individual, partnership, corporation, sole proprietorship, association, or other for-profit or nonprofit organization, including the state and its political subdivisions.

(c) "Polyethylene disposal bag" means a bag made of polyethylene that is used or intended to be used for disposal of mixed municipal solid waste as defined in section 115A.03.

(d) "Polyethylene beverage ring" means a device made of polyethylene that is used or intended to be used to hold beverage bottles or other beverage containers together.

(e) "Public agency" means the state, an office, agency, or institution of the state, a county, a statutory or home rule charter city, a town, a school district, or another special taxing district.

*Subd. 2. [BEVERAGE RING USE AND SALE PROHIBITED.] A person may not use, sell, or offer for sale a polyethylene beverage ring that is not degradable.*

*Subd. 3. [GOVERNMENTAL PURCHASE PROHIBITED.] A public agency may not purchase polyethylene disposal bags that are not degradable.*

*Subd. 4. [GOVERNMENTAL USE PROHIBITED.] A public agency may not use polyethylene disposal bags that are not degradable.*

## Sec. 2. [DEGRADABLE PLASTICS TASK FORCE.]

*Subdivision 1. [ESTABLISHMENT.] An advisory task force on degradable plastics is established. The task force consists of the commissioners of agriculture, commerce, and the pollution control agency, the director of the waste management board, the president of the greater Minnesota corporation, the head of the consumer affairs division of the attorney general's office, and two representatives of industry and one retailer appointed by the rural development board. Representatives of other state agencies may also become members of the task force with the approval of a majority of its members.*

*Subd. 2. [DUTIES.] The task force shall study the feasibility and consequences of requiring industry and consumer products other than items in section 1 to be degradable.*

*Subd. 3. [REPORT.] The task force shall report its findings, along with any proposed legislation the task force believes necessary, to the legislature by January 1, 1990, after which the task force expires.*

*Subd. 4. [ADMINISTRATION AND EXPENSES.] The task force is attached to the rural development board for administrative purposes and the board shall furnish the task force with office space and administrative assistance necessary to fulfill the duties of the task force. Members of the task force must be paid their expenses under section 15.059.*

## Sec. 3. [EFFECTIVE DATE.]

*Section 1, subdivision 2, is effective January 1, 1989. Section 1, subdivisions 3 and 4, are effective July 1, 1990.*

## ARTICLE 18

## ETHANOL DEVELOPMENT

Section 1. Minnesota Statutes 1986, section 41A.09, is amended by adding a subdivision to read:

*Subd. 6. [CONTINUED PAYMENTS.] A plant in production or under construction by January 1, 1990, shall continue to receive uninterrupted payments under subdivision 3 of at least 20 cents per gallon of ethanol produced until July 1, 2000.*

## ARTICLE 19

## LIVESTOCK REPORT DEADLINE

Section 1. Laws 1987, chapter 396, article 9, section 1, subdivision 4, is amended to read:

*Subd. 4. [REPORT.] The interdisciplinary study team shall prepare and deliver to the commissioner of agriculture a report on the results of the study. If feasible, the study team shall also submit the results of the study in a form appropriate for publication in one or more recognized scientific journals. The commissioner shall report results of the study to the house and senate committees on agriculture not later than ~~February~~ August 1, 1989.*

## ARTICLE 20

## LABORATORY SERVICES ACCOUNT

Section 1. [17.85] [LABORATORY SERVICES ACCOUNT.]

*A laboratory services account is established in the state treasury. Payments for laboratory services performed by the laboratory services division of the department of agriculture must be deposited in the state treasury and credited to the laboratory services account. Money in the account, including interest earned on the account, is annually appropriated to the commissioner of agriculture to administer the programs of the laboratory services division.*

## ARTICLE 21

## APPROPRIATIONS

Section 1. [APPROPRIATION CANCELLATION.]

*All money appropriated by Laws 1987, chapter 15, section 10, subdivision 1, clauses (a) and (b), for purposes of program "A" in 1987 and program "B" in 1987 and 1988 that remains unencumbered on July 1, 1988, and all money transferred to the interest rate buy-down program by Laws 1987, chapter 15, section 10, subdivision 4, is canceled.*

Sec. 2. [STATE AGRICULTURAL PRODUCT USE REPORT.]

*\$35,000 is appropriated from the general fund to the commissioner of agriculture to contract for an investigation and report on the use of state agricultural products within the state and opportunities for expanded markets for state agricultural products within the state under article 1. This appropriation is available until June 30, 1989.*

Sec. 3. [ORGANIC FOOD CERTIFICATION AND ENFORCEMENT.]

*Subdivision 1. [START-UP CERTIFICATION COSTS.] \$100,000 is*

*appropriated from the general fund to the commissioner of agriculture for a grant to an organic certification organization for start-up and initial administrative costs for the purpose of promoting and marketing "Minnesota grown" certified organic food products. This appropriation is available until June 30, 1989.*

*Subd. 2. [ENFORCEMENT COSTS.] \$50,000 is appropriated from the general fund to the commissioner of agriculture to administer and enforce the organic food law, Minnesota Statutes, sections 31.92 to 31.94. This appropriation is available until June 30, 1989.*

**Sec. 4. [BLUEGRASS SEED AND TURF PRODUCTION.]**

*\$35,000 is appropriated from the general fund to the commissioner of agriculture, to be available until June 30, 1989, for a bluegrass seed and turf production program as follows:*

- |   |                 |
|---|-----------------|
| <i>(1) for contracting for personnel and labor costs related to bluegrass seed production over one year</i>                                   | <i>\$20,000</i> |
| <i>(2) for establishment and evaluation of sod varieties on mineral and peat soil, direct seeded turf varieties, and turf characteristics</i> | <i>\$15,000</i> |

**Sec. 5. [ALFALFA EXTRACTION PROCESS.]**

*\$300,000 is appropriated from the general fund to the commissioner of agriculture, to be matched on the basis of \$2 of nonstate money or in-kind contributions for each \$1 of this appropriation, to establish a pilot plant for a protein xanthophyll alfalfa extraction process. The commissioner must contract to establish a pilot plant for the process and operations of the plant with the required testing for markets. This appropriation is available until June 30, 1989.*

**Sec. 6. [SWEET SORGHUM RESEARCH AND DEMONSTRATION.]**

*\$94,000 is appropriated from the general fund to the commissioner of agriculture for transfer to the Mankato Technical Institute for the sweet sorghum research and demonstration project on the feasibility of growing, harvesting, and processing sweet sorghum as a Minnesota crop. This appropriation is available until June 30, 1989.*

**Sec. 7. [SUSTAINABLE AGRICULTURE.]**

*Subdivision 1. [REVOLVING LOAN FUND.] \$1,000,000 is appropriated from the general fund to the commissioner of agriculture to be credited to a revolving loan account for low-interest loans to farmers to adopt sustainable agriculture practices. Money in the account does not cancel but is appropriated to the commissioner of agriculture to make low-interest loans to farmers under this subdivision. Notwithstanding chapter 14, the commissioner shall prescribe procedures for application and implementation of the program.*

*Subd. 2. [DEMONSTRATION GRANT PROGRAM.] \$300,000 is appropriated from the general fund to the commissioner of agriculture for grants to farmers for demonstration projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be cost-shared at a state-applicant ratio of 1 to 1. Priority must be given for projects involving multiple parties. Up to \$20,000 of this appropriation*

*may be used for dissemination of information about the demonstration grant projects. This appropriation is available until June 30, 1989.*

Sec. 8. [RURAL HEALTH AND SAFETY PROGRAM.]

*\$50,000 is appropriated from the general fund to the Minnesota Extension services for purposes of the rural health and safety program in article 2. This appropriation must be matched by \$25,000 of university or extension service funds. Money in this appropriation must be released to the extension service as matching funds are made available in the ratio of \$2 in general fund money for each \$1 of matching money. This appropriation is available until June 30, 1989.*

Sec. 9. [DAIRY TASK FORCE.]

*\$30,000 is appropriated from the unfair dairy trade practices account to the commissioner of agriculture to be matched dollar for dollar by private money to pay for the expenses of the Minnesota dairy task force and pilot projects in article 3. This appropriation is available until June 30, 1989.*

Sec. 10. [MINNESOTA GROWN COUPONS TO WIC RECIPIENTS.]

*\$85,000 is appropriated from the general fund to the commissioner of agriculture to be available until June 30, 1989, for a pilot program to provide Minnesota grown coupons for women, infants, and children program recipients. The commissioner of agriculture in cooperation with the commissioner of health may conduct pilot projects to give Minnesota grown coupons redeemable for food identified with a Minnesota grown logo or labeling statement at selected sites to women, infants, and children program recipients. The commissioner shall conduct an evaluation of the pilot program, prepare a report, and submit the report to the legislature by January 1, 1989.*

Sec. 11. [MINNESOTA GROWN LABELING.]

*\$20,000 is appropriated from the general fund to the commissioner of agriculture to develop different versions of the labeling statement and adopt rules under article 4. This appropriation is available until June 30, 1989.*

Sec. 12. [SOIL TESTING LABORATORY CERTIFICATION.]

*\$15,000 is appropriated from the general fund to the commissioner of agriculture to implement and administer the soil testing laboratory certification program in article 5. This appropriation is available until June 30, 1989.*

Sec. 13. [PLANT PEST SURVEY PROGRAM.]

*\$171,000 is appropriated from the general fund to the commissioner of agriculture to survey and detect plant pests and disseminate information to farmers on making appropriate applications of pesticides and non-chemical controls. This appropriation is available until June 30, 1989.*

*The approved complement of the department of agriculture is increased by three positions to administer the plant pest survey and detection program.*

*The commissioner of agriculture shall prepare a report on plant pest survey and detection and submit it to the legislature by June 1, 1990.*

Sec. 14. [GRAIN MARKETING.]

*\$100,000 is appropriated from the general fund to the commissioner of agriculture for purposes of providing periodic reviews of test equipment*

*and test equipment operators under article 6. The approved complement of the department of agriculture is increased by three positions. This appropriation is available until June 30, 1989.*

**Sec. 15. [BY-PRODUCT SOIL BUFFERING.]**

*\$70,000 is appropriated from the general fund to the commissioner of agriculture for purposes of the demonstration project and study of industry by-product soil buffering materials in article 7. This appropriation is available until June 30, 1989. Of this amount, up to \$50,000 is available to the commissioner of agriculture for expenses of administering and coordinating the demonstration project. The balance of the appropriation may be used by the commissioner for material testing and analysis and other activities related to the demonstration project and performed by the University of Minnesota or other qualified participants or organizations.*

**Sec. 16. [AMARANTH PROCESSING FEASIBILITY.]**

*\$125,000 is appropriated to the commissioner of agriculture, to be matched on the basis of \$1 of nonstate money for each \$2 of this appropriation, for contracting for a study to design and investigate the feasibility of processing, marketing, and production of amaranth, and constructing an amaranth pilot processing plant. This appropriation is available until June 30, 1989. As part of the contract, a report must be prepared and submitted to the chairs of the agriculture committees of the legislature by December 1, 1989.*

**Sec. 17. [SOIL AND WATER STEWARDSHIP EDUCATION.]**

*\$80,000 is appropriated from the general fund to the legislative coordinating commission to make a grant to an organization to collect and disseminate materials on soil and water stewardship designated by the joint legislative committee on agricultural land preservation and soil and water conservation. This appropriation is available until June 30, 1989. The joint committee shall request proposals to locate, collect, index, and organize materials on soil and water stewardship for dissemination to primary and secondary schools for use in curricula. The joint committee shall designate an appropriate organization to review how existing requirements for environmental education are being met and report to the chairs of the agriculture committees of the legislature by February 1, 1989.*

**Sec. 18. [DEGRADABLE PLASTICS.]**

*\$50,000 is appropriated from the general fund to the rural development board for the purposes of article 17, section 2, to be available until January 1, 1990.*

**Sec. 19. [SCHOOL MILK PROGRAM.]**

*Subdivision 1. [GENERAL FUND APPROPRIATION.] \$800,000 is appropriated from the general fund to the commissioner of education for the school milk program in article 16, to be available until June 30, 1989. Of this amount, up to \$10,000 may be used for costs of administering the school milk program.*

*Subd. 2. [MATCHING FUNDS IN SUBSEQUENT YEARS.] The commissioner of education shall identify likely sources of matching funds for the school milk program in years after the 1988-1989 school year. It is the intent of the legislature to require non-state funds to match general fund appropriations to the school milk program in future years.*



**Sec. 20. [PURPLE LOOSESTRIFE.]**

\$50,000 is appropriated from the general fund to the commissioner of agriculture, to be available until June 30, 1989, for eradication of purple loosestrife (*lithrum salicaria*) on farm land where the farmer is required to eradicate the purple loosestrife because of the noxious weed law, Minnesota Statutes, sections 18.171 to 18.315. Upon written permission by the farmer, the commissioner or the commissioner's designee may enter upon the farm land to eradicate purple loosestrife.

The commissioner may adopt rules or temporary rules necessary for the administration of this section.

**Sec. 21. [COUNTY AND DISTRICT AGRICULTURAL SOCIETIES; OTHER ASSOCIATIONS.]**

\$145,000 is appropriated from the general fund to the commissioner of agriculture to provide supplemental funding for state aid to county and district agricultural societies under Minnesota Statutes, section 38.02, and to other associations as follows:

County and District Agricultural Societies	\$101,025
Red River Valley Livestock Association	2,395
Northeastern Minnesota Junior Livestock Association	485
Livestock Premiums/Boys and Girls	1,500
Red Lake Band of Chippewa Indians	365
Poultry Association	730
Minnesota Poultry Association	375
Northern Poultry Association	45
Red River Valley Dairymen's Association	485
Minnesota Livestock Breeder's Association	7,675
Northern Sheep Grower's Association	45
Northern Crops Institute	29,925

This appropriation is available until June 30, 1989.

**Sec. 22. [BEGINNING FARMER AND FARM BUSINESS MANAGEMENT EDUCATION PROGRAMS.]**

\$125,000 is appropriated from the general fund to the state board of vocational technical education to be available until June 30, 1989. \$50,000 of this appropriation is to make \$2,500 grants to technical institutes and school districts to provide an educational program for beginning farmers pursuing a career in agriculture, and the balance is to operate farm business management programs assisting in the farmer-lender mediation process.

**Sec. 23. [MEDIATION PROGRAM; COMMISSIONER OF AGRICULTURE.]**

\$200,000 is appropriated from the general fund to the commissioner of agriculture to use for the participation of farm advocates in farmer-lender mediation and operation and administration of the mediation program. This appropriation is available until June 30, 1989.

**Sec. 24. [EFFECTIVE DATE.]**

Sections 10 and 21 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; providing alternatives for meaningful long-term benefits to Minnesota agriculture; providing initiatives for farmers to use sustainable agriculture; developing agricultural practices that minimize the use of energy in production agriculture; establishing a study of the use of Minnesota grown products under certain conditions; establishing a rural health and safety program; establishing a Minnesota dairy task force; authorizing different versions of the Minnesota grown label; establishing a program to certify soil testing laboratories; prescribing periodic review of grain testing equipment; authorizing a soil buffering demonstration project; authorizing designation of organic certification agencies; requiring crop hail insurance providers to file rates; authorizing the rural finance authority to implement a seller-sponsored loan program; amending requirements of rural finance authority loan programs; adjusting interest rate buy-down program eligibility; extending deadline for seed potato standards; providing for certain ethanol development payments; establishing a school milk program; establishing a laboratory services account; establishing a degradable plastics task force; restricting use of certain plastic products; regulating dry edible beans; establishing an agricultural contract task force; regulating the marketing of certain grains; appropriating money; amending Minnesota Statutes 1986, sections 17B.02; 41A.09, by adding a subdivision; 41B.02, by adding a subdivision; 223.16, subdivision 4; 232.21, subdivision 7; and 232.23, subdivision 4, and by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 17.102, subdivision 1; 17B.05; 41B.01, subdivision 2; 41B.03, subdivision 3; 41B.039, subdivisions 1, 2, and 4; and 41B.05; Laws 1987, chapters 124, section 2; and 396, article 9, section 1, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 16B; 17; 17B; 31; 32; 60A; 124; and 325E."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Steve Wenzel, Wally A. Sparby, Rick Krueger, Edgar L. Olson, Stephen E. Dille

Senate Conferees: (Signed) Charles R. Davis, LeRoy A. Stumpf, Steven Morse, Charles A. Berg, Keith Langseth

Mr. Davis moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1000 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1000 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 45 and nays 5, as follows:

Those who voted in the affirmative were:

Adkins	Chmielewski	Freeman	Larson	Olson
Anderson	Cohen	Hughes	Lessard	Piper
Beckman	Davis	Johnson, D.E.	Luther	Pogemiller
Benson	Decker	Jude	Marty	Reichgott
Berg	DeCramer	Knaak	Merriam	Renneke
Berglin	Diessner	Knutson	Moe, D.M.	Schmitz
Bernhagen	Frank	Laidig	Moe, R. D.	Spear
Bertram	Frederickson, D.J.	Langseth	Morse	Stumpf
Brandl	Frederickson, D.R.	Lantry	Novak	Vickerman

Those who voted in the negative were:

Belanger	McQuaid	Mehrkens	Ramstad	Storm
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So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Peterson, R. W. moved that the following members be excused for a Conference Committee on H.F. No. 2245:

Mses. Reichgott; Peterson, D.C.; Messrs. DeCramer, Pehler and Peterson, R. W. The motion prevailed.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2041, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2041 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2041

A bill for an act relating to agriculture; limiting ownership of agricultural land by certain corporations and limited partnerships; amending Minnesota Statutes 1986, section 500.24, subdivision 3; Minnesota Statutes 1987 Supplement, section 500.24, subdivision 2.

April 16, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2041, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments and that H.F. No. 2041 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 40.43, is amended by

adding a subdivision to read:

*Subd. 8. [CORRECTION OF CONSERVATION EASEMENT BOUNDARY LINES.] To correct errors in legal descriptions for easements obtained that affect the ownership interests in the state and adjacent landowners, the commissioner may, in the name of the state, with the approval of the attorney general, convey, without consideration, interests of the state necessary to correct legal descriptions of boundaries. The conveyance must be by quitclaim deed or release in a form approved by the attorney general.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 500.24, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings here given them:

(a) "Farming" means the production of (1) agricultural products; (2) livestock or livestock products; (3) milk or milk products; or (4) fruit or other horticultural products. It does not include the processing, refining, or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It does not include the production of timber or forest products or the production of poultry or poultry products.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest of shares of voting stock.

(d) "Authorized farm corporation" means a corporation meeting the following standards:

- (1) its shareholders do not exceed five in number;
- (2) all its shareholders, other than any estate are natural persons;
- (3) it does not have more than one class of shares; and
- (4) its revenues from rent, royalties, dividends, interest and annuities does not exceed 20 percent of its gross receipts; and
- (5) shareholders holding a majority of the shares 51 percent or more of the interest in the corporation must be residing on the farm or actively engaging in farming;

(6) the authorized farm corporation, directly or indirectly, owns or otherwise has an interest, whether legal, beneficial, or otherwise, in any title to no more than 1,500 acres of real estate used for farming or capable of being used for farming in this state; and

(7) a shareholder of the authorized farm corporation is not a shareholder in other authorized farm corporations that directly or indirectly in combination with the authorized farm corporation own not more than 1,500 acres of real estate used for farming or capable of being used for farming

in this state.

(e) "Agricultural land" means land used for farming.

(f) "Pension or investment fund" means a pension or employee welfare benefit fund, however organized, a mutual fund, a life insurance company separate account, a common trust of a bank or other trustee established for the investment and reinvestment of money contributed to it, a real estate investment trust, or an investment company as defined in United States Code, title 15, section 80a-3. "Pension or investment fund" does not include a benevolent trust established by the owners of a family farm, authorized farm corporation or family farm corporation.

(g) "Farm homestead" means a house including adjoining buildings that has been used as part of a farming operation or is part of the agricultural land used for a farming operation.

(h) "Family farm partnership" means a limited partnership formed for the purpose of farming and the ownership of agricultural land in which the majority of the interests in the partnership is held by and the majority of the partners are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of the related persons is residing on or actively operating the farm, and none of the partners are corporations. A family farm partnership does not cease to qualify as a family farm partnership because of a devise or bequest of interest in the partnership.

(i) "Authorized farm partnership" means a limited partnership meeting the following standards:

(1) it has been issued a certificate from the secretary of state or is registered with the county recorder and farming and ownership of agricultural land is stated as a purpose or character of the business;

(2) its partners do not exceed five in number;

(3) all its partners, other than an estate, are natural persons;

(4) its revenues from rent, royalties, dividends, interest, and annuities do not exceed 20 percent of its gross receipts;

(5) its general partners hold at least 51 percent of the interest in the land assets of the partnership and reside on the farm or are actively engaging in farming not more than 1,500 acres as a general partner in an authorized limited partnership;

(6) its limited partners do not participate in the business of the limited partnership including operating, managing, or directing management of farming operations;

(7) the authorized farm partnership, directly or indirectly, does not own or otherwise have an interest, whether legal, beneficial, or otherwise, in a title to more than 1,500 acres of real estate used for farming or capable of being used for farming in this state; and

(8) a limited partner of the authorized farm partnership is not a limited partner in other authorized farm partnerships that directly or indirectly in combination with the authorized farm partnership own not more than 1,500 acres of real estate used for farming or capable of being used for farming in this state.

Sec. 3. Minnesota Statutes 1986, section 500.24, subdivision 3, is amended

to read:

Subd. 3. [FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.] No corporation ~~or~~, pension or investment fund, or *limited partnership* shall engage in farming; nor shall any corporation ~~or~~, pension or investment fund, or *limited partnership*, directly or indirectly, own, acquire, or otherwise obtain an interest, whether legal, beneficial or otherwise, in any title to real estate used for farming or capable of being used for farming in this state. Provided, however, that the restrictions ~~provided~~ in this subdivision ~~shall do not apply to the following corporations or partnerships in clause (b) and do not apply to corporations, limited partnerships, and pension or investment funds that record its name and the particular exception under clauses (a) to (r) under which the agricultural land is owned or farmed, have a conservation plan prepared for the agricultural land, report as required under subdivision 4, and satisfy one of the following conditions under clauses (a) to (r):~~

(a) A bona fide encumbrance taken for purposes of security;

(b) A family farm corporation ~~or~~, an authorized farm corporation, a *family farm partnership*, or an authorized farm partnership as defined in subdivision 2 or a general partnership;

(c) Agricultural land and land capable of being used for farming owned by a corporation as of May 20, 1973, or a pension or investment fund as of May 12, 1981, including the normal expansion of such ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, or, in the case of a pension or investment fund, as of May 12, 1981, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules;

(d) Agricultural land operated for research or experimental purposes with the approval of the commissioner of agriculture, provided that any commercial sales from ~~such farm shall~~ the operation must be incidental to the research or experimental objectives of the corporation. A corporation, *limited partnership*, or pension or investment fund seeking to operate agricultural land for research or experimental purposes must submit to the commissioner a prospectus or proposal of the intended method of operation, containing information required by the commissioner including a copy of any operational contract with individual participants, prior to initial approval of an operation. A corporation, *limited partnership*, or pension or investment fund operating agricultural land for research or experimental purposes prior to the effective date of section 2 must comply with all requirements of this clause except the requirement for initial approval of the project;

(e) Agricultural land operated by a corporation or *limited partnership* for the purpose of raising breeding stock, including embryos, for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod;

(f) Agricultural land and land capable of being used for farming leased by a corporation or *limited partnership* in an amount, measured in acres, not to exceed the acreage under lease to such corporation as of May 20, 1973, or to the *limited partnership* as of May 1, 1988, and the additional acreage required for normal expansion at a rate not to exceed 20 percent of the amount of land leased as of May 20, 1973, for a corporation or May 1, 1988, for a *limited partnership* in any five-year period, and the

additional acreage reasonably necessary to meet the requirements of pollution control rules;

(g) Agricultural land when acquired as a gift (either by grant or a devise) by an educational, religious or charitable nonprofit corporation or by a pension or investment fund *or limited partnership*; provided that all lands so acquired by a pension or investment fund, and all lands so acquired by a corporation *or limited partnership* which are not operated for research or experimental purposes, or are not operated for the purpose of raising breeding stock for resale to farmers or operated for the purpose of growing seed, wild rice, nursery plants or sod must be disposed of within ten years after acquiring title thereto;

(h) Agricultural land acquired by a pension or investment fund or a corporation other than a family farm corporation or authorized farm corporation, as defined in subdivision 2, *or a limited partnership other than a family farm partnership or authorized farm partnership as defined in subdivision 2*, for which the corporation *or limited partnership* has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A pension or investment fund or a corporation *or limited partnership* may hold such agricultural land in such acreage as may be necessary to its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, such land may not be used for farming except under lease to a family farm unit, a family farm corporation ~~or~~, an authorized farm corporation, *a family farm partnership, or an authorized farm partnership*, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation which has entered into an agreement with the United States of America pursuant to the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, United States Code, title 42, sections 3901 to 3914) as amended, or a subsidiary or assign of such a corporation;

(i) Agricultural lands acquired by a pension or investment fund or a corporation *or limited partnership* by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim thereon, whether created by mortgage or otherwise; provided, however, that all lands so acquired be disposed of within ten years *after acquiring the title if acquired before May 1, 1988, and five years after acquiring the title if acquired on or after May 1, 1988*, acquiring the title thereto, and further provided that the land so acquired shall not be used for farming during the ten-year *or five-year* period except under a lease to a family farm unit, a family farm corporation ~~or~~, an authorized farm corporation, *a family farm partnership, or an authorized farm partnership*. The aforementioned ten-year *or five-year* limitation period shall be deemed a covenant running with the title to the land against any pension or investment fund or corporate *or limited partnership* grantee or assignee or the successor of such pension or investment fund or corporation *or limited partnership*. *Notwithstanding the five-year divestiture requirement under this paragraph, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must divest of the agricultural land within the ten-year period;*

(j) Agricultural land acquired by a corporation regulated under the provisions of Minnesota Statutes 1974, chapter 216B, for purposes described in that chapter or by an electric generation or transmission cooperative for

use in its business, provided, however, that such land may not be used for farming except under lease to a family farm unit, ~~or~~ a family farm corporation, or a family farm partnership;

(k) Agricultural land, either leased or owned, totaling no more than 2,700 acres, acquired after May 20, 1973 for the purpose of replacing or expanding asparagus growing operations, provided that such corporation had established 2,000 acres of asparagus production;

(l) All agricultural land or land capable of being used for farming which was owned or leased by an authorized farm corporation as defined in Minnesota Statutes 1974, section 500.24, subdivision 1, clause (d) but which does not qualify as an authorized farm corporation as defined in subdivision 2, clause (d);

(m) A corporation formed primarily for religious purposes whose sole income is derived from agriculture;

(n) Agricultural land owned or leased by a corporation prior to August 1, 1975, which was exempted from the restriction of subdivision 3 under the provisions of Laws 1973, chapter 427, including normal expansion of such ownership or leasehold interest to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1975 in any five-year period and the additional ownership reasonably necessary to meet requirements of pollution control rules;

(o) Agricultural land owned or leased by a corporation prior to August 1, 1978, including normal expansion of such ownership or leasehold interest, to be exercised at a rate not to exceed 20 percent of the amount of land owned or leased on August 1, 1978 and the additional ownership reasonably necessary to meet requirements of pollution control rules, provided that nothing herein shall reduce any exemption contained under the provisions of Laws 1975, chapter 324, section 1, subdivision 2;

(p) An interest in the title to agricultural land acquired by a pension fund or family trust established by the owners of a family farm, authorized farm corporation or family farm corporation, but limited to the farm on which one or more of those owners or shareholders have resided or have been actively engaged in farming as required by subdivision 2, clause (b), (c), or (d);

(q) Agricultural land owned by a nursing home located in a city with a population, according to the state demographer's 1985 estimate, between 900 and 1,000, in a county with a population, according to the state demographer's 1985 estimate, between 18,000 and 19,000, if the land was given to the nursing home as a gift with the expectation that it would not be sold during the donor's lifetime. This exemption is available until July 1, 1995;

(r) *The acreage of agricultural land and land capable of being used for farming owned and recorded by an authorized farm corporation as defined in Minnesota Statutes 1986, section 500.24, subdivision 2, paragraph (d), or a limited partnership as of May 1, 1988, including the normal expansion of the ownership at a rate not to exceed 20 percent of the land owned and recorded as of May 1, 1988, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules.*

Sec. 4. Minnesota Statutes 1986, section 500.24, subdivision 3a, is amended to read:



Subd. 3a. [LEASE AGREEMENT; CONSERVATION PRACTICE PROTECTION CLAUSE.] A corporation, *pension or investment fund*, or *limited partnership*, other than a family farm corporation ~~or~~, an authorized farm corporation, a family farm partnership, or an authorized farm partnership, when leasing farm land to a family farm unit, a family farm corporation, ~~or~~ an authorized farm corporation, a family farm partnership, or an authorized farm partnership under provisions of subdivision 3, clause (i), must include within the lease agreement a provision prohibiting intentional damage or destruction to a conservation practice on the agricultural land.

Sec. 5. Minnesota Statutes 1986, section 500.24, subdivision 3b, is amended to read:

Subd. 3b. [PROTECTION OF CONSERVATION PRACTICES.] If a corporation, *pension or investment fund*, or *limited partnership*, other than a family farm corporation ~~or~~, an authorized farm corporation, a family farm partnership, or authorized farm partnership, during the period of time it holds agricultural land under subdivision 3, clause (i), intentionally destroys a conservation practice as defined in section 40.19, subdivision 5, to which the state has made a financial contribution, the corporation, *pension or investment fund*, or *limited partnership* must pay the commissioner of agriculture, for deposit in the general fund, an amount equal to the state's total contributions to that conservation practice plus interest from the time of investment in the conservation practice. Interest must be calculated at an annual percentage rate of 12 percent.

Sec. 6. Minnesota Statutes 1986, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) *The chief executive officer of every pension or investment fund or corporation which, or limited partnership, except a family farm corporation or a family farm limited partnership, that holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner of agriculture a report containing the following information and documents:*

(1) The name of the pension or investment fund ~~or~~, corporation, or *limited partnership* and its place of incorporation, *certification, or registration;*

(2) The address of the pension or investment plan headquarters or of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation or *limited partnership*, the address of its principal office in its place of incorporation, *certification, or registration;*

(3) The acreage and location listed by quarter-quarter section, township and county of each lot or parcel of land in this state owned or leased by the pension or investment fund, *limited partnership*, or corporation and used for the growing of crops or the keeping or feeding of poultry or livestock;

(4) The names and addresses of the officers, administrators, directors or trustees of the pension or investment fund, or of the officers, shareholders

owning more than 10 percent of the stock, including the percent of stock owned by each such shareholder, and the members of the board of directors of the corporation, *and the general and limited partners and the percentage of interest in the partnership by each partner; and*

(5) The farm products which the pension or investment fund, *limited partnership*, or corporation produces or intends to produce on its agricultural land;

(6) *With the first report, a copy of the title to the property where the farming operations are or will occur indicating the particular exception claimed under subdivision 3, clauses (a) to (r); and*

(7) *With the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.*

The report of a corporation seeking to qualify hereunder as a family farm corporation ~~or~~, an authorized farm corporation, a family farm partnership, or authorized farm partnership shall contain the following additional information: The number of shares or the partnership interests owned by persons residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address and number of shares owned by each shareholder or partnership interests owned by each partner; and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest and annuities. No pension or investment fund, *limited partnership*, or corporation shall commence farming in this state until the commissioner of agriculture has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, *limited partnership*, or corporation as described in clause (a) shall, prior to April 15 of each year, file with the commissioner of agriculture a report containing the information required in clause (a), based on its operations in the preceding calendar year and its status at the end of the year. *A pension or investment fund, limited partnership, or corporation that does not file the report by April 15 must pay a \$500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.*

(c) Failure to file a required report, or the willful filing of false information, shall constitute a gross misdemeanor.

Sec. 7. Minnesota Statutes 1986, section 500.24, subdivision 5, is amended to read:

Subd. 5. [ENFORCEMENT.] With reason to believe that a corporation, *limited partnership*, or pension or investment fund is violating subdivision 3, the attorney general shall commence an action in the district court in which any agricultural lands relative to such violation are situated, or if situated in two or more counties, in any county in which a substantial part of the lands are situated. The attorney general shall file for record with the county recorder or the registrar of titles of each county in which any portion of said lands are located a notice of the pendency of the action as provided in section 557.02. If the court finds that the lands in question are being held in violation of subdivision 3, it shall enter an order so declaring. The attorney general shall file for record any such order with the county recorder or the registrar of titles of each county in which any portion of said lands

are located. Thereafter, the pension or investment fund, *limited partnership*, or corporation owning such land shall have a period of five years from the date of such order to divest itself of such lands. The aforementioned five year limitation period shall be deemed a covenant running with the title to the land against any pension or investment fund, *limited partnership*, or corporate grantee or assignee or the successor of such pension or investment fund, *limited partnership*, or corporation. Any lands not so divested within the time prescribed shall be sold at public sale in the manner prescribed by law for the foreclosure of a mortgage by action. In addition, any prospective or threatened violation may be enjoined by an action brought by the attorney general in the manner provided by law.

Sec. 8. Minnesota Statutes 1987 Supplement, section 500.24, subdivision 6, is amended to read:

Subd. 6. [DISPOSAL OF LAND.] (a) A state or federal agency, *limited partnership*, or a corporation, other than a family farm corporation or an authorized farm corporation, may not lease or sell agricultural land or a farm homestead that was acquired by enforcing a debt against the agricultural land or farm homestead, including foreclosure of a mortgage, accepting a deed in lieu of foreclosure, terminating a contract for deed, or accepting a deed in lieu of terminating a contract for deed, before offering or making a good faith effort to offer the land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. The offer must be made on the notice to offer form under subdivision 7. Selling or leasing property to a third party at a price is prima facie evidence that the price is acceptable to the seller or lessor.

(b) For purposes of this subdivision, the term "a price no higher than the highest price offered by a third party" means the acceptable cash price offered by a third party or the acceptable time-price offer made by a third party. A cash price offer is one that involves simultaneous transfer of title for payment of the entire amount of the offer. If the acceptable offer made by a third party is a time-price offer, the seller or lessor must make the same time-price offer or an equivalent cash offer to the immediately preceding former owner. An equivalent cash offer is equal to the total of the payments made over a period of the time-price offer discounted by yield curve of the United States treasury notes and bonds on the first business day of the month in which the offer is personally delivered or mailed for time periods similar to the time period covered by the time-price offer, plus 2.0 percent. A time-price offer is an offer that defers payment of a portion of the price and does not involve a transfer of fee title until payment of the entire amount of the offer is made.

(c) This subdivision applies to a seller when the property is sold and to a lessor each time the property is leased, for five years after the agricultural land is acquired except:

(1) an offer to lease to the immediately preceding former owner is required only until the immediately preceding owner fails to accept an offer to lease the property or the property is sold; and

(2) an offer to sell to the immediately preceding former owner is required until the property is sold.

(d) The notice of an offer under subdivision 7 that is personally delivered with a signed receipt or sent by certified mail with a receipt of mailing to

the immediately preceding former owner's last known address is a good faith offer.

(e) This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for five years or longer.

(f) For purposes of this subdivision, if the immediately preceding former owner is a bankruptcy estate the debtor in the bankruptcy is the immediately preceding owner.

(g) The immediately preceding former owner must exercise the right to lease agricultural land or a homestead located on agricultural land in writing within 15 days after an offer to lease under this subdivision is mailed with a receipt of mailing or personally delivered. The immediately preceding former owner must exercise the right to buy the agricultural land or farm homestead located on agricultural land, in writing, within 65 days after an offer to buy under this subdivision is mailed with a receipt of mailing or is personally delivered. Within ten days after exercising the right to lease or buy by accepting the offer, the immediately preceding owner must fully perform according to the terms of the offer including paying the amounts due. A seller may sell and a lessor may lease the agricultural land or farm homestead subject to this subdivision to the third party in accordance with their lease or purchase agreement if:

(1) the immediately preceding former owner does not accept an offer to lease or buy before the offer terminates; or

(2) the immediately preceding former owner does not perform the obligations of the offer, including paying the amounts due, within ten days after accepting the offer.

(h) A certificate indicating whether or not the property contains agricultural land or a farm homestead that is signed by the county assessor where the property is located and recorded in the office of the county recorder or the registrar of titles where the property is located is prima facie evidence of whether the property is agricultural land or a farm homestead.

(i) As prima facie evidence that an offer to sell or lease agricultural land or a farm homestead has terminated, a receipt of mailing the notice under subdivision 7 and an affidavit, signed by a person authorized to act on behalf of a state, federal agency, or corporation selling or leasing the agricultural land or a farm homestead may be filed in the office of the county recorder or registrar of titles of the county where the agricultural land or farm homestead is located. The affidavit must state that:

(1) notice of an offer to buy or lease the agricultural land or farm homestead was provided to the immediately preceding former owner at a price not higher than the highest price offered by a third party that is acceptable;

(2) the time during which the immediately preceding former owner is required to exercise the right to buy or lease the agricultural land or farm homestead has expired;

(3) the immediately preceding former owner has not exercised the right to buy or lease the agricultural land or farm homestead as provided in this subdivision or has accepted an offer and has not fully performed according to the terms of the offer; and

(4) the offer to the immediately preceding former owner has terminated.

(j) The right of an immediately preceding former owner to receive an

offer to lease or purchase agricultural land under this subdivision or to lease or purchase at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor may be extinguished or limited by an express statement signed by the immediately preceding owner that complies with the plain language requirements of section 325G.31. The right may not be extinguished or limited except by the express statement in a deed in lieu of foreclosure or in a deed in lieu of a termination of a contract for deed for the agricultural land.

(k) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision may not be assigned or transferred, but may be inherited.

Sec. 9. Minnesota Statutes 1987 Supplement, section 500.24, subdivision 7, is amended to read:

Subd. 7. [NOTICE OF OFFER.] (a) The state, a federal agency, *limited partnership*, or a corporation subject to subdivision 6 must provide a notice of an offer to sell or lease agricultural land substantially as follows, after inserting the appropriate terms within the parentheses:

“NOTICE OF OFFER TO (LEASE, BUY) AGRICULTURAL LAND

TO: ( . . . . . Immediately preceding former owner . . . . . )  
 FROM: ( . . . . . The state, federal agency, *limited partnership*, or  
 corporation subject to subdivision 6 . . . . . )  
 DATE: ( . . . . . date notice is mailed or personally delivered . . . . . )

( . . . . . The state, federal agency, *limited partnership*, or corporation . . . . . ) HAS ACQUIRED THE AGRICULTURAL LAND DESCRIBED BELOW AND HAS RECEIVED AN ACCEPTABLE OFFER TO (LEASE, SELL) THE AGRICULTURAL LAND FROM ANOTHER PARTY. UNDER MINNESOTA STATUTES, SECTION 500.24, SUBDIVISION 6, AN OFFER FROM ( . . . . . the state, federal agency, *limited partnership*, or corporation . . . . . ) MUST BE MADE TO YOU AT A PRICE NO HIGHER THAN THE HIGHEST OFFER MADE BY ANOTHER PARTY.

THE AGRICULTURAL LAND BEING OFFERED CONTAINS APPROXIMATELY ( . . . . . approximate number of acres . . . . . ) ACRES AND IS INFORMALLY DESCRIBED AS FOLLOWS:

(Informal description of the agricultural land being offered that reasonably describes the land. This description does not need to be a legal description.)

( . . . . . The state, federal agency, *limited partnership*, or corporation . . . . . ) OFFERS TO (SELL, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE FOR A CASH PRICE OF \$( . . . . . cash price or equivalent cash price for lease and lease period, or cash price or equivalent cash price for sale of land . . . . . ), WHICH IS NOT HIGHER THAN THE PRICE OFFERED BY ANOTHER PARTY. THE PRICE IS OFFERED ON THE FOLLOWING TERMS:

(Terms, if any, of acceptable offer)

IF YOU WANT TO ACCEPT THIS OFFER YOU MUST NOTIFY ( . . . . . the state, federal agency, *limited partnership*, or corporation . . . . . ) IN WRITING THAT YOU ACCEPT THE OFFER OR SIGN UNDERNEATH THE FOLLOWING PARAGRAPH AND RETURN A COPY OF THIS NOTICE BY (15 for a lease, 65 for a sale) DAYS AFTER THIS NOTICE IS PERSONALLY DELIVERED OR MAILED TO YOU. THE OFFER IN

THIS NOTICE TERMINATES ON ( . . . . . date of termination - 15 days for lease and 65 days for sale after date of mailing or personal delivery . . . . . ).

ACCEPTANCE OF OFFER

I ACCEPT THE OFFER TO (BUY, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE AT THE PRICE OFFERED TO ME IN THIS NOTICE. AS PART OF ACCEPTING THIS OFFER I WILL PERFORM ACCORDING TO THE TERMS OF THE OFFER, INCLUDING MAKING PAYMENTS DUE UNDER THE OFFER, WITHIN TEN DAYS AFTER THE DATE I ACCEPT THIS OFFER.

.....  
Signature of Former Owner Accepting Offer

.....  
Date"

(b) For an offer to sell, a copy of the purchase agreement containing the price and terms of the highest offer made by a third party that is acceptable to the seller and a signed affidavit by the seller affirming that the purchase agreement is true, accurate, and made in good faith must be included with the notice under this subdivision. At the seller's discretion, reference to the third party's identity may be deleted from the copy of the purchase agreement.

(c) For an offer to lease, a copy of the lease containing the price and terms of the highest offer made by a third party that is acceptable to the lessor and a signed affidavit by the lessor affirming that the lease is true, accurate, and made in good faith must be included with the notice under this subdivision. At the lessor's discretion, reference to the third party's identity may be deleted from the copy of the lease agreement.

(d) The affidavit under paragraphs (b) and (c) is subject to section 609.48.

Sec. 10. [EFFECTIVE DATE.]

*This act is effective May 1, 1988."*

Delete the title and insert:

"A bill for an act relating to agriculture; limiting ownership of agricultural land by certain corporations and limited partnerships; providing for conveyance of certain interests; amending Minnesota Statutes 1986, sections 40.43; by adding a subdivision; 500.24, subdivisions 3, 3a, 3b, 4, and 5; Minnesota Statutes 1987 Supplement, section 500.24, subdivisions 2, 6, and 7."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Chuck Brown, Edgar L. Olson, Wally A. Sparby

Senate Conferees: (Signed) Charles R. Davis, Steven Morse, David J. Frederickson

Mr. Davis moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2041 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2041 was read the third time, as amended by the Conference

Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 44 and nays 6, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Marty	Renneke
Anderson	Decker	Jude	Merriam	Samuelson
Beckman	Dicklich	Knaak	Moe, D.M.	Schmitz
Benson	Diessner	Kroening	Moe, R.D.	Solon
Berglin	Frank	Laidig	Morse	Spear
Bernhagen	Frederick	Langseth	Piper	Stumpf
Bertram	Frederickson, D.J.	Lantry	Pogemiller	Vickerman
Cohen	Frederickson, D.R.	Lessard	Purfeerst	Wegscheid
Dahl	Hughes	Luther	Ramstad	

Those who voted in the negative were:

Berg	Knutson	McQuaid	Mehrkens	Storm
Brandl				

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2491 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2491

A bill for an act relating to metropolitan government; establishing various requirements on agency organization, work programs, budgets, and reports; amending Minnesota Statutes 1986, sections 473.13, subdivision 1, and by adding a subdivision; 473.146, subdivision 3; 473.173, subdivision 6; 473.38, by adding a subdivision; Minnesota Statutes 1987 Supplement, section 473.1623, subdivisions 4 and 6.

April 16, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2491, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2491 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 473.13, subdivision 1, is amended to read:

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. *The budget shall state in detail the expenditures for each program*

to be undertaken, including the expenses for salaries, consultant services, overhead, travel, printing, and other items. The budget shall state in detail the capital expenditures of the council for the budget year, based on a five-year capital program adopted by the council and transmitted to the legislature. After adoption of the budget, an increase of over \$10,000 in the council's budget, a program or department budget, or a budget item, must be approved by the council before the increase is allowed or the funds obligated. After adoption of the budget and no later than October 1, the council shall certify to the auditor of each metropolitan county the share of the tax to be levied within that county, 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.

Sec. 2. Minnesota Statutes 1986, section 473.13, is amended by adding a subdivision to read:

*Subd. 1a. [PROGRAM EVALUATION.] The budget procedure of the council must include a substantive assessment and evaluation of the effectiveness of each significant program of the council, with, to the extent possible, quantitative information on the status, progress, costs, benefits, and effects of each program. The council shall transmit the evaluation to the legislature annually.*

Sec. 3. Minnesota Statutes 1986, section 473.146, subdivision 3, is amended to read:

**Subd. 3. [TRANSPORTATION CHAPTER OF THE DEVELOPMENT GUIDE.]** The transportation 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 nontransit element of the transportation chapter must include the following:

(1) a statement of the needs and problems of the metropolitan area with respect to the functions covered and, including the present and prospective demand for and constraints on access to regional business concentrations and other major activity centers and the constraints on and acceptable levels of development and vehicular trip generation at such centers;

(2) the objectives of and the policies to be forwarded by the policy plan;

~~(2)~~ (3) a general description of the physical facilities and services to be developed;

~~(3)~~ (4) a statement as to the general location of physical facilities and service areas;

~~(4)~~ (5) a general statement of timing and priorities in the development of those physical facilities and service areas; and

~~(5)~~ (6) a detailed statement, updated every two years, of timing and priorities for improvements and expenditures needed on the metropolitan highway system; and

(7) a general statement on the level of public expenditure appropriate to the facilities.

*The council shall develop the nontransit element in consultation with the transportation advisory board and shall transmit the results to the*



*state department of transportation.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 473.1623, subdivision 4, is amended to read:

Subd. 4. [FINANCIAL REPORTING; BUDGETING.] (a) The advisory committee, with the assistance of the state auditor and the legislative auditor, shall develop uniform or consistent standards, formats, and procedures for the budgets and financial reports of the council and all metropolitan agencies. The council shall report to the legislature from time to time on progress made by the committee in improving the uniformity and quality of budgets and financial reports and on legislation that may be needed for this purpose.

(b) The council and each metropolitan agency shall prepare a summary budget for agency fiscal year 1988 and each year thereafter. The advisory committee, with the assistance of the state auditor and the legislative auditor, shall develop guidelines and models for the summary budgets. The purpose of the summary budget is to increase public knowledge and agency accountability by providing citizens outside of the agency with a condensed, accessible, and graphic description of the financial affairs of the agency. The document should contain a coherent, effectively communicated, understandable statement of: financial trends and forecasts; budget policies and policy changes; agency financial assumptions, objectives and plans; revenue sources and expenditures by program category; personnel policies, decisions, and allocation; budgetary performance measures; and similar matters serving the purpose of the document.

(c) *The council and each metropolitan agency shall include in the annual budget:*

(1) *a statement of the reserve or fund balance carried forward at the end of the budget year, for at least the two preceding fiscal years;*

(2) *a comparison of budgeted and actual expenditures, reported by department and, if the agency has a program budget, by program, for at least the two preceding fiscal years;*

(3) *a listing of proposed or anticipated consulting contracts or projects and the amount of each contract or project.*

Sec. 5. Minnesota Statutes 1987 Supplement, section 473.1623, subdivision 6, is amended to read:

Subd. 6. [PERSONNEL AND ETHICAL PRACTICES; COMMUNICATION.] By January 1, of each year, the council and each agency represented on the advisory committee established under this section shall report to the legislature on the following:

(1) agency personnel practices, including an analysis of trends, compliance with legal requirements, health care and other benefits, and salary levels in comparison with relevant job markets; and

(2) ethical practices requirements for board members and employees of each agency, including the sources of the requirements, agency comparisons, and comparison with requirements for state and local government officers and employees; and

(3) the activities undertaken by each agency board member and council member to regularly meet with and communicate with local officials and legislators in the member's district about issues before the agency or council.

*The report on employee salaries under clause (1) must include details of: all lump sum payments or bonuses; and a description of all payments, expense accounts, allowances, including travel allowances, and other current benefits granted to individuals that are not made generally available to employees of the council or agency.*

Sec. 6. Minnesota Statutes 1986, section 473.167, subdivision 2, is amended to read:

Subd. 2. [LOANS FOR ACQUISITION.] The council may make loans to counties, towns, and statutory and home rule charter cities within the metropolitan area for the purchase of property within the right-of-way of a state trunk highway shown on an official map adopted pursuant to section 394.361 or 462.359 or for the purchase of property within the proposed right-of-way of a principal or intermediate arterial highway designated by the council as a part of the metropolitan highway system plan and approved by the council pursuant to subdivision 1. The loans shall be made by the council, from the fund established pursuant to this subdivision, for purchases approved by the council. The loans shall bear no interest. The council shall make loans only: (1) to accelerate the acquisition of primarily undeveloped property when there is a reasonable probability that the property will increase in value before highway construction, and to update an expired environmental impact statement on a project for which the right-of-way is being purchased; or (2) to avert the imminent conversion or the granting of approvals which would allow the conversion of property to uses which would jeopardize its availability for highway construction. The council shall not make loans for the purchase of property at a price which exceeds the fair market value of the property or which includes the costs of relocating or moving persons or property. A private property owner may elect to receive the purchase price either in a lump sum or in not more than four annual installments without interest on the deferred installments. If the purchase agreement provides for installment payments, the council shall make the loan in installments corresponding to those in the purchase agreement. The recipient of an acquisition loan shall convey the property for the construction of the highway at the same price which the recipient paid for the property. Upon notification by the council that the plan to construct the highway has been abandoned or the anticipated location of the highway changed, the recipient shall sell the property at market value in accordance with the procedures required for the disposition of the property. All rents and other money received because of the recipient's ownership of the property and all proceeds from the conveyance or sale of the property shall be paid to the council. The proceeds of the tax authorized by subdivision 3, all money paid to the council by recipients of loans, and all interest on the proceeds and payments shall be maintained as a separate fund. For administration of the loan program the council may expend from the fund each year an amount no greater than three percent of the amount that a metropolitan area tax levy of 5/100 of a mill would raise in of the authorized levy for that year.

Sec. 7. Minnesota Statutes 1986, 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~~ This tax for the right-of-way acquisition loan fund shall be certified by the council, levied, and collected in the manner provided by section 473.13. 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 5/100 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 5/100 of a mill would raise in that year.~~

*The property tax levied by the metropolitan council for the right-of-way acquisition loan fund shall not exceed the following amount for the years specified:*

*(a) for taxes payable in 1988, the product of 5/100 of one mill multiplied by the total assessed valuation of all taxable property located within the metropolitan area as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;*

*(b) for taxes payable in 1989, except as provided in section 13, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan area divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan area; and*

*(c) for taxes payable in 1990 and subsequent years, the product of (1) the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund for the previous year determined pursuant to this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan area for the previous assessment year.*

*For the purpose of determining the metropolitan council's property tax levy limitation for the right-of-way acquisition loan fund for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan area without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).*

*The property tax levied under this subdivision for taxes payable in 1988 and subsequent years shall not be levied at a rate higher than that determined by the metropolitan council to be sufficient, considering the other anticipated revenues of and disbursements from the right-of-way acquisition loan fund, to produce a balance in the loan fund at the end of the next calendar year equal to twice the amount of the property tax levy limitation for taxes payable in the next calendar year determined under this section.*

Sec. 8. Minnesota Statutes 1986, section 473.167, is amended by adding a subdivision to read:

*Subd. 4. [STATE REVIEW.] The commissioner of revenue shall annually*

determine whether the property tax for the right-of-way acquisition loan fund certified by the metropolitan council for levy following the adoption of its budget is within the levy limitation imposed by this section. To the extent practicable, the determination must be completed prior to November 1 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculation.

Sec. 9. Minnesota Statutes 1986, section 473.167, is amended by adding a subdivision to read:

*Subd. 5. [LEVY INCREASE.] For the purpose of determining the levy limitation for taxes payable in 1989 under subdivision 3, the levy limitation for taxes payable in 1988 shall be multiplied by two. The levy limitation so determined for taxes payable in 1989 shall be the basis for determining levy limitations for taxes payable in 1990 and subsequent years under subdivision 3.*

Sec. 10. [473.171] [LIGHT RAIL TRANSIT PLANS; METROPOLITAN REVIEW.]

*The council and the regional transit board shall review and comment on comprehensive light rail transit plans and preliminary design plans of regional railroad authorities. The council and the board shall conduct their review and comment before the regional railroad authority prepares final design plans. The council and the board may undertake the study necessary for this review, in accordance with the provisions of section 473.17 and notwithstanding the provisions of section 473.398.*

*The council and the board shall review comprehensive light rail transit plans in accordance with Laws 1987, chapter 405, section 6. The council and the board in reviewing the comprehensive light rail transit plans, and the authority in preparing those plans, shall, to the extent practicable, ensure the acquisition, lease or preservation of the right of way for planned light rail transit corridors, so that the planned corridors are ready for construction and development and so that corridor development and priorities are not determined by right of way ownership.*

*The authority's light rail transit plans shall provide for the staged development of the light rail transit system.*

*The light rail transit plans and the comments of the council and the board must be transmitted to the legislature.*

Sec. 11. Minnesota Statutes 1986, section 473.173, subdivision 6, is amended to read:

*Subd. 6. The council and the advisory metropolitan land use committee shall review and assess the rules following their effective date and at least every two years thereafter. On or before January 15 of each year, the council shall report to the legislature concerning metropolitan significance. No major alteration or amendments to standards for determining the necessity for a comprehensive review metropolitan significance shall be put into effect by the council until 90 days have elapsed following the a report to the legislature in which the alteration or amendment was proposed and recommended by the council in the form of a proposed rule published under section 14.14, subdivision 1a, or 14.22. The report to the legislature must be made during the month of January.*

Sec. 12. Minnesota Statutes 1986, 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 8/30 of one mill on the total assessed valuation of all such taxable property located in the metropolitan area, and This tax for general purposes shall be levied and collected in the manner provided by section 473.13.~~

*The property tax levied by the metropolitan council for general purposes shall not exceed the following amount for the years specified:*

*(a) for taxes payable in 1988, the product of 8/30 of one mill multiplied by the total assessed valuation of all taxable property located within the metropolitan area as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;*

*(b) for taxes payable in 1989, the product of (1) the metropolitan council's property tax levy limitation for general purposes for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan area divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan area; and*

*(c) for taxes payable in 1990 and subsequent years, the product of (1) the metropolitan council's property tax levy limitation for general purposes for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan area for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan area for the previous assessment year.*

*For the purpose of determining the metropolitan council's property tax levy limitation for general purposes for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan area without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).*

Sec. 13. Minnesota Statutes 1986, section 473.249, is amended by adding a subdivision to read:

*Subd. 3. [LEVY LIMIT.] Notwithstanding any other provision of this section, effective for property taxes payable in 1989 and subsequent years, the total amount of dollars levied by the council for general purposes under this section in any year may not increase over the amount levied in the preceding year by a percentage greater than the percentage increase, during the 12-month period ending with the most recent month for which data is available, in the implicit price deflator for state and local government purchases of goods and services.*

Sec. 14. Minnesota Statutes 1986, section 473.375, subdivision 4, is amended to read:

Subd. 4. [PROPERTY.] The board may acquire by purchase, lease, gift,

or grant property and interests in property necessary for the accomplishment of its purposes and may sell or otherwise dispose of property which it no longer requires. The board may not rent or lease any premises from a recipient of financial assistance from the board. Except for the rental or lease of its office space, the board may not acquire or hold any permanent or temporary right, title, or interest in or to real property, including easements or development rights. *The board may not acquire or hold any permanent or temporary right, title, or interest in or to transit vehicles.*

Sec. 15. Minnesota Statutes 1986, section 473.375, subdivision 8, is amended to read:

Subd. 8. [GIFTS; GRANTS.] The board may apply for, accept and disburse gifts, grants, or loans from the United States, the state, or from any person on behalf of itself or any of its contract recipients, for any of its purposes. It may enter into an agreement required for the gifts, grants, or loans and may hold, use, and dispose of money or property received therefrom according to the terms of the gift, grant, or loan. ~~When the board has adopted an approved implementation plan and has certified to the governor that it is ready to receive federal funds, the governor shall take whatever steps are necessary to designate~~ The board as may not be a recipient of federal ~~transit operating or capital~~ assistance for the metropolitan area distributed by formula or block grant. ~~The board may not be a recipient of federal discretionary capital grants for light rail and other fixed guideway transit systems.~~

No political subdivision within the metropolitan area may apply for federal transit assistance unless its application has been submitted to and approved by the board.

Sec. 16. Minnesota Statutes 1986, section 473.375, is amended by adding a subdivision to read:

Subd. 18. [OPERATIONS.] *The board may not own or operate transit services.*

Sec. 17. Minnesota Statutes 1986, section 473.38, is amended by adding a subdivision to read:

Subd. 4. [PROGRAM EVALUATION.] *The budget procedure of the board must include a substantive assessment and evaluation of the effectiveness of each significant program of the board, with, to the extent possible, quantitative information on the status, progress, costs, benefits, and effects of each program. The board shall transmit the evaluation to the legislature annually.*

Sec. 18. Minnesota Statutes 1987 Supplement, section 473.446, subdivision 1, is amended to read:

Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.] For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, except as otherwise provided in this subdivision the regional transit board shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) an amount up to two mills times the assessed value of all such property, based upon the level of transit service provided for the property, the proceeds of which shall be used for payment of the expenses of operating transit and paratransit service and to provide for payment of obligations issued by the commission under section 473.436, subdivision 6;

(b) an additional amount, if any, as the board determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1985, to which property taxes under this section have been pledged; and

(c) an additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the council or board has specifically pledged tax levies under this clause.

*The property tax levied by the regional transit board for general purposes under clause (a) must not exceed the following amount for the years specified:*

*(1) for taxes payable in 1988, the product of two mills multiplied by the total assessed valuation of all taxable property located within the metropolitan transit taxing district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;*

*(2) for taxes payable in 1989, the product of (i) the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 determined under clause (1) multiplied by (ii) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the metropolitan transit taxing district divided by the assessment year 1987 total market valuation of all taxable property located within the metropolitan transit taxing district; and*

*(3) for taxes payable in 1990 and subsequent years, the product of (i) the regional transit board's property tax levy limitation for general purposes for the previous year determined under this subdivision multiplied by (ii) an index for market valuation changes equal to the total market valuation of all taxable property located within the metropolitan transit taxing district for the current assessment year divided by the total market valuation of all taxable property located within the metropolitan transit taxing district for the previous assessment year.*

*For the purpose of determining the regional transit board's property tax levy limitation for general purposes for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the metropolitan transit taxing district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).*

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive full peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.5 mills on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.75 mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29. Any

prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy and may make changes in the certification as necessary or return a certification to the county auditor for corrections. The commissioner shall pay to the regional transit board the amounts certified by the county auditors on the dates provided in section ~~273.1394~~ 273.1325. There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments in fiscal year 1987 and thereafter.

For the purposes of this subdivision, "full peak and limited off-peak service" means peak period regular route service, plus weekday midday regular route service at intervals longer than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period regular route service only.

Sec. 19. Minnesota Statutes 1986, section 473.446, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION AND COLLECTION.] ~~On or before October 10 in each year the regional transit board shall certify the total amount of the tax levied pursuant to subdivision 1 to the auditor of each metropolitan county. Each county auditor shall then assess and extend upon the tax rolls in the county that proportion of the tax which the assessed value of taxable property in the county bears to the assessed value of all taxable property in the metropolitan area. Each county treasurer shall collect and make settlement of such the taxes levied under subdivisions 1 and 1a with the treasurer of the board. The levy of transit taxes pursuant to this section shall not affect the amount or rate of taxes which may be levied by any county or municipality or by the board for other purposes authorized by law and shall be in addition to any other property tax authorized by law.~~

Sec. 20. Minnesota Statutes 1986, section 473.446, is amended by adding a subdivision to read:

Subd. 8. [STATE REVIEW.] *The commissioner of revenue shall annually determine whether the property tax for general purposes certified by the regional transit board for levy following the adoption of its budget is within the levy limitation imposed by subdivision 1. The commissioner shall also annually determine whether the transit tax imposed on all taxable property within the metropolitan transit area but outside of the metropolitan transit taxing district is within the levy limitation imposed by subdivision 1a. To the extent practicable, the determination must be completed prior to November 1 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of making the calculations.*

Sec. 21. Minnesota Statutes 1986, section 473.711, subdivision 2, is amended to read:

Subd. 2. *The metropolitan mosquito control commission shall prepare an annual budget. The budget may provide for expenditures in an amount not exceeding six-tenths of one mill times the current assessed valuation of the district the property tax levy limitation determined in this subdivision. The commission may levy a tax on all taxable property in the district as defined in section 473.702 to provide funds for the purposes of sections 473.701 to 473.716. The tax shall not exceed six-tenths of one mill the*



*property tax levy limitation determined in this subdivision.* A participating county may agree to levy an additional tax to be used by the commission for the purposes of sections 473.701 to 473.716 but the sum of the county's and commission's taxes may not exceed ~~six-tenths of one mill in any county~~ *the county's proportionate share of the property tax levy limitation determined under this subdivision based on the ratio of its total assessed valuation to the total assessed valuation of the entire district as adjusted by section 270.12, subdivision 3.* The auditor of each county in the district shall add the amount of the levy made by the district to other taxes of the county for collection by the county treasurer with other taxes. When collected, the county treasurer shall make settlement of the tax with the district in the same manner as other taxes are distributed to political subdivisions. No county shall levy any tax for mosquito and black gnat (Simuliidae) control except under sections 473.701 to 473.716. The levy shall be in addition to other taxes authorized by law and shall be disregarded in the calculation of limits on taxes imposed by chapter 275.

*The property tax levied by the metropolitan mosquito control commission shall not exceed the following amount for the years specified:*

*(a) for taxes payable in 1988, the product of six-tenths on one mill multiplied by the total assessed valuation of all taxable property located within the district as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;*

*(b) for taxes payable in 1989, the product of (1) the commission's property tax levy limitation for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property located within the district divided by the assessment year 1987 total market valuation of all taxable property located within the district; and*

*(c) for taxes payable in 1990 and subsequent years, the product of (1) the commission's property tax levy limitation for the previous year determined under this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property located within the district for the current assessment year divided by the total market valuation of all taxable property located within the district for the previous assessment year.*

*For the purpose of determining the commission's property tax levy limitation for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property within the district without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).*

Sec. 22. Minnesota Statutes 1986, section 473.711, is amended by adding a subdivision to read:

*Subd. 5. [STATE REVIEW.] The commissioner of revenue shall annually determine whether the property tax certified by the metropolitan mosquito control commission for levy following the adoption of its budget is within the levy limitation imposed by subdivision 2. To the extent practicable, the determination must be completed prior to November 1 of each year. If current information regarding market valuation in any county is not transmitted to the commissioner in a timely manner, the commissioner may estimate the current market valuation within that county for purposes of*

*making the calculation.*

Sec. 23. [CERTAIN TAX ADJUSTMENTS.]

*The adjustments allowable under Minnesota Statutes 1986, sections 272.64, 273.13, subdivision 7a, and 275.49, shall be made for property taxes payable in 1988 and subsequent years under sections 473.167, 473.249, 473.446, and 473.711 only as provided in sections 6 to 9, 12, 13, 18, 19, 21, and 22.*

Sec. 24. [REPEALER.]

*Minnesota Statutes 1987 Supplement, section 473.393, is repealed.*

Sec. 25. [APPLICATION; EFFECTIVE DATE.]

*Sections 1 to 24 are effective in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, on the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to metropolitan government; establishing various requirements on agency organization, authority, work programs, budgets, and reports; amending Minnesota Statutes 1986, sections 473.13, subdivision 1, and by adding a subdivision; 473.146, subdivision 3; 473.167, subdivisions 2, 3, and by adding subdivisions; 473.173, subdivision 6; 473.249, subdivision 1, and by adding a subdivision; 473.375, subdivisions 4, 8, and by adding a subdivision; 473.38, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 473.1623, subdivisions 4 and 6; 473.446, subdivisions 1, 3, and by adding a subdivision; and 473.711, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 1987 Supplement, section 473.393."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) William P. Luther, Michael O. Freeman, Jim Ramstad

House Conferees: (Signed) Phil Carruthers, Tom Osthoff, Sally Olsen

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2491 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2491 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Marty	Ramstad
Anderson	Dahl	Johnson, D.E.	McQuaid	Renneke
Beckman	Davis	Jude	Mehrkens	Samuelson
Belanger	Decker	Knutson	Merriam	Schmitz
Benson	Dicklich	Kroening	Moe, D.M.	Spear
Berg	Diessner	Laidig	Moe, R.D.	Storm
Berglin	Frank	Langseth	Morse	Stumpf
Bernhagen	Frederick	Lantry	Olson	Vickerman
Bertram	Frederickson, D.J.	Lessard	Piper	Wegscheid
Brandl	Frederickson, D.R.	Luther	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that Senate Concurrent Resolution No. 13 be taken from the table. The motion prevailed.

Senate Concurrent Resolution No. 13: A Senate concurrent resolution establishing July 2 and 3, between Canada Day and Independence Day, as the annual Minnesota, Manitoba, North Dakota, and Saskatchewan Days of Peace and Friendship.

WHEREAS, the Congress of the United States and the Parliament of Canada have established July 2 and 3 as the United States-Canada Days of Peace and Friendship; and

WHEREAS, this first such international law in history is to encourage Americans and Canadians and their federal, state, provincial, and municipal governments, and their economic and educational and cultural leaders and organizations, to expand on all manner of helpful United States-Canadian relationships, and to initiate new ones; and

WHEREAS, the people of the Provinces of Manitoba and Saskatchewan and the States of North Dakota and Minnesota share many border problems, yet deal admirably with many of them through cooperation and friendship; and

WHEREAS, the environmental rescue of the rich international Red River Valley and its tributaries, by the people of the two Provinces and two States, is one such notable example; and

WHEREAS, the Red River Valley Coalition will invite leaders of the four States and Provinces to help celebrate this progress at the border on July 2 and 3, in association with United States-Canada Days ceremonies; and

WHEREAS, high school and college students of Minnesota, Manitoba, Saskatchewan, and North Dakota will soon be studying together their two nations' systems of law, democracy, and government; and

WHEREAS, for the future of the United States and Canada, for our contributing to the most promising international image of cooperative democracy in the world, and for our commitment to the heritage of our regional and continental geography and history; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota, the House of Representatives concurring, that it proclaims July 2 and 3 as the annual Minnesota, Manitoba, North Dakota, and Saskatchewan Days of Peace and Friendship.

BE IT FURTHER RESOLVED that it calls upon the people of Minnesota to observe July 2 and 3 as annual symbols of a year-round pursuit of improving relationships, and initiating new programs and exchanges among cities and towns, political leaders, economic and environmental organizations, school systems, and cultural groups of all kinds, to help make our four state-province region an outstanding example of friendship and achievement.

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

### 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. Merriam imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1652.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

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. 1804: A bill for an act relating to motor vehicles; providing for registration of motor vehicles by long-term lessees; imposing a fee; amending Minnesota Statutes 1986, sections 168.011, by adding a subdivision; 168.013, subdivisions 2 and 7; 168.041, subdivision 7; 168.10, subdivision 1; 168.11, subdivision 1; 168.13; 168.33, subdivision 3; and 168A.10, by adding a subdivision; repealing Minnesota Statutes 1986, section 168.30.

Senate File No. 1804 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

Mr. Frank moved that S.F. No. 1804 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. 1956: A bill for an act relating to financial institutions; savings and loan associations; defining terms; adding clarifying language; regulating incorporations; regulating mutual to stock conversions; providing for corporate governance of capital stock associations; regulating the powers of saving associations; regulating deposit accounts; regulating investments; regulating terms and conditions of loans, contracts, and extensions of credit; providing state-chartered savings associations the same rights and powers that may be exercised by a federal savings association doing business in Minnesota; amending Minnesota Statutes 1986, sections 51A.02; 51A.03, by adding a subdivision; 51A.041, subdivisions 1 and 4, and by adding a subdivision; 51A.05, subdivision 1, and by adding a subdivision; 51A.06, subdivision 3; 51A.065, subdivisions 1, 3, 4, 8, and by adding a subdivision; 51A.07; 51A.10; 51A.11, subdivision 1; 51A.12; 51A.13; 51A.15, subdivision 2; 51A.17; 51A.19, subdivisions 1, 8, and 10; 51A.21, subdivisions 1, 5, 7, 9, 14, 15, 17, 21, and by adding subdivisions; 51A.251; 51A.261; 51A.262; 51A.28; 51A.31, subdivision 1; 51A.32; 51A.35; 51A.361; 51A.37, subdivisions 1, 2, 3, 4, and by adding subdivisions; 51A.38, subdivisions 1, 2, 3, 4, 5, 7, and 8; 51A.40; 51A.44, subdivision 1; 51A.48; 51A.50; 51A.51, subdivision 1; 51A.53; 51A.56; 118.005, subdivision 1; Minnesota Statutes 1987 Supplement, section 51A.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 48 and 51A; repealing Minnesota Statutes 1986, sections 51A.03, subdivision 2a; 51A.05, subdivisions 3, 4, and 5; 51A.091; 51A.11, subdivision 3; 51A.18; 51A.19, subdivisions 2 and 3; 51A.21, subdivisions 6 and 19; 51A.23, subdivisions 2, 3, 4, and 5; 51A.37, subdivisions 7 and 9; 51A.38, subdivision 6; and 51A.39.

Senate File No. 1956 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

Mr. Moe, R.D. moved that S.F. No. 1956 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1686, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1686: A bill for an act relating to agriculture; prescribing procedure for delivery of dry edible beans from a grain warehouse; requiring the grade of dry edible beans on warehouse receipts; prescribing a redelivery

charge; amending Minnesota Statutes 1986, sections 223.16, subdivision 4; 232.21, subdivision 7; and 232.23, by adding a subdivision.

Senate File No. 1686 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1711, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1711: A bill for an act relating to Aitkin county; permitting the county to regulate certain public land interests by ordinance.

Senate File No. 1711 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1955, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1955: A bill for an act relating to Ramsey county; authorizing the county to use certain land dedicated as open space for highway purposes; authorizing the sale of certain land.

Senate File No. 1955 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2122, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2122: A bill for an act relating to the collection and dissemination of data; proposing classifications of data as private and nonpublic; providing for patient access to medical records; requiring outpatient diagnostic and test results to be retained as part of an individual permanent medical record; amending Minnesota Statutes 1986, sections 13.04, subdivision 4; 13.67; 13.791, subdivision 1; 144.335, subdivision 2; 145.32, subdivision 2; 171.12, by adding a subdivision; and 363.061, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 13 and 221; repealing

Minnesota Statutes 1986, section 13.72, subdivision 3.

Senate File No. 2122 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2266, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2266: A bill for an act relating to child abuse; authorizing counties to establish pilot programs; allowing the appointment of a child intermediary in certain criminal child abuse proceedings; prescribing powers and duties of the intermediary.

Senate File No. 2266 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 412, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 412: A bill for an act relating to real property; creating a lien against real property where the state has incurred cleanup expenses and the owner is liable for the expenses under Minnesota Statutes, chapter 115B or 115C; providing procedures for implementation and enforcement of the lien; proposing coding for new law in Minnesota Statutes, chapter 514.

Senate File No. 412 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

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. 27: A House concurrent resolution relating to the governor's item veto power; clarifying the effect of the governor's veto of H.F. No. 243, article 2, section 157, enacted by the 1987 legislature.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1988

Mr. Moe, R.D. moved that House Concurrent Resolution No. 27 be laid on the table. The motion prevailed.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, 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. Bertram introduced—

S.F. No. 2580: A bill for an act relating to public safety; restoring the 1986 law on parking for handicapped persons; proposing coding for new law in Minnesota Statutes, chapter 169; repealing Minnesota Statutes 1987 Supplement, section 169.345; and Laws 1987, chapter 355, section 9.

Referred to the Committee on Transportation.

### **MEMBERS EXCUSED**

Mr. Gustafson was excused from the Session of today.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 2:00 p.m., Tuesday, April 19, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



## NINETY-FIRST DAY

St. Paul, Minnesota, Tuesday, April 19, 1988

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

### CALL OF THE SENATE

Mr. Purfeerst 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. Steven Olson.

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

Adkins	Davis	Jude	Metzen	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Samuelson
Beckman	DeCramer	Knutson	Moe, R.D.	Schmitz
Belanger	Dicklich	Kroening	Morse	Solon
Benson	Diessner	Laidig	Novak	Spear
Berg	Frank	Langseth	Olson	Storm
Berglin	Frederick	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Brandl	Freeman	Luther	Piper	Waldorf
Brataas	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.J.	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 communications were received.

April 18, 1988

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. 30, 335, 752, 1672, 1673, 1674, 1695, 1713, 1822, 1904, 1948, 1958, 2097, 2347 and 2456.

Sincerely,  
Rudy Perpich, Governor

April 15, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	521	504	April 13	April 13
	2039	505	April 13	April 13
	2132	506	April 13	April 13
	2358	507	April 13	April 13
	2629	508	April 13	April 13
1867		509	April 13	April 13
1882		510	April 13	April 13
2096		511	April 13	April 13
2243		512	April 13	April 13
	289	513	April 14	April 14
	577	514	April 14	April 14
	1111	515	April 14	April 14
	1224	516	April 14	April 14
	1302	517	April 14	April 14
	1469	518	April 14	April 14
	1796	519	April 14	April 14
	1836	520	April 14	April 14
	1846	521	April 14	April 14
	2022	522	April 14	April 14
	2059	523	April 14	April 14
	2092	524	April 14	April 14
	2216	525	April 14	April 14
	2224	526	April 14	April 14
	2470	527	April 14	April 14
	2637	528	April 14	April 14
1018		529	April 14	April 14
1328		530	April 14	April 14
1561		531	April 14	April 14
1620		532	April 14	April 14
1700		533	April 14	April 14
1795		534	April 14	April 14
1879		535	April 14	April 14
2117		536	April 14	April 14
2191		537	April 14	April 14

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. 2546, 1540 and 2131.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1988

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. 1830: A bill for an act relating to crimes; making it a crime to enter into a contract to serve as the agent of a student athlete or represent a student athlete or professional sports organization in obtaining a professional sports contract with a student athlete before expiration of the student athlete's collegiate eligibility unless the athlete has executed an effective waiver of eligibility; making it a crime to offer anything of value to an employee of an educational institution in return for the employee's influence on a student athlete to enter into contracts with agents or professional sports contracts or for the referral of student athlete clients; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

Senate File No. 1830 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1988

Mr. Ramstad moved that S.F. No. 1830 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the following change in the membership of the Conference Committee on Senate File No. 63:

The name of Simoneau has been deleted.

The name of Kalis has been added.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2491, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2491: A bill for an act relating to metropolitan government;

establishing various requirements on agency organization, work programs, budgets, and reports; amending Minnesota Statutes 1986, sections 473.13, subdivision 1, and by adding a subdivision; 473.146, subdivision 3; 473.173, subdivision 6; 473.38, by adding a subdivision; Minnesota Statutes 1987 Supplement, section 473.1623, subdivisions 4 and 6.

Senate File No. 2491 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1526, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1526 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 15, 1988

#### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1526

A bill for an act relating to transportation; defining motor vehicle; providing for brakes on motor vehicles manufactured after June 30, 1988; amending Minnesota Statutes 1986, sections 168.011, subdivision 4; and 169.67, subdivisions 3 and 4.

April 13, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1526, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1526 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 168.011, subdivision 4, is amended to read:

Subd. 4. [MOTOR VEHICLE.] (a) "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,~~

(b) "Motor vehicle" also includes an all-terrain vehicle, as defined in section 84.92, subdivision 8, which (1) has at least four wheels, (2) is

owned and operated by a physically handicapped person, and (3) displays both physically handicapped license plates and a physically handicapped certificate issued under section 169.345, subdivision 3.

(c) Motor vehicle does not include ~~a three-wheel off road~~ an all-terrain vehicle as defined in section 84.92, subdivision 8; except that if the ~~three-wheel off road~~ (1) an all-terrain vehicle described in paragraph (b), or (2) an all-terrain vehicle was licensed as a motor vehicle before August 1, 1985, in which case the owner may continue to license it as a motor vehicle until it is conveyed or otherwise transferred to another owner, is destroyed, or fails to comply with the registration and licensing requirements of this chapter.

Sec. 2. Minnesota Statutes 1986, section 168.011, is amended by adding a subdivision to read:

*Subd. 35. [LIMOUSINE.] "Limousine" means a passenger automobile for hire, other than a taxicab or a van, that is regularly engaged in the business of transporting persons and that has a rear seating capacity of not more than nine passengers.*

Sec. 3. Minnesota Statutes 1986, section 168.12, subdivision 2a, is amended to read:

*Subd. 2a. [PERSONALIZED LICENSE PLATES.] Personalized license plates must be issued to an applicant for registration of a passenger automobile, van, or pickup truck, motorcycle, or self-propelled recreational vehicle, upon compliance with the laws of this state relating to registration of the vehicle and upon payment of a one-time fee of \$100 in addition to the registration tax required by law for the vehicle. The registrar shall designate a replacement fee for personalized license plates calculated to cover the cost of replacement. This fee must be paid by the applicant whenever the personalized license plates are required to be replaced by law. In lieu of the numbers assigned as provided in subdivision 1, personalized license plates must have imprinted on them a series of not more than ~~six~~ seven numbers and letters in any combination. When an applicant has once obtained personalized plates, the applicant shall have a prior claim for similar personalized plates in the next succeeding year that plates are issued if application is made for them at least 30 days before the first date that registration can be renewed. The commissioner of public safety shall adopt rules in the manner provided by chapter 14, regulating the issuance and transfer of personalized license plates. No words or combination of letters placed on personalized license plates may be used for commercial advertising, be of an obscene, indecent, or immoral nature, or be of a nature that would offend public morals or decency. The call signals or letters of a radio or television station are not commercial advertising for the purposes of this subdivision.*

Notwithstanding the provisions of subdivision 1, personalized license plates issued under this subdivision may be transferred to another motor vehicle owned or jointly owned by the applicant, upon the payment of a fee of \$5, which must be paid into the state treasury and credited to the highway user tax distribution fund. The registrar may by rule provide a form for notification.

Notwithstanding any law to the contrary, if the personalized license plates are lost, stolen, or destroyed, the applicant may apply and shall receive

duplicate license plates bearing the same combination of letters and numbers as the former personalized plates upon the payment of a \$5 fee.

The fee prescribed for personalized license plates must be paid only in those years in which the number plate itself is issued, and must not be payable in a year in which a year plate, tab, or sticker is issued in lieu of a number plate.

Fees from the sale of permanent and duplicate personalized license plates must be paid into the state treasury and credited to the highway user tax distribution fund.

Sec. 4. [168.123] [VETERANS; SPECIAL LICENSE PLATE.]

*Subdivision 1. [GENERAL REQUIREMENTS; FEES.] The registrar shall issue special license plates to an applicant who served in the active military service in a branch of the armed forces of the United States, was discharged under honorable conditions, and is an owner or joint owner of a motor vehicle included within the definition of a passenger automobile, on payment of a fee of \$10 for each set of two plates, payment of the registration tax required by law, and compliance with other laws relating to registration and licensing of motor vehicles and drivers. The additional fee of \$10 is payable for each set of plates, is payable only when the plates are issued, and is not payable in a year in which tabs or stickers are issued instead of number plates. An applicant must not be issued more than two sets of plates for vehicles owned or jointly owned by the applicant.*

*The veteran shall have a certified copy of the veteran's discharge papers, indicating character of discharge, at the time of application.*

*Subd. 2. [DESIGN.] The commissioner of veterans affairs shall design the special plates, subject to the approval of the registrar, that satisfy the following requirements:*

*(a) For a Vietnam veteran who served after July 1, 1961, and before July 1, 1978, the special plates must bear the inscription "VIETNAM VET" and the letters "V" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.*

*(b) For a veteran stationed on the island of Oahu, Hawaii, or offshore, during the attack on Pearl Harbor on December 7, 1941, the special plates must bear the inscription "PEARL HARBOR SURVIVOR" and the letters "P" and "H" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.*

*(c) For a veteran who served during World War I or World War II, the special plates must bear the inscription "WORLD WAR VET" and:*

*(1) for a World War I veteran, the characters "W" and "I" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number; or*

*(2) for a World War II veteran, the characters "W" and "II" with the first character directly above the second character and both characters just preceding the first numeral of the special license plate number.*

*(d) For a veteran who served during the Korean Conflict, the special plates must bear the inscription "KOREAN VET" and the letters "K" and "V" with the first letter directly above the second letter and both letters just preceding the first numeral of the special license plate number.*

*Subd. 3. [NUMBER ESTIMATED.] The commissioner of veterans affairs shall estimate the number of special plates that will be required and submit the estimate to the registrar.*

*Subd. 4. [PLATE TRANSFERS.] On payment of a fee of \$5, plates issued under this section may be transferred to another motor vehicle owned or jointly owned by the person to whom the plates were issued.*

*Subd. 5. [FEES CREDITED.] Fees collected under this section must be paid into the state treasury and credited to the highway user tax distribution fund.*

*Subd. 6. [RULES.] The registrar may adopt rules under the administrative procedure act to govern the issuance and use of the special plates authorized by this section.*

Sec. 5. Minnesota Statutes 1986, section 168.125, is amended to read:

168.125 [SPECIAL LICENSE PLATES FOR FORMER PRISONERS OF WAR.]

Subdivision 1. [~~SPECIAL PLATES; APPLICATION; FEE; TRANSFER ISSUANCE AND DESIGN.~~] The registrar shall issue special license plates bearing the inscription "EX-POW" to any applicant who is both a former prisoner of war and an owner or joint owner of a motor vehicle upon the applicant's compliance with all the laws of this state relating to the registration and licensing of motor vehicles and drivers. The special license plates shall be of a design and size to be determined by the commissioner. Plates bearing the "EX-POW" inscription may be issued for only one motor vehicle per applicant.

Application for issuance of these plates shall be made at the time of renewal or first application for registration. The application shall include a certification by the commissioner of veterans affairs that the applicant was a member of the military forces of the United States who was captured, separated, and incarcerated by an enemy of the United States during a period of armed conflict.

The applicant shall pay, in addition to the registration tax required by law, a fee of \$10 for the special license plates issued under this section, in an amount calculated by the commissioner to cover the cost of the license plates. The additional fee is payable only when the plates are issued and no additional fee is payable in any year in which tabs or stickers are issued in lieu of number plates. All fees from the sale of the special license plates shall be paid into the state treasury and credited to the highway user tax distribution fund.

Notwithstanding the provisions of section 168.12, subdivision 1, the special license plates issued under this section may be transferred to another motor vehicle owned or jointly owned by the former prisoner of war upon the payment of a fee of \$5. This fee shall be paid into the state treasury and credited to the highway user tax distribution fund.

For purposes of this section, "motor vehicle" means a passenger automobile, station wagon, pickup truck, motorcycle, or recreational vehicle.

Subd. 2. [~~SPECIAL PLATE PLATES; EX-POW AND HANDICAPPED INSIGNIA.~~] The registrar shall issue special license plates bearing both the "EX-POW" and handicapped insignia to any applicant who is entitled to the special license plates provided under this section and who is also

entitled to special license plates for the physically handicapped under section 168.021 upon compliance with the provisions of both sections. The special license plates shall be of a design and size to be determined by the commissioner.

Subd. 3. [RULES; COMMISSIONER OF PUBLIC SAFETY.] The commissioner of public safety may promulgate by rule, in accordance with the provisions of chapter ~~14~~ 14, the procedures for issuance or transfer of the special license plates authorized under this section.

Subd. 4. [RULES; COMMISSIONER OF VETERANS AFFAIRS.] The commissioner of veterans affairs shall ~~promulgate by rule, in accordance with the provisions of chapter 14,~~ establish the procedure for obtaining the certification of former prisoner of war status.

Subd. 5. [SAVINGS PROVISION.] Nothing in this section shall alter the exemption for disabled war veterans provided for in section 168.031.

Sec. 6. [168.1261] [LIMOUSINE; LICENSE PLATES.]

*Subdivision 1. [UNIQUE REGISTRATION CATEGORY.] A unique vehicle registration category is established for limousines as defined in section 2.*

*Subd. 2. [LICENSE PLATES.] The registrar shall issue limousine license plates upon the applicant's compliance with laws relating to registration and licensing of motor vehicles and drivers. The applicant must provide the registrar with proof that the passenger automobile license tax and a \$10 fee have been paid for each limousine receiving limousine license plates. The limousine license plates must be designed to specifically identify the vehicle as a limousine. Limousine license plates may not be transferred upon sale of the limousine, but may be transferred to another limousine owned by the same person upon notifying the registrar and paying a \$5 transfer fee.*

*Subd. 3. [INSURANCE.] The application must include a certificate of insurance verifying that a valid commercial insurance policy is in effect and giving the name of the insurance company and the number of the insurance policy. The policy must provide stated limits of liability, exclusive of interest and costs, with respect to each vehicle for which coverage is granted, of not less than \$100,000 because of bodily injury to one person in any one accident and, subject to said limit for one person, of not less than \$300,000 because of injury to two or more persons in any one accident. The insurance company must notify the commissioner if the policy is canceled or if the policy no longer provides the coverage required by this subdivision.*

Sec. 7. Minnesota Statutes 1986, section 169.145, is amended to read:  
169.145 [IMPLEMENTS OF HUSBANDRY; SPEED; PENALTY.]

No person shall drive a self-propelled implement of husbandry, nor shall any person tow a self-propelled implement of husbandry, nor shall any person tow a farm trailer not equipped with brakes and exceeding 6,000 pounds, at a speed in excess of 30 miles per hour. Violation of this section is a misdemeanor.

Sec. 8. Minnesota Statutes 1986, section 169.67, subdivision 3, is amended to read:

Subd. 3. [TRAILERS, SEMITRAILERS, TANK TRAILERS.] Every



trailer, semitrailer, or other vehicle of a gross weight of 1,500 pounds or more, when drawn or pulled upon a highway, shall be equipped with brakes adequate to control the movement of and to stop and to hold such vehicle, and so designed as to be applied by the driver of a towing motor vehicle from its cab, except (a) trailers owned by farmers when transporting agricultural products produced on the owner's farm or supplies back to the farm of the owner of the trailer, (b) custom service vehicles drawn by motor vehicles equipped with brakes capable of stopping both vehicles within the distance required by law for vehicles with four-wheel brakes *and contractors' custom service vehicles not exceeding 30,000 pounds gross weight and 45 miles per hour when drawn by a motor vehicle capable of stopping the combination within the performance standards of subdivision 5*, (c) trailers or semitrailers when used by retail dealers delivering implements of husbandry, (d) motor vehicles drawn by motor vehicles equipped with brakes capable of stopping the combination of vehicles within the performance requirements of this section, (e) tank trailers not exceeding 8,500 pounds gross weight used solely for transporting liquid fertilizer or gaseous fertilizer under pressure, or distributor trailers not exceeding 8,500 pounds gross weight used solely for transporting and distributing dry fertilizer, when hauled by a truck capable of stopping with loaded trailer attached in the distance specified by subdivision 5 for vehicles equipped with four-wheel brakes, providing the gross weight of such trailer or semitrailer other than those described in clause (e) when drawn by a pleasure vehicle shall not exceed 3,000 pounds, or when drawn by a truck or tractor shall not exceed 6,000 pounds, *or may exceed 6,000 pounds but not exceed 15,000 pounds for a trailer described in clause (a) when drawn by a truck or tractor at a speed not exceeding 30 miles per hour*; and except disabled vehicles towed to a place of repair.

Sec. 9. Minnesota Statutes 1986, section 169.67, subdivision 4, is amended to read:

Subd. 4. [SERVICE BRAKES ON ALL WHEELS; EXCEPTIONS.] Every ~~new~~ motor vehicle, trailer, or semitrailer, ~~sold in this state manufactured after June 30, 1988,~~ and operated upon the highways shall be equipped with service brakes upon all wheels of every such vehicle, *except mobile cranes not exceeding 45 miles per hour and capable of stopping within the performance standards of subdivision 5*, and except that any motorcycle, any semitrailer of less than 1,500 pounds gross weight, a third wheel, of a swivel type, on a house trailer, a temporary auxiliary axle attached to a motor vehicle during the period of road restrictions for the purpose of relieving weight of another axle, when the temporary auxiliary axle and the axle to be relieved do not exceed the combined gross weight of 18,000 pounds, and the vehicle to which such temporary axle is attached meets the brake requirements of this section, need not be equipped with brakes; and except, further, that brakes are not required on the front wheels of vehicles *manufactured before July 1, 1988*, having three or more axles or upon more than one wheel of a motorcycle provided the brakes on the other wheels are adequate to stop the vehicle in accordance with the braking performance requirements of subdivision 5.

Sec. 10. Minnesota Statutes 1986, section 169.71, subdivision 4, is amended to read:

Subd. 4. No person shall drive or operate any motor vehicle required to be registered in the state of Minnesota upon any street or highway under the following conditions:

(a) when the windshield is composed of, covered by, or treated with any material which has the effect of making the windshield more reflective or in any other way reducing light transmittance through the windshield;

(b) when any window on the vehicle is composed of, covered by, or treated with any material that has a highly reflective or mirrored appearance;

(c) when any side window or rear window is composed of or treated with any material so as to obstruct or substantially reduce the driver's clear view through the window or has a light transmittance of less than 50 percent plus or minus three percent in the visible light range or a luminous reflectance of more than 20 percent plus or minus three percent; or

(d) when any material has been applied after August 1, 1985, to any motor vehicle window without an accompanying permanent marking which indicates the percent of transmittance and the percent of reflectance afforded by the material. The marking must be in a manner so as not to obscure vision and be readable when installed on the vehicle.

This subdivision does not apply to glazing materials which:

(a) have not been modified since the original installation, nor to original replacement windows and windshields, that were originally installed or replaced in conformance with Federal Motor Vehicle Safety Standard 205;

(b) ~~were~~ *are* required to satisfy prescription needs of the driver of the vehicle ~~and if~~ the driver is in possession of ~~such~~ *the* prescription; or

(c) ~~were~~ *are* applied to:

(1) the rear windows of a pickup truck as defined in section 168.011, subdivision 29; ~~or to;~~

(2) the rear windows or the side windows on either side behind the driver's seat of a van as defined in section 168.011, subdivision 28; ~~or;~~

(3) ~~the side and rear windows of any~~ a vehicle used to transport human remains by a funeral ~~establishments~~ *establishment* holding a permit under ~~the provisions of~~ section 149.08; or

(4) ~~the side and rear windows of~~ a limousine as defined in section 2.

Sec. 11. Minnesota Statutes 1986, section 169.82, is amended to read:

169.82 [TRAILER EQUIPMENT.]

*Except as provided in section 169.67,* any trailer exceeding a gross weight of 6,000 pounds shall be equipped with brakes adequate to stop and hold such trailer, and which are so constructed that they will so operate whenever such trailer becomes detached from the towing vehicle.

When one vehicle is towing another the drawbar or other connection shall be of sufficient strength to pull all weight towed thereby, and said drawbar or other connection shall not exceed 15 feet from one vehicle to the other except the connection between any two vehicles transporting poles, pipe, machinery or other objects of structural nature which cannot readily be dismembered.

When one vehicle is towing another and the connection consists of a chain, rope, or cable, there shall be displayed upon such connection a white, red, yellow or orange flag or cloth not less than 12 inches square.

Every trailer or semitrailer shall be hitched to the motor vehicles furnishing the tractive power for it by a device approved by the commissioner of public safety as safe and in addition shall be equipped with safety chains permanently attached to the trailer except that where the coupling device is a regulation fifth wheel and king pin assembly approved by the commissioner of public safety such safety chains shall not be required. In towing, such chains shall be carried through a ring on the towbar and attached to the towing vehicle, and shall be of sufficient strength to control the trailer in event of failure of the towing device.

*No person may be charged with a violation of this section solely by reason of violating a maximum speed prescribed in section 169.145 or 169.67.*

Sec. 12. Minnesota Statutes 1986, section 173.085, is amended to read:  
173.085 [STAR CITY SIGNS.]

Subdivision 1. [AUTHORITY TO ERECT.] (a) A county or lesser populated statutory or home rule charter city of Minnesota that has received instruction and expertise from the department of energy and economic development on attracting and retaining businesses for the county or city and subsequently has been designated and annually recertified as a star county or star city for economic development by that department may erect star county or star city signs upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation. *In the case of star cities, one sign may be erected at each approach to the city within the right-of-way of an interstate or other highway that passes inside the city limits. In the case of star counties, one sign may be erected within the right-of-way of an interstate or other highway at or near the point where the highway enters the county.*

(b) Notwithstanding the provisions of paragraph (a), a lesser populated statutory or home rule charter city that has an official sign in an adjacent area of an approach of an interstate highway passing through or near the city as of August 1, 1985 may replace that sign with a star city sign upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation. *A county that has an official sign on the right-of-way or adjacent area of an interstate highway at the point where the highway enters the county may replace that sign with a star county sign on payment of a fee required under section 173.13, subdivision 4, to the department of transportation.*

Subd. 2. [SIGN STANDARDS.] The department of transportation shall design and manufacture the star county and star city sign signs to specifications not contrary to other federal and state highway sign standards and substantially similar to those star city signs approved for display on state highways as of August 1, 1985.

Sec. 13. Minnesota Statutes 1986, section 297B.02, subdivision 2, is amended to read:

Subd. 2. [IN LIEU TAX FOR OLDER PASSENGER AUTOMOBILES.] In lieu of the tax imposed in subdivision 1, there is imposed a tax of \$10 on the purchase price of any passenger automobile described in section 297B.025, subdivision 1.

Sec. 14. Minnesota Statutes 1986, section 297B.02, is amended by adding a subdivision to read:

*Subd. 3. [IN LIEU FOR COLLECTOR VEHICLES.] In lieu of the tax imposed in subdivision 1, there is imposed a tax of \$90 on the purchase price of a passenger automobile described in section 297B.025, subdivision 2.*

Sec. 15. Minnesota Statutes 1986, section 297B.025, is amended to read:  
297B.025 [OLDER PASSENGER AUTOMOBILES.]

*Subdivision 1. [NONCOLLECTOR VEHICLES.] Purchase or use of a passenger automobile as defined in section 168.011, subdivision 7, shall be taxed pursuant to section 297B.02, subdivision 2, if the passenger automobile is (1) in the tenth or subsequent year of vehicle life, (2) is currently registered in Minnesota other than registration under section 168.10, subdivisions 1a, 1b, 1c, and 1d, and (3) (2) is not an above-market automobile as designated by the registrar of motor vehicles.*

The registrar of motor vehicles shall prepare, and distribute to all deputy motor vehicle registrars by July 15, 1985, a listing by make, model, and year of above-market automobiles. *Except as provided by subdivision 2, the registrar must include in the list all automobiles with a resale value of \$3,000 or more, as determined using nationally recognized sources of information on automobile resale values. The registrar shall revise the list by February 1 of each year. The initial list and all subsequent revisions must include only those automobiles which are in the tenth or subsequent year of vehicle life.*

*Subd. 2. [COLLECTOR VEHICLES.] A passenger automobile that is currently registered under section 168.10, subdivisions 1a, 1b, 1c, and 1d, shall be taxed under section 297B.02, subdivision 3, and the registrar shall not designate as an above-market automobile a passenger automobile registered under those subdivisions.*

Sec. 16. [EFFECTIVE DATE.]

*Sections 1 and 3 are effective the day following final enactment. Sections 7, 8, 9, and 11 are effective July 1, 1988. Sections 13 to 15 are effective for a sale or transfer occurring after July 30, 1988."*

Delete the title and insert:

"A bill for an act relating to transportation; including certain all-terrain vehicles in the definition of motor vehicle for registration purposes; defining limousines and providing for their registration; allowing seven digits on personalized license plates and providing for personalized plate fees; authorizing special license plates for veterans; allowing the commissioner of public safety to determine the fee for ex-POW license plates; restricting certain farm trailers to being towed at a maximum speed of 30 miles per hour; exempting certain vehicles from brake requirements; permitting tinted glass on side and rear windows of limousines; providing for star county signs; providing for a tax on sale of collector vehicles in lieu of the motor vehicle excise tax; imposing a penalty; amending Minnesota Statutes 1986, section 168.011, subdivision 4, and by adding a subdivision; 168.12, subdivision 2a; 168.125; 169.145; 169.67, subdivisions 3 and 4; 169.71, subdivision 4; 169.82; 173.085; 297B.02, subdivision 2, and by adding a subdivision; and 297B.025; proposing coding for new law in Minnesota Statutes, chapter 168."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Jerry J. Bauerly, Sylvester B. Uphus, Henry J. Kalis

Senate Conferees: (Signed) Gary M. DeCramer, Clarence M. Purfeerst, Dean E. Johnson

Mr. DeCramer moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1526 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Knaak raised a point of order pursuant to Joint Rule 2.06. The President ruled that the point of order was not well taken.

The question recurred on the adoption of the motion of Mr. DeCramer. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1526 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 50 and nays 3, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Frederickson, D.J.	Lessard	Piper
Anderson	Cohen	Frederickson, D.R.	Luther	Purfeerst
Beckman	Dahl	Hughes	Marty	Ramstad
Belanger	Davis	Johnson, D.E.	McQuaid	Reichgott
Benson	Decker	Jude	Mehrkens	Renneke
Berg	DeCramer	Knutson	Metzen	Schmitz
Berglin	Dicklich	Laidig	Morse	Spear
Bernhagen	Diessner	Langseth	Novak	Stumpf
Bertram	Frank	Lantry	Olson	Vickerman
Brandl	Frederick	Larson	Peterson, R. W.	Waldorf

Messrs. Knaak, Merriam and Storm voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

**MOTIONS AND RESOLUTIONS - CONTINUED**

S.F. No. 1643 and the Conference Committee Report thereon were reported to the Senate.

**CONFERENCE COMMITTEE REPORT ON S.F. NO. 1643**

A bill for an act relating to crimes; child abuse; eliminating the need to show emotional harm in proving unreasonable restraint or malicious punishment of a child; amending Minnesota Statutes 1986, sections 609.255, subdivision 3; and 609.377.

April 14, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1643, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ember D. Reichgott, Gary W. Laidig, Linda Berglin

House Conferees: (Signed) Randy C. Kelly, Sandra L. Pappas

Ms. Reichgott moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1643 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1643 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Cohen	Hughes	Marty	Reichgott
Anderson	Dahl	Johnson, D.E.	McQuaid	Renneke
Beckman	Davis	Jude	Mehrkens	Schmitz
Belanger	Decker	Knaak	Merriam	Spear
Benson	DeCramer	Knutson	Morse	Storm
Berg	Dicklich	Laidig	Novak	Stumpf
Berglin	Diessner	Langseth	Olson	Vickerman
Bernhagen	Frank	Lantry	Peterson, R.W.	Waldorf
Bertram	Frederick	Larson	Piper	
Brandl	Frederickson, D.J.	Lessard	Purfeerst	
Brataas	Frederickson, D.R.	Luther	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Ramstad moved that S.F. No. 1830 be taken from the table. The motion prevailed.

S.F. No. 1830: A bill for an act relating to crimes; making it a crime to enter into a contract to serve as the agent of a student athlete or represent a student athlete or professional sports organization in obtaining a professional sports contract with a student athlete before expiration of the student athlete's collegiate eligibility unless the athlete has executed an effective waiver of eligibility; making it a crime to offer anything of value to an employee of an educational institution in return for the employee's influence on a student athlete to enter into contracts with agents or professional sports contracts or for the referral of student athlete clients; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

### CONCURRENCE AND REPASSAGE

Mr. Ramstad moved that the Senate concur in the amendments by the House to S.F. No. 1830 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1830: A bill for an act relating to student athletics; prohibiting

persons from entering into a contract to serve as the agent of a student athlete or represent a student athlete or professional sports organization in obtaining a professional sports contract with a student athlete before expiration of the student athlete's collegiate eligibility unless the athlete has executed an effective waiver of eligibility; prohibiting a person from offering anything of value to an employee of an educational institution in return for the employee's influence on a student athlete to enter into contracts with agents or professional sports contracts or for the referral of student athlete clients; imposing civil penalties; proposing coding for new law in Minnesota Statutes, chapter 325E.

Was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Adkins	Cohen	Jude	Mehrkens	Reichgott
Anderson	Dahl	Knaak	Merriam	Renneke
Beckman	Davis	Knutson	Moe, D.M.	Schmitz
Belanger	Decker	Laidig	Morse	Solon
Benson	DeCramer	Langseth	Novak	Spear
Berg	Diessner	Lantry	Olson	Storm
Berglin	Frank	Larson	Peterson, R. W.	Stumpf
Bernhagen	Frederickson, D.J.	Lessard	Piper	Vickerman
Bertram	Frederickson, D.R.	Luther	Pogemiller	Waldorf
Brandl	Hughes	Marty	Purfeerst	
Brataas	Johnson, D.E.	McQuaid	Ramstad	

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

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Pehler moved that the following members be excused for a Conference Committee on S.F. No. 2396 at 3:00 p.m.:

Mr. Freeman, Ms. Peterson, D.C. and Mr. Pehler. 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. 2590 at 3:00 p.m.:

Messrs. Bernhagen, Brandl, Novak, Pogemiller and Johnson, D.J. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that the name of Mr. Samuelson be added as a co-author to Senate Resolution No. 119. The motion prevailed.

Ms. Reichgott introduced—

Senate Resolution No. 149: A Senate resolution congratulating the Pilgrim Lane Elementary School Chess Team for winning the State Chess Tournament.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, without

objection the Senate took up the Special Orders Calendar.

### SPECIAL ORDER

H.F. No. 2407: A bill for an act relating to the state and local governments; providing that municipal volunteers are employees for purposes of tort claims; providing that employees and officers of the world trade center board and greater Minnesota corporation are state employees for purposes of state tort claims; providing that officers and directors of public corporations are immune from liability under standards for nonprofit corporations; clarifying immunity from civil liability for certain athletic officials; amending Minnesota Statutes 1986, sections 317.22, subdivision 4; 317.28; 466.01, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 44A.02, subdivision 3; 116O.03, by adding a subdivision; 116O.04, subdivision 2; 317.201, subdivision 1; 340A.801, subdivisions 1 and 4; 340A.802; and 604.08, subdivision 1.

Mr. Luther moved to amend H.F. No. 2407, as amended pursuant to Rule 49, adopted by the Senate April 15, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2426.)

Pages 1 to 3, delete section 1

Page 3, line 25, delete “, *subdivision 3*,” and after “*and*” insert a comma and after “board” insert a comma

Page 3, line 35, delete “INDEMNIFICATION” and insert “TORT CLAIMS”

Page 3, line 36, delete “, *subdivision 9*”

Page 4, line 5, delete “, *subdivision 3*,”

Pages 4 and 5, delete section 7

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete line 3

Page 1, line 4, delete everything before the semicolon and insert “that municipal volunteers are employees for purposes of tort claims”

Page 1, line 7, delete “immunity” and insert “state tort claims”

Page 1, lines 13 and 14, delete “3.736, *subdivision 3*;”

Page 1, line 16, delete the second “; and”

Page 1, delete line 17

Page 1, line 18, delete “chapter 466”

The motion prevailed. So the amendment was adopted.

Mr. Cohen moved to amend H.F. No. 2407, as amended pursuant to Rule 49, adopted by the Senate April 15, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2426.)

Page 4, after line 24, insert:

“Sec. 6. Minnesota Statutes 1986, section 317.22, subdivision 4, is amended to read:



Subd. 4. [NOTICE.] Subject to waiver under section 317.24, notice of meetings and elections, as provided in section 317.02, subdivision 6, shall be given to all members entitled to vote at the meeting or election. *If proxies are permitted at the meeting, the notice shall so inform members and state the procedure for appointing proxies.*

Sec. 7. Minnesota Statutes 1986, section 317.22, subdivision 6, is amended to read:

Subd. 6. [PROXIES.] (1) Unless specifically ~~prohibited~~ *permitted* by the articles or bylaws, proxies are ~~permitted~~ *prohibited* at all meetings.

(2) The appointment of a proxy shall be in writing filed at or before the meeting with the person who has been designated to act as secretary of the meeting.

(3) Except where the instrument of appointment prescribes otherwise:

(a) the authority of a proxy ceases 11 months from the date of appointment;

(b) an appointment of a proxy terminates all prior appointments when the appointment has been filed with the secretary of the meeting;

(c) when a member appoints two or more persons to act as proxies, a majority of the member's proxies present at the meeting have the entire authority conferred by the instrument; when such proxies are equally divided upon the manner of voting in a particular case, they share the votes equally; and if only one proxy is present, that proxy has the entire authority conferred by the instrument.

(4) Authority of a proxy is not terminated by the death or incapacity of the maker unless written notice of the fact of death or incapacity is given to the corporation before the vote has been cast or the authority otherwise exercised.

Sec. 8. Minnesota Statutes 1986, section 317.28, is amended to read:

317.28 [BOOKS AND RECORDS; FINANCIAL STATEMENT.]

(1) A domestic corporation shall keep at its registered office correct and complete books of account and minutes of proceedings of meetings of (a) members, (b) board of directors, and (c) committees having any of the authority of the board of directors.

(2) A member, or the member's agent or attorney, may inspect all books and records for any proper purpose at any reasonable time.

(3) Upon request by a member, the domestic corporation shall furnish the member with a statement showing the financial result of all operations and transactions affecting income and surplus during its last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of such accounting period.

(4) *If the articles or bylaws permit a specified percentage of members to call a meeting of the board of directors or the membership, the corporation shall provide any voting member, within ten days after receiving a request, a statement showing the number of members required to call the meeting. The statement is binding on the corporation.*

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. 2407, as amended pursuant to Rule 49, adopted by the Senate April 15, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 2426.)

Pages 3 and 4, delete sections 2 to 5

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "providing that"

Page 1, delete lines 5 to 9

Page 1, line 14, delete everything after the first semicolon

Page 1, delete line 15

Page 1, line 16, delete the first "subdivision 1;"

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

H.F. No. 2407 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	Cohen	Johnson, D.E.	Luther	Purfeerst
Anderson	Dahl	Johnson, D.J.	Marty	Ramstad
Beckman	Davis	Jude	McQuaid	Reichgott
Belanger	Decker	Knaak	Mehrkens	Renneke
Benson	DeCramer	Knutson	Metzen	Schmitz
Berg	Dicklich	Kroening	Moe, D.M.	Solon
Berglin	Diessner	Laidig	Morse	Spear
Bernhagen	Frederick	Langseth	Novak	Storm
Bertram	Frederickson, D.J.	Lantry	Olson	Stumpf
Brandl	Frederickson, D.R.	Larson	Peterson, R.W.	Vickerman
Brataas	Hughes	Lessard	Piper	

Messrs. Frank and Merriam voted in the negative.

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 203, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 203: A bill for an act relating to financial institutions; permitting interstate banking with additional reciprocating states; amending Minnesota

Statutes 1986, section 48.92, subdivision 7.

Senate File No. 203 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1988

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Peterson, R.W. moved that S.F. No. 1956 be taken from the table. The motion prevailed.

S.F. No. 1956: A bill for an act relating to financial institutions; savings and loan associations; defining terms; adding clarifying language; regulating incorporations; regulating mutual to stock conversions; providing for corporate governance of capital stock associations; regulating the powers of saving associations; regulating deposit accounts; regulating investments; regulating terms and conditions of loans, contracts, and extensions of credit; providing state-chartered savings associations the same rights and powers that may be exercised by a federal savings association doing business in Minnesota; amending Minnesota Statutes 1986, sections 51A.02; 51A.03, by adding a subdivision; 51A.041, subdivisions 1 and 4, and by adding a subdivision; 51A.05, subdivision 1, and by adding a subdivision; 51A.06, subdivision 3; 51A.065, subdivisions 1, 3, 4, 8, and by adding a subdivision; 51A.07; 51A.10; 51A.11, subdivision 1; 51A.12; 51A.13; 51A.15, subdivision 2; 51A.17; 51A.19, subdivisions 1, 8, and 10; 51A.21, subdivisions 1, 5, 7, 9, 14, 15, 17, 21, and by adding subdivisions; 51A.251; 51A.261; 51A.262; 51A.28; 51A.31, subdivision 1; 51A.32; 51A.35; 51A.361; 51A.37, subdivisions 1, 2, 3, 4, and by adding subdivisions; 51A.38, subdivisions 1, 2, 3, 4, 5, 7, and 8; 51A.40; 51A.44, subdivision 1; 51A.48; 51A.50; 51A.51, subdivision 1; 51A.53; 51A.56; 118.005, subdivision 1; Minnesota Statutes 1987 Supplement, section 51A.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 48 and 51A; repealing Minnesota Statutes 1986, sections 51A.03, subdivision 2a; 51A.05, subdivisions 3, 4, and 5; 51A.091; 51A.11, subdivision 3; 51A.18; 51A.19, subdivisions 2 and 3; 51A.21, subdivisions 6 and 19; 51A.23, subdivisions 2, 3, 4, and 5; 51A.37, subdivisions 7 and 9; 51A.38, subdivision 6; and 51A.39.

### CONCURRENCE AND REPASSAGE

Mr. Peterson, R.W. moved that the Senate concur in the amendments by the House to S.F. No. 1956 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1956: A bill for an act relating to financial institutions; savings and loan associations; defining terms; adding clarifying language; regulating incorporations; regulating mutual to stock conversions; providing for corporate governance of capital stock associations; regulating the powers of saving associations; regulating deposit accounts; regulating investments; regulating terms and conditions of loans, contracts, and extensions of credit; providing state-chartered savings associations the same rights and powers that may be exercised by a federal savings association doing business in Minnesota; amending Minnesota Statutes 1986, sections 51A.02; 51A.03, by adding a subdivision; 51A.041, subdivisions 1 and 4, and by adding a

subdivision; 51A.05, subdivision 1, and by adding a subdivision; 51A.06, subdivision 3; 51A.065, subdivisions 1, 3, 4, 8, and by adding a subdivision; 51A.07; 51A.10; 51A.11, subdivision 1; 51A.12; 51A.13; 51A.15, subdivision 2; 51A.17; 51A.19, subdivisions 1, 8, and 10; 51A.21, subdivisions 1, 5, 7, 9, 14, 15, 17, 21, and by adding subdivisions; 51A.251; 51A.261; 51A.262; 51A.28; 51A.31, subdivision 1; 51A.32; 51A.35; 51A.361; 51A.37, subdivisions 1, 2, 3, 4, and by adding subdivisions; 51A.38, subdivisions 1, 2, 3, 4, 5, 7, and 8; 51A.40; 51A.44, subdivision 1; 51A.48; 51A.50; 51A.51, subdivision 1; 51A.53; 51A.56; and 118.005, subdivision 1; Minnesota Statutes 1987 Supplement, section 51A.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 48 and 51A; repealing Minnesota Statutes 1986, sections 51A.03, subdivision 2a; 51A.05, subdivisions 3, 4, and 5; 51A.091; 51A.11, subdivision 3; 51A.18; 51A.19, subdivisions 2 and 3; 51A.21, subdivisions 6 and 19; 51A.23, subdivisions 2, 3, 4, and 5; 51A.37, subdivisions 7 and 9; 51A.38, subdivision 6; and 51A.39.

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	Dahl	Johnson, D.E.	McQuaid	Ramstad
Anderson	Davis	Jude	Mehrkens	Renneke
Beckman	Decker	Knaak	Merriam	Schmitz
Belanger	Dicklich	Knutson	Metzen	Solon
Benson	Diessner	Laidig	Moe, D.M.	Spear
Berglin	Frank	Lantry	Morse	Storm
Bernhagen	Frederick	Larson	Olson	Stumpf
Bertram	Frederickson, D.J.	Lessard	Peterson, R.W.	Waldorf
Brataas	Frederickson, D.R.	Luther	Piper	
Cohen	Hughes	Marty	Purfeerst	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 40, Mr. Frederick moved that S.F. No. 36 be withdrawn from the Committee on Finance, given its second reading and placed at the top of Special Orders.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on S.F. No. 36. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. DeCramer, as first author of S.F. No. 36, raised a point of order pursuant to Rule 40. The President ruled that the point of order was well taken.

Mr. Frederick withdrew his motion.

Pursuant to Rule 40, Mr. Frederick moved that S.F. No. 186 be withdrawn from the Committee on Transportation, given its second reading and placed

at the top of Special Orders.

Mr. Benson concurred.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on S.F. No. 186. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Frederick.

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

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	Larson	Ramstad
Belanger	Decker	Knaak	McQuaid	Renneke
Benson	Frederick	Knutson	Mehrkens	Storm
Bernhagen	Frederickson, D.R.	Laidig	Olson	

Those who voted in the negative were:

Adkins	Diessner	Lantry	Morse	Spear
Beckman	Frank	Lessard	Novak	Stumpf
Berglin	Frederickson, D.J.	Luther	Peterson, R.W.	Vickerman
Bertram	Hughes	Marty	Piper	Waldorf
Cohen	Johnson, D.J.	Merriam	Purfeerst	
Dahl	Jude	Metzen	Reichgott	
Davis	Kroening	Moe, D.M.	Schmitz	
Dicklich	Langseth	Moe, R.D.	Solon	

The motion did not prevail.

### 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

S.F. No. 2569 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2569

A bill for an act relating to education; appropriating money to the higher education coordinating board, regents of the University of Minnesota, state university board, state board for community colleges, and state board of vocational technical education, with certain conditions; authorizing bonding for capital improvements; amending Minnesota Statutes 1986, sections 3.971, subdivision 1; 92.05; 136.31, by adding a subdivision; and 136.41, by adding subdivisions; 248.07, subdivisions 7 and 12; Minnesota Statutes 1987 Supplement, section 248.07, subdivision 8; Laws 1983, chapter 334, section 7, as amended; and Laws 1987, chapter 401, section 2, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 135A and 137; repealing Minnesota Statutes 1986, sections 136.26; and 136C.13, subdivision 3.

April 19, 1988

The Honorable Jerome M. Hughes

President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2569, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2569 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

Section 1. [APPROPRIATIONS.]

The amounts in the columns under “APPROPRIATIONS” are appropriated from the general fund or other named fund to the agencies for the purposes specified in this act. The appropriations are available for the fiscal years indicated for each purpose. The figure “1988” or “1989,” when used to refer to the fiscal year of appropriations, means that the appropriations listed under the figure are available for the fiscal year ending June 30, 1988, or June 30, 1989, respectively.

SUMMARY BY FUND

	1988	1989	TOTAL
GENERAL	\$5,700,000	\$18,356,500	\$24,056,500

Summary by Agency — All Funds

Higher Education			
Coordinating Board	5,700,000	1,235,000	6,935,000
State Board of Vocational Technical Education	-	1,907,800	1,907,800
State Board for Community Colleges	-	6,014,400	6,014,400
State University Board	-	7,799,300	7,799,300
Regents of the University of Minnesota	-	1,400,000	1,400,000

APPROPRIATIONS

Available for the Fiscal Year Ending June 30	
1988	1989

Sec. 2. HIGHER EDUCATION COORDINATING BOARD - TOTAL	\$5,700,000	\$1,235,000
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Subdivision 1. Average Cost Funding Task Force

The HECB shall distribute agendas, minutes, and reports of the average cost funding task force to the chairs of the senate education and finance committees and the house higher education and appropriations committees.

Subd. 2. State Scholarships and Grants	\$5,700,000	\$500,000
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This appropriation is added to the appropriation for the same purpose in Laws 1987, chapter 401, section 2, subdivision 3.

The legislature intends that the board make full scholarship and grant awards in fiscal year 1989. The HECB may request the necessary appropriation in the 1989 legislative session if the fiscal year 1989 money is insufficient to make full awards.

During the biennium, the HECB may transfer unencumbered balances among the accounts provided in Laws 1987, chapter 401, section 2, to the scholarship and grant account. Before the transfer, the HECB shall consult with the chairs of the house appropriations and senate finance committees.

During the biennium, the HECB may ask the commissioner of finance to loan general fund money to the scholarship and grant account to ease cash flow difficulties. The HECB must first certify to the commissioner that there will be adequate refunds to the account to repay the loan. The commissioner shall use the refunds to make repayment to the general fund of the full amount loaned. Money necessary to meet cash flow difficulties in the state scholarship and grant program is appropriated to the commissioner of finance for loans to HECB.

Subd. 3. Study of Statewide Higher Education Needs \$375,000

\$350,000 is to begin a study of the post-secondary needs of the state. The study shall be divided into two phases. The first phase, to be undertaken in 1988, must concentrate on the needs of the population corridor extending from St. Cloud to Rochester. The second phase, to be undertaken in 1989, must concentrate on the other regions of the state. The HECB may contract for portions of the study, as necessary. Both phases of the study must focus on (1) an assessment of the current and future conditions and needs; (2) strategies to meet these needs; (3) costs associated with the strategies; and (4) effects of the strategies on existing institutions, state policies, and

system and institutional missions.

Both phases of the study should include consideration of at least the following concerns: the current and projected demographic and participation trends; current level and types of services available; needs of traditional, nontraditional, and minority students; the geographical accessibility of services needed by different types of students; uses of alternative delivery systems, technology, cooperative efforts, and reciprocity agreements; and the physical capacity of existing institutions. The HECB shall seek matching money for the study. The HECB shall report its findings on the first phase to the education and finance committees of the senate and the higher education and appropriations committees of the house by February 1, 1989. The study shall serve as the 1988 intersystem plan for the post-secondary systems as required in section 135A.06, subdivision 2.

\$25,000 is for a study, to be conducted simultaneously with the first phase, on the procedures necessary, fiscal implications, and effects of implementing alternative governance arrangements of two-year public post-secondary institutions. The HECB shall report the results of this study to the education and finance committees of the senate and the higher education and appropriations committees of the house by March 1, 1989.

If either appropriation is insufficient, the HECB may transfer money within this subdivision, after notifying the chairs of the house appropriations and senate finance committees.

#### Subd. 4. Other Appropriations

##### (a) Job Skills Partnership

The appropriation in Laws 1987, chapter 386, article 10, section 9, for the Job Skills Partnership does not cancel but is available until expended. Up to \$75,000 of the appropriation may be used for administrative expenses. The Partnership shall seek future funding from the Greater Minnesota Corporation.

##### (b) Quality Assessment

\$150,000



(c) Minority Education Partnership  
\$10,000

(d) Model Enterprise Development and  
Innovation Centers  
\$200,000

This appropriation may be used to support existing and new model centers. The program shall seek future funding from the Greater Minnesota Corporation.

Sec. 3. STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION -  
TOTAL

1,907,800

(a) Curriculum Restructuring  
\$450,000

This is a nonrecurring appropriation and will not be included to calculate the base for the 1989-1991 biennial budget.

(b) Increased Enrollment  
\$1,007,800

This appropriation is based on an entitlement of \$1,185,600. This is a nonrecurring appropriation and will not be included when calculating the base for the 1989-1991 biennial budget. This appropriation is based on estimated enrollments for 1989 of 40,548. If actual enrollments are different from this estimate, the commissioner of finance shall calculate the effect for the general fund due to the difference and include an adjustment in the budget for fiscal year 1990. The legislature intends that the board use this appropriation for curriculum restructuring.

(c) State Council on Vocational Technical Education  
\$50,000

This appropriation is added to the appropriation for the council in Laws 1987, chapter 401, section 3, subdivision 4.

(d) Services for Handicapped Students  
\$400,000

This appropriation is for noninstructional expenditures.

Sec. 4. STATE BOARD FOR COMMUNITY COLLEGES - TOTAL

6,014,400

(a) Increased Enrollment  
\$4,964,400

This is a nonrecurring appropriation and will not be included when calculating the base for the 1989-1991 biennial budget. This appropriation is based on estimated enrollments for 1989 of 29,723. If actual enrollments are different from this estimate, the commissioner of finance shall calculate the effect for the general fund due to the difference and include an adjustment in the budget for fiscal year 1990.

(b) Instructional Equipment and Base Adjustment

\$1,000,000

The legislature estimates that the amount of instructional expenditures will increase \$1,492,500.

(c) Wolf Center Program

\$50,000

This appropriation must not be spent until the community college board has approved the academic program for the Wolf Center. This appropriation does not determine the appropriate location to offer the program.

Sec. 5. STATE UNIVERSITY BOARD  
- TOTAL

7,799,300

(a) Increased Enrollment

\$7,349,300

This is a nonrecurring appropriation and will not be included when calculating the base for the 1989-1991 biennial budget. This appropriation is based on estimated enrollments for 1989 of 50,112. If actual enrollments are different from this estimate, the commissioner of finance shall calculate the effect for the general fund due to the difference and include an adjustment in the budget for fiscal year 1990.

(b) Winona State Engineering

The \$500,000 appropriated in Laws 1987, chapter 401, section 5, subdivision 2, may be spent by the state university board for the Winona engineering school upon the legislature receiving a positive recommendation regarding program review from the HECB and documentation that \$250,000 of the appropriation has been matched by contributions from nonstate

sources. This matching requirement may be satisfied with donated equipment and supplies necessary to the program, after consulting with the chairs of the finance and appropriations committees.

(c) Arrowhead Upper Division  
\$50,000

This appropriation is to study and develop an upper division component within the Arrowhead Community College Region through Bemidji State University. The money is to employ a coordinator who shall establish an administrative framework, and coordinate and improve student services. The state university board shall report its progress in meeting the upper division needs of northeastern Minnesota to the house appropriations and senate finance committees by February 1, 1989.

(d) Southwest State Science and Technology Resource Center  
\$400,000

The Science and Technology Resource Center shall seek future funding from the Greater Minnesota Corporation.

Sec. 6. REGENTS OF THE UNIVERSITY OF MINNESOTA - TOTAL 1,400,000

Subdivision 1. Operations and Maintenance

(a) The regents are requested to employ persons qualified to provide the board with fiscal and policy information, oversight, and analysis on matters requiring the regents' attention or action. The staff should be independent from the University administration and should be responsible solely to the regents. The board shall report its action under this paragraph to the chairs of the senate finance and house appropriations committees by December 1, 1988.

(b) In allocating the University's central reserves, the regents are requested to be cognizant of the needs of the coordinate campuses.

(c) The University of Minnesota is requested to develop fire safety standards, applicable to cigarettes and little cigars. The funding for the development

of the standards should be included in the University's 1989-1991 biennial budget request.

Subd. 2. Special Appropriations

(a) Supercomputer Institute

\$1,100,000

This appropriation is available only if the board of regents purchases or enters into a new lease agreement, after the effective date of this provision, for a second supercomputer architecture. The board shall report to the chairs of the senate finance and house appropriations committees whether it has obtained a second supercomputer architecture and, if it has entered into a lease agreement, the terms and conditions of the lease agreement. The board may request money to continue a lease agreement in its budget request to the 1989 legislature.

(b) Rochester Graduate Education

\$300,000

The legislature estimates that \$450,000 in fiscal year 1989 is for the University of Minnesota to provide graduate degree programs in the Rochester area. To the extent possible, programs in electrical engineering, computer science, and technology management shall be offered. The appropriation is for instructional expenditures. The University is requested to prepare a report on short and long range plans for program development, faculty recruitment, availability and uses of adjunct faculty, estimates of costs for five years, and a timetable for establishment of graduate programs. To assist in these determinations, the regents shall establish a permanent local advisory committee composed of persons, including representatives of the business community, who reside in the Rochester area and who have knowledge of, and interest in, graduate level education. The University shall report its findings to the house appropriations and senate finance committees by February 1, 1989. The report must be submitted to the HECB for review and comment before its submission to the legislature. The HECB shall review the delivery of graduate level programs in the Rochester area and report

its findings to the house appropriations and senate finance committees by February 1, 1990. This appropriation shall not cancel but shall be available until expended. Money available from any other source may not supplant this appropriation but shall be added to it.

Sec. 7. Minnesota Statutes 1986, section 3.971, subdivision 1, is amended to read:

Subdivision 1. To perform financial audits the legislative auditor shall postaudit and make a complete examination and verification of all accounts, records, inventories, vouchers, receipts, funds, securities, and other assets of *the University of Minnesota*, all state departments, boards, commissions, and other state agencies at least once a year, if ~~funds money~~ and personnel permit, and oftener if deemed necessary or as directed by the legislature or the legislative audit commission. Audits may include detailed checking of every transaction or test checking as the legislative auditor deems best. The books of the state treasurer and commissioner of finance may be examined monthly. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds are complied with by all departments and agencies of the state government.

A copy of all postaudits, reports and results of examinations made by the legislative auditor shall be deposited with the legislative reference library.

Sec. 8. Minnesota Statutes 1986, section 92.05, is amended to read:

92.05 [SALT LANDS, BY WHOM SOLD.]

The board of regents of the University of Minnesota shall have charge of the state salt lands donated by the United States to aid in the development of the brines in the state. The board of regents may sell these lands. ~~The proceeds from the sales must be held in trust and must be disbursed in accordance with the law providing for a geological and natural history survey.~~ The university may execute, in its name, deeds of conveyance of these lands. The proceeds of the sale of the lands when invested constitute a permanent fund, called the university salt land fund. *The university board of regents shall control and manage the university salt land fund.*

*The university salt land fund is considered a nonstate source for purposes of section 137.022, subdivision 3. The board of regents may use the income from the fund to match income from the permanent university fund for use by the university campuses at Crookston, Duluth, Morris, and Waseca for the purposes set forth in section 137.022, subdivision 3.*

Sec. 9. Minnesota Statutes 1987 Supplement, section 135A.04, is amended to read:

135A.04 [VARIABLE TUITION.]

The board of regents of the University of Minnesota, state university board, state board for community colleges, and state board for vocational education shall establish tuition. Tuition may vary by program, level of instruction, cost of instruction, or other classifications determined by each board. ~~In all systems that have a credit hour basis, tuition rates must be established on that basis and must not apply across a variable number of credits.~~ Tuition may be set at any percentage of instructional cost established by the respective boards.

## Sec. 10. [135A.11] [COMMUNITY SERVICE.]

*Each public post-secondary system is requested to review its curricula, especially in required courses in general education and departmental majors, to determine the current and future opportunities for incorporating community service components. Each system is encouraged to locate curricular areas in which the system can assist students to voluntarily pursue community service that is relevant to their studies.*

## Sec. 11. [135A.12] [UNIQUE NEEDS AND ABILITIES OF AMERICAN INDIAN PEOPLE.]

*Subdivision 1. [APPLICABILITY.] This section applies to the higher education coordinating board, each public post-secondary governing board, each public post-secondary institution, and each school board that operates a technical institute.*

*Subd. 2. [PROGRAMS AND SERVICES.] The board of each institution, at the request of ten or more full-time American Indian students, shall establish an advisory committee, in consultation with tribal designated representatives. The advisory committee shall recommend instructional programs and student services to meet the unique needs of American Indian people.*

*Subd. 3. [AMERICAN INDIAN LANGUAGES.] A student who is proficient in an American Indian language shall have the opportunity to be assessed, placed, or to receive credit for skills in that language in the same manner that a student is assessed, placed, or receives credit for skills in languages other than the English language.*

*Subd. 4. [QUALIFICATIONS FOR AMERICAN INDIAN STUDIES AND SERVICES.] American Indian individuals who understand and have demonstrated knowledge of American Indian language, history, or culture may be considered to be competent to provide instruction in American Indian language, history, or culture programs. Qualifications to provide noninstructional services at post-secondary institutions for American Indian people must take into consideration knowledge of and understanding of American Indian language, history, or culture.*

*Subd. 5. [CONSULTATION.] When the higher education coordinating board conducts studies, performs evaluations, reviews programs, and makes recommendations that affect educational programs and services for American Indian people, it shall consult with tribal designated representatives.*

## Sec. 12. [135A.13] [STUDENT SERVICES PRICES.]

*The governing board of each public post-secondary system is requested to establish prices for goods and services sold through student services that approximate as nearly as possible the cost of providing quality goods and services.*

Sec. 13. Minnesota Statutes 1986, section 136.31, is amended by adding a subdivision to read:

*Subd. 7. Except as provided in this subdivision, the board may irrevocably appropriate and use any money, other than direct state appropriations and tuition receipts appropriated by section 136.11, subdivision 1, held by it to discharge or otherwise provide for the payment of the interest coming due on its revenue bonds outstanding on the effective date of this section until paid and of the principal and any premium coming due on*

*the bonds at maturity or upon any earlier date upon which the bonds are called for redemption. For this purpose, the board may exercise all powers conferred upon it under subdivision 6 with respect to escrow agents and escrow accounts, and may provide for the funding of the escrow accounts with securities of the type referred to in subdivision 6 and certificates of deposit, time deposits, and investment agreements issued by the escrow agent or any other financial institution. This subdivision does not authorize the appropriation or use of board money to secure outstanding revenue bonds contrary to a board resolution authorizing the issuance and providing for the security of the bonds, or the use of other board money contrary to the terms of a contract, specific legislative appropriation, or law.*

Sec. 14. Minnesota Statutes 1986, section 136.41, is amended by adding a subdivision to read:

*Subd. 8. The state university board or a successor may issue additional revenue bonds under sections 136.31 to 136.38 in an aggregate principal amount not exceeding \$40,000,000, subject to the resolutions authorizing its outstanding revenue bonds, and payable from the revenue appropriated to the fund established by section 136.35, and use the proceeds together with other public or private money that may otherwise become available to acquire land, and to acquire, construct, complete, remodel, and equip structures to be used for dormitory, residence hall, student union, food service, and related parking purposes at the state universities. Before issuing the bonds or any part of them, the board shall consult with and obtain the advisory recommendations of the chairs of the house appropriations committee and the senate finance committee about the facilities to be financed by the bonds.*

Sec. 15. Minnesota Statutes 1986, section 136.41, is amended by adding a subdivision to read:

*Subd. 9. 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. However, if it is intended that the interest on the bonds be exempt from federal income taxes, an officer of the board shall certify for the board on the date of issue the facts, estimates, and circumstances that lead the officer reasonably to expect that the proceeds of the bonds and the facilities financed by them will not be used to cause the interest on the bonds to be subject to federal income taxes; the board may covenant and agree with the holders of the bonds that it will comply with the provisions of the United States Internal Revenue Code now or hereafter enacted that do or may apply to the bonds and that establish conditions under which the interest to be paid on the bonds will not be subject to federal income taxes; and the officers of the board shall take the actions or refrain from taking the actions necessary to comply with the covenants. Money required to be spent to comply may be appropriated by the board from the fund established by section 136.35.*

Sec. 16. [137.0245] [REGENT CANDIDATE ADVISORY COUNCIL.]

*Subdivision 1. [ESTABLISHMENT.] A regent candidate advisory council is established to assist the legislature in determining criteria for, and identifying and recruiting qualified candidates for membership on the board of regents.*

*Subd. 2. [MEMBERSHIP.] The regent candidate advisory council shall*

consist of 24 members. Twelve members shall be appointed by the subcommittee on committees of the committee on rules and administration of the senate. Twelve members shall be appointed by the speaker of the house of representatives. No more than one-third of the members appointed by each appointing authority may be current or former legislators. No more than two-thirds of the members appointed by each appointing authority may belong to the same political party; however, political activity or affiliation is not required for the appointment of any member. Geographical representation must be taken into consideration when making appointments. Section 15.0575 shall govern the advisory council, except that the members shall be appointed to six-year terms with one-third appointed each even-numbered year.

Subd. 3. [DUTIES.] *The advisory council shall:*

(1) *develop, in consultation with current and former regents and the administration of the University of Minnesota, a statement of the selection criteria to be applied and a description of the responsibilities and duties of a regent, and shall distribute this to potential candidates; and*

(2) *for each position on the board, identify and recruit qualified candidates for the board of regents, based on the background and experience of the candidates, and their potential for discharging the responsibilities of a member of the board of regents.*

Subd. 4. [RECOMMENDATIONS.] *The advisory council shall recommend at least two and not more than four candidates. By February 1 of each odd-numbered year, the advisory council shall submit its recommendations to the president of the senate and the speaker of the house of representatives. The legislature shall not be bound by these recommendations.*

Subd. 5. [SUPPORT SERVICES.] *The legislative coordinating commission shall provide administrative and support services for the advisory council.*

Sec. 17. [INITIAL TERMS.]

*By September 1, 1988, each appointing authority shall appoint four members to terms that expire January 1990, four members to terms that expire January 1992, and four members to terms that expire January 1994.*

Sec. 18. [137.0251] [BUDGETARY INFORMATION.]

*The board of regents of the University of Minnesota shall make available to the commissioner of finance all books, accounts, documents, and property that the commissioner desires to inspect.*

Sec. 19. Minnesota Statutes 1986, section 248.07, subdivision 7, is amended to read:

Subd. 7. [BLIND, VENDING STANDS AND MACHINES ON GOVERNMENTAL PROPERTY.] *Notwithstanding any other law, for the rehabilitation of blind persons the commissioner shall have exclusive authority to establish and to operate vending stands and vending machines in all buildings and properties owned or rented exclusively by the state university or community college systems or by any department or agency of the state of Minnesota except the department of natural resources properties operated directly by the division of state parks and not subject to private leasing. The merchandise to be dispensed by such vending stands and machines may include soft drinks, (except 3-2 beer), milk nonalcoholic beverages,*



food, candies, tobacco, souvenirs, notions and related items. Such vending stands and vending machines herein authorized shall be operated on the same basis as other vending stands for the blind established and supervised by the commissioner *under federal law*. The commissioner ~~may~~ *shall* waive this authority to displace any present private individual concessionaire in any state-owned or rented building or property *who is operating under a contract with a specific renewal or termination date, until the renewal or termination date*. With the consent of the governing body of a governmental subdivision of the state, the commissioner may establish and supervise vending stands and vending machines for the blind in any building or property exclusively owned or rented by the governmental subdivision.

Sec. 20. Minnesota Statutes 1987 Supplement, section 248.07, subdivision 8, is amended to read:

Subd. 8. [USE OF REVOLVING FUND, LICENSES FOR OPERATION OF VENDING MACHINES.] The revolving fund created by Laws 1947, chapter 535, section 5, is continued as provided in this subdivision and shall be known as the revolving fund for vocational rehabilitation of the blind. It shall be used for the purchase of equipment and supplies for establishing and operating of vending stands by blind persons. All income, receipts, earnings, and federal grants due to the operation thereof shall also be paid into the fund. All interest earned on money accrued in the fund must be credited to the fund by the state treasurer. All equipment, supplies, and expenses for setting up these stands shall be paid for from the fund. Authority is hereby given to the commissioner to use the money available in the revolving fund *that originated as operational charges to individuals licensed under this subdivision* for the establishment, operation, and supervision of vending stands by blind persons for the following purposes: (1) purchase, upkeep and replacement of equipment; (2) ~~purchase of initial and replacement stock of supplies and merchandise;~~ (3) expenses incidental to the setting up of new stands and improvement of old stands; (4) ~~purchase of general liability insurance as deemed advisable for any vending stand by the commissioner;~~ (5) (3) reimbursement *under section 15.059* to individual blind vending operators for reasonable ~~travel and maintenance~~ expenses incurred in attending supervisory meetings as called by the commissioner *and other expenditures for management services consistent with federal law;* (6) *and* (4) purchase of fringe benefits for blind vending operators and their employees such as group health insurance, retirement program, vacation or sick leave assistance provided that the purchase of any fringe benefit is approved by a majority vote of blind vending operators licensed pursuant to this subdivision after the commissioner provides to each blind vending operator information on all matters relevant to the fringe benefits. Fringe benefits shall be paid only from assessments of operators for specific benefits, gifts to the fund for fringe benefit purposes, and vending income which is not assignable to an individual stand.

*Money originally deposited as merchandise and supplies repayments by individuals licensed under this subdivision may be expended for initial and replacement stocks of supplies and merchandise. Money originally deposited from vending income on federal property must be spent consistent with federal law.*

*All other deposits may be used for the purchase of general liability insurance or any other expense related to the operation and supervision of vending stands.*

The commissioner shall issue each license for the operation of a vending stand or vending machine for an indefinite period but may terminate any license in the manner provided. In granting licenses for new or vacated stands preference on the basis of seniority of experience in operating stands under the control of the commissioner shall be given to capable operators who are deemed competent to handle the enterprise under consideration. Application of this preference shall not prohibit the commissioner from selecting an operator from the community in which the stand is located.

Sec. 21. Minnesota Statutes 1986, section 248.07, subdivision 12, is amended to read:

Subd. 12. [REIMBURSEMENT OUT OF STATE DISTRIBUTION OF BRAILLE AND SPECIAL MATERIALS.] The commissioner shall obtain reimbursement from other states for the estimated cost of providing radio signals, programming, and radio receivers for the blind and for production and handling of Braille books, audio tapes, and related services for the blind distributed by the department of jobs and training to users in such other states and may contract with the appropriate authorities of such states to effect such reimbursement. All money received hereunder shall be paid to the state treasurer and placed in the ~~general~~ *special revenue fund and is appropriated to the commissioner of jobs and training for the purposes of this subdivision.*

Sec. 22. Laws 1987, chapter 401, section 2, subdivision 6, is amended to read:

Subd. 6. Income Contingent Loans

\$110,000	\$158,100
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This appropriation is for an income contingent loan repayment program to assist graduates of Minnesota schools in medical, dental, pharmacy, chiropractic medicine, public health, and veterinary medicine *and Minnesota residents graduating from optometry and osteopathy programs* in repaying their student debt by providing a repayment plan based on their annual income. ~~The HECB shall study the possible inclusion of students in other academic programs including optometry and osteopathy and report its recommendations to the appropriations and finance committees by December 1, 1987.~~ During the biennium, applicant data collected by the HECB for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program according to section 136A.162.

Sec. 23. [FACULTY EXCHANGE PROGRAM.]

*Subdivision 1. [ESTABLISHMENT.] A program of faculty exchange for the 1988-1989 academic year is established to allow school districts and post-secondary institutions to arrange temporary exchanges between members of their instructional staff. These arrangements must be made on*

*a voluntary, cooperative basis between the school district and the institution.*

*Subd. 2. [USES OF PROGRAM.] Each participating school district and post-secondary institution may determine the way in which the instructional staff member's time is to be used, but it must be in a way that promotes understanding of the needs of each educational system. A public school teacher might be used to teach courses, provide counseling and tutorial services, assist with the preparation of future teachers, or take professional development courses. A post-secondary instructor might teach advanced placement courses or other classes to aid an underserved population at the school district, counsel students about future education plans, or work with teachers to better prepare students for post-secondary education. Participation need not be limited to one school or institution and may involve other groups including educational cooperative service units.*

*Subd. 3. [SALARIES, BENEFITS, CERTIFICATION.] Exchanges made under the program must not have a negative effect on participants' salaries, seniority, or other benefits. Notwithstanding Minnesota Statutes, sections 123.35, subdivision 6, and 125.04, a member of the instructional staff of a post-secondary institution may teach in an elementary or secondary school or perform a service, agreed upon according to this section, for which a license would otherwise be required without holding the applicable license. In addition, a licensed employee of a school district may teach or perform a service, agreed upon according to this section, at a post-secondary institution without meeting the applicable qualifications of the post-secondary institution. A school district is not subject to Minnesota Statutes, section 124.19, subdivision 3, as a result of entering into an agreement according to this section that enables a post-secondary instructional staff member to teach or provide services in the district. All arrangements and details regarding the exchange must be mutually agreed to by the school district and post-secondary institution before implementation.*

*Subd. 4. [REPORT OF PILOT PROGRAMS.] While these exchanges are voluntary, the legislature intends to maintain oversight to determine the benefits and problems of the program. By February 1, 1989, each post-secondary system shall submit a report about the faculty exchange program to the chairs of the house education, higher education, and appropriations committees and the senate education and finance committees. The report shall contain the number of instructional staff participating in the exchange, areas of instruction, and other issues related to the exchange.*

#### **Sec. 24. [LOANED EXECUTIVE ACTION PROGRAM (LEAP).]**

*Subdivision 1. [PUBLIC SYSTEMS; JOINTLY.] The governing boards of the public post-secondary systems are requested to jointly establish a Loaned Executive Action Program to encourage business executives in the private sector to study management issues within each system and to make recommendations to improve the management structures and processes of each. The heads of each system shall jointly report to the appropriations and finance committees on the actions taken under this section by January 15, 1989.*

*Subd. 2. [CAMPUS BUDGET PROPOSALS.] A loaned executive working with the University of Minnesota should study the issue of preparing and presenting individual campus budget proposals to the board of regents.*

#### **Sec. 25. [REGENT ACTION.]**

*The legislature requests that the board of regents of the University of*

*Minnesota undertake the following actions to improve their management and accountability:*

*(1) establish a committee to plan for and oversee the needs and uses of the president's house;*

*(2) formally adopt policies for review of capital projects that specify when board approval is required, types and forms of information to be submitted to the board, and board procedures for cost overruns;*

*(3) develop an accurate and complete reporting system for capital projects in progress; and*

*(4) establish policies that improve the control over the use of unrestricted funds, including specification of approval and reporting requirements.*

*The board of regents shall report the actions taken under this section to the house appropriations and senate finance committees by January 1, 1989.*

*As part of its 1989 biennial budget presentation to the legislature, the University of Minnesota is requested to report its income and expenditures from all public and private sources.*

**Sec. 26. [COMMUNITY SERVICE REPORTS.]**

*The public post-secondary systems shall report their actions, findings, and recommendations on community service opportunities to the house appropriations and senate finance committees by February 1, 1989.*

**Sec. 27. [CHILD CARE REPORTS.]**

*Each public post-secondary system shall assess the effects of child care legislation on the needs of post-secondary students. The report required by Laws 1988, chapter 439, shall include the assessment and recommendations of each system. Each system shall also submit its assessment and recommendations to the senate finance and house appropriations committees by January 15, 1989.*

**Sec. 28. [AMERICAN INDIAN EDUCATION REPORT.]**

*By February 1, 1989, each governing board shall report the actions it has taken to implement the provisions in this act relating to American Indian education. The report shall be submitted to the house higher education and appropriations committees and the senate education and finance committees.*

**Sec. 29. [REPEALER.]**

*Minnesota Statutes 1986, sections 136.26 and 136C.13, subdivision 3, are repealed.*

**Sec. 30. [EFFECTIVE DATE.]**

*Sections 2, 6, 16, 17, 19, 20, 21, 23, 24, and 25 are effective the day following final enactment.*

**ARTICLE 2**

**Section 1. [APPROPRIATIONS FOR CAPITAL IMPROVEMENTS.]**

*The amounts in the column under "APPROPRIATIONS" are appropriated from the general fund to the state agencies indicated to be spent to acquire and to better public land and buildings and other public improvements of*

a capital nature, as specified in this article.

### SUMMARY

General Fund

\$8,388,200

### APPROPRIATIONS

#### Sec. 2. TECHNICAL INSTITUTES

Subdivision 1. To the state board of vocational technical education for the purposes specified in this section

\$2,697,000

Subd. 2. Post-secondary technical institute construction in the school districts listed in this subdivision.

\$1,697,000

(a) Special Intermediate School District No. 917, Dakota County

\$197,600

This appropriation is to purchase the former Rosemount city hall for child care. The total cost of the project must not be more than \$233,000, whether paid from state, local, or federal money.

The board of regents of the University of Minnesota and the board of intermediate school district No. 917 may negotiate a lease that provides land in the city of Rosemount for Special Intermediate School District No. 917, Dakota County, to develop a decision driving course. The agreement must include only a nominal financial consideration that reflects the University's minimal expenditures to acquire and maintain the land.

(b) Independent School District No. 656, Faribault

313,700

This appropriation is for the completion of the project authorized in Laws 1987, chapter 400, section 17, subdivision 2(h). The total cost of the project must not be more than \$2,022,000 whether paid from state, local, or federal money.

(c) Independent School District No. 578, Pine City

328,500

This appropriation is for the completion of the project authorized in Laws 1987, chapter 400, section 17, subdivision 2(1). The total cost of the project must not be more than \$1,896,600, whether paid from state, local, or federal money.

(d) Independent School District No. 256, Red Wing

327,200

This appropriation is to acquire land for buildings to consolidate the campuses of the Red Wing Technical Institute. The total cost of the project must not be more than \$385,000, whether paid from state, local, or federal money.

(e) Joint Vocational Technical District No. 900, Southwestern 530,000

This appropriation is for construction or remodeling of the following facilities on these respective campuses:

Granite Falls for handicapped access  
Jackson for child care

Subd. 3. Statewide parking 1,000,000

Projects undertaken must be those most in need of repair and should include the paving of existing parking lots not presently paved. This money may be used for parking ramp modifications.

Subd. 4. Repairs

During the biennium ending June 30, 1989, replacement of steam lines, sewer lines, and other such services that are less than five percent of the appropriation for repairs and replacements must be accomplished when needed from the repairs and replacements account.

Sec. 3. COMMUNITY COLLEGES

Subdivision 1. To the commissioner of administration for the purposes specified in this section 2,791,200

Subd. 2. Minneapolis Community College 1,011,200

This appropriation is added to the appropriation in Laws 1985, Special Session chapter 15, section 14, subdivision 3.

Subd. 3. Systemwide 1,780,000

(a) Roof repair, code compliance, and asbestos removal 1,600,000

During the biennium ending June 30, 1989, replacement of steam lines, sewer lines, and other such services that are less than five percent of the appropriation for repairs and replacements must be accomplished when needed from the repairs and replacements account.

(b) Systemwide planning 180,000

## Subd. 4. Remodeling and construction

Appropriations authorized in Laws 1987, chapter 400, section 18, subdivision 2, may also be used for classroom remodeling and the relocation of administrative services.

## Sec. 4. STATE UNIVERSITIES

Subdivision 1. To the state university board for the purposes specified in this section

2,900,000

## Subd. 2. Mankato Campus

Emergency lease of building space to accommodate enrollment growth

150,000

## Subd. 3. Metropolitan Campus

Acquire site for consolidated administrative and student center

1,300,000

The board may enter into an option with the St. Paul Port Authority to acquire approximately one acre of land between Mounds Boulevard and Maria Avenue, along East Seventh Street, north of the existing B and C buildings at a maximum cost of \$500,000 if the option is exercised at the time of the initial purchase; or a maximum of \$600,000 if exercised within 18 months of the initial purchase; or a maximum of \$650,000 if exercised within three years of the initial purchase.

The agreement for the acquisition must include a provision that the St. Paul Port Authority ensure that all buildings on the site are free from hazardous materials.

At the time the boilers are converted to low pressure steam, the state board may enter into an agreement with District Energy St. Paul Inc. for provision of steam heat, if the total cost of that heat does not exceed the estimated cost of receiving comparable services from another source.

## Subd. 4. Systemwide

1,450,000

(a) Abate hazardous materials and remove PCBs

100,000

(b) Roof repair

1,350,000

(c) Repairs

During the biennium ending June 30, 1989, replacement of steam lines, sewer lines, and other such services that are

less than five percent of the appropriation for repairs and replacements must be accomplished when needed from the repairs and replacements account.

Sec. 5. [REVIEW OF PLANS.]

*An agency to whom an appropriation is made in this article must not prepare final plans and specifications for any construction or major remodeling authorized by this article until the agency that will use the project has presented the program and schematic plans and cost estimates for all elements necessary to complete the project to the chair of the senate finance committee and the chair of the house appropriations committee and the chairs have made their recommendations. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is considered a negative recommendation.*

Sec. 6. [APPROPRIATIONS FOR CONSTRUCTION; TRANSFER.]

*Upon the awarding of final contracts for the completion of a project for construction or other permanent improvement authorized by this article, or upon the abandonment of the project, the agency to whom the appropriation is made in this article may transfer the unencumbered balance in the project account to another project enumerated in the same section. The transfer must be made only to cover bids for the other project that were higher than was estimated when the appropriation for the other project was made and not to cover an expansion of the other project. The money transferred under this section is appropriated for the purposes for which transferred. For transfers by the state board of vocational technical education, the total cost of both projects and the required local share for both projects are adjusted accordingly. The commissioners and boards shall report to the chair of the senate finance committee and the chair of the house appropriations committee before a transfer is made under this section.*

Sec. 7. [METHODS OF ACQUISITION.]

*If money has been appropriated in this biennium to the commissioner of administration or the state university board to acquire lands or sites for public buildings or real estate, the acquisition may be by gift, purchase, or condemnation proceedings. Condemnation proceedings must be under Minnesota Statutes, chapter 117.*

Sec. 8. [EFFECTIVE DATE.]

*This article is effective the day following final enactment."*

Delete the title and insert:

*"A bill for an act relating to education; appropriating money to the higher education coordinating board, regents of the University of Minnesota, state university board, state board for community colleges, and state board of vocational technical education, with certain conditions; authorizing bonding for capital improvements; making or requesting changes in the terms of tuition, audits, land funds, programs, and provision of goods and services at one or more post-secondary institutions, systems, or boards; requiring reports; amending Minnesota Statutes 1986, sections 3.971, subdivision 1; 92.05; 136.31, by adding a subdivision; 136.41, by adding subdivisions; and 248.07, subdivisions 7 and 12; Minnesota Statutes 1987 Supplement, sections 135A.04; and 248.07, subdivision 8; Laws 1987, chapter 401,*



section 2, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 135A and 137; repealing Minnesota Statutes 1986, sections 136.26; and 136C.13, subdivision 3.”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Gene Waldorf, Ronald R. Dicklich, Nancy Brataas, Glen Taylor

House Conferees: (Signed) Lyndon R. Carlson, Leonard Price, John W. Dorn, Gloria M. Segal, M. R. Haukoos

Mr. Waldorf moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2569 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2569 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Merriam	Ramstad
Anderson	Decker	Knaak	Moe, D.M.	Reichgott
Beckman	DeCramer	Knutson	Moe, R.D.	Renneke
Belanger	Dicklich	Kroening	Morse	Schmitz
Benson	Diessner	Laidig	Novak	Solon
Berg	Frank	Langseth	Olson	Spear
Berglin	Frederick	Lantry	Pehler	Storm
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Vickerman
Brandl	Hughes	Marty	Piper	Waldorf
Brataas	Johnson, D.E.	McQuaid	Pogemiller	
Cohen	Johnson, D.J.	Mehrkens	Purfeerst	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## 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.

## CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Freeman moved that the following members be excused for a Conference Committee on H.F. No. 2396 from 3:00 to 5:00 p.m.:

Messrs. Pehler, Freeman and Ms. Peterson, D.C. The motion prevailed.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2344, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2344 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1988

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2344**

A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; creating and modifying agencies and functions; fixing and limiting fees; requiring studies and reports; appropriating money; amending Minnesota Statutes 1986, sections 3.9223, subdivision 5; 3.9225, subdivision 5; 3.9226, subdivision 5; 16B.24, by adding a subdivision; 88.22, by adding a subdivision; 89.001, by adding a subdivision; 89.19; 116.48, by adding subdivisions; 116J.615, by adding a subdivision; 296.16, by adding a subdivision; and 296.421, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.732, subdivision 1; 3.885; 85.055, subdivision 1; 105.44, subdivision 10; 115C.02, subdivision 13; 116C.712, subdivision 5; 116J.941, subdivision 1; 116O.03, subdivision 2; 116O.04, subdivision 1; 116O.06, subdivision 1; and 480.241, subdivision 2; Laws 1985, First Special Session chapter 15, section 4, subdivision 6; Laws 1987, chapter 357, section 27, subdivision 2; Laws 1987, chapter 404, sections 20, subdivision 6; and 22, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 89; 115C; 424A; and 446A; repealing Minnesota Statutes 1987 Supplement, section 161.52.

April 18, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2344, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2344 be further amended as follows:

Delete everything after the enacting clause and insert:



to the general fund to reimburse it for this appropriation.

The office of the legislative auditor program evaluation division shall conduct an evaluation of the Minnesota housing finance agency's programs. The study shall include, but not be limited to, an evaluation of the criteria used to qualify potential buyers as low income. The auditor shall prepare a report for presentation to the legislature by January 1, 1989, indicating its findings, observations, and recommendations relative to the agency's ability to meet the current demand for low income housing.

### Sec. 3. SUPREME COURT

(a) Trial Courts Information System	133,400	387,800
(b) Study of Tape Recording	25,000	

The supreme court administrator shall study and report to the legislature by January 1, 1989, on the costs and benefits to litigants of the use of video or audio tape recording of civil litigation and administrative hearings instead of stenotype and transcription recordings of those proceedings. The study shall also include the equipment cost recovery of alternative recording systems.

### (c) Family Farm Legal Assistance

The report submitted by each family farm legal assistance provider to the supreme court and the legislature by January 15, 1989, under Minnesota Statutes, section 480.256, shall include a plan to prioritize the legal assistance provided to family farmers under Minnesota Statutes, sections 480.250 to 480.254, and to recommend which services to continue. The report must also include alternative plans to provide all or part of the family farm legal assistance from nonstate money.

### Sec. 4. BOARD OF PUBLIC DEFENSE

(a) Space Rental		15,000
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This appropriation is for rental of office space and is added to the appropriation in Laws 1987, chapter 404, section 7.

(b) Intergovernmental Relations		55,000
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The person hired for this position shall be knowledgeable in criminal defense

procedures and criminal defense investigation. The new position shall include in its duties the provision of counsel on legislative proposals during legislative sessions. The state public defender, at the request of the administrator, shall fully cooperate with and assist the administrator with respect to these duties.

The approved complement of the board of public defense is increased by one in fiscal year 1989.

Sec. 5. GOVERNOR

Office of Jobs Policy		115,000
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The office of jobs policy must be transferred to the governor's office and remain there and is not subject to further transfer under Minnesota Statutes, section 16B.37.

Sec. 6. ADMINISTRATION

(a) 911 Emergency Telephone Service	119,300	488,900
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This appropriation is from the special revenue fund and is added to the appropriation in Laws 1987, chapter 404, section 16, subdivision 3.

(b) System Architecture Conference	12,000	
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This appropriation is to the information policy office to plan and conduct a system architecture conference for legislators and key executive branch personnel. This appropriation is an addition to the appropriation in Laws 1987, chapter 404, section 16, subdivision 3.

(c) Distributive Computing Study		150,000
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This appropriation is to establish not less than three experimental computer centers to demonstrate the effectiveness of a distributive computing model for a wide range of computer applications in the field of education, including financial and student management. No district may apply for less than \$20,000 or more than \$50,000 for the purposes of this program. For the purposes of this section, the reporting requirements of section 121.936, subdivision 1, and the data standards of section 121.932, subdivision 5, must be maintained, but all other requirements, except financial obligations, will be waived. The information

policy office will evaluate the experimental centers, prepare a study, and report to the legislature by January 1, 1990, making recommendations concerning the feasibility of expanding the concept of individual computer centers statewide. This appropriation is added to the appropriation in Laws 1987, chapter 404, section 16, subdivision 3.

(d) Interactive Technologies

20,000

This appropriation is to the information policy office to facilitate, with technical expertise, efforts to move the legislature towards the usage of more interactive technologies. The information policy office will draft a plan to improve citizen input and to improve the efficiency and operations of the legislature. This appropriation is added to the appropriation in Laws 1987, chapter 404, section 16, subdivision 3.

(e) Twin Cities Regional Cable

40,000

This appropriation is for a grant to Twin Cities Regional Cable Channel, Inc. for programming. \$20,000 of this grant is to be matched dollar for dollar from contributions from nonstate sources. \$20,000 of the grant is to be used for legislative programming. All legislative programming done under this grant must be accessible to local cable stations at cost of video tape for distribution. This appropriation is added to the appropriation in Laws 1987, chapter 404, section 16, subdivision 5.

(f) Soybean Oil Ink Study

2,500

This appropriation is to study the feasibility of using ink with a soybean oil base for printing done by the commissioner, by other state agencies, and by private vendors under contract to agencies in all branches of state government. The study must include the cost implications to the state of using ink with a soybean oil base, the types of printing jobs that can and cannot be done effectively with this ink, and any transitional steps that would have to be taken to implement the use of ink with a soybean oil base. The commissioner shall report the results of the study to the legislature by January 1, 1989. This appropriation

is to be matched with money from other nonstate sources. This appropriation is added to the appropriation in Laws 1987, chapter 404, section 16, subdivision 5.

(g) Community Service and Volunteer Initiatives

50,000

The department of administration's authorized general fund complement is increased by one position.

This appropriation is added to the appropriation in Laws 1987, chapter 404, section 16, subdivision 5 and is only available if the community services program for school districts established in article 4, section 4, of a bill styled as H.F. No. 2245 are enacted into law. The commissioner shall ensure that this initiative is consistent and coordinated with the volunteer program in that section of H.F. No. 2245.

The approved complement of the department of administration is increased by two special revenue fund positions in fiscal year 1989.

(h) Study of Leasing Office Space

The commissioner of administration shall complete phase II of the study comparing the costs of leasing office space in privately owned buildings versus construction of new office buildings to house state departments and agencies. This study must include a report to the legislature by January 1, 1989, that addresses the feasibility of lease-purchase options, includes considerations of life-cycle costing, and provides recommendations for a state policy relative to housing of state offices in the twin cities metropolitan area.

(i) Surplus Property

The commissioner shall study the feasibility of making state surplus property from the departments of transportation, corrections, natural resources, and public safety available to Indian communities at no cost and shall report the findings, including an evaluation of the program currently being conducted in the department of natural resources, to the legislature by January 1, 1989.

(j) Capitol Space Planning 350,000

This appropriation is to plan for the use of senate space in the capitol building.

(k) State Office Building 75,000

This appropriation is to install computer cabling and a telephone system for senate offices in the state office building.

(l) Capitol Restoration 220,000

This appropriation is to fix the leaking dome under the roof of the capitol.

(m) Rent Differential 1,711,000

This appropriation is for the increased rent differential associated with the department of human services office relocation and consolidation and lost rental income associated with the department of revenue's office relocation.

The legislature estimates that \$450,000 of this appropriation will be offset by general fund nondedicated receipts from the federal government.

#### Sec. 7. CAPITOL AREA

##### ARCHITECTURAL AND PLANNING BOARD

Landscaping and Parking Improvements 675,000

Any unencumbered balance remaining after the first year does not cancel and is available for the second year.

#### Sec. 8. FINANCE

##### Gas Tax Refunds

Until June 30, 1989, refunds received from the federal government for excise taxes paid on motor vehicle fuels are appropriated, in the year the refund is received, to the state agency that paid the tax.

#### Sec. 9. EMPLOYEE RELATIONS

(a) Public Employees' Insurance Plan 116,000

This appropriation is added to the appropriation for the same purpose in Laws 1987, chapter 404, section 19, subdivision 5, and is likewise repayable within five years.



The approved complement of the department of employee relations is increased by four positions in fiscal year 1989.

(b) Health Insurance Costs

6,450,000

This appropriation is from the general fund for transfer to the employee insurance trust fund.

\$4,593,300 is appropriated in fiscal year 1989 from the funds from which salaries are paid, other than the general fund, for transfer to the employee insurance trust fund. The commissioner of finance shall allocate this appropriation among the several funds in proportion to the health insurance costs that are otherwise paid from each fund. If the balance in a fund is insufficient to support this additional appropriation without requiring any layoffs or reductions in any other appropriation from the fund, the commissioner of finance shall submit a request to the 1989 regular session to cover the deficiency with an appropriation from the general fund.

The regents of the University of Minnesota shall pay \$3,956,700 from money previously appropriated for operations and maintenance of the university to the commissioner of employee relations for credit to the employee insurance trust fund.

(c) Dependent Care Expenses

Until June 30, 1989, the commissioner of employee relations may use FICA savings generated from the dependent care expense account program to pay for the administrative costs of the program.

(d) Managers Plan

Notwithstanding Laws 1987, chapter 404, section 43, subdivision 2, within the provisions of the managerial plan approved under Minnesota Statutes, section 43A.18, an agency may not exceed a four percent average for aggregate performance increases for its managers.

Sec. 10. REVENUE

(a) Charitable Gambling Tax Enforcement

194,300

This appropriation is added to the appropriation for tax compliance in Laws 1987, chapter 404, section 20, subdivision 6.

The approved complement of the department of revenue is increased by four positions in fiscal year 1989.

**(b) Metropolitan Landfill Administration**

In fiscal year 1988 \$8,500 is appropriated from the metropolitan landfill abatement fund and \$8,500 is appropriated from the metropolitan landfill contingency action fund to the department of revenue for the purpose of reimbursing the department for costs incurred by the department in administering Minnesota Statutes, section 473.843, during fiscal year 1988.

\$40,800 in fiscal year 1989 is appropriated from the metropolitan landfill contingency action fund and in fiscal year 1989 \$40,800 is appropriated from the metropolitan landfill abatement fund to the department of revenue for the purpose of administering Minnesota Statutes, section 473.843.

**Sec. 11. NATURAL RESOURCES**

(a) Forest Nurseries	400,000	490,000
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This appropriation is from the forest management fund and is added to the appropriation in Laws 1987, chapter 404, section 22, subdivision 4.

(b) Hybrid Aspen Operational Studies	80,000	
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This appropriation is added to the appropriation in Laws 1987, chapter 404, section 22, subdivision 4. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

(c) Statewide Forest Inventory and Analysis	270,000	
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Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

(d) Oak Wilt Control		
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\$64,000 appropriated to the commissioner of natural resources for oak wilt control in Laws 1987, chapter 404, section 22, subdivision 4, for fiscal year 1988 does not cancel and is available for fiscal year 1989.

(e) Thief Lake Wildlife Management Area 50,000

This appropriation is to construct an observation deck and picnic area at Thief Lake wildlife management area. This appropriation is from the general fund and is an addition to the funds appropriated in Laws 1987, chapter 404, section 22, subdivision 7.

(f) Red Lake Wildlife Management Area 8,000

This appropriation is to rehabilitate the Norris Tower picnic site on the Red Lake wildlife management area. This appropriation is added to the appropriation in Laws 1987, chapter 404, section 22, subdivision 7.

(g) Rochester Wildlife Lands

The commissioner shall study and report to the legislature by January 1, 1989, the feasibility of a land exchange with Olmsted county for the wildlife lands located adjacent to the former Rochester State Hospital facility.

(h) Tettegouche Camp Buildings 20,000

This appropriation is added to the appropriation in Laws 1987, chapter 404, section 22, subdivision 5, and must be used to conduct a study and report to the legislature by January 1, 1989, on alternative uses for the "Tettegouche Camp Buildings." The study must address the costs associated with each of the alternatives identified, including ongoing use of buildings.

(i) Paul Bunyan Trail 35,000

This appropriation is for a lease purchase agreement and for safety purposes on the abandoned Burlington Northern railroad line between Baxter and Bemidji, Minnesota designated as the Paul Bunyan Trail by an act styled as H.F. No. 2155. This appropriation is added to the appropriation in Laws 1987, section 22, subdivision 6.

**(j) Willard Munger Trail**

Notwithstanding Minnesota Statutes, section 344.03, subdivision 1, as part of the settlement of a property line dispute on the Hinckley to Moose Lake segment of the Minnesota-Wisconsin Boundary State Trail (Willard Munger State Trail), the commissioner shall fence the state property boundary line located in T41N, R21W, section 13 in SE1/4 and NE1/4 of the SW1/4.

**(k) Hill-Annex Mine State Park**

298,000

\$270,000 of this appropriation is for pumping costs, including the purchase and installation of pumps, pipelines, and associated facilities. The commissioner of natural resources may seek additional matching money from organizations having access to historical preservation money to complement this appropriation. The commissioner of natural resources shall prepare a financial report on the use of this appropriation for the chairs of the house appropriations and senate finance committees no later than January 1, 1990.

\$28,000 of this appropriation is from the state parks maintenance and operations account in the special revenue fund. The approved complement of the department of natural resources is increased by two positions.

**(l) Conservation Officer Salaries**

109,200

\$95,000 is appropriated from the game and fish fund in fiscal year 1988 and \$14,200 is appropriated from the general fund in fiscal year 1988 and is added to the appropriation in Laws 1987, chapter 404, section 22, subdivision 8, and is to be used to fund salary range compression for conservation officers resulting from an arbitration award. Any unencumbered balance for the first year shall be made available for the second year. Should the department be faced with holding conservation officer positions vacant because of funding constraints as a result of this arbitration, the department shall consider such factors as population density, enforcement issues, intensity of public use, and impact on

the state's efforts to protect the state's natural resources in determining which positions will be held vacant. Beginning July 1, 1989, and after consideration of the report required by Laws 1987, chapter 404, section 58, those positions assigned to undercover activities shall be assigned the lowest priority and shall be eliminated before other conservation officer positions are held vacant.

(m) Hinckley Trail

The commissioner in cooperation with the commissioner of the Minnesota department of transportation shall study the feasibility of connecting St. Croix State Park and the Hinckley Trail via a MNDOT right-of-way and report to the legislature by January 1, 1989.

(n) Sunken Ships

The commissioner shall study the feasibility of expanding the boundaries of Split Rock Lighthouse state park or another more suitable state park on the North shore of Lake Superior to include sunken ships for underwater interpretation. The study shall include but not be limited to the legal ramifications of annexing such a site, the cost of such an annexation, the quality of the underwater diving experience that the site would offer and a potential timetable for acquisition. The commissioner shall report the study to the legislature by January 1, 1989.

(o) Emergency Firefighting

The amount necessary to pay for emergency firefighting expenses is added to the appropriation in Laws 1987, chapter 404, section 22, subdivision 4. The commissioner shall submit to the chairs of the senate finance and house of representatives appropriations committees by January 1, 1989, a report of firefighting expenditures, including recommendations for future funding of this activity.

(p) International Wolf Center

150,000

This appropriation is to be used as a grant to the International Wolf Center Committee for a review of the site selection process and planning and site preparation of an International Wolf Center. The review of the site selection process will

be conducted by a select committee appointed by the chairs of the house appropriations and senate finance committees. The committee shall evaluate the process used in determining the proposed site for the Wolf Center and report its findings to the chairs of the house appropriations and senate finance committees no later than January 1, 1989. Any expenses associated with the select committee's activities shall be paid from this grant.

(q) Wildlife Development

120,000

This appropriation is for the planning and engineering work on the visitor center and office building at Lac Qui Parle Wildlife Management Area. Notwithstanding Minnesota Statutes, chapter 16B, if there are no small businesses owned or operated by socially or economically disadvantaged persons located within 25 miles of this project site, the commissioner may award the amount required under Minnesota Statutes, chapter 16B, for set-aside procurement for the construction associated with this project to other small businesses within 25 miles of the project site.

Sec. 12. ZOOLOGICAL BOARD

(a) Exotic Species

200,000

This appropriation is for a grant for the permanent exhibition of an exotic species that has a high visitor appeal, will serve to further the education mission of the zoological garden and has been exhibited successfully in other zoos.

(b) Marine Exhibit

1,200,000

This appropriation is for a grant to the zoological garden for renovation of the water and filtration systems which serve the existing beluga whale facility. None of the grant money may be released until the zoo board has completed and submitted to the chair of the senate finance and chair of the house appropriations committees a final construction plan for the renovation of the beluga whale facility into a marine exhibit. The final construction plan must include a detailed plan by the zoological board for financing the remainder of the project. If the

financing includes using funds from the zoological garden's reserve fund, the financing plan must include a plan for the replenishing of the reserve fund.

(c) Zoo Hours

The Minnesota zoological garden must be open to the public without charge for at least two days each month. However, the zoo may charge at any time for special services and for admission to special facilities for the education, entertainment, or convenience of visitors.

(d) Zoo Employees

The classified positions of zoo development director, zoo animal program director, zoo operations director, and senior veterinarian at the Minnesota zoological garden are abolished, effective July 1, 1988. The Minnesota zoological board may create similar positions in the unclassified service under Minnesota Statutes, section 43A.08, subdivision 1a, as amended by this act.

Sec. 13. POLLUTION CONTROL AGENCY

(a) Upgrading Health Lab

63,000

This appropriation shall be transferred to the Department of Health for upgrading laboratory facilities used for testing water quality samples and training associated staff. This appropriation is added to the appropriation in Laws 1987, chapter 404, section 24, subdivision 2.

(b) Emergency Responders Training Academy

35,000

This appropriation is for a grant to the Minnesota Emergency Responders Training Academy for hazardous materials handling training and is in addition to the money appropriated in Laws 1987, chapter 404, section 24, subdivision 4.

(c) Balance Canceled

\$2,500,000 of the unencumbered balance in the water pollution control fund must be canceled and transferred to the general fund on July 1, 1988.

(d) Municipal Litigation Loans

100,000

This appropriation is from the water pollution control fund for the municipal litigation loan program established by this act. Repayments of the loans shall be credited to the fund.

(e) Non-Ferrous Mineral Strategic

Planning

150,000

Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

The approved complement of the pollution control agency is increased by three positions.

\$23,300 of this appropriation is to the commissioner of natural resources.

(f) Wastewater Treatment Grants

\$6,000,000 of the money appropriated in Laws 1987, chapter 400, section 7, for construction of wastewater treatment facilities grants are for supplemental grants to those communities that have received wastewater treatment grants during the period between October 1, 1984, and September 30, 1987. The supplemental grants are the first phase of an attempt to make the grant amounts awarded to these communities equitable with the grant amounts awarded to communities before and after these dates and must be distributed according to the conditions established by this act.

The pollution control agency shall develop criteria and a selection process for the distribution of wastewater treatment facilities grants for towns and unorganized areas. The commissioner shall study the lake water pollution problems associated with wastewater in those areas and report to the chairs of the house appropriations and senate finance committees with recommendations concerning how to address these areas before January 2, 1989.

(g) Thompson Township

50,000

This appropriation is from the water pollution control fund to Thompson township for planning, development, and construction of a facility or facilities to correct water well contamination. The pollution control agency must review and



approve any facility or facilities proposed under this paragraph. Any unencumbered balance of this appropriation is available for the construction of facilities.

Sec. 14. TRADE AND ECONOMIC DEVELOPMENT

(a) Travel Information Centers 23,000 577,000

Responsibility for operating travel information centers is transferred under Minnesota Statutes, section 15.039, from the commissioner of transportation to the commissioner of trade and economic development, effective July 1, 1988. \$288,000 appropriated from the trunk highway fund by Laws 1987, chapter 358, section 2, and ten positions are included in the transfer. By July 1, 1988, the director of tourism and the commissioner of transportation shall enter into an interagency agreement outlining the duties, relationships, and responsibilities for the operation and maintenance of the travel information centers. The agreement must contain, but need not be limited to, issues of maintenance responsibility, use of space, equipment, repairs and betterments, and grounds and buildings upkeep. A copy of the agreement must be provided to the chairs of the senate finance and house appropriations committees by July 15, 1988.

The metropolitan airports commission shall establish, fund, maintain, and operate a travel information center at the Minneapolis-St. Paul international airport. The metropolitan airports commission shall consult with the office of tourism regarding proper staffing and information to be provided.

(b) World Trade Center Marketing 50,000

The commissioner of trade and economic development shall fully implement the terms and conditions of the interagency agreement signed with the Minnesota World Trade Center corporation to market and schedule the conference and training center.

This appropriation is added to the appropriation in Laws 1987, chapter 404, section 26, subdivision 2.

## (c) Council on Productivity and Quality

Any unencumbered balance of the appropriation for the Minnesota council on productivity and quality for fiscal year 1988 may be carried forward to fiscal year 1989.

The purpose of adding three new members to the Minnesota council on productivity and quality is to address the gender imbalance of the council.

## (d) Advanced Integrated

Manufacturing Center	500,000
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## (e) Symposium on International

Technical Innovation and Entrepreneurship	200,000
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(f) Celebrate Minnesota 1990	1,000,000
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The approved complement of the department of trade and economic development is increased by four positions in fiscal year 1989.

(g) Minnesota Marketplace	350,000
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(h) Invention and Innovation	25,000	75,000
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This appropriation is for the business promotion division to contract for the study and design of a comprehensive, integrated, invention and innovation support and marketing system. The study must examine the feasibility of locating an invention and innovation center in the Twin Cities metropolitan area, with a statewide network involving Twin Cities' suburban and greater Minnesota communities. The design must include an educational component to encourage greater interest in innovative and inventive methods. It must also provide proposals for linking Minnesota-based invention and innovation activities with similar efforts occurring both nationally and internationally.

An interim report must be submitted to the legislature by January 15, 1989, and a final report must be submitted to the legislature by June 30, 1989.

(i) Mississippi Regional Park	600,000
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This appropriation is to the commissioner of trade and economic development, who shall provide a grant to the

suburban Hennepin regional park district and the Minneapolis park and recreation board in the amounts and at the times requested jointly by the district and the board for acquiring and developing their respective portions of the Mississippi regional park.

(j) Motion Picture and Television Board

Notwithstanding Laws 1987, chapter 404, section 26, subdivision 3, the appropriation in that subdivision for the Minnesota motion picture board for fiscal year 1989 is available upon receipt by the board of \$1 in matching contributions of money or in kind from nonstate sources for every \$3 provided by that appropriation.

(k) Great River Road

750,000

This appropriation is for a grant to the city of Minneapolis to pay principal and interest due on bonds issued by the city of Minneapolis for land acquisition and development for the Great River Road project along the central waterfront in downtown Minneapolis.

The city of Minneapolis may issue \$5,000,000 in general obligation bonds to acquire and develop land in connection with the Great River Road project. The bonds must be issued before June 30, 1989. Bonds issued under this authority are not included in the net debt of the city as defined in Minnesota Statutes, section 475.51, subdivision 4.

Upon certification by the city of Minneapolis to the commissioners of finance and pollution control that the city has issued \$3,500,000 in bonds under this authority, any current or future repayments required by Minnesota Statutes, section 116.162, subdivision 6, are canceled.

(l) Como Park Conservatory

800,000

This appropriation is for a grant to the city of St. Paul to pay principal and interest due on bonds issued by the city to remodel and refurbish the Como Park conservatory.

The city of St. Paul may issue up to \$5,000,000 in general obligation bonds to remodel and refurbish the Como Park

conservatory. The bonds must be issued before June 30, 1989. The city may also issue up to \$5,500,000 in general obligation bonds to reconstruct Shepard road and Warner road. The bonds must be issued before December 31, 1992. None of the bond proceeds may be used to develop a grade-separated interchange at the intersection of Shepard and Chestnut roads. The bonds must be issued under Minnesota Statutes, chapter 475, except that the bonds are not subject to its election requirements or debt limits. Bonds issued under this authority are not included in the net debt of the city as defined in Minnesota Statutes, section 475.51, subdivision 4.

Upon certification by the city of St. Paul to the commissioners of finance and pollution control that the city has issued \$10,500,000 in bonds under this authority, any current or future repayments required by Minnesota Statutes, section 116.162, subdivision 6, are canceled.

(m) Trout Lake

50,000

This appropriation is for a grant to a non-profit association or fraternal organization for the acquisition of a park on land formerly owned by United States steel corporation on Trout Lake in Itasca county.

(n) Trade Model

\$15,000 of the fiscal year 1989 appropriation under Laws of Minnesota 1987, chapter 404, section 26, subdivision 9, is available to the commissioner for the costs of administering the contract for consultant services for development of the trade model.

(o) Economic Recovery Grants

Up to \$800,000 of the appropriation for economic recovery grants is available for projects located within the geographic boundaries of at least one of four or more local units of government acting under a joint powers agreement under the cooperative secondary facilities grant act. A municipality located in a local unit acting under a joint powers agreement must apply for a grant. Applications must be made to the commissioner of trade and

economic development. Notwithstanding Minnesota Statutes, section 116J.873, a grant under this subdivision may be for more than \$500,000 and a specific project does not have to be identified. A grant under this subdivision must be used for a manufacturing project and at least \$1 of nonstate money must be used for every \$4 of grant money. A grant under this paragraph may not be used to finance a project for an existing business that is transferring all or a part of its operations as a result of the grant.

#### Sec. 15. WORLD TRADE CENTER CORPORATION

##### General Operations

430,300

Any unexpended funds appropriated to the commissioner of administration for operating expenses of the conference and service center in the Minnesota World Trade Center are available to the Minnesota World Trade Center board for general operating expenses and program development for the center.

The Minnesota World Trade Center board shall make a report to the legislature by March 1, 1989. This report shall include a three-year plan, a detailed outline of what steps the trade center board will take to implement this plan, and a description of the activities that have taken place to implement the plan.

Up to \$50,000 is for the international trade network, to be spent jointly with the Minnesota trade office. This appropriation must be matched dollar-for-dollar by nonstate money or in-kind contributions.

#### Sec. 16. AMATEUR SPORTS COMMISSION

##### (a) Commission Operations

168,000

The approved complement of the amateur athletic commission is increased by two positions in fiscal year 1989.

The commission shall make a concentrated effort to recruit women athletes and athletic events for women to its facilities.

The Minnesota amateur sports commission shall continue to encourage, promote, and assist local and regional amateur sports groups and facilities.

(b) Blaine Sports Facility Operations

150,000

\$75,000 is available only upon demonstration to the commissioner of finance of a dollar-for-dollar match with nonstate contributions.

\$75,000 must be repaid to the general fund from revenues from operation of the national sports center by July 1, 1992.

Sec. 17. HOUSING FINANCE AGENCY

Housing for the Homeless

150,000

This appropriation is for a demonstration rehabilitation project of eight to ten units under the housing grants for homeless individuals program created by the bill styled as H.F. No. 2126 of the 1988 regular session. The agency will study and evaluate the project and report the results to the legislature by January 1, 1990. The study must include a recommendation on the feasibility of continuing the program.

Sec. 18. STATE PLANNING AGENCY

(a) Study of State and Local Service Responsibility

Up to \$75,000 of any unencumbered balance of the general fund appropriation for fiscal year 1988 in Laws 1987, chapter 404, section 29, does not cancel and is available for the second year of the biennium to continue a state and local service responsibility study.

(b) Information Resources Policy

10,000

This appropriation is added to the appropriation in Laws 1987, chapter 404, section 29, and must be used for payment of the state of Minnesota's annual dues in the Harvard University's program on Information Resources Policy.

(c) Aquaculture

40,000

The state planning agency shall seek matching money for this project from other major agencies involved in the project. This appropriation is in addition to the

money appropriated in Laws 1987, chapter 404, section 29.

(d) Planning for Youth Employment 80,000

This appropriation is for the planning grants authorized by article 3, section 2, of this act.

(e) Cold Weather Testing Task Force 15,000

Sec. 19. LABOR AND INDUSTRY

Study of Workers' Compensation Medical Costs 135,000

This appropriation is from the workers' compensation special compensation fund. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

Sec. 20. VETERANS AFFAIRS

Morrison County State Veterans Cemetery

The commissioner of veterans affairs shall study the Morrison county cemetery and report to the legislature by December 15, 1988, on its suitability for use as a state veterans' cemetery, including anticipated costs of site development and ongoing operational costs.

Sec. 21. MILITARY AFFAIRS

(a) State Cash Bonus Payments 1,160,000

The adjutant general shall pay a state cash bonus of \$100 no later than June 30, 1989, to any member of the Minnesota national guard who has served satisfactorily, as defined by the adjutant general, as an active member of the Minnesota national guard during the 1988 federal fiscal year. Any unencumbered balance remaining in the first year does not cancel and is available for the second year.

The amount available for the bonus payments is limited to the amount appropriated for such payments in this section.

Any member of the Minnesota national guard who elects to take a credit for compensation for personal services in the Minnesota national guard against the tax due under chapter 290 is not eligible for the bonus payment.

(b) Tuition Reimbursement 1,040,000

The adjutant general shall establish a program providing tuition reimbursement for members of the Minnesota national guard in accordance with this section.

An active member of the Minnesota national guard serving satisfactorily, as defined by the adjutant general, at any time during state fiscal year 1989, shall be reimbursed for tuition paid during state fiscal year 1989 to a post-secondary education institution as defined by Minnesota Statutes, section 136A.15, subdivision 5, upon proof of satisfactory completion of course work.

In the case of tuition paid to a public institution located in Minnesota, tuition is limited to an amount equal to 50 percent of the cost of tuition at that public institution for the 1988-1989 academic year, except as provided in this section.

In the case of tuition paid to a Minnesota private institution or a public or private institution not located in Minnesota, reimbursement is limited to 50 percent of the cost of tuition for lower division programs in the college of liberal arts at the twin cities campus of the university of Minnesota in the 1988-1989 academic year, except as provided in this section.

In the case of tuition paid to a public or private technical or vocational school or community college located in Minnesota or outside of Minnesota for a single course or limited number of courses, the completion of which do not result in a degree, the full amount of tuition up to \$250 must be reimbursed.

If a member of the Minnesota national guard is killed in the line of state active duty, the state shall reimburse 100 percent of the cost of tuition for post-secondary courses satisfactorily completed by any surviving spouse and any surviving dependents who are 21 years old or younger. Reimbursement for surviving spouses and dependents is limited in amount and duration as is reimbursement for the national guard member.

The amount of tuition reimbursement for each eligible individual shall be determined by the adjutant general according



to rules formulated within 30 days of the effective date of this section.

Tuition reimbursement received under this section shall not be considered by the Minnesota higher education coordinating board or by any other state board, commission, or entity in determining a person's eligibility for a scholarship or grant-in-aid under sections 136A.09 to 136A.132.

Tuition reimbursement to be paid to a member of the national guard who has received a cash bonus under paragraph (a) must be reduced by the amount of the bonus.

The amount available for the tuition assistance is limited to the amount appropriated for tuition assistance in this section.

Any member of the Minnesota national guard who elects to take a credit for compensation for personal services in the Minnesota national guard against the tax due under chapter 290 is not eligible for the tuition reimbursement.

The department of military affairs shall keep an accurate record of the recipients of the bonus awards and tuition grants. The department shall make an interim report to the legislature by March 1, 1989, on the effectiveness of the bonus payments and tuition assistance program in retaining and recruiting members for the Minnesota national guard. The final report to the legislature shall be made by January 1, 1990. These reports shall include, but are not limited to, a review of the effect that the bonus payments, and tuition assistance programs have on the reenlistment rate of new members. The report shall include an accurate record of the effect that both the tuition reimbursement program and the bonus payments have on the recruitment and retention of members by rank, operational unit, unit location, individual income level, race, and sex.

The department of military affairs shall make a specific effort to recruit and retain women and members of minority groups into the guard through the use of the tuition reimbursement and bonus payments

program.

Sec. 22. HUMAN RIGHTS

(a) Data and Word Processing 30,000

The approved complement of the department of human rights is increased by one position in fiscal year 1989.

The department shall consult with the information policy office regarding its future data processing needs.

(b) Investigative Unit 65,000

The approved complement of the department of human rights is increased by two positions in fiscal year 1989.

Sec. 23. COUNCIL ON THE AFFAIRS OF SPANISH SPEAKING PEOPLE

28,000

The appropriation is a one-time appropriation for the establishment of a research component of the council on the affairs of Spanish speaking people.

Sec. 24. COUNCIL ON PEOPLE WITH DISABILITIES

Handicapped Arts Organizations 50,000

This appropriation is for the Council on People with Disabilities to make general support grants, in consultation with the state board of the arts, to statewide handicapped arts organizations regardless of the size of their operating budgets. The board is encouraged to support handicapped arts organizations by providing technical and grant assistance as well as seeking partnership opportunities with the private sector.

Sec. 25. RECOGNITION

Any project that is funded by state appropriation where there is recognition of significant contributions shall include the state of Minnesota as a significant contributor to the project.

Sec. 26. [REGIONAL PARK ACQUISITION.]

*Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature finds that there is a need for a regional park on Lake Minnetonka to serve the recreation open space needs of the citizens of the entire metropolitan area and that it is in the public interest to authorize acquisition of land for such a park in accordance with the master plan approved by the metropolitan council.*

*Subd. 2. [ACQUISITION.] Notwithstanding any contrary provision of*

law, the suburban Hennepin regional park district may acquire real property for a Lake Minnetonka regional park by purchase, gift, or eminent domain pursuant to Minnesota Statutes, chapter 117, without local consent or approval by any affected municipality or other local governmental unit.

*Subd. 3. [METROPOLITAN COUNCIL APPROVAL.] Before any acquisition of real property by eminent domain pursuant to subdivision 1, the metropolitan council must find, following public hearing, that:*

*(1) acquisition of the property is in the public interest;*

*(2) negotiations for acquisition of the property have not resulted in acquisition of land by purchase;*

*(3) the proposed acquisition is consistent with the approved master plan maintained by the metropolitan council; and*

*(4) the district is able to carry out the plan and operate the regional park.*

*The findings required by this subdivision may have been made before or may be made on or after the effective date of this act.*

*Subd. 4. [SMALL HOMESTEAD LIFE ESTATE.] The park district may not acquire the fee title to a homestead of less than 20 acres by eminent domain without the written consent of the owner, but the district may acquire all title to the property except for a life estate in the person or persons residing on the homestead.*

*Subd. 5. [EXPIRATION.] Authority to acquire real property through eminent domain as provided in subdivisions 2 and 3 expires on December 31, 1989, except that an acquisition approved by the metropolitan council before January 1, 1990, may continue.*

*Subd. 6. [APPLICATION.] This section applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.*

**Sec. 27. [REPORT NOT REQUIRED.]**

*Notwithstanding Laws 1987, chapter 404, section 16, subdivision 5, the commissioner of administration is not required to prepare a report to the legislature recommending criteria for awarding operational and equipment grants to public broadcasting stations.*

**Sec. 28. [DEER FEEDING NOT REQUIRED.]**

*Notwithstanding Laws 1987, chapter 404, section 22, subdivision 7, \$127,900 in fiscal year 1988 and \$127,900 in fiscal year 1989 need not be used for emergency deer feeding.*

**Sec. 29. [CONSOLIDATION OF SPECIAL FUNDS.]**

*Notwithstanding Laws 1987, chapter 404, section 18, subdivision 1, the governor's budget recommendations submitted to the legislature in January 1989 need not include as general fund revenues and appropriations for fiscal years 1990 and 1991 all revenues and expenditures previously accounted for in other operating funds, but the commissioner of finance shall submit to the chairs of the senate finance and house of representatives appropriations committees by October 1, 1988, recommendations for consolidation of specific operating funds and accounts for those fiscal years.*

*The costs of the corporate audit function in the department of revenue*

will be appropriated from the general fund after July 1, 1989.

Sec. 30. [BUDGET GUIDELINES.]

*As a supplement to their budget requests for the 1989-1991 biennium, state agencies shall provide to the senate committee on finance and the house of representatives committee on appropriations base level budget figures that follow the guidelines in this section.*

*(a) Before considering the salary supplement, they shall fund current personnel positions at the salary levels that will be in effect for those positions on July 1, 1989, at no higher a percentage of salary than those positions were funded during fiscal year 1989, with no allowance for past position underfunding except as provided in paragraph (c).*

*(b) In preparing their requests for supplies and expenses, they shall use prices and rates in effect at the time the requests are prepared, with no allowance for future inflation.*

*(c) In order to provide money to fully fund current personnel positions, workers compensation costs, unemployment compensation costs, or other obligations, each agency is encouraged to evaluate the worth of its current activities. Savings achieved by cutting back on less worthy activities may be used to fully fund its other obligations. The agency shall state the reasons why it proposes to cut back on an activity.*

Sec. 31. [CAPITAL BUDGET IN FIRST YEAR FOR SECOND.]

*Notwithstanding Minnesota Statutes, section 16A.11, subdivision 1, in submitting a proposed biennial budget to the legislature, beginning with the 1989 legislative session, the governor is requested to submit capital bonding proposals in the first year of the biennium for legislative action in the second year of the biennium.*

Sec. 32. Minnesota Statutes 1987 Supplement, section 3.885, is amended to read:

3.885 [LEGISLATIVE ~~COMMITTEE~~ COMMISSION ON PLANNING AND FISCAL POLICY.]

Subdivision 1. [MEMBERSHIP.] The legislative ~~committee~~ commission on planning and fiscal policy consists of 18 members of the senate and the house of representatives appointed by the legislative coordinating commission. Vacancies on the ~~committee~~ commission are filled in the same manner as original appointments. The ~~committee~~ commission shall elect a chair and a vice-chair from among its members. The chair alternates between a member of the senate and a member of the house in January of each odd-numbered year.

Subd. 2. [COMPENSATION.] Members of the ~~committee~~ commission are compensated in the manner provided by section 3.101.

Subd. 3. [STAFF] (a) The ~~committee~~ commission may ~~hire staff necessary to carry out its duties and may also:~~

*(1) employ and fix the salaries of professional, technical, clerical, and other staff of the commission;*

*(2) employ and discharge staff solely on the basis of their fitness to perform their duties and without regard to political affiliation;*

*(3) buy necessary furniture, equipment, and supplies;*

(4) enter into contracts for necessary services, equipment, office, and supplies;

(5) provide its staff with computer capability necessary to carry out assigned duties. The computer should be capable of receiving data and transmitting data to computers maintained by the executive and judicial departments of state government that are used for budgetary and revenue purposes; and

(6) use other legislative staff.

(b) The legislative coordinating commission shall provide office space and administrative support to the committee. ~~The commissioners of finance and revenue shall supply the committee with information upon request of the chair.~~ The state planning agency shall report to the committee, and the committee may make recommendations to the state planning agency.

Subd. 4. [AGENCIES TO COOPERATE.] All departments, agencies, and education institutions of the executive and judicial branches must comply with a request of the commission for information, data, estimates, and statistics on the funding revenue operations, and other affairs of the department, agency or education institution. The commissioner of finance and the commissioner of revenue shall provide the commission with full and free access to information, data, estimates, and statistics in the possession of the finance and revenue departments on the state budget, revenue, expenditures, and tax expenditures.

Subd. 5. [DUTIES.] (a) The committee commission shall study and evaluate the actual and projected expenditures by state government, the actual and projected sources of revenue that support these expenditures, and the various options available to meet the state's future fiscal needs:

(1) provide the legislature with research and analysis of current and projected state revenue, state expenditures, and state tax expenditures;

(2) provide the legislature with a report analyzing the governor's proposed levels of revenue and expenditures for biennial budgets submitted under section 16A.11 as well as other supplemental budget submittals to the legislature by the governor;

(3) provide an analysis of the impact of the governor's proposed revenue and expenditure plans for the next biennium;

(4) conduct research on matters of economic and fiscal policy and report to the legislature on the result of the research;

(5) provide economic reports and studies on the state of the state's economy, including trends and forecasts for consideration by the legislature;

(6) conduct budget and tax studies and provide general fiscal and budgetary information;

(7) review and make recommendations on the operation of state programs in order to appraise the implementation of state laws regarding the expenditure of funds and to recommend means of improving their efficiency;

(8) recommend to the legislature changes in the mix of revenue sources for programs, in the percentage of state expenditures devoted to major programs, and in the role of the legislature in overseeing state government expenditures and revenue projections; and

(9) make a continuing study and investigation of the building needs of

*the government of the state of Minnesota, including, but not limited to the following: the current and future requirements of new buildings, the maintenance of existing buildings, rehabilitating and remodeling of old buildings, the planning for administrative offices, and the exploring of methods of financing building and related costs.*

(b) In performing ~~this duty~~ its duties under paragraph (a), the ~~committee~~ commission shall consider, among other things:

(1) the relative dependence on state tax revenues, federal funds, and user fees to support state-funded programs, and whether the existing mix of revenue sources is appropriate, given the purposes of the programs;

(2) the relative percentages of state expenditures that are devoted to major programs such as education, assistance to local government, aid to individuals, state agencies and institutions, and debt service; and

(3) the role of the legislature in overseeing state government expenditures, including legislative appropriation of money from the general fund, legislative appropriation of money from funds other than the general fund, state agency receipt of money into revolving and other dedicated funds and expenditure of money from these funds, and state agency expenditure of federal funds.

~~As necessary, the committee shall recommend to the legislature changes in the mix of revenue sources for programs, in the percentage of state expenditures devoted to major programs, and in the role of the legislature in overseeing state government expenditures. The committee may also make recommendations for changes in the design or continuing operation of programs.~~

(c) The ~~committee's~~ commission's recommendations must consider the long-term needs of the state. The recommendations must not duplicate work done by standing committees of the senate and house of representatives.

The ~~committee~~ commission shall report to the legislature on its activities and recommendations by January 15 of each odd-numbered year.

*The commission shall provide the public with printed and electronic copies of reports and information for the legislature. Copies must be provided at the actual cost of furnishing each copy.*

Sec. 33. Minnesota Statutes 1986, section 3.9223, subdivision 5, is amended to read:

Subd. 5. [POWERS.] The council shall have power to contract in its own name. Contracts shall be approved by a majority of the members of the council and executed by the chair and the executive director. The council may apply for, receive, and expend in its own name grants and gifts of money consistent with the power and duties specified in this section.

The council shall appoint, subject to the approval of the governor, an executive director who shall be experienced in administrative activities and familiar with the problems and needs of Spanish-speaking people. The council may delegate to the executive director any powers and duties under this section which do not require council approval. The executive director and council staff shall serve in the unclassified service. The executive director may be removed at any time by a majority vote of the entire council. The executive director shall recommend to the council the appropriate staffing patterns necessary to carry out its duties. The commissioner of

administration shall provide the council with necessary administrative services; ~~and the council shall reimburse the commissioner for the cost of these services.~~

Sec. 34. Minnesota Statutes 1986, section 3.9225, subdivision 5, is amended to read:

Subd. 5. [POWERS.] The council shall have power to contract in its own name, provided that no money shall be accepted or received as a loan nor shall any indebtedness be incurred except as otherwise provided by law. Contracts shall be approved by a majority of the members of the council and executed by the chair and the executive director. The council may apply for, receive, and expend in its own name grants and gifts of money consistent with the power and duties specified in subdivisions 1 to 7.

The council shall appoint an executive director who shall be experienced in administrative activities and familiar with the problems and needs of Black people. The council may delegate to the executive director any powers and duties under subdivisions 1 to 7 which do not require council approval. The executive director shall serve in the unclassified service and may be removed at any time by the council. The executive director shall recommend to the council, and the council may appoint, the appropriate staff necessary to carry out its duties. All staff members shall also serve in the unclassified service. The commissioner of administration shall provide the council with necessary administrative services; ~~and the council shall reimburse the commissioner for the cost of these services.~~

Sec. 35. Minnesota Statutes 1986, section 3.9226, subdivision 5, is amended to read:

Subd. 5. [POWERS.] (a) The council may contract in its own name but may not accept or receive a loan or incur indebtedness except as otherwise provided by law. Contracts must be approved by a majority of the members of the council and executed by the chair and the executive director. The council may apply for, receive, and expend in its own name grants and gifts of money consistent with the powers and duties specified in this section.

(b) The council shall appoint an executive director who is experienced in administrative activities and familiar with the problems and needs of Asian-Pacific people. The council may delegate to the executive director any powers and duties under this section that do not require council approval. The executive director serves in the unclassified service and may be removed at any time by the council. The executive director shall recommend to the council, and the council may appoint, the appropriate staff necessary to carry out the duties of the council. All staff members serve in the unclassified service. The commissioner of administration shall provide the council with necessary administrative services; ~~for which the council shall reimburse the commissioner.~~

Sec. 36. [4.071] [OIL OVERCHARGE MONEY.]

*Money received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations may not be spent until the legislative commission on Minnesota resources has reviewed the proposed projects and the money is specifically appropriated by law. A work plan must be prepared for each proposed project for review by the commission. The commission must recommend specific projects to the legislature.*

## Sec. 37. [APPROPRIATION.]

*Subdivision 1. The amounts provided in this section are appropriated from the money received before the effective date of this section by the governor, the commissioner of finance, or any other state agency as a result of the settlement of the parties and order of the United States District Court for the District of Kansas in the case of In Re Department of Energy Stripper Well Exemption Litigation, 578 F.Supp. 586 (D. Kan. 1983). The appropriations remain available until expended.*

*Subd. 2. \$8,300,000 of the money received is appropriated to the commissioner of jobs and training for the purposes of the low-income weatherization assistance program. A grant, loan or other means of assistance provided as a result of money appropriated under this subdivision must provide energy savings over a ten year period that the commissioner estimates to be equal to or exceeds the amount of the grant, loan or other means of assistance.*

*Subd. 3. \$282,000 is appropriated to the commissioner of administration, for the purposes of a grant to the Lake Isabella environmental learning center. The grant must be used for the installation and operation of a wood burning central heating system located and operated in a manner that allows its use as a teaching station. The commissioner may enter into an appropriate grant agreement to carry out the terms of the grant.*

*Subd. 4. \$77,000 is appropriated to the commissioner of administration for the natural resources research institute for the energy efficient comparison study of concrete block structures.*

*Subd. 5. \$2,000,000 is appropriated to the commissioner of administration for the agricultural utilization research institute for grants, not to exceed \$100,000 per grant, for energy-related projects for research or demonstration projects that foster development or public demonstration of agricultural practices that minimize the use of energy in production agriculture.*

*Subd. 6. \$2,000,000 is appropriated to the commissioner of administration for the Minnesota cold climate building research center for research and technology transfer projects that promote energy savings in buildings.*

*Subd. 7. \$2,000,000 is appropriated to the commissioner of administration for the center of transportation studies for research and technology transfer projects that promote energy efficiency in transportation systems, including the use of bicycles.*

*Subd. 8. \$2,000,000 is appropriated to the commissioner of administration for the center for the science and application of superconductivity, for research and technology transfer projects that promote energy efficiency in the generation and transportation of electricity.*

*Subd. 9. \$10,000 is appropriated to the commissioner of administration for a grant to independent school district No. 625, St. Paul, to prepare an application for a grant for a photo-voltaic cell project.*

*Subd. 10. (a) The remainder of the money received under subdivision 1, any further money received by the state as a result of the settlement referred to in subdivision 1 and any investment earnings of this money that is not appropriated by subdivisions 2 to 9 is appropriated to the commissioner of administration to be used for grants to local units of government, school districts, post-secondary institutions, nonprofit organizations, and*



*other individuals and business entities for research resulting in decreased dependence on fossil fuels and for technology transfer projects with the same purpose.*

*(b) Money available under this subdivision may not be spent until the legislative commission on Minnesota resources has reviewed the proposed projects. A work plan must be prepared for proposed projects for review by the commission. The commission must recommend specific projects to the commissioner.*

Sec. 38. [EXXON OIL OVERCHARGE APPROPRIATION.]

*Money received by the state as a result of the settlement of the parties and order of the United States District Court for the District of Columbia in the case of United States v. Exxon Corp., 561 F. Supp. 816 (D.D.C. 1983), including any interest earned, is appropriated to the commissioner of public service to be spent in accordance with the order of the legislative advisory commission dated August 20, 1986, to remain available until expended.*

Sec. 39. Minnesota Statutes 1987 Supplement, section 8.15, is amended to read:

8.15 [ATTORNEY GENERAL COSTS.]

The attorney general in consultation with the commissioner of finance shall assess executive branch agencies a fee for legal services rendered to them. *The budget requests of all executive branch agencies submitted to the legislature in each odd-numbered year must show the actual or estimated amount assessed, paid, and requested for each year.* The assessment against appropriations from other than the general fund must be the full amount of the fee. The assessment against appropriations supported by fees must be included in the fee calculation. Unless appropriations are made for fee supported costs, no payment by the agency is required. The assessment against appropriations from the general fund not supported by fees must be one-half of the fee. Receipts from assessments must be deposited in the state treasury and credited to the general fund.

Sec. 40. Minnesota Statutes 1986, section 10A.01, is amended by adding a subdivision to read:

*Subd. 24. [STATE COMMITTEE.] "State committee" means the organization which, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of the political party at the state level.*

Sec. 41. Minnesota Statutes 1986, section 10A.25, subdivision 10, is amended to read:

Subd. 10. The expenditure limits imposed by this section apply only to candidates who agree to be bound by the limits as a condition of receiving a public subsidy for their campaigns in the form of:

- (a) an allocation of money from the state elections campaign fund; or
- (b) Credits against the tax due of individuals who contribute to that candidate.

Sec. 42. Minnesota Statutes 1986, section 10A.31, subdivision 5, is amended to read:

Subd. 5. In each calendar year the moneys in ~~each party account and the~~ general account shall be allocated to candidates as follows:

- (1) 21 percent for the offices of governor and lieutenant governor together;
- (2) 3.6 percent for the office of attorney general;
- (3) 1.8 percent each for the offices of secretary of state, state auditor and state treasurer;
- (4) In each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator and 46-2/3 percent for the office of state representative;
- (5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative;

*In each calendar year the money in each party account shall be allocated as follows:*

- (1) 14 percent for the offices of governor and lieutenant governor together;
- (2) 2.4 percent for the office of attorney general;
- (3) 1.2 percent each for the offices of secretary of state, state auditor and state treasurer;
- (4) *In each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator and 46-2/3 percent for the office of state representative;*
- (5) *In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative;*

*(6) 10 percent for the state committee of a political party; money allocated to each state committee under this clause must be deposited in a separate account and must be spent for legitimate political party operations, including voter education; the sample ballot; operations of precinct caucuses, county unit conventions, and state conventions; and the maintenance and programming of computers used to provide lists of voters, party workers, party officers, patterns of voting, and other data for use in political party activities; money allocated to a state committee under this clause must be paid to the committee as it is received in the account, on a monthly or other basis agreed to between the committee and the board.*

To assure that moneys will be returned to the counties from which they were collected, and to assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts, moneys from the party accounts for legislative candidates shall be distributed as follows:

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive money from the candidate's party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula;

For each county within the candidate's district the candidate's share of the dollars allocated in that county to the candidate's party account and set aside for that office shall be:

- (a) The sum of the votes cast in the last general election in that part of

the county in the candidate's district for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general election for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, amounts in the party's account shall be allocated based on (a) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (b) the number of the people voting in that county in the last general election, multiplied by (c) the amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

In a year in which the first election after a legislative reapportionment is held, "the candidate's district" means the newly drawn district, and voting data from the last general election will be applied to the area encompassing the newly drawn district notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party shall be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (a) and (b). The average vote shall be added to the sums in clauses (a) and (b) before the calculation is made for all districts in the county.

Money from a party account not distributed to candidates for state senator and representative in any election year shall be returned to the general fund of the state. Money from a party account not distributed to candidates for other offices in an election year shall be returned to the party account for reallocation to candidates as provided in clauses (1) to (6) of this subdivision in the following year. Moneys from the general account refused by any candidate shall be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision.

Sec. 43. Minnesota Statutes 1986, section 15A.082, subdivision 3, is amended to read:

Subd. 3. [SUBMISSION OF RECOMMENDATIONS.] By ~~January~~ *April* 1 in each odd-numbered year, the compensation council shall submit to

the speaker of the house of representatives and the president of the senate salary recommendations for constitutional officers, legislators, justices of the supreme court, and judges of the court of appeals, district court, county court, and county municipal court. The recommended salary for each office must be a fixed amount per year, to take effect on the first Monday in January of the next odd-numbered year, with no more than one adjustment, to take effect on January 1 of the year after that. The salary recommendations for legislators, judges, and constitutional officers take effect if an appropriation of money to pay the recommended salaries is enacted after the recommendations are submitted and before their effective date. Recommendations may be expressly modified or rejected by a bill enacted into law. The salary recommendations for legislators are subject to additional terms that may be adopted according to section 3.099, subdivisions 1 and 3.

Sec. 44. Minnesota Statutes 1986, section 16B.24, subdivision 9, if added by a law enacted at the 1988 regular session styled as H.F. No. 2291, section 9, is amended to read:

Subd. 9. [SMOKING IN STATE BUILDINGS.] (a) To protect the public health, comfort, and environment and to protect the nonsmoker's right to a smoke-free environment, smoking in all buildings managed or leased by the commissioner under subdivisions 1 and 6 is prohibited except where smoking areas have been designated under a policy adopted in accordance with paragraph (b).

(b) Except as provided in paragraph (c), each state agency shall adopt a smoking policy for the space it occupies. Before placing a policy in effect, the agency shall submit the policy and a plan for implementing it to the commissioner of employee relations. The policy must:

(1) prohibit smoking entirely; or

(2) permit smoking only in designated areas, providing that existing physical barriers and ventilation systems can be used to prevent ~~or substantially minimize the toxic effect~~ presence of smoke in adjacent non-smoking areas.

(c) An agency need not adopt a new policy governing an area in which smoking is prohibited under a policy in effect on the effective date of this subdivision.

No employee complaining of a smoke-induced discomfort to a lessor, lessee, manager, or supervisor may be subjected to any disciplinary action as a result of making the complaint.

Sec. 45. Minnesota Statutes 1986, section 16B.24, subdivision 10, if added by a law enacted at the 1988 regular session styled as H.F. No. 2291, section 10, is amended to read:

Subd. 10. [CHILD CARE SERVICES SPACE.] For state office space that is leased, purchased, or substantially remodeled after August 1, 1988, the commissioner shall consider including space usable for child care services. Child care space must be included if the commissioner determines that it is needed and that it could be provided at reasonable cost. *The commissioner may prepare a day care site as a common usage space for the capitol complex.*

Sec. 46. Minnesota Statutes 1986, section 17.105, subdivision 4, is amended to read:

Subd. 4. [WORKING CAPITAL ACCOUNT.] An export finance authority working capital account is created as a special account in the state treasury. All premiums, interest, and fees collected under subdivision 3, clause (6) must be deposited into this account. *The balance in the account may exceed \$1,000,000 through accumulated earnings.* Money in the account including interest earned and appropriations made by the legislature for the purposes of this section, is appropriated annually to the finance authority for the purposes of this section. *The balance in the account may decline below \$1,000,000 as required to pay defaults on guaranteed loans.*

Sec. 47. Minnesota Statutes 1986, section 18.191, is amended to read:  
18.191 [DESTRUCTION OF NOXIOUS WEEDS.]

Except as otherwise specifically provided in sections 18.181 to 18.271, 18.281 to 18.311, and 18.321 to 18.322, it shall be the duty of every occupant of land or, if the land is unoccupied, the owner thereof, or an agent, or the public official in charge thereof, to cut down, otherwise destroy, or eradicate all noxious weeds as defined in section 18.171, subdivision 5, standing, being, or growing upon such land, in such manner and at such times as may be directed or ordered by the commissioner, the commissioner's authorized agents, the county agricultural inspector, or by a local weed inspector having jurisdiction.

*Except as provided below, an owner of nonfederal lands underlying public waters or wetlands designated under section 105.391 is not required to control or eradicate purple loosestrife (*Lythrum salicaria*) below the ordinary high water level of the public water or wetland. The commissioner of natural resources is responsible for control and eradication of purple loosestrife on public waters and wetlands designated under section 105.391, except those located upon lands owned in fee title or managed by the United States. The officers, employees, agents, and contractors of the commissioner may enter upon public waters and wetlands designated under section 105.391 and may cross adjacent lands as necessary for the purpose of investigating purple loosestrife infestations, formulating methods of eradication, and implementing control and eradication of purple loosestrife. The responsibility of the commissioner to control and eradicate purple loosestrife on public waters and wetlands located on private lands and the authority to enter upon private lands ends ten days after receipt by the commissioner of a written statement from the landowner that the landowner assumes all responsibility for control and eradication of purple loosestrife under sections 18.171 to 18.315. State officers, employees, agents, and contractors are not liable in a civil action for trespass committed in the discharge of their duties under this section and are not liable to anyone for damages, except for damages arising from gross negligence.*

Sec. 48. Minnesota Statutes 1987 Supplement, section 41A.065, subdivision 8, is amended to read:

Subd. 8. [REVOLVING ACCOUNT.] The development company may charge a one-time processing fee up to the maximum allowed by the Small Business Administration on a debenture issued for loan purposes. In addition, a fee for servicing loans may be imposed up to the maximum allowed by the Small Business Administration based on the unpaid balance of each debenture. These fees must be deposited in the state treasury and credited to a special account *in the agricultural and economic development fund.* Money in the account is appropriated to the board to pay the costs of

administering the program, including personnel costs; compensate members of the board of directors under section 15.0575, subdivision 3, and to create and operate a pool of money for investment in projects that further the purposes of this section.

Sec. 49. Minnesota Statutes 1987 Supplement, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Appointing authorities for the following agencies may designate additional unclassified positions according to this subdivision: the departments of administration; agriculture; commerce; corrections; jobs and training; education; employee relations; energy and economic development; finance; health; human rights; labor and industry; natural resources; office of administrative hearings; public safety; public service; public welfare; revenue; transportation; and veterans affairs; the housing finance, state planning, and pollution control agencies; the state board of investment; the offices of the secretary of state, state auditor, and state treasurer; the state board of vocational technical education; ~~and~~ the school and resource center for the arts; *and the Minnesota zoological board.*

A position designated by an appointing authority according to this subdivision must meet the following standards and criteria:

(a) the designation of the position would not be contrary to other law relating specifically to that agency;

(b) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(c) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(d) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(e) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with the governor and the agency head, or the employing constitutional officer;

(f) the position would be at the level of division or bureau director or assistant to the agency head; and

(g) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 50. Minnesota Statutes 1986, section 85.012, is amended by adding a subdivision to read:

*Subd. 27a. Hill-Annex Mine state park, Itasca county.*

Sec. 51. [PARK BOUNDARIES.]

*Hill-Annex Mine state park consists of the surface interest in land within Itasca county described as Section 16, Township 56 North, Range 23 West, excluding an area containing 6.5 acres more or less which is described as follows:*

*Starting at the corner common to Sections 17, 16, 20 and 21, Township*

56 North, Range 23 West; thence due east on section line 155 feet to point of beginning; thence due east 916 feet; thence due north 330 feet; thence due west 916 feet; thence due south 330 feet to the point of beginning.

Sec. 52. [OPERATION.]

*Hill-Annex Mine state park must be funded by the iron range resources and rehabilitation board at the level of \$200,000 per year until July 1, 1991. The commissioner of natural resources must report to the legislature by January 1, 1990, regarding the revenues, visitation, and operating costs for the park, and making recommendations on continuing operational requirements.*

Sec. 53. [ACQUISITION.]

*The commissioner of natural resources shall acquire by condemnation or exchange sufficient ownership interests in the surface estate of the land described in section 51 to create a state park to interpret and provide the public with an opportunity to view and experience natural iron ore open-pit mining operations as conducted on Minnesota's historic iron ranges.*

*The commissioner may not condemn the mineral estate in the described property, and, in the establishment of the park, shall recognize the possibility that mining may be conducted on the property in the future, and that use of portions of the surface estate may be necessary to these possible future mining operations. Subject to the above conditions, all lands acquired for the Hill-Annex Mine state park must be administered in the same manner as provided for other state parks and must be perpetually dedicated for that use.*

Sec. 54. [EQUIPMENT.]

*For establishing Hill-Annex Mine state park, the iron range resources and rehabilitation board must transfer the existing vehicles, maintenance equipment, and office equipment at Hill-Annex Mine, other than vehicles and equipment used primarily for mineland reclamation, to the commissioner of natural resources.*

Sec. 55. Minnesota Statutes 1987 Supplement, section 85.055, subdivision 1, is amended to read:

Subdivision 1. [FEES.] The fee for state park permits for:

- (1) an annual use of state parks is ~~\$15~~ \$16;
- (2) a second vehicle state park permit is one-half the annual state park permit fee in clause (1);
- (3) a special state park permit valid up to two days is ~~\$3~~ \$3.25;
- (4) a special daily vehicle state park permit for groups is as prescribed by the commissioner;
- (5) an employee's state park permit is without charge;
- (6) a special state park permit for handicapped persons and persons over age 65 under section 85.053, subdivision 7, clauses (1) and (2), is one-half the annual state park permit fee in clause (1); and
- (7) a special state park permit valid up to two days for handicapped persons and persons over age 65 under section 85.053, subdivision 7, clauses (1) and (3), is ~~one-half of the special state park permit fee in clause (3)~~ \$2.

*The fees specified in this subdivision include any sales tax required by state law.*

Sec. 56. Minnesota Statutes 1987 Supplement, section 105.44, subdivision 10, is amended to read:

Subd. 10. [PERMIT FEES.] Each application for a permit authorized by sections 105.37 to 105.64, and each request to amend or transfer an existing permit, must be accompanied by a permit application fee of \$30 to defray the costs of receiving, recording, and processing the application or request to amend or transfer. ~~The commissioner may charge an additional permit application fee in excess of the \$30 fee but not over \$250 for each application for a permit submitted under section 105.391, 105.41, or 105.535 is \$75. The application fee for a permit submitted under section 105.42 or 105.64 must be between \$75 and \$500, in accordance with a schedule of fees under section 16A.128.~~

The commissioner may charge an additional field inspection fee for:

(1) projects requiring a mandatory environmental assessment under chapter 116D;

(2) projects undertaken without a permit or application as required by sections 105.37 to 105.64; and

(3) projects undertaken in excess of limitations established in an issued permit. The fee must not be less than ~~\$25~~ \$100 nor more than ~~\$750~~ actual field inspection costs. The purpose of the fee is to cover actual costs for each permit applied for under sections 105.37 to 105.64 and for each project undertaken without proper authorization.

The commissioner shall establish a schedule of field inspection fees under section 16A.128. The schedule must include actual costs related to field inspection such as investigations of the area affected by the proposed activity, analysis of the proposed activity, consultant services, and subsequent monitoring, if any, of the activity authorized by the permit.

Except as provided below, the commissioner may not issue a permit until all fees required by this section relating to the issuance of a permit have been paid. The time limits prescribed by subdivision 4 do not apply to an application for which the appropriate fee has not been paid. Field inspection fees relating to monitoring of an activity authorized by a permit may be charged and collected as necessary at any time after the issuance of the permit. No permit application or field inspection fee may be refunded for any reason, even if the application is denied or withdrawn. No permit application or field inspection fee may be imposed on any state agency, as defined in section 16B.01, or federal governmental agency applying for a permit.

Sec. 57. Minnesota Statutes 1987 Supplement, section 115C.02, subdivision 13, is amended to read:

Subd. 13. [RESPONSIBLE PERSON.] "Responsible person" means a person who is ~~an owner or operator of a tank at any time during or after the release~~ responsible for a release under section 58.

Sec. 58. [115C.021] [RESPONSIBLE PERSON.]

*Subdivision 1. [GENERAL RULE.] Except as provided in subdivision 2, a person is responsible for a release from a tank if the person is an owner or operator of the tank at any time during or after the release.*



*Subd. 2. [EXCEPTION OF CERTAIN TANK OWNERS.] An owner of a tank is not responsible for a release from the tank if the owner can establish that:*

*(1) the tank was in place but the owner did not know or have reason to know of its existence at the time the owner first acquired right, title, or interest in the tank; and*

*(2) the owner did not by failure to report under section 115.061 or other action significantly contribute to the release after the owner knew or reasonably should have known of the existence of the tank.*

Sec. 59. Minnesota Statutes 1986, section 116.18, is amended by adding a subdivision to read:

*Subd. 3d. [ADJUSTMENTS TO MATCHING GRANTS AND STATE INDEPENDENT GRANTS.] A municipality with a population of 25,000 or less that was tendered a state matching grant under subdivision 2a, or a state independent grant under subdivision 3a, or a federal grant under the federal Water Pollution Control Act, United States Code, title 33, sections 1281 to 1299, from October 1, 1984 through September 30, 1987, shall, after the municipality has awarded bids for construction of the treatment works, and upon request, receive a grant increase of five percent of the total eligible costs of construction, up to the maximum entitlement for grants awarded on or after October 1, 1987, under subdivisions 2a and 3a. The municipality must inform other entities that are providing funding for construction of the treatment works of the grant increase, and repay any funds to which it is not entitled. A municipality must not receive funding for more than 100 percent of the total costs of the treatment works. Documentation of money received from other sources must be submitted with the request for the grant increase. Money remaining after all grants have been awarded under this subdivision may be used for the award of grants under subdivisions 2a and 3a.*

Sec. 60. Minnesota Statutes 1986, section 116.48, is amended by adding a subdivision to read:

*Subd. 6. [AFFIDAVIT.] Before transferring ownership of property that the owner knows contains an underground storage tank or contained an underground storage tank that had a release for which no corrective action was taken, the owner shall record with the county recorder or registrar of titles of the county in which the property is located an affidavit containing:*

*(1) a legal description of the property where the tank is located;*

*(2) a description of the tank, of the location of the tank, and of any known release from the tank of a regulated substance;*

*(3) a description of any restrictions currently in force on the use of the property resulting from any release; and*

*(4) the name of the owner.*

*The county recorder shall record the affidavits in a manner that will insure their disclosure in the ordinary course of a title search of the subject property. Before transferring ownership of property that the owner knows contains an underground storage tank, the owner shall deliver to the purchaser a copy of the affidavit and any additional information necessary to make the facts in the affidavit accurate as of the date of transfer of ownership.*

Sec. 61. Minnesota Statutes 1986, section 116.48, is amended by adding a subdivision to read:

*Subd. 7. [RECORDING OF REMOVAL AFFIDAVIT.] If an affidavit has been recorded under subdivision 6 and the tank and any regulated substance released from the tank have been removed from the property in accordance with applicable law, the owner or other interested party may file with the county recorder or registrar of titles an affidavit stating the name of the owner, the legal description of the property, the place and date of filing and document number of the affidavit filed under subdivision 6, and the approximate date of removal of the tank and regulated substance. Upon filing the affidavit described in this subdivision, the affidavit and the affidavit filed under subdivision 6, together with the information set forth in the affidavits, cease to constitute either actual or constructive notice.*

Sec. 62. Minnesota Statutes 1987 Supplement, section 116C.712, subdivision 5, is amended to read:

Subd. 5. [ASSESSMENT.] (a) A person, firm, corporation, or association in the business of owning or operating a nuclear fission electrical generating plant in this state shall pay an assessment to cover the cost of:

(1) monitoring the federal high-level radioactive waste program under the Nuclear Waste Policy Act, United States Code, title 42, sections 10101 to 10226;

(2) advising the governor and the legislature on policy issues relating to the federal high-level radioactive waste disposal program; and

(3) *surveying existing literature and activity relating to radioactive waste management, including storage, transportation, and disposal, in the state; and*

(4) other general studies necessary to carry out the purposes of this subdivision.

The assessment must not be more than the appropriation to the state planning agency for these purposes.

(b) The state planning agency shall bill the owner or operator of the plant for the assessment at least 30 days before the start of each quarter. The assessment for the second quarter of each fiscal year must be adjusted to compensate for the amount by which actual expenditures by the state planning agency for the preceding year were more or less than the estimated expenditures previously assessed. The billing may be made as an addition to the assessments made under section 116C.69. The owner or operator of the plant must pay the assessment within 30 days after receipt of the bill. The assessment must be deposited in the state treasury and credited to the special revenue fund.

(c) The authority for this assessment terminates when the department of energy eliminates Minnesota from further siting consideration for high-level radioactive waste *by starting construction of a high-level radioactive waste disposal site in another state.* The assessment required for any quarter must be reduced by the amount of federal grant money received by the state planning agency for the purposes listed in this section.

Sec. 63. Minnesota Statutes 1986, section 116J.615, is amended by adding a subdivision to read:

*Subd. 3. [REGIONAL TOURISM OFFICES.] Employees in regional*

*tourism offices are in the unclassified civil service.*

Sec. 64. Minnesota Statutes 1987 Supplement, section 116J.941, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The Minnesota council on productivity and quality consists of the commissioner of ~~energy trade~~ and economic development and ~~eight~~ *eleven* members, appointed from the general public to four-year terms, who have backgrounds in or are representatives of management, labor, small business, engineering, or business-management education. The governor shall appoint ~~four~~ *five* members, the speaker of the house of representatives shall appoint ~~two~~ *three* members, and the senate majority leader shall appoint ~~two~~ *three* members. The council shall elect two co-chairs from its membership, except that the commissioner of ~~energy trade~~ and economic development may not serve as a co-chair. Compensation of public members for expenses is as provided for members of advisory task forces under section 15.059, subdivision 6.

Sec. 65. Minnesota Statutes 1987 Supplement, section 116J.966, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) The commissioner shall promote, develop, and facilitate trade and foreign investment in Minnesota. In furtherance of these goals, and in addition to the powers granted by section 116J.035, the commissioner may:

(1) locate, develop, and promote international markets for Minnesota products and services;

(2) arrange and lead trade missions to countries with promising international markets for Minnesota goods, technology, services, and agricultural products;

(3) promote Minnesota products and services at domestic and international trade shows;

(4) organize, promote, and present domestic and international trade shows featuring Minnesota products and services;

(5) host trade delegations and assist foreign traders in contacting appropriate Minnesota businesses and investments;

(6) develop contacts with Minnesota businesses and gather and provide information to assist them in locating and communicating with international trading or joint venture counterparts;

(7) provide information, education, and counseling services to Minnesota businesses regarding the economic, commercial, legal, and cultural contexts of international trade;

(8) provide Minnesota businesses with international trade leads and information about the availability and sources of services relating to international trade, such as export financing, licensing, freight forwarding, international advertising, translation, and custom brokering;

(9) locate, attract, and promote foreign investment and business development in Minnesota to enhance employment opportunities in Minnesota;

(10) provide foreign businesses and investors desiring to locate facilities in Minnesota information regarding sources of governmental, legal, real estate, financial, and business services;

(11) undertake activities to support the world trade center; and

(12) enter into contracts or other agreements with private persons and public entities, *including agreements to establish and maintain offices and other types of representation in foreign countries*, to carry out the purposes of promoting international trade and attracting investment from foreign countries to Minnesota and to carry out this section, without regard to sections 16B.07 and 16B.09.

(b) The programs and activities of the commissioner of trade and economic development and the Minnesota trade division may not duplicate programs and activities of the commissioner of agriculture or the Minnesota world trade center corporation.

*(c) The commissioner shall notify the chairs of the senate finance and house appropriations committees of each agreement under this subdivision to establish and maintain an office or other type of representation in a foreign country.*

Sec. 66. Minnesota Statutes 1987 Supplement, section 116O.03, subdivision 2, is amended to read:

Subd. 2. [BOARD OF DIRECTORS.] The corporation is governed by a board of 11 directors. The term of a director is six years. Vacancies on the board are filled by appointment of the board, subject to the advice and consent of the senate. ~~The board may determine the compensation of its members.~~ *Board members may receive reasonable compensation and be reimbursed for reasonable expenses, which must be reviewed each year by the commissioner of finance.*

Sec. 67. Minnesota Statutes 1987 Supplement, section 116O.04, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] The board shall appoint and set the compensation for a president, who serves as chief executive officer of the corporation, and who 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, consultants, and agents the president considers necessary. The staff of the corporation must include individuals knowledgeable in commercial and industrial financing, research and development, economic development, and general fiscal affairs. The board shall define the duties and designate the titles of the employees and agents.

Sec. 68. Minnesota Statutes 1987 Supplement, section 116O.06, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL ASSISTANCE; TYPES.] The corporation may provide financial assistance to sole proprietorships, businesses, or for-profit or nonprofit organizations *that have (1) received research assistance from a corporation research facility or as a result of a research grant under section 116O.09, subdivision 4, or 116O.011; or (2) received favorable review through a peer review process established under guidelines developed under section 116O.10, subdivision 2.* Financial assistance includes, but is not limited to, loan guarantees or insurance, direct loans, and interest subsidy payments. The corporation may participate in loans by purchasing from a lender up to 50 percent of each loan.

Sec. 69. [MUNICIPAL LITIGATION LOANS.]

*Subdivision 1. [AUTHORITY.] The pollution control agency may administer a one-year pilot project for making loans to municipalities to assist them in bringing or defending against litigation involving waste water treatment projects funded by state or federal money.*

*Subd. 2. [CRITERIA AND LIMITATIONS.] The amount of a loan to a municipality must not exceed 50 percent of the municipality's litigation costs incurred or \$50,000, whichever is less. Only municipalities with less than 1,500 population that are in litigation and that are unable to pay the reasonable costs of litigation are eligible. A municipality that has been awarded a corrective action grant under Minnesota Statutes, section 116.181 is not eligible for a litigation loan under this section. The interest rate and term of the loan must be determined by the agency. The interest rate on the loan must be below market rate. The agency is exempt from the rule-making requirements of the administrative procedure act, Minnesota Statutes, chapter 14, for the purposes of administering this program.*

*Subd. 3. [APPLICATIONS.] Applications by municipalities for loans must be made to the agency on forms provided by the agency. The application must include documentation of litigation costs incurred, reasonableness of the costs, and verification that the municipality cannot pay the litigation costs. The application must be accompanied by a resolution of the governing body of the municipality obligating it to repay the loan according to the loan agreement.*

*Subd. 4. [LEGISLATIVE REPORT.] By January 1, 1989, the agency shall submit a report with its recommendations to the legislature on the need for continuation of the municipal litigation loan program.*

Sec. 70. Minnesota Statutes 1987 Supplement, section 161.52, is amended to read:

161.52 [~~TOURIST~~ TRAVEL INFORMATION CENTERS.]

For the fiscal year ending June 30, 1988, and subsequent years, the payment of the cost of staffing and operating ~~tourist~~ travel information centers located on trunk highways, including interstate highways, by the commissioner of ~~transportation~~ trade and economic development is subject to the following restrictions:

(a) For the fiscal year ending June 30, 1988, not more than five-sixths of the cost may be paid from the trunk highway fund.

(b) For the fiscal year ending June 30, 1989, not more than one-third of the cost may be paid from the trunk highway fund.

(c) For the fiscal year ending June 30, 1990, no part of the cost may be paid from the trunk highway fund.

That portion of the cost not paid from the trunk highway fund must be paid either by the commissioner from funds appropriated for that purpose from sources other than the trunk highway fund, or by local sources of funding.

Sec. 71. Minnesota Statutes 1986, section 222.63, subdivision 2, is amended to read:

Subd. 2. [PURPOSE.] A state rail bank shall be established for the acquisition and preservation of abandoned rail lines and right-of-way for future public use *including trail use*, or for disposition for commercial use in serving the public, by providing transportation of persons or freight or

transmission of energy, fuel, or other commodities.

Sec. 72. Minnesota Statutes 1986, section 222.63, subdivision 4, is amended to read:

Subd. 4. [DISPOSITION PERMITTED.] The commissioner may lease any rail line or right-of-way held in the state rail bank or enter into an agreement with any person for the operation of any rail line or right-of-way for any of the purposes set forth in subdivision 2 in accordance with a fee schedule to be developed by the commissioner in consultation with the advisory task force established in section 222.65. The commissioner may after consultation convey any rail line or right-of-way, for consideration or for no consideration and upon other terms as the commissioner may determine to be in the public interest, *to any other state agency or to a governmental subdivision of the state having power by law to utilize it for any of the purposes set forth in subdivision 2.*

Sec. 73. Minnesota Statutes 1986, section 611.215, is amended by adding a subdivision to read:

*Subd. 4. [OFFICE SPACE.] The commissioner of administration shall provide suitable quarters outside the capitol building for the board and its appointees.*

Sec. 74. Minnesota Statutes 1987 Supplement, section 611.24, is amended to read:

611.24 [ORGANIZATION OF OFFICE; ASSISTANTS.]

The state public defender, subject to the limitations imposed by, and the supervision of, the state board of public defense, may employ or retain assistant state public defenders and other personnel as may be necessary to discharge the function of the office. ~~The commissioner of administration shall provide the office with suitable quarters outside the capitol building.~~ An assistant public defender shall be a qualified attorney, licensed to practice law in this state, serve in the unclassified service of the state if employed, and serve at the pleasure of the appointing authority at a salary or retainer fee not to exceed reasonable compensation for comparable services performed for other governmental agencies or departments. Retained or part-time employed assistant state public defenders may engage in the general practice of law.

Sec. 75. Laws 1986, chapter 441, section 14, is amended to read:

Sec. 14. [APPROPRIATION.]

\$20,000,000 is appropriated to the commissioner of natural resources. Notwithstanding Minnesota Statutes, section 298.293 or 298.294 or any other law, this appropriation is from the corpus of the northeast Minnesota economic protection fund. This money is available only as a loan guarantee for the smelting project using the COREX process and is contingent upon receipt by the commissioner of natural resources of sufficient funding from other sources to complete the project. If the project is approved by the United States department of energy prior to December 31, ~~1987 1988~~, this appropriation does not cancel but is available until June 30, 1992, or the project is completed or abandoned, whichever occurs earlier. On July 1, 1992, up to \$20,000,000 is appropriated from the general fund; ~~to be taken from the proceeds of the taconite occupation tax imposed under Minnesota Statutes, section 298.01,~~ to the commissioner of natural resources to be used only *as necessary* to continue the loan guarantee or to be drawn down

to cover a default according to this subdivision. If the general fund appropriation is used to cover a default in the loan, there shall be repaid from the northeast Minnesota economic protection trust fund to the general fund *one-half* the amount of the default. Payments shall be made in ten equal annual installments, with the first payment made one year from the date of the default. No interest shall be paid on these payments. An amount sufficient to make the repayments is appropriated from the northeast Minnesota economic protection trust fund. The money appropriated from the northeast Minnesota economic protection trust fund shall be spent only in or for the benefit of tax relief areas as defined in Minnesota Statutes, section 273.134.

Sec. 76. Laws 1987, chapter 348, section 48, subdivision 3, is amended to read:

Subd. 3. [COLLECTION AND DISPOSAL.] The agency shall provide for the establishment and operation of temporary collection sites for waste pesticides. It may use its United States Environmental Protection Agency identification number to identify pesticides collected. The agency may limit the type and quantity of pesticides acceptable for collection and may assess persons bringing pesticides to the collection site ~~for costs incurred by the agency to store, test, handle, and dispose of the pesticides.~~ *The assessments must be deposited in the state treasury and credited to the solid and hazardous waste account and are appropriated to the agency to pay for costs incurred to store, test, handle, and dispose of the pesticides.*

Sec. 77. Laws 1987, chapter 357, section 27, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER OF NATURAL RESOURCES.] \$1,200,000 is appropriated from the general fund to the commissioner of natural resources to implement components of the comprehensive fish and wildlife plan under Minnesota Statutes, section 84.942, *to be available until June 30, 1989.* \$480,000 of this appropriation is to assist both public and private landowners to improve wildlife habitat. The approved complement of the department of natural resources is increased by eight positions in the classified service.

Sec. 78. Laws 1987, chapter 404, section 20, subdivision 6, is amended to read:

Subd. 6. Tax Compliance

\$22,030,300	\$23,176,500
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Notwithstanding any contrary provisions, \$1,900,000 of the amount appropriated to the commissioner of revenue must be used by the department of revenue for compliance initiatives. Of this amount, \$570,000 the first year is for the automated collection system. ~~If this system is not fully operational by August 1, 1988, the general fund appropriation for the department shall be reduced by \$570,000.~~ Notwithstanding any law to the contrary, and to accomplish this purpose, the agency may transfer up to \$1,900,000 of unencumbered balances

among programs after getting the approval of the commissioner of finance. The transfer must follow the general procedures for transfers contained in this act.

Summary by Fund

General	\$17,876,900	\$19,044,800
Special Revenue	\$ 4,153,400	\$ 4,131,700

The first \$4,617,800 of corporate income tax receipts in the first year and the first \$4,588,200 of corporate income tax receipts in the second year must be credited to the special revenue fund.

Sec. 79. Laws 1985, First Special Session chapter 15, section 4, subdivision 6, is amended to read:

Subd. 6. To the commissioner of natural resources to construct an educational center at the Environmental Learning Center at Isabella

\$1,853,900

This appropriation is for payment of a grant to Lake county. ~~This appropriation is available only as matched, dollar for dollar, by contributions from nonstate sources.~~

Sec. 80. [CONVEYANCE TO CITY OF ST. PETER.]

*Notwithstanding other law, the commissioner of natural resources shall convey on behalf of the state the property described in this section to the city of St. Peter. The conveyance is contingent upon approval by the national park service and must be made by quitclaim deed in a form approved by the attorney general. After conveyance by the commissioner of natural resources to the city of St. Peter, this land must be used for purposes other than outdoor recreation.*

*The property to be transferred is located in the city of St. Peter containing about 3.5 acres described as:*

*All of Lots 4, 5, 6, and 7 in Block 100 of the town of Traverse des Sioux, South of Sibley Street, and that part of Lots 8, 9, 10, and 11 in Block 100 lying westerly of the west right-of-way line of Trunk Highway No. 169.*

*Also, all that part of the following described land lying westerly of the westerly right-of-way line of U.S. Highway 169: Beginning at the southeasterly corner of Lot 6 of Block 116 on the north line of McCann Street in the town of Traverse des Sioux south of Sibley Street; thence southwesterly to a point where the west line of First or Main Street intersects the south line of McCann Street; thence westerly along said south line of McCann Street to the east line of Third Street; thence at right angles southerly along said east line of Third Street 510 feet; thence at right angles easterly 150 feet thence at right angles southerly 150 feet to the north line of Rice Street; thence at right angles easterly along said north line of Rice Street 510 feet; thence at right angles southerly to the east line of Section 9, Township 110 North, Range 26 West; thence North along said section line to a point where the north line of McCann Street extended*



*intersects the said section line; thence westerly along the north line of McCann Street extended to the point of beginning.*

*The property to be conveyed is a small tract west of U.S. Trunk Highway No. 169 that was transferred to the city of St. Peter as part of a 416 acre parcel to be used as a park but is subject to a reverter. This reverter, which required the city of St. Peter to retain these lands as a park, was included to comply with the federal requirements of the Land and Water Conservation Fund Act of 1965. The tract to be transferred is a barren tract of land that has not served a park purpose and is to be used for development.*

*Any use of these lands for other than outdoor recreation will require the prior approval of the secretary of the interior. The commissioner of natural resources will attempt to secure approval for this conveyance from the secretary of the interior. If approval is denied, the city of St. Peter will assist the commissioner of natural resources in securing approval by:*

*(1) acquiring replacement lands of at least equal fair market value for outdoor recreation purposes and of reasonably equivalent usefulness and location as those being conveyed under this section;*

*(2) securing appraisals acceptable to the commissioner of natural resources for both the property being conveyed and the property to be acquired as replacement;*

*(3) preparing environmental documentation of the replacement property in accordance with the National Environmental Policy Act of 1969, as amended; and*

*(4) holding public hearings and accepting public comment on this conveyance if required by the national park service.*

#### Sec. 81. [CROW WING COUNTY CAMP LAND.]

*Lands conveyed by the state to the St. Louis Park Lions Club under Laws 1965, chapter 297, and required by that law to be used only for the purposes of operating a boy scout camp may be conveyed by the St. Louis Park Lions Club to Volunteers in Partnership, Inc. and used for the purpose of operating a youth camp, notwithstanding the reverter in the deed to the contrary. If the lands are conveyed as authorized by this section, the conveyance shall provide that the lands will revert to the state upon failure to use them for a youth camp.*

#### Sec. 82. [AGENCY HEAD SALARY INCREASES.]

*The limitation imposed by Laws 1987, chapter 404, section 43, subdivision 2, on salary increases for positions listed in Minnesota Statutes, section 15A.081, subdivision 1, does not apply to the salary of a position that is moved by amendment of section 15A.081, subdivision 1, to a higher salary range.*

#### Sec. 83. [REPEALER.]

*Minnesota Statutes 1986, section 10A.32, subdivision 3b; and Laws 1987, chapter 358, section 31, are repealed.*

#### Sec. 84. [EFFECTIVE DATE.]

*This article is effective the day following final enactment, except that the fee increases provided in section 55 are effective May 1, 1988; section 26 is effective October 1, 1988; and section 56 is effective January 1, 1989. Section 47 is effective July 1, 1989.*

*Sections 40 to 42 are effective January 1, 1989, and apply to amounts checked off on income tax returns filed on and after that date.*

**Sec. 85. [APPLICATION.]**

*Sections 57 and 58 apply retroactively to the effective date of Laws 1987, chapter 389, section 2.*

**ARTICLE 2**

**Section 1. [CELEBRATE MINNESOTA 1990 GRANT PROGRAM.]**

*Subdivision 1. [GRANT PROGRAM.] The purpose of the celebrate Minnesota 1990 grant program is to provide grants to local communities to assist and encourage them to undertake cleanup, beautification, and community improvement activities and programs. The commissioner of trade and economic development shall administer the program and is encouraged to solicit private contributions to help support it. For purposes of this section, "community" means a home rule charter or statutory city, a town, a community improvement or development organization, or an Indian tribe.*

**Subd. 2. [GRANT CRITERIA.] Grants made under this section:**

*(1) must be used for cleanup, beautification, or community improvement projects, including but not limited to removing or repairing dilapidated buildings; landscaping community entrance areas; establishing public activity areas; preserving, displaying, and interpreting historic structures or events; and beautifying roadsides;*

*(2) may not exceed \$25,000 to a single community each year;*

*(3) must be matched by the recipient community from nonstate sources in the form of money, materials, services, or volunteer labor, at a rate of at least \$3 of nonstate money or other contribution for each \$1 of state money, with the amount and kind of match for each grant determined by the commissioner; and*

*(4) must be in addition to and not in replacement for the normal level of community effort for the eligible projects or activities.*

**Subd. 3. [COORDINATION WITH OTHER PROGRAMS.]** *A community applying for a grant shall attempt to coordinate its project with other available programs and resources, including the Minnesota community improvement program, Minnesota beautiful, the Minnesota community development program, and private foundation initiatives.*

**Subd. 4. [GRANT APPLICATION PROCEDURE.]** *A participating community shall submit a celebrate Minnesota 1990 plan in accordance with application procedures of the commissioner of trade and economic development. The plan must include a description of the projects to be funded by the grant, identification of the local match required under subdivision 2, clause (c), and a timetable for completion.*

**Sec. 2. [ADVISORY COMMITTEE.]**

**Subdivision 1. [MEMBERS.]** *The celebrate Minnesota 1990 advisory committee consists of 11 members appointed by the governor. Members of the committee must be representative of community leadership, economic development organizations, tourism, history, the arts, and the general public. The purpose of the committee is to advise the commissioner of trade and economic development and the executive director in the development*

*and coordination of the celebrate Minnesota 1990 program activities. Compensation and terms of removal are as provided in section 15.059.*

*Subd. 2. [EXECUTIVE DIRECTOR.] The commissioner of trade and economic development shall employ an executive director and assistant executive director of the celebrate Minnesota 1990 advisory committee to serve in the unclassified service and be members of the unclassified employees retirement plan. The executive director shall:*

*(1) assist the commissioner and the committee in the development and coordination of statewide celebrate Minnesota 1990 program activities;*

*(2) assist communities in the preparation of community improvement projects and local festivals;*

*(3) coordinate the main street program, the Minnesota beautiful and governor's design team programs, and community improvement programs as they relate to celebrate Minnesota 1990 activities;*

*(4) develop a statewide promotional campaign for celebrate Minnesota 1990 activities;*

*(5) coordinate state agency activities under section 3;*

*(6) prepare a report to be submitted to the legislature by June 30, 1991, regarding celebrate Minnesota 1990 activities and programs and recommending future activities and programs that would promote Minnesota's environment and quality of life; and*

*(7) perform other duties assigned by the commissioner or the committee.*

### **Sec. 3. [STATE AGENCY COOPERATION.]**

*All state departments and agencies shall cooperate and assist in the planning and execution of the celebrate Minnesota 1990 program. All state government activities relating to celebrate Minnesota 1990 must be coordinated under the direction of the executive director of the celebrate Minnesota 1990 advisory committee and the commissioner of trade and economic development. All state departments and agencies shall make available studies, reports, data, expertise, and technical assistance necessary to the implementation of celebrate Minnesota 1990 programs and activities.*

### **Sec. 4. [DEFINITIONS.]**

*Subdivision 1. [TERMS.] For the purposes of sections 5 to 8, the following terms have the meaning given them in this section.*

*Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of trade and economic development.*

*Subd. 3. [MARKETPLACE ASSISTANCE ORGANIZATION; ORGANIZATION.] "Marketplace assistance organization" or "organization" means the organization selected under section 5.*

### **Sec. 5. [MINNESOTA MARKETPLACE PROGRAM.]**

*Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner of trade and economic development shall assist Minnesota businesses through the Minnesota marketplace program to meet business needs for competitive goods and services within Minnesota before seeking suppliers from a wider marketplace.*

*Subd. 2. [ORGANIZATION SELECTION.] The commissioner shall select*

and contract with a marketplace assistance organization to administer the Minnesota marketplace program. The organization must:

- (1) be a nonprofit corporation;
- (2) have officers and employees who are knowledgeable on the subject of community-based economic development and development strategies on a statewide basis; and
- (3) have demonstrated the capability of providing informational and technical services to communities and economic development organizations.

The contract may not extend beyond June 30, 1990.

Subd. 3. [PROGRAM DUTIES.] The marketplace assistance organization shall:

- (1) provide promotional materials and conduct education seminars to inform local communities, economic development organizations, and businesses about the Minnesota marketplace program;
- (2) provide information and technical assistance to organizations interested in applying for local service center grants;
- (3) develop standard procedures for the collection of information required under section 6;
- (4) collect and maintain information required under section 6;
- (5) suggest to the commissioner goals and evaluation procedures for the local service centers;
- (6) recommend to the commissioner the criteria that should be used in selecting local service centers;
- (7) provide the commissioner with a list of recommended organizations for selection as local service centers;
- (8) coordinate Minnesota marketplace program activities with existing department programs; and
- (9) identify permanent funding sources for the Minnesota marketplace program.

The organization may contract for the services of consultants for the Minnesota marketplace program.

#### Sec. 6. [LOCAL SERVICE CENTERS.]

Subdivision 1. [SELECTION.] The commissioner shall select and award grants to seven local service centers, with one service center located within each of the six regions established under Minnesota Statutes, section 116N.08, subdivision 2, and one service center located within the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. Eligible service centers include regional development commissions, community development corporations, and other nonprofit corporations with the ability to deliver program services on a regional basis.

Subd. 2. [GRANTS.] The commissioner must award grants to the local service centers based on the following criteria:

- (1) recommendations of the marketplace assistance organization;
- (2) the applicant's experience in providing a service or administering a

*program similar to the program described in section 5 and this section;*

*(3) the applicant's knowledge of business operations within the region; and*

*(4) the applicant's ability to provide equal access to businesses located within the region.*

*The local service center must provide at least a 50 percent nonstate match to obtain a grant award. The commissioner may award annual grants based upon local service center performance standards, such as the number of businesses assisted per year.*

*Subd. 3. [DUTIES.] Local service centers shall:*

*(1) contact Minnesota businesses in order to identify goods and services that are bought outside of Minnesota and to determine which of these goods and services are available for purchase on competitive terms within the region and the state;*

*(2) determine what goods and services businesses are willing to purchase from within the region and the state;*

*(3) advertise goods and services available within Minnesota;*

*(4) compile a list of suppliers of goods and services available for purchase within the region and the state;*

*(5) solicit contributions for the Minnesota marketplace program; and*

*(6) report to the organization on all Minnesota marketplace activities by July 1 of each year.*

*Sec. 7. [STATE AGENCY COOPERATION.]*

*State departments and agencies shall cooperate with the organization selected to administer the Minnesota marketplace program and with the local service centers in providing information and technical assistance necessary for program operations.*

*Sec. 8. [ANNUAL REPORT.]*

*On August 1 of each year, the marketplace assistance organization shall submit a report to the commissioner on all local service center Minnesota marketplace program activities.*

*Sec. 9. [ECONOMIC DEVELOPMENT FUND; TRANSFERS.]*

*The unencumbered balance of an appropriation in Laws 1987, chapter 386 or chapter 404, section 26, subdivision 6, from the economic development fund or the general fund to the commissioner of trade and economic development to administer programs in Laws 1987, chapter 386 or chapter 404, section 26, subdivision 6, may be transferred from one of those appropriations to another after getting the approval of the commissioner of finance. The commissioner shall not approve a transfer unless the commissioner believes that it will carry out the intent of the legislature. The transfer must be reported immediately to the committee on finance of the senate and the committee on appropriations of the house of representatives.*

*Sec. 10. [REPEALER.]*

*Sections 1 to 3 are repealed July 1, 1991. Sections 4 to 8 are repealed July 1, 1990.*

Sec. 11. [EFFECTIVE DATE.]

*Sections 4 to 9 are effective the day following final enactment.*

ARTICLE 3

PLANNING FOR YOUTH EMPLOYMENT

Section 1. [DEFINITIONS.]

*Subdivision 1. [TERMS.] For the purposes of sections 1 to 7, the following terms have the meanings given them.*

*Subd. 2. [ADVISORY COMMITTEE.] "Advisory committee" means the committee established in section 3.*

*Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of the state planning agency.*

*Subd. 4. [ELIGIBLE ORGANIZATION.] "Eligible organization" means a public agency or a nonprofit organization that can demonstrate an ability to design a program for education and training services provided to targeted youth. Eligible organizations may include local jurisdictions, public school districts, private nonsectarian schools, post-secondary educational institutes, alternative schools, community groups, and labor organizations.*

*Subd. 5. [HOMELESS INDIVIDUAL.] "Homeless individual" or "homeless person" means:*

*(1) an individual who lacks a fixed, regular, and adequate nighttime residence; and*

*(2) an individual who has a primary nighttime residence that is:*

*(i) a supervised publicly or privately operated shelter or dwelling designed to provide temporary living accommodations;*

*(ii) an institution that provides a temporary residence for individuals intended to be institutionalized; or*

*(iii) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for humans.*

*The term "homeless individual" does not include any individual imprisoned or otherwise detained under federal or state law.*

*Subd. 6. [TARGETED YOUTH.] "Targeted youth" means persons that are at least 16 years of age but not older than 21 years of age and are part of one of the following groups:*

*(1) persons who are not attending any school and have not received a secondary school diploma or its equivalent; or*

*(2) persons currently enrolled in a traditional or alternative school setting or a GED program and who, in the opinion of an official of the school, are in danger of dropping out of the school.*

*Subd. 7. [VERY LOW INCOME.] "Very low income" means incomes that are at or less than 30 percent of the median income for the Minneapolis-St. Paul metropolitan area.*

Sec. 2. [PLANNING GRANTS.]

*The commissioner shall make grants of up to \$20,000 to eligible organizations for the design of programs to provide education and training*

*services to targeted youth. The purpose of these programs is to provide specialized training and work experience to at-risk targeted youth who have not been served effectively by the current educational system. The programs are to be designed to include a work experience component with work projects that result in the rehabilitation or construction of residential units for the homeless. Two or more eligible organizations may jointly apply for a planning grant. The commissioner shall administer the grant program.*

*Interested eligible organizations must apply to the commissioner for the grants. The advisory committee must review the applications and provide to the commissioner a list of recommended eligible organizations that the advisory committee determines meet the requirements for receiving a planning grant. The commissioner shall select from the committee's list at least four organizations to receive the planning grants with at least one organization located in each of the cities of Minneapolis and St. Paul and two organizations located outside the metropolitan area defined in section 473.121, subdivision 2.*

### Sec. 3. [ADVISORY COMMITTEE.]

*A 13-member advisory committee is established as provided under Minnesota Statutes, section 15.059 to assist the commissioner in selecting eligible organizations to receive planning grants, evaluating the final reports of each organization, and providing recommendations to the legislature. Members of the committee may be reimbursed for expenses but may not receive any other compensation for service on the committee. The advisory committee consists of representatives of the commissioners of education, human services, and jobs and training; a representative of the state director of vocational education; a representative of the commissioner of the housing finance agency; the director of the office of jobs policy; and seven public members appointed by the governor. Each of the following groups must be represented by a public member: labor organizations, local educators, community groups, consumers, local housing developers, youth between the ages of 16 and 21, and homeless persons. At least three of the public members must be from outside of the metropolitan area as defined in section 473.121, subdivision 2. The commissioner may provide staff to the advisory committee to assist it in carrying out its purpose.*

### Sec. 4. [PROGRAM PURPOSE AND DESIGN.]

*Subdivision 1. [PROGRAM PURPOSE.] The grants awarded under section 2 are for the design of a youth employment and training program directed at targeted youth who are likely to be at risk of not completing their high school education. Each program design must include education, work experience, and job skills components.*

*Subd. 2. [EDUCATION COMPONENT.] A program design must contain an education component that requires program participants who have not completed their secondary education to be enrolled in a traditional public or private secondary school, a suitable alternative school setting, or a GED program. Program participants must be working toward the completion of their secondary education or literacy advancement.*

*Subd. 3. [WORK EXPERIENCE COMPONENT.] A work experience component must be included in each program design. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities and a training subsidy*

*or stipend may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in the expansion of residential units for homeless persons and very low income families, and must include direct supervision by individuals skilled in each specific vocation. The program design must include an examination of how program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.*

*Subd. 4. [JOB READINESS SKILLS COMPONENT.] A job readiness skills component must be included in each program design. The component must provide program participants with job search skills, placement assistance, and other job readiness skills to ensure that participants will be able to compete in the employment market.*

*Subd. 5. [ELIGIBLE PROGRAM PROVIDERS.] A program design must include the examination of the types of organizations that would administer and operate the program. The types of organizations examined must include public school districts, private nonsectarian schools, alternative schools, local jurisdictions, housing related groups, community groups, and labor organizations, or a joint effort among two or more of these organizations.*

#### **Sec. 5. [HOUSING FOR HOMELESS.]**

*Subdivision 1. [REQUIREMENT.] The work experience component of the youth employment and training program described in section 4 must include work projects that provide residential units through construction or rehabilitation for the homeless and families with very low incomes.*

*Subd. 2. [PRIORITY FOR HOUSING.] Any residential units that become available through the employment and training program must be allocated in the following order:*

- (1) homeless families with at least one dependent;*
- (2) other homeless individuals;*
- (3) other very low income families and individuals; and*
- (4) families or individuals that receive public assistance and that do not qualify in any other priority group.*

*Subd. 3. [ACQUISITION OF HOUSING UNITS.] The program design must include an examination of the means of acquiring property or buildings for the construction or rehabilitation of residential units at the lowest possible cost. The examination must include the review of possible sources of property and funding through federal, state, or local agencies, including the federal Department of Housing and Urban Development, Farmers Home Administration housing finance agency, and the local housing authority.*

*Subd. 4. [MANAGEMENT OF RESIDENTIAL UNITS.] The program design must address how to manage these residential units, including the source of financing for the maintenance costs of the buildings. Any management plan must include the participation of the residents and local established neighborhood groups.*

#### **Sec. 6. [REQUIREMENTS OF ORGANIZATIONS RECEIVING GRANTS.]**



*An organization that is awarded a planning grant under section 2 shall prepare and submit a report to the commissioner by January 15, 1989. The report must address each of the following:*

*(1) the method for encouraging the participation of the targeted youth in the geographic area surrounding the organization receiving the grant;*

*(2) the support services and social services that targeted youth require and the means of providing those services to program participants. Services may include client needs assessment, preemployment skills such as basic job skills and behavior, and intermediate needs such as education and chemical dependency treatment;*

*(3) the type and degree of work experience that program participants must participate in, including real work experience in both vocational and nonvocational settings;*

*(4) the amount of training subsidy or stipend that each participant should receive while participating in the work experience component. The subsidy or stipend must reflect prevailing wage and benefits standards appropriate for preapprenticeship training unless a participant's receipt of public assistance is affected. The subsidy or stipend should be structured to include incentives for progress toward increasing job skills and completing secondary education;*

*(5) the identification and means of providing the necessary job readiness skills so that program participants who have completed the work experience and educational components of the program may have the ability to compete in the job market. These job search skills may include skills assessment, job search and selection, application preparation and assistance in preparing for job interviews;*

*(6) the methods that may be used to assist in placing program participants in suitable employment. The methods should include means of involving state government, businesses, labor organizations, community groups, and local jurisdictions in assisting in the placement;*

*(7) a plan for evaluating the program, including the necessary data elements that must be collected from program participants after they have completed the program to monitor the success of the program;*

*(8) the method used to maximize parental involvement in the program;*

*(9) the identification of existing public and private programs that may be utilized by the program to avoid duplication of services;*

*(10) the identification of regional characteristics that may affect the operation of the program in the specific region where the organization is located;*

*(11) the identification and special needs of priority groups of targeted youth, which groups may include:*

*(i) persons who are responsible for at least one dependent;*

*(ii) persons who are pregnant;*

*(iii) persons who are or have been subject to any stage of the criminal justice system and who may benefit from receiving employment and training services in overcoming barriers to employment resulting from a record of arrest or conviction;*

(iv) persons receiving income maintenance services and social services, including chemical dependency treatment, vocational rehabilitation services, and protection services;

(v) persons who reside on a farm who personally derive or whose family derives a substantial portion of their income from farming, lack nonfarm work skills, or have limited access to vocational education or work experience opportunities;

(vi) homeless youth; and

(vii) minors who that are not financially dependent on a parent or a guardian;

(12) cost estimates for each of the components of the program; and

(13) the identification of funding sources other than state appropriations that may be used to support the program.

#### Sec. 7. [REPORT.]

*The commissioner shall prepare and submit a report to the legislature and the governor by February 15, 1989, that outlines the various program designs submitted by the organizations that received planning grants. The report must also include recommendations on which components of the program designs are most suitable to meeting the needs of targeted youth. The advisory committee must participate in the preparation of this report and in the formulation of the recommendations.*

### ARTICLE 4

#### FOREST ROADS

Section 1. Minnesota Statutes 1986, section 89.001, is amending by adding a subdivision to read:

*Subd. 14. "State forest road" means a road constructed, acquired, maintained, or administered by the commissioner for the purpose of carrying out forest resource management policy as set forth in section 89.002.*

Sec. 2. Minnesota Statutes 1986, section 89.01, is amended by adding a subdivision to read:

*Subd. 7. The commissioner shall establish a forest road coordination committee in each forestry administrative area in which a state or county forest road is located. The commissioner shall appoint as members representatives from among the following: road authorities, county land commissioners, local governments, the forest products industry, and forest recreation interests. Each committee must meet at least once annually. The committees shall assist in providing a transportation system to facilitate the protection, management, and use of this state's forest resources. The purpose of the committees includes coordination of the planning, construction, maintenance, and use of forest roads, and of restrictions on their use.*

Sec. 3. Minnesota Statutes 1986; section 89.19, is amended to read:

#### 89.19 [RULES.]

~~The commissioner shall have power to may prescribe such rules governing the use of state forest lands under the authority of the commissioner and state forest roads, or any part parts thereof, by the public or and governing the exercising exercise by holders of leases or permits upon state on forest lands and state forest roads of all their rights under such~~

the leases or permits as may be necessary to carry out the purposes of this chapter.

Sec. 4. [89.341] [STATE FOREST ROAD ACCOUNT.]

*There is created in the state treasury a state forest road account in the special revenue fund, consisting of money credited under section 8. Money in the state forest road account is appropriated to the commissioner and remains available until expended for:*

*(1) acquisition, development, maintenance, and administration of state forest roads under the jurisdiction of the commissioner of natural resources; and*

*(2) the commissioner's share of the cost of cooperative maintenance agreements made with other providers of forest roads.*

Sec. 5. [89.342] [FOREST ROADS.]

*Subdivision 1. [DESIGNATION, INVENTORY, RECORDING.] Forest roads, bridges, and other improvements administered under section 89.002, subdivision 3, are designated as state forest roads to the width of the actual use including ditches, backslopes, fills, and maintained right-of-way, unless otherwise specified in a prior easement of record. The commissioner may undesignate all or part of a state forest road that is not needed to carry out forest resource management policy. The commissioner shall maintain and keep current an inventory listing and describing roads in which the state claims a right or property interest for state forest road purposes. The commissioner may file for record with a county recorder or registrar of titles appropriate documents setting forth the state's interest in all or part of any state forest road.*

*Subd. 2. [RIGHT-OF-WAY.] Additional rights-of-way and easements, including easements needed for drainage or slopes, may be acquired by the commissioner by purchase or gift and by condemnation for safety or environmental protection on existing roads and to provide access to tracts of public land larger than 1,000 acres having no access, following a public meeting in the area affected. Rights-of-way and easements shall be designated as state forest roads when needed for construction, maintenance, or safety of roads.*

*Subd. 3. [CONSTRUCTION; MAINTENANCE.] The commissioner shall develop specifications for the design and construction of state forest roads and shall establish maintenance schedules for forest roads consistent with their intended use.*

*Subd. 4. [RULES.] In adopting rules relating to the use of state forest roads, the commissioner may incorporate into the rules, by reference, traffic regulations contained in chapter 169.*

*Subd. 5. [POSTING OF MINIMUM-MAINTENANCE FOREST ROADS.] The commissioner may designate a state forest road as a minimum-maintenance forest road to be maintained at a level consistent with the intended use. Designation of a state forest road as a minimum-maintenance forest road is effective on the posting of signs, at entry points to the road and at regular intervals along the road, to the effect that the road is a minimum-maintenance forest road and that the user travels on the road at the user's risk. Posting of the signs is prima facie evidence that adequate notice of minimum-maintenance status has been given to the public. Liability on a road designated under this subdivision is governed by section 160.095,*

subdivision 4.

*Subd. 6. [CONVEYANCE OF UNNEEDED ROADS TO OTHER GOVERNMENTS.] When the commissioner undesignates a state forest road and determines that the road is no longer needed for any state purpose, the commissioner may convey by mutual agreement, in the manner provided in section 84.63, the state interest in the road to the United States, the state of Minnesota, or any of its subdivisions, whether or not the road is on state land.*

*Subd. 7. [COMMISSIONER NOT A ROAD AUTHORITY UNDER HIGHWAY LAWS.] Except as otherwise provided, the commissioner is not a road authority under chapters 160 to 168, and chapters 160 to 168 do not apply to forest roads unless specifically made applicable by law or rule.*

**Sec. 6. [89.343] [COUNTY FOREST ACCESS ROAD ACCOUNT.]**

*There is created in the state treasury a county forest access road account in the special revenue fund, consisting of money credited under section 8. Money in the county forest access road account is appropriated to the commissioner for distribution to counties managing forest lands administered through a county land department under the jurisdiction of a land commissioner appointed under section 282.13. The payments must be made by July 15 and January 15 of each year through the commissioner and in proportion to each county's ownership of commercial forest lands, for purposes of constructing, reconstructing, acquiring, and maintaining county management access roads, including the acquisition of rights-of-way or easements as may be needed.*

Sec. 7. Minnesota Statutes 1986, section 296.16, is amended by adding a subdivision to read:

*Subd. 1a. [INTENT; FOREST ROADS.] \$675,000 of the total annual unrefunded revenue from the gasoline fuel tax on all gasoline and special fuel received in, produced, or brought into this state, except gasoline and special fuel used for aviation purposes, is derived from the operation of motor vehicles on state forest roads and county forest access roads, and of this sum, \$400,000 is annually derived from motor vehicles operated on state forest roads and \$275,000 is annually derived from motor vehicles operated on county forest access roads in this state.*

Sec. 8. Minnesota Statutes 1986, section 296.421, is amended by adding a subdivision to read:

*Subd. 8. [COMPUTATION AND DISTRIBUTION OF UNREFUNDED TAXES FOR FOREST ROADS.] The amount of unrefunded tax paid on gasoline and special fuel used to operate motor vehicles on forest roads, except gasoline and special fuel used for aviation purposes, is \$675,000 annually and is appropriated from the highway user tax distribution fund and must be transferred and credited in equal installments on July 1 and January 1 as follows: \$400,000 must be credited to a state forest road account and \$275,000 must be credited to a county management access road account.*

Sec. 9. Laws 1987, chapter 404, section 22, subdivision 4, is amended to read:

Subd. 4. Forest Management	
\$20,616,500	\$20,780,500

## Summary by Fund

General	\$14,839,300	\$15,003,200
Con. Con.	\$ 250,000	\$ 250,000
Forest Management	\$ 5,527,200	\$ 5,527,300

The divisions of forestry and fish and wildlife must coordinate the harvesting of trees in order to ensure optimum wildlife habitat benefits and water quality of adjacent streams or lakes.

\$750,000 the first year and \$750,000 the second year are for emergency fire fighting and are not subject to transfer. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. The unencumbered balance of any other appropriation from the general fund to the commissioner of natural resources remaining in the first year must not be canceled but must be transferred and added to this appropriation for the second year. No more than \$400,000 the first year and \$410,000 the second year are available for presuppression costs.

Up to \$120,000 per year from the general fund under Minnesota Statutes, section 89.04 may be used for grants to the soil and water conservation board for cost-sharing with landowners in the state forest improvement program.

\$500,000 the first year and \$500,000 the second year are for grants to counties or groups of counties for county forestry assistance programs.

~~The commissioners of natural resources, revenue, and transportation shall jointly study and determine the amount of unre-funded gas tax attributable to forest logging trucks that use forest roads under the authority of the commissioner. Their findings and determinations must be reported to the chairs of the house appropriations and senate finance committees by December 1, 1988, along with proposed changes to Minnesota Statutes, section 296.421, that reflect their determinations.~~

Sec. 10. [STUDY AND REPORT TO LEGISLATURE.]

*The commissioners of transportation, natural resources, and revenue shall study and determine the percentage of revenue received from the unrefunded gasoline and special fuel tax that is derived from gasoline and*

*special fuel for the operation of motor vehicles on state forest roads and county forest roads from May 1, 1988, to April 30, 1989. The commissioners shall report the results of this study by October 1, 1989, to the transportation committees of the senate and house of representatives and to the house appropriations and the senate finance committees.*

Sec. 11. [COUNTY FOREST ROAD STUDY.]

*Counties having county forest access roads may use payments from the county management access road account to study, determine, and inventory by October 1, 1989, these roads and their use by logging trucks, recreational vehicles, and other users.*

Sec. 12. [EFFECTIVE DATE.]

*Sections 1 to 8 are effective July 1, 1988. Sections 9 to 11 are effective the day following final enactment.*

ARTICLE 5

SPECIAL REVENUE ACCOUNTS

Section 1. Minnesota Statutes 1987 Supplement, section 3C.035, subdivision 2, is amended to read:

Subd. 2. [COSTS.] Agencies shall include in their budgets amounts to pay for bill drafting services provided by the revisor of statutes. The revisor shall assess agencies for the actual cost of bill drafting services rendered to them on requests delivered to the revisor by November 1. The revisor shall assess agencies for double the actual cost of bill drafting services rendered to them on requests delivered to the revisor after November 1. The revisor shall also assess an agency for the actual cost or double the actual cost, as appropriate, for drafting a request that a senator or representative submits to the revisor's office on behalf of the agency. The revisor may not assess a department or agency for the costs related to drafting affecting an agency if the request for drafting originated from within the legislature. Receipts from the assessment must be deposited in the state treasury and credited to the ~~revisor's account~~ *general fund*.

Sec. 2. Minnesota Statutes 1987 Supplement, section 3C.11, subdivision 2, is amended to read:

Subd. 2. [PAMPHLETS.] The revisor's office shall compose, print, and deliver pamphlets containing parts of Minnesota Statutes, parts of Minnesota Rules, or combinations of parts of the statutes and rules as may be necessary for the use of public officers and departments. The revisor's office shall use a standard form for the pamphlets. The cost related to composition, printing, and delivery of the pamphlets, together with a reasonable fee for the revisor's services, is to be borne by the office or department requesting them. The printing must be limited to actual needs as shown by experience or other competent proof. Revenue from the revisor's fee must be deposited in the ~~revisor's account~~ *general fund*.

Sec. 3. Minnesota Statutes 1987 Supplement, section 3C.12, subdivision 7, is amended to read:

Subd. 7. [SALE PRICE.] The revisor shall fix a reasonable sale price of an edition of Minnesota Statutes, supplement to Minnesota Statutes, or edition of Laws of Minnesota. Revenue from the sale of the Minnesota Statutes, supplements to Minnesota Statutes, and Laws of Minnesota must be deposited in the ~~revisor's account~~ *general fund*.

Sec. 4. Minnesota Statutes 1986, section 14.07, subdivision 1, is amended to read:

Subdivision 1. [RULE DRAFTING ASSISTANCE PROVIDED.] (a) The revisor of statutes shall:

(1) maintain an agency rules drafting department to draft or aid in the drafting of rules or amendments to rules for any agency in accordance with subdivision 3 and the objective or other instructions which the agency shall give the revisor; and,

(2) prepare and publish an agency rules drafting guide which shall set out the form and method for drafting rules and amendments to rules, and to which all rules shall comply.

(b) The revisor shall assess an agency for the actual cost of providing aid in drafting rules or amendments to rules. The agency shall pay the assessment using the procedures of section 3C.056. Each agency shall include in its budget money to pay the revisor's assessment. Receipts from the assessment must be deposited in the state treasury and credited to the ~~revisor's account~~ *general fund*.

(c) An agency may not contract with an attorney, consultant, or other person either to provide rule drafting services to the agency or to advise on drafting unless the revisor determines that special expertise is required for the drafting and the expertise is not available from the revisor or the revisor's staff.

Sec. 5. Minnesota Statutes 1986, section 14.07, subdivision 2, is amended to read:

Subd. 2. [APPROVAL OF FORM.] No agency decision to adopt a rule or emergency rule, including a decision to amend or modify a proposed rule or proposed emergency rule, shall be effective unless the agency has presented the rule to the revisor of statutes and the revisor has certified that its form is approved. The revisor shall assess an agency for the actual cost of processing rules for consideration for approval of form. The assessments must include necessary costs to create or modify the computer data base of the text of a rule and the cost of putting the rule into the form established by the drafting guide provided for in subdivision 1. The agency shall pay the assessments using the procedures of section 3C.056. Each agency shall include in its budget money to pay revisor's assessments. Receipts from the assessments must be deposited in the state treasury and credited to the ~~revisor's account~~ *general fund*.

Sec. 6. Minnesota Statutes 1987 Supplement, section 14.08, is amended to read:

14.08 [REVISOR OF STATUTES APPROVAL OF RULE FORM.]

(a) Two copies of a rule adopted pursuant to the provisions of section 14.26 or 14.32 shall be submitted by the agency to the attorney general. The attorney general shall send one copy of the rule to the revisor on the same day as it is submitted by the agency under section 14.26 or 14.32. Within five days after receipt of the rule, excluding weekends and holidays, the revisor shall either return the rule with a certificate of approval of the form of the rule to the attorney general or notify the attorney general and the agency that the form of the rule will not be approved.

If the attorney general disapproves a rule, the agency may modify it and

the agency shall submit two copies of the modified rule to the attorney general who shall send a copy to the revisor for approval as to form as described in this paragraph.

(b) One copy of a rule adopted after a public hearing shall be submitted by the agency to the revisor for approval of the form of the rule. Within five working days after receipt of the rule, the revisor shall either return the rule with a certificate of approval to the agency or notify the agency that the form of the rule will not be approved.

(c) If the revisor refuses to approve the form of the rule, the revisor's notice shall revise the rule so it is in the correct form.

(d) The attorney general and the revisor of statutes shall assess an agency for the actual cost of processing rules under this section. The agency shall pay the revisor's assessments using the procedures of section 3C.056. The agency shall pay the attorney general's assessments using the procedures of section 8.15. Each agency shall include in its budget money to pay the revisor's and the attorney general's assessments. Receipts from the assessment must be deposited in the state treasury and credited to the ~~revisor's account or the general fund as appropriate.~~

Sec. 7. Minnesota Statutes 1986, section 14.47, subdivision 8, is amended to read:

Subd. 8. [SALES AND DISTRIBUTION OF COMPILATION.] Any compilation, reissue, or supplement published by the revisor shall be sold by the revisor for a reasonable fee and its proceeds deposited in the ~~revisor's account~~ *general fund*. An agency shall purchase from the revisor the number of copies of the compilation or supplement needed by the agency. The revisor shall provide without charge copies of each edition of any compilation, reissue, or supplement to the persons or bodies listed in this subdivision. Those copies must be marked with the words "State Copy" and kept for the use of the office. The revisor shall distribute:

(a) 25 copies to the office of the attorney general;

(b) 12 copies for the legislative commission for review of administrative rules;

(c) 3 copies to the revisor of statutes for transmission to the Library of Congress for copyright and depository purposes;

(d) 150 copies to the state law library;

(e) 10 copies to the law school of the University of Minnesota; and

(f) one copy of any compilation or supplement to each county library maintained pursuant to section 134.12 upon its request, except in counties containing cities of the first class. If a county has not established a county library pursuant to section 134.12, the copy will be provided to any public library in the county upon its request.

Sec. 8. Minnesota Statutes 1987 Supplement, section 480.236, is amended to read:

480.236 [SOFTWARE SALES.]

The supreme court may sell or license self-developed or vendor custom-developed computer software products or systems through whatever sales method the supreme court, in its discretion, deems appropriate, in order to offset its software development costs. Prices for the software products or



systems may be based on market considerations. Proceeds of the sale or licensing of software products or systems by the supreme court must be deposited in the state treasury and credited to a software sales account. ~~Investment income and investment losses attributable to investment of the software sales account must be credited to the account. Money in the account is appropriated to the supreme court to operate and improve the trial court information system and other court information systems the general fund.~~

Sec. 9. Minnesota Statutes 1987 Supplement, section 480.241, subdivision 2, is amended to read:

Subd. 2. [TRANSMITTAL OF SURCHARGE TO SUPREME COURT.] Notwithstanding any other law or rule to the contrary, all surcharges collected pursuant to subdivision 1 shall be transmitted monthly by the district, county, and conciliation court court administrators and municipal court administrators to the supreme court for deposit in a legal services account in the special revenue the state treasury and credit to the general fund. ~~After June 30, 1989, two-thirds of the surcharge must be deposited in the legal services account in the special revenue fund and one-third must be deposited in the software sales account under section 480.236.~~

Sec. 10. [REPEALER.]

*Minnesota Statutes 1986, sections 3C.055; 3C.057; 5.13; and 16A.625, are repealed.*

Sec. 11. [EFFECTIVE DATE.]

*This article is effective July 1, 1989.*"

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative, judicial, and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting fees; authorizing suburban Hennepin regional park district to acquire land for Lake Minnetonka regional park without local consent; amending Minnesota Statutes 1986, sections 3.9223, subdivision 5; 3.9225, subdivision 5; 3.9226, subdivision 5; 10A.01, by adding a subdivision; 10A.25, subdivision 10; 10A.31, subdivision 5; 14.07, subdivisions 1 and 2; 14.47, subdivision 8; 15A.082, subdivision 3; 16B.24, subdivisions 9 and 10; 17.105, subdivision 4; 18.191; 85.012, by adding a subdivision; 89.001, by adding a subdivision; 89.01, by adding a subdivision; 89.19; 116.18, by adding a subdivision; 116.48, by adding subdivisions; 116J.615, by adding a subdivision; 222.63, subdivisions 2 and 4; 296.16, by adding a subdivision; 296.421, by adding a subdivision; and 611.215, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 3.885; 3C.035, subdivision 2; 3C.11, subdivision 2; 3C.12, subdivision 7; 8.15; 14.08; 41A.065, subdivision 8; 43A.08, subdivision 1a; 85.055, subdivision 1; 105.44, subdivision 10; 115C.02, subdivision 13; 116C.712, subdivision 5; 116J.941, subdivision 1; 116J.966, subdivision 1; 116O.03, subdivision 2; 116O.04, subdivision 1; 116O.06, subdivision 1; 161.52; 480.236; 480.241, subdivision 2; and 611.24; Laws 1985, First Special Session chapter 15, section 4, subdivision 6; Laws 1986, chapter 441, section 14; Laws 1987, chapter 348, section 48, subdivision 3; Laws 1987, chapter 357, section 27, subdivision 2; and Laws 1987, chapter 404, sections 20, subdivision 6; and 22, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 4; 89; and

115C; repealing Minnesota Statutes 1986, sections 3C.055; 3C.057; 5.13; 10A.32, subdivision 3b; and 16A.625; and Laws 1987, chapter 358, section 31."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Phyllis Kahn, Rick Krueger, David P. Battaglia, David T. Bishop, Loren A. Solberg

Senate Conferees: (Signed) Carl W. Kroening, William P. Luther, Sam G. Solon

Mr. Kroening moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2344 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H.F. No. 2344. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Wegscheid moved that the recommendations and Conference Committee Report on H.F. No. 2344 be rejected, the Conference Committee discharged, and that a new Conference Committee be appointed by the Subcommittee on Committees to act with a like Conference Committee appointed on the part of the House.

The question was taken on the adoption of the motion of Mr. Wegscheid.

Mr. Merriam moved that those not voting be excused from voting. The motion did not prevail.

The roll was called, and there were yeas 33 and nays 33, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Jude	Merriam	Renneke
Belanger	DeCramer	Knaak	Moe, D.M.	Storm
Benson	Diessner	Knutson	Morse	Taylor
Berg	Frederickson, D.R.	Langseth	Olson	Waldorf
Brataas	Freeman	Larson	Pehler	Wegscheid
Dahl	Gustafson	McQuaid	Peterson, R.W.	
Davis	Johnson, D.E.	Mehrkens	Ramstad	

Those who voted in the negative were:

Adkins	Cohen	Laidig	Novak	Schmitz
Beckman	Dicklich	Lantry	Peterson, D.C.	Solon
Berglin	Frederick	Lessard	Piper	Spear
Bernhagen	Frederickson, D.J.	Luther	Pogemiller	Stumpf
Bertram	Hughes	Marty	Purfeerst	Vickerman
Brandl	Johnson, D.J.	Metzen	Reichgott	
Chmielewski	Kroening	Moe, R.D.	Samuelson	

The Wegscheid motion did not prevail.

The question recurred on the motion of Mr. Kroening that the foregoing recommendations and Conference Committee report on H.F. No. 2344 be now adopted, and that the bill be repassed as amended by the Conference Committee.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 34 and nays 31, as follows:

Those who voted in the affirmative were:

Adkins	Cohen	Kroening	Novak	Schmitz
Beckman	Dicklich	Lantry	Peterson, D.C.	Solon
Berglin	Frederick	Lessard	Piper	Spear
Bernhagen	Frederickson, D.J.	Luther	Pogemiller	Stumpf
Bertram	Gustafson	Marty	Purfeerst	Vickerman
Brandl	Hughes	Metzen	Reichgott	Waldorf
Chmielewski	Johnson, D.J.	Moe, R.D.	Samuelson	

Those who voted in the negative were:

Anderson	Decker	Knaak	Moe, D.M.	Storm
Belanger	DeCramer	Knutson	Morse	Taylor
Benson	Diessner	Laidig	Olson	Wegscheid
Berg	Frederickson, D.R.	Langseth	Pehler	
Brataas	Freeman	McQuaid	Peterson, R.W.	
Dahl	Johnson, D.E.	Mehrkens	Ramstad	
Davis	Jude	Merriam	Renneke	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 2344 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 37 and nays 29, as follows:

Those who voted in the affirmative were:

Adkins	Dicklich	Kroening	Novak	Solon
Beckman	Frederick	Lantry	Peterson, D.C.	Spear
Berglin	Frederickson, D.J.	Larson	Piper	Stumpf
Bernhagen	Freeman	Lessard	Pogemiller	Vickerman
Bertram	Gustafson	Luther	Purfeerst	Waldorf
Brandl	Hughes	Marty	Reichgott	
Chmielewski	Johnson, D.E.	Metzen	Samuelson	
Cohen	Johnson, D.J.	Moe, R.D.	Schmitz	

Those who voted in the negative were:

Anderson	Davis	Knaak	Merriam	Ramstad
Belanger	Decker	Knutson	Moe, D.M.	Renneke
Benson	DeCramer	Laidig	Morse	Storm
Berg	Diessner	Langseth	Olson	Taylor
Brataas	Frederickson, D.R.	McQuaid	Pehler	Wegscheid
Dahl	Jude	Mehrkens	Peterson, R.W.	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2569, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2569: A bill for an act relating to education; appropriating money to the higher education coordinating board, regents of the University of Minnesota, state university board, state board for community colleges, and state board of vocational technical education, with certain conditions;

authorizing bonding for capital improvements; amending Minnesota Statutes 1986, sections 3.971, subdivision 1; 92.05; 136.31, by adding a subdivision; and 136.41, by adding subdivisions; 248.07, subdivisions 7 and 12; Minnesota Statutes 1987 Supplement, section 248.07, subdivision 8; Laws 1983, chapter 334, section 7, as amended; and Laws 1987, chapter 401, section 2, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 135A and 137; repealing Minnesota Statutes 1986, sections 136.26; and 136C.13, subdivision 3.

Senate File No. 2569 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1643, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1643: A bill for an act relating to crimes; child abuse; eliminating the need to show emotional harm in proving unreasonable restraint or malicious punishment of a child; amending Minnesota Statutes 1986, sections 609.255, subdivision 3; and 609.377.

Senate File No. 1643 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1988

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2407:

H.F. No. 2407: A bill for an act relating to the state and local governments; providing that municipal volunteers are employees for purposes of tort claims; providing that employees and officers of the world trade center board and greater Minnesota corporation are state employees for purposes of state tort claims; providing that officers and directors of public corporations are immune from liability under standards for nonprofit corporations; clarifying immunity from civil liability for certain athletic officials; amending Minnesota Statutes 1986, sections 317.22, subdivision 4; 317.28; 466.01, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 44A.02, subdivision 3; 116O.03, by adding a subdivision; 116O.04, subdivision 2; 317.201, subdivision 1; 340A.801, subdivisions 1 and 4; 340A.802; and 604.08, subdivision 1.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Cooper, Pappas and Quist have been appointed as such committee on the part of the House.

House File No. 2407 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 April 19, 1988

Mr. Luther moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2407, 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 appointed on the part of the House. The motion prevailed.

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, 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.

Ms. Peterson, D.C. introduced -

S.F. No. 2581: A bill for an act relating to occupations and professions; establishing the board of professional counseling; requiring professional counselors to be licensed; appropriating money; amending Minnesota Statutes 1987 Supplement, sections 148A.01, subdivision 5; 148B.01, subdivision 6, and by adding a subdivision; 148B.02, subdivision 1; 148B.40, subdivision 3; 214.01, subdivision 2; 214.04, subdivision 3; and 609.341, subdivision 17; proposing coding for new law in Minnesota Statutes, chapter 148B.

Referred to the Committee on Health and Human Services.

### **MEMBERS EXCUSED**

Mr. Chmielewski was excused from this afternoon's Session. Mr. Samuelson was excused from the Session of today from 2:00 to 9:00 p.m. Mr. Pogemiller was excused from the Session of today from 2:30 to 3:30 p.m. Messrs. Gustafson and Taylor were excused from the Session of today from 2:00 to 5:30 p.m. Mr. Wegscheid was excused from the Session of today from 3:40 to 5:45 p.m. Mr. Metzen was excused from the Session of today from 5:00 to 6:00 p.m. Mr. Frank was excused from the Session of today at 9:50 p.m. Mr. Ramstad and Ms. Reichgott were excused from the Session of today from 6:30 to 8:00 p.m.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 1:00 p.m., Wednesday, April 20, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## NINETY-SECOND DAY

St. Paul, Minnesota, Wednesday, April 20, 1988

The Senate met at 1:00 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. Kenneth L. O'Hotto.

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

Adkins	Decker	Knaak	Moe, D.M.	Samuelson
Anderson	DeCramer	Knutson	Moe, R. D.	Schmitz
Beckman	Dicklich	Kroening	Morse	Solon
Belanger	Diessner	Laidig	Novak	Spear
Benson	Frank	Langseth	Olson	Storm
Berg	Frederick	Lantry	Pehler	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, R. W.	Vickerman
Brandl	Freeman	Luther	Piper	Waldorf
Brataas	Gustafson	Marty	Pogemiller	Wegscheid
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.J.	Merriam	Reichgott	
Davis	Jude	Metzen	Renneke	

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.

April 19, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	1585	538	April 18	April 18
	1831	539	April 18	April 18
	1864	540	April 18	April 18
	1897	541	April 18	April 18
	2063	542	April 18	April 18
	2138	543	April 18	April 18
	2192	544	April 18	April 18
	2246	545	April 18	April 18
	2306	546	April 18	April 18
	2508	547	April 18	April 18
30		548	April 18	April 18
335		549	April 18	April 18
752		550	April 18	April 18
1672		551	April 18	April 18
1673		552	April 18	April 18
1674		553	April 18	April 18
1695		554	April 18	April 18
1713		555	April 18	April 18
1822		556	April 18	April 18
1904		557	April 18	April 18
1948		558	April 18	April 18
1958		559	April 18	April 18
2097		560	April 18	April 18
2347		561	April 18	April 18
2456		562	April 18	April 18

Sincerely,  
Joan Anderson Growe  
Secretary of State

### MOTIONS AND RESOLUTIONS

S.F. No. 63 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 63

A bill for an act relating to motor vehicles; providing that passenger automobile license plates be issued for a six-year period; providing for license plate replacement fees; amending Minnesota Statutes 1986, section 168.12, subdivisions 1, 2a, and 5; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4.

April 19, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 63, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 63 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 168.011, is amended by adding a subdivision to read:

*Subd. 5a. [REGISTERED OWNER.] “Registered owner” means any person, firm, association, or corporation, other than a secured party, having title to a motor vehicle. If a passenger automobile, as defined in subdivision 7, is under lease for a term of 180 days or more, the lessee is deemed to be the registered owner, for purposes of registration only, provided that the application for renewal of the registration of a passenger automobile described in this subdivision shall be sent to the lessor.*

Sec. 2. Minnesota Statutes 1986, section 168.013, subdivision 7, is amended to read:

*Subd. 7. [AGENTS.] Any act required herein of ~~an~~ a registered owner may be performed in the registered owner's behalf by a duly authorized agent. Any person having a lien upon, or claim to, any motor vehicle may pay any tax due thereon to prevent the penalty for delayed registration from accruing, but the registration certificate and number plates shall not be issued until legal ownership is definitely determined.*

Sec. 3. Minnesota Statutes 1986, section 168.041, subdivision 7, is amended to read:

*Subd. 7. If ~~an~~ a registered owner wishes to sell a motor vehicle during the time its registration plates and registration certificate are impounded or during the time its registration plates bear a special series number, the registered owner may apply to the court which impounded 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 registered 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 time the registration plates and certificate of registration are impounded the title to said motor vehicle is transferred by the foreclosure of a chattel mortgage, the cancellation 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 registered owner and notify the registrar of motor vehicles of such action. The registrar of motor vehicles shall then transfer the registration plates and registration certificates to the new registered owner.*

Sec. 4. Minnesota Statutes 1986, section 168.10, subdivision 1, is amended to read:

*Subdivision 1. [APPLICATION.] Except as provided in subdivisions 1a, 1b, 1c, 1d, 1g, and 1h, every registered owner of any motor vehicle in this state, not exempted by section 168.012 or 168.26, shall as soon as registered ownership of a motor vehicle is acquired and annually thereafter during the period provided in section 168.31, file with the commissioner of public safety on a blank provided by the commissioner a listing for taxation and application for the registration of such vehicle, stating the first, middle and last names, the dates of birth, and addresses of all registered owners thereof who are natural persons, the full names and addresses of all other registered owners, the name and address of the person from*



whom purchased, make of motor vehicle, year and number of the model, manufacturer's identification number or serial number, type of body, the weight of the vehicle in pounds, for trailers only, its rated load carrying capacity and for buses only, its seating capacity, and such other information as the commissioner may require. Any false statement willfully and knowingly made in regard thereto shall be deemed perjury and punished accordingly. The listing and application for registration by dealers or manufacturers' agents within the state, of motor vehicles received for sale or use within the state shall be accepted as compliance with the requirements of this chapter, imposed upon the manufacturer.

Registration shall be refused a motor vehicle if the original identification or serial number has been destroyed, removed, altered, covered or defaced. However, if the commissioner is satisfied on the sworn statements of the *registered owner* or *registered owners* or such other persons as the commissioner may deem advisable that the applicant is the legal owner, a special identification number in the form prescribed by the commissioner shall be assigned to the motor vehicle. When it has been determined that the number had been affixed to such vehicle in a manner prescribed by the commissioner, the vehicle may thereafter be registered in the same manner as other motor vehicles. In the case of a new or rebuilt motor vehicle manufactured or assembled without an identification or serial number, the commissioner may assign an identification number to the motor vehicle in the same manner as prescribed heretofore.

Sec. 5. Minnesota Statutes 1986, section 168.11, subdivision 1, is amended to read:

Subdivision 1. The registrar shall file such application and, upon approval thereof and upon payment of the motor vehicle tax, as herein provided, together with all arrears and penalties, if any, and upon the delivery to the registrar of the duly endorsed ~~registration certificate of title of the former owner, as hereinafter provided in chapter 168A, or proof of loss provided in lieu thereof,~~ shall assign to it a distinctive number and issue to the *registered owner* a registration certificate, which shall contain the *full name and date of birth*, place of residence, with street and number, if in a city, and post office address of the *registered owner*, a specific description of the vehicle, and the number assigned, together with a place on the face of the certificate in which the *registered owner* shall, immediately upon receipt thereof, place the *registered owner's* signature ~~and, on the reverse side thereof, an assignment and notice of sale or termination of ownership, with places for the signatures of both seller and purchaser, and a place for assignment of the credit for the tax.~~ The registration certificate shall be retained by the *registered owner* until expiration ~~or surrender, as herein provided.~~ When in administering this chapter convenience or necessity requires, the registration certificate ~~may also be called or referred to as the registration card shall be used in lieu of the certificate of title on vehicles exempt from chapter 168A.~~

Sec. 6. Minnesota Statutes 1986, section 168.12, subdivision 1, is amended to read:

Subdivision 1. [NUMBER PLATES; VISIBILITY, PERIODS OF ISSUANCE.] The registrar, upon the approval and payment, shall issue to the applicant the number plates required by law, bearing the state name and the number assigned. The number assigned may be a combination of a letter or sign with figures. The color of the plates and the color of the

abbreviation of the state name and the number assigned shall be in marked contrast. The plates shall be lettered, spaced, or distinguished to suitably indicate the registration of the vehicle according to the rules of the registrar, and when a vehicle is registered on the basis of total gross weight, the plates issued shall clearly indicate by letters or other suitable insignia the maximum gross weight for which the tax has been paid. These number plates shall be so treated as to be at least 100 times brighter than the conventional painted number plates. When properly mounted on an unlighted vehicle, these number plates, when viewed from a vehicle equipped with standard headlights, shall be visible for a distance of not less than 1,500 feet and readable for a distance of not less than 110 feet. The registrar shall issue these number plates for the following periods:

(1) Number plates issued pursuant to sections 168.27, subdivisions 16 and 17, and 168.053 shall be for a one-year period.

(2) New number plates issued pursuant to section 168.012, subdivision 1, shall be issued to a vehicle for as long as it is owned by the exempt agency and shall not be transferable from one vehicle to another but may be transferred with the vehicle from one tax exempt agency to another.

(3) Plates issued for passenger automobiles as defined in section 168.011, subdivision 7, ~~motorcycles, motorized bicycles, and motor scooters~~ shall be issued for a ~~six-year~~ *seven-year* period ~~starting not later than October 1986, or until the next general reissuance of plates every six years thereafter, whichever is less; and. All plates issued under this paragraph must be replaced if they are seven years old or older at the time of annual registration or will become so during the registration period.~~

(4) Plates for any vehicle not specified in clauses (1), (2) and (3), except for trailers as hereafter provided, shall be issued for the life of the vehicle. Beginning with number plates issued for the year 1981, plates issued for trailers with a total gross weight of 3,000 pounds or less shall be issued for the life of the trailer and shall be not more than seven inches in length and four inches in width.

In a year in which plates are not issued, the registrar shall issue for each registration a tab or sticker to designate the year of registration. This tab or sticker shall show the calendar year or years for which issued, and is valid only for that period. The number plates, number tabs, or stickers issued for a motor vehicle may not be transferred to another motor vehicle during the period for which it is issued.

Notwithstanding any other provision of this subdivision, number plates issued to a vehicle which is used for behind-the-wheel instruction in a driver education course in a public school may be transferred to another vehicle used for the same purpose without payment of any additional fee. The registrar shall be notified of each transfer of number plates under this paragraph, and may prescribe a form for notification.

Sec. 7. Minnesota Statutes 1986, section 168.12, subdivision 2a, is amended to read:

Subd. 2a. [PERSONALIZED LICENSE PLATES.] Personalized license plates must be issued to an applicant for registration of a passenger automobile, van, or pickup truck, motorcycle, or self-propelled recreational vehicle, upon compliance with the laws of this state relating to registration of the vehicle and upon payment of a *one-time* fee of \$100 in addition to the registration tax required by law for the vehicle. *The commissioner shall*

*designate a replacement fee for personalized license plates that is calculated to cover the cost of replacement. This fee must be paid whenever the law requires the personalized license plates to be replaced.* In lieu of the numbers assigned as provided in subdivision 1, personalized license plates must have imprinted on them a series of not more than six numbers and letters in any combination. When an applicant has once obtained personalized plates, the applicant shall have a prior claim for similar personalized plates in the next succeeding year that plates are issued if application is made for them at least 30 days before the first date that registration can be renewed. The commissioner of public safety shall adopt rules in the manner provided by chapter 14, regulating the issuance and transfer of personalized license plates. No words or combination of letters placed on personalized license plates may be used for commercial advertising, be of an obscene, indecent, or immoral nature, or be of a nature that would offend public morals or decency. The call signals or letters of a radio or television station are not commercial advertising for the purposes of this subdivision.

Notwithstanding the provisions of subdivision 1, personalized license plates issued under this subdivision may be transferred to another motor vehicle owned or jointly owned by the applicant, upon the payment of a fee of \$5, which must be paid into the state treasury and credited to the highway user tax distribution fund. The registrar may by rule provide a form for notification.

Notwithstanding any law to the contrary, if the personalized license plates are lost, stolen, or destroyed, the applicant may apply and shall receive duplicate license plates bearing the same combination of letters and numbers as the former personalized plates upon the payment of a \$5 fee.

~~The fee prescribed for personalized license plates must be paid only in those years in which the number plate itself is issued, and must not be payable in a year in which a year plate, tab, or sticker is issued in lieu of a number plate.~~

Fees from the sale of permanent and duplicate personalized license plates must be paid into the state treasury and credited to the highway user tax distribution fund.

Sec. 8. Minnesota Statutes 1986, section 168.12, subdivision 5, is amended to read:

Subd. 5. [ADDITIONAL FEE.] In addition to any fee otherwise authorized or any tax otherwise imposed upon any motor vehicle, the payment of which is required as a condition to the issuance of any number license plate or plates, the commissioner of public safety may impose a fee of \$2 for a license plate for a motorcycle, motorized bicycle, or motorized sidecar, and \$3 \$2 for license plates, other than license plates issued pursuant to section 168.27, subdivisions 16 and 17, for passenger automobiles; ~~provided that no fee is required for plates issued within one calendar year before a general reissuance of plates under subdivision 4.~~ Graphic design license plates shall only be issued for vehicles registered pursuant to section 168.017 and recreational vehicles registered pursuant to section 168.013, subdivision 1g.

Sec. 9. Minnesota Statutes 1986, section 168.13, is amended to read:

168.13 [PROOF OF OWNERSHIP]

The registrar shall approve no application and issue no number plates

for any motor vehicle, ~~except such as may have come direct from the manufacturer, or from another state, unless and until the registration title certificate theretofore issued or proof of loss thereof by sworn statement shall be under chapter 168A is delivered to the registrar, who shall be satisfied from the records that all taxes and fees due hereunder shall have been paid, and endorsements upon the certificate or sworn proof of loss, are in writing, and have been signed by the seller and purchaser; shall furnish proof that the applicant for registration is paying or receiving credit for the tax upon the vehicle of which the applicant is the rightful possessor; or, in case such certificate or proof is not available, the registrar, or the registrar's deputy, shall be satisfied of such fact by personal view of the motor vehicle serial and motor numbers and by proof of the claim of ownership thereof.~~

Motor vehicles brought into Minnesota from other states shall not be registered or have number plates issued therefor until such registration certificate or other evidence of title as may reasonably be required from the registrant within that state be surrendered to the registrar in the same manner as certificates of this state, or in lieu thereof, such view and evidence of the chain of ownership be had as will assure the payment of the proper tax so long as the motor vehicle shall be in the state.

Sec. 10. Minnesota Statutes 1986, section 168.33, subdivision 3, is amended to read:

Subd. 3. [RECORD.] The registrar shall keep a suitable record of all motor vehicles registered in the registrar's office, indexed, according to registration number, according to name of *the registered* owner, according to make of motor vehicle and the factory identification number for such makes as are so identified or according to the serial number of such makes as are so identified until the manufacturers thereof adopt and use an identification number, and according to such other information as the registrar shall deem advisable. Duplicates of the certificate of registration shall be used, until a more efficient system is evolved, to make the registration number and *registered* owner's indexes herein required, and such other copies as are desirable. The registrar may furnish to any one applying therefor transcripts of such records for not less than the cost of preparing the same; provided, that any sums in excess of such cost received by the registrar for furnishing such transcripts shall be paid by the registrar into the state treasury. The registrar shall also furnish copies thereof, without charge, to the chiefs of police of the cities of Minneapolis, St. Paul, and Duluth.

Sec. 11. Minnesota Statutes 1986, section 168A.10, is amended by adding a subdivision to read:

*Subd. 6. Every owner or transferor of a motor vehicle who fails or delays for more than 14 days to file the transfer of ownership with the registrar shall pay the registrar a fee of \$2.*

Sec. 12. [APPROPRIATION.]

*\$103,000 is appropriated from the highway user tax distribution fund to the commissioner of public safety to implement sections 1 to 5, and 9 to 11.*

Sec. 13. [REPEALER.]

*Minnesota Statutes 1986, section 168.30, is repealed.*

## Sec. 14. [EFFECTIVE DATE.]

*Sections 6 and 8 are effective January 1, 1989. Section 7 is effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to motor vehicles; providing for registration of motor vehicles by long-term lessees; providing that passenger automobile license plates be issued for a seven-year period; providing for license plate replacement and late ownership transfer fees; appropriating money; amending Minnesota Statutes 1986, sections 168.011, by adding a subdivision; 168.013, subdivision 7; 168.041, subdivision 7; 168.10, subdivision 1; 168.11, subdivision 1; 168.12, subdivisions 1, 2a, and 5; 168.13; and 168.33, subdivision 3; 168A.10, by adding a subdivision; repealing Minnesota Statutes 1986, section 168.30."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Marilyn M. Lantry, Clarence M. Purfeerst, Mel Frederick

House Conferees: (Signed) Henry Kalis, Alice M. Johnson, Gerald Knickerbocker

Mrs. Lantry moved that the foregoing recommendations and Conference Committee Report on S.F. No. 63 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 63 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 39 and nays 23, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Johnson, D.E.	McQuaid	Purfeerst
Beckman	DeCramer	Johnson, D.J.	Mehrkens	Samuelson
Belanger	Diessner	Knutson	Metzen	Schmitz
Bernhagen	Frederick	Kroening	Moe, D.M.	Storm
Bertram	Frederickson, D.J.	Laidig	Moe, R.D.	Taylor
Chmielewski	Freeman	Lantry	Novak	Waldorf
Cohen	Gustafson	Larson	Olson	Wegscheid
Davis	Hughes	Lessard	Piper	

Those who voted in the negative were:

Adkins	Dahl	Marty	Peterson, R.W.	Spear
Benson	Frederickson, D.R.	Merriam	Pogemiller	Stumpf
Berg	Jude	Morse	Ramstad	Vickerman
Brandl	Langseth	Pehler	Reichgott	
Brataas	Luther	Peterson, D.C.	Renneke	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Executive and Official Communications.

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

The following communication was received.

April 19, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Senator Hughes:

I am returning without my signature Senate File 2235, a bill relating to workers' compensation. This bill does not represent good public policy because it creates unnecessary upheaval without solving Minnesota's workers' compensation problems.

Senate File 2235 does not guarantee that Minnesota businesses will pay lower workers' compensation rates in the future. While the bill does provide adjustments which could lower the cost of the system, there is no guarantee that these lower costs will be passed along to employers as rate reductions because it fails to provide for effective regulation of the insurance industry. I strongly believe that reform of the workers' compensation system is necessary, but a key ingredient of that reform must be substantive regulation of the insurance industry.

The elimination of the Workers' Compensation Court of Appeals, without any apparent public policy justification, causes extreme concern. This will create disruption to the system which can only be translated into longer delays and less justice for our employers and employees. The uncertainty created in the system by this change will also lead to more litigation and more cost.

The benefit changes do in some areas bring more equity to the system and could help to reduce costs. However, the major cost savings result from reducing the length of time benefits are received, not from cutting the size of the benefit check. If the duration of benefits is limited, then the system needs to get injured workers back to work as quickly as possible. Research has shown that the most effective means to do so is through rehabilitation. Yet this bill limits rehabilitation, the best way to get workers back to productive, wage-paying jobs.

In short, the bill makes several changes in the workers' compensation system that may create serious problems. Most important, the balance of justifiable insurance rates and cost reductions, both of which are necessary for long-term reform, is not present in this bill. Therefore, I am vetoing the bill and returning it to you.

Sincerely,  
Rudy Perpich, Governor

S.F. No. 2235: A bill for an act relating to workers' compensation; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; providing for the appointment of actuaries; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.095; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10;

176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; 176.155, subdivision 1; 176.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1986, sections 79.54; 79.57; 79.58; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2.

Mr. Moe, R.D. moved that S.F. No. 2235 and the veto message thereon be laid on the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 49 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	DeCramer	Jude	Moe, R.D.	Renneke
Beckman	Dicklich	Kroening	Morse	Samuelson
Benson	Diessner	Langseth	Novak	Schmitz
Berg	Frederick	Lantry	Olson	Spear
Brandl	Frederickson, D.J.	Larson	Pehler	Storm
Brataas	Frederickson, D.R.	Luther	Peterson, D.C.	Stumpf
Chmielewski	Freeman	Marty	Peterson, R.W.	Taylor
Cohen	Gustafson	McQuaid	Piper	Waldorf
Dahl	Hughes	Merriam	Ramstad	Wegscheid
Davis	Johnson, D.J.	Metzen	Reichgott	

Those who voted in the negative were:

Adkins	Bertram	Knaak	Lessard	Vickerman
Belanger	Decker	Knutson	Mehrkens	
Bernhagen	Johnson, D.E.	Laidig	Purfeerst	

The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Messages From the House.

## MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2396, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2396 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2396

A bill for an act relating to education; authorizing the sale of college savings bonds; requiring a market study and plan; authorizing the issuance of zero coupon bonds; exempting a specified amount of bonds from consideration in financial aid eligibility; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 16A.

April 19, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2396, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2396 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. [COLLEGE SAVINGS BONDS: MARKET AND FEASIBILITY STUDY.]

*Subdivision 1. [REPORT REQUIRED.] The commissioner of finance, in cooperation with the higher education coordinating board, shall study and report to the legislature by September 1, 1988, on the market for and feasibility of college savings bonds. “College savings bonds” are state general obligation bonds on which interest is accrued and compounded annually but not paid until maturity, commonly known as zero coupon bonds. Sale and marketing efforts should be directed to Minnesota residents of low and moderate income whose children or grandchildren are likely to pursue higher education.*

*Subd. 2. [FINDINGS.] The report must include findings on the following:*

*(1) the parental income levels at which a student is no longer eligible for state scholarship and grant assistance, but at which the cost of higher education may create severe financial hardship for the student's family;*

*(2) an estimate of the number of parents in this state at the income levels described in clause (1) whose children are likely to pursue higher education, including their social, economic, and geographic characteristics;*

*(3) the impact of the availability of financial aid on the savings practices of parents of future students and the extent to which the availability of college savings bonds might increase the amount saved;*

*(4) the estimated demand of parents and relatives for college savings bonds each year and over the next five years, and the estimated periodic rate of purchase;*

*(5) the demand for bonds of various denominations and the smallest denomination that can be sold and issued economically to those parents and relatives;*



(6) the demand of parents and relatives for bonds of various maturities, and the implications of a variety of maturity dates for potential students and post-secondary institutions;

(7) a marketing strategy for the college savings bond program including strategies to:

(i) inform parents and relatives about the availability of the bonds;

(ii) take orders for the bonds;

(iii) insure that the bonds are purchased by residents of low and moderate income throughout this state; and

(iv) market the bonds at the lowest cost to the state;

(8) the demand of various institutions for the bonds, including business corporations, nonprofit corporations, and foundations, and a strategy to ensure that purchase of the bonds by these entities will not prevent individuals and parents and relatives of future students from buying them;

(9) the limitations, if any, that should be placed on bond purchasers' use of the bonds;

(10) an estimate of the cost of the strategy to market and underwrite the bonds; and

(11) the amount, if any, of bonds purchased for the benefit of a student that should not be considered in determining the financial need of an applicant for a state scholarship or grant under Minnesota Statutes, section 136A.121, or a part-time grant under Minnesota Statutes, section 136A.132.

Subd. 3. [RECOMMENDATIONS.] The commissioner of finance may not sell college savings bonds under section 2 until reports have been submitted to the chair of the senate committee on education and the chair of the house of representatives committee on higher education and the commissioner has received their advisory recommendations on whether and how to sell the bonds.

## Sec. 2. [ZERO COUPON BONDS.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them.

(a) "Compounded maturity amount" means the sum of the stated principal amount plus the interest payable at maturity on zero coupon bonds.

(b) "Serial maturity bonds" means bonds maturing on a specified day in two or more consecutive years and bearing interest at a specified rate payable periodically to maturity or prior redemption.

(c) "Zero coupon bonds" means bonds in a stated principal amount, maturing on a specified date or dates, and bearing interest that accrues and compounds to and is payable only at maturity or upon prior redemption of the bonds.

Subd. 2. [AUTHORIZATION.] When authorized by law to issue state general obligation bonds, the commissioner may issue all or part of the bonds as serial maturity bonds or as zero coupon bonds or a combination of the two. Except as otherwise provided by this section, bonds, including zero coupon bonds, must be issued and sold as provided under Minnesota Statutes, section 16A.641. The amount of bonds that may be issued under

*this section may not exceed the amount of authorized, but previously unissued, bonds for higher education facilities. Higher education facilities include capital projects for the University of Minnesota, the state universities, community colleges, and technical institutes. The stated principal amount of zero coupon bonds must be used to determine the principal amount of bonds issued under the laws authorizing issuance of state general obligation bonds.*

*Subd. 3. [MARKETING PLAN.] Based on the results of the study required under section 1, the commissioner and the higher education coordinating board shall develop a plan for marketing college savings bonds. The marketing plan must include appropriate disclosures to potential buyers, including information on the types of savers for whom long-term, tax-exempt bonds may not be appropriate investments. The program must also include strategies to:*

- (1) inform parents and relatives about the availability of the bonds;*
- (2) take orders for the bonds;*
- (3) target the sale of the bonds to Minnesota residents whose progeny are likely to seek higher education; and*
- (4) market the bonds at the lowest cost to the state.*

*Before implementing the marketing plan, the commissioner of finance and the higher education coordinating board shall seek the advisory recommendations of the chairs of the senate finance and house of representatives appropriations committees about the plan.*

*Subd. 4. [SALE.] Except as otherwise provided in this subdivision, zero coupon bonds, or a series of bonds including zero coupon bonds, must be sold at public sale at a price not less than 98 percent of their stated principal amount. No state trunk highway bond may be sold for a price of less than par and accrued interest. The commissioner may sell bonds directly to the public or to financial institutions for prompt resale to the public upon the terms, conditions, and restrictions the commissioner prescribes. The commissioner should make bonds available for sale to financial institutions located in neighborhoods where low or moderate income persons reside. The commissioner may enter into all contracts considered necessary or desirable to accomplish the sale in an economical manner. The commissioner may contract for investment banking and banking services only after receiving competitive proposals for the services.*

*Subd. 5. [DENOMINATIONS; MATURITIES.] Based on the results of the study required under section 1, the commissioner shall determine the appropriate denominations and maturities for the bonds. The legislature intends to make bonds available in as small denominations as is feasible given the costs of marketing and administering the bond issue. Bonds in denominations of \$1,000 must be made available. If not economical, the minimum denomination bonds need not be made available for bonds of all maturities. For purposes of this subdivision, "denomination" means the compounded maturity amount of the bond.*

*Subd. 6. [SINKING FUND.] The commissioner's order authorizing the issuance of zero coupon bonds must also establish a separate sinking fund account for the zero coupon bonds in the state bond fund. There is annually appropriated from the general fund to each zero coupon bond account, beginning in the year in which the zero coupon bonds are issued, an amount*

not less than the sum of:

(1) the total stated principal amount of the zero coupon bonds that would have matured from their date of issue to and including the second July 1 following the transfer of appropriated money, if the bonds matured serially in an equal principal amount in each year during their term and in the same month as their stated maturity date; plus

(2) the total amount of interest accruing on the stated principal amount of the bonds and on interest previously accrued, from the bonds' date of issue to and including the second July 1 following the transfer of appropriated money; less

(3) the amount in the sinking fund account for the payment of the compounded maturity amount of the bonds, including interest earnings on amounts in the account. This appropriation is in lieu of all other appropriations made with respect to zero coupon bonds. The appropriated amounts must be transferred from the general fund to the sinking fund account in the state bond fund by December 1 of each year.

Sec. 3. [APPROPRIATION.]

The amount necessary to pay for the cost of the marketing study under section 1, subdivision 2, and the marketing plan under section 2, subdivision 3, is appropriated to the commissioner of finance out of the proceeds of the college savings bonds. The cost of the marketing study must not exceed \$60,000.

Sec. 4. [REPEALER.]

Sections 1 to 3 are repealed December 31, 1989.

Sec. 5. [EFFECTIVE DATE.]

This act is effective the day following final enactment and applies to authorizations of state bonds under laws enacted before or after the effective date of this act."

Delete the title and insert:

"A bill for an act relating to education; authorizing the sale of college savings bonds; requiring a market and feasibility study and report; authorizing the issuance of zero coupon bonds; appropriating money."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Lyndon R. Carlson, Leonard "Len" Price, John T. Rose

Senate Conferees: (Signed) Michael O. Freeman, James C. Pehler, Donna C. Peterson

Mr. Freeman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2396 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2396 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 54 and nays 8, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Hughes	Metzen	Ramstad
Anderson	Davis	Johnson, D.E.	Moe, D.M.	Reichgott
Beckman	Decker	Johnson, D.J.	Moe, R.D.	Samuelson
Belanger	DeCramer	Jude	Morse	Schmitz
Benson	Dicklich	Kroening	Novak	Spear
Berg	Diessner	Laidig	Pehler	Storm
Bernhagen	Frederick	Langseth	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.I.	Lantry	Peterson, R. W.	Vickerman
Brandl	Frederickson, D.R.	Luther	Piper	Waldorf
Chmielewski	Freeman	Marty	Pogemiller	Wegscheid
Cohen	Gustafson	Merriam	Purfeerst	

Those who voted in the negative were:

Brataas	Knutson	McQuaid	Renneke	Taylor
Knaak	Larson	Olson		

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 453, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 453 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 453

A bill for an act relating to state investments; limiting investments in companies doing business in Northern Ireland; protecting public pension investment policy; authorizing early unreduced retirement under the rule of 90 for the Minnesota state retirement system and the teachers retirement association; amending Minnesota Statutes 1986, sections 354.44, subdivision 6; 354A.23, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 352.116, by adding a subdivision; 354A.31, subdivision 6, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 11A.

April 18, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 453, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 453 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [11A.241] [INVESTMENT IN NORTHERN IRELAND.]

*Subdivision 1. [LIST OF INVESTMENTS.] (a) By January 1 of each year, the state board shall:*

*(1) compile a list of corporations that, directly or through a subsidiary, do business in Northern Ireland and in whose stocks or obligations the board has invested under section 11A.24, subdivision 3 or 5; and*

*(2) determine whether each corporation on the list has, during the preceding year, taken affirmative action to eliminate religious or ethnic discrimination in Northern Ireland.*

*(b) In making the determination required by clause (2) of paragraph (a), the state board shall consider whether a corporation has, during the preceding year, taken substantial action designed to lead toward the achievement of the following goals:*

*(1) increasing representation of persons from underrepresented religious groups at all levels in its workforce;*

*(2) providing adequate security for employees who are members of minority religious groups, both at the workplace and while traveling to and from work;*

*(3) creating a climate in the workplace free from religious or political provocation;*

*(4) publicly advertising all job openings and making special recruiting efforts to attract applicants from underrepresented religious groups;*

*(5) providing that layoff, recall, and termination procedures do not favor workers who are members of particular religious groups;*

*(6) abolishing job reservations, apprenticeship restrictions, and differential employment criteria that discriminate on the basis of religious or ethnic origin;*

*(7) developing new programs and expanding existing programs to prepare current employees who are members of minority religious groups for skilled jobs;*

*(8) establishing procedures to assess, identify, and recruit employees who are members of minority religious groups and who have potential for advancement; and*

*(9) appointing senior management employees to oversee affirmative action efforts and the setting of timetables for carrying out clauses (1) to (8).*

*Subd. 2. [AFFIRMATIVE ACTION POLICY.] Whenever feasible, the board shall sponsor, cosponsor, or support shareholder resolutions designed to encourage corporations in which the board has invested to pursue a policy of affirmative action in Northern Ireland.*

*Subd. 3. [DIVESTMENT NOT REQUIRED.] Nothing in this section may be construed to require the state board to dispose of existing investments or to make future investments that violate sound investment policy for public pensions."*

Delete the title and insert:

"A bill for an act relating to state investments; encouraging corporations in Northern Ireland to pursue affirmative action policies; proposing coding for new law in Minnesota Statutes, chapter 11A,"

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Richard "Rich" O'Connor, James I. Rice, Bert McKasy

Senate Conferees: (Signed) Jerome M. Hughes, Allan H. Spear, Randolph W. Peterson

Mr. Hughes moved that the foregoing recommendations and Conference Committee Report on H.F. No. 453 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Moe, D.M. moved that the recommendations and Conference Committee Report on H.F. No. 453 be rejected, the Conference Committee discharged, and that a new Conference Committee be appointed by the Subcommittee on Committees to act with a like Conference Committee appointed on the part of the House.

### CALL OF THE SENATE

Mr. Hughes imposed a call of the Senate for the balance of the proceedings on H.F. No. 453. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Moe, D.M.

The roll was called, and there were yeas 24 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Dicklich	Knaak	Olson	Stumpf
Belanger	Frederick	Merriam	Peterson, R. W.	Taylor
Brandl	Frederickson, D.R.	Moe, D.M.	Ramstad	Waldorf
Brataas	Freeman	Moe, R. D.	Reichgott	Wegscheid
Decker	Gustafson	Novak	Storm	

Those who voted in the negative were:

Adkins	DeCramer	Kroening	McQuaid	Renneke
Beckman	Diessner	Laidig	Mehrkens	Samuelson
Bernhagen	Frederickson, D.J.	Langseth	Morse	Schmitz
Bertram	Hughes	Lantry	Pehler	Solon
Chmielewski	Johnson, D.E.	Larson	Peterson, D.C.	Spear
Cohen	Johnson, D.J.	Lessard	Piper	Vickerman
Dahl	Jude	Luther	Pogemiller	
Davis	Knutson	Marty	Purfeerst	

The motion did not prevail.

The question recurred on the adoption of the motion of Mr. Hughes to adopt the recommendations and Conference Committee Report, and repass the bill as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 453 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 37 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Hughes	Larson	Pehler	Schmitz
Bertram	Johnson, D.J.	Lessard	Peterson, D.C.	Solon
Chmielewski	Jude	Luther	Piper	Spear
Cohen	Knutson	Marty	Pogemiller	Stumpf
Dahl	Kroening	McQuaid	Purfeerst	Vickerman
Davis	Laidig	Merriam	Reichgott	
DeCramer	Langseth	Metzen	Renneke	
Frederickson, D.J.	Lantry	Morse	Samuelson	

Those who voted in the negative were:

Anderson	Brandl	Frederickson, D.R.	Moe, D.M.	Storm
Beckman	Brataas	Freeman	Moe, R.D.	Taylor
Belanger	Decker	Gustafson	Novak	Waldorf
Benson	Dicklich	Johnson, D.E.	Olson	Wegscheid
Berg	Diessner	Knaak	Peterson, R.W.	
Bernhagen	Frederick	Mehrkens	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, 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 bills were read the first time and referred to the committees indicated.

Mrs. Lantry and Ms. Berglin introduced—

S.F. No. 2582: A resolution memorializing the Regents of the University of Minnesota in support of the current funding levels for baccalaureate nursing programs.

Referred to the Committee on Rules and Administration.

Mrs. Lantry and Mr. Dicklich introduced—

S.F. No. 2583: A bill for an act relating to utilities; requiring certain disclosures on open talk telephone lines; requiring dating of recorded messages received via a message toll service; proposing coding for new law in chapter 325E.

Referred to the Committee on Public Utilities and Energy.

### 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. 2407: Messrs. Luther, Cohen and Ramstad.

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 7:30 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. Bernhagen imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2565 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 2565

A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; amending Minnesota Statutes 1986, section 84B.11, subdivision 2.

April 20, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2565, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 2565 be further amended as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1988" and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1988, or June 30, 1989, respectively.

#### SUMMARY BY FUND

	1988	1989	TOTAL
General	\$2,003,000	\$ 697,000	\$2,700,000



Special Revenue		538,000	538,000
Trunk Highway	-0-	36,600	36,600
<b>TOTAL</b>	<b>\$2,003,000</b>	<b>\$1,271,600</b>	<b>\$3,274,600</b>

**APPROPRIATIONS**

Available for the Year  
Ending June 30

1988	1989
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**Sec. 2. TRANSPORTATION**

The approved complement of the department of transportation is increased by one trunk highway fund position.

The appropriation in Laws 1987, chapter 358, section 2, subdivision 7, paragraph (b), includes \$685,200 the first year and \$685,200 the second year for data processing development. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The funding source for the appropriations in Laws 1987, chapter 358, section 2, subdivision 7, paragraph (b), is changed by shifting \$20,000 the first year and \$21,000 the second year from the trunk highway fund to the state airports fund for data processing development.

**Sec. 3. TRANSPORTATION**

**REGULATION BOARD**

36,600

This appropriation is from the trunk highway fund and is added to the appropriation for the same purpose in Laws 1987, chapter 358, section 4. The approved complement of the transportation regulation board is increased by one position in fiscal year 1989.

**Sec. 4. PUBLIC SAFETY**

1,940,000

543,000

(a) The approved complement of the department of public safety is increased by eight positions in the special revenue fund.

(b) \$1,940,000 is to pay the state's share of the costs of damage to individual and public property that is eligible for payment assistance under the presidential declaration of a major disaster, FEMA-0797-DR. The unencumbered balance

remaining in the first year does not cancel and is available for the second year.

(c) \$5,000 is for printing of driver's license renewal notice communications about organ donation. The department may accept materials or contributions from voluntary or other organizations to aid the organ donor program.

(d) \$538,000 is appropriated from the bureau of criminal apprehension account in the special revenue fund. Of this amount, \$430,000 is for laboratory activities and \$108,000 is for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity.

#### Sec. 5. AGRICULTURE

Oak Wilt Control	20,000	40,000
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This appropriation is added to the appropriation for oak wilt control in Laws 1987, chapter 358, section 7, subdivision 2. The approved complement of the department of agriculture is increased by one position. The department shall cooperate with the department of natural resources and the University of Minnesota in Oak Wilt control activities. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

#### Sec. 6. BOARD OF WATER AND SOIL RESOURCES

Comprehensive Local Water Planning	43,000	172,000
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The approved complement of the board of water and soil resources is increased by three positions. The unencumbered balance remaining in the first year does not cancel but is available for the second year.

#### Sec. 7. CHARITABLE GAMBLING CONTROL BOARD

Increased Enforcement		250,000
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The approved complement of the charitable gambling control board is increased by six positions.

The charitable gambling control board shall promulgate emergency rules to limit the amount charged for lease or rental of

space used for charitable gambling purposes. The rules shall include, but not be limited to, a formula which assures a fair and equitable charge per square foot.

Sec. 8. MINNESOTA HISTORICAL SOCIETY

145,000

(a) \$20,000 is for a grant to the Minnesota Humanities Commission

This appropriation is available only as matched dollar for dollar by federal money.

(b) \$25,000 is for new exhibits and a film for the Lindbergh Interpretive Center at Little Falls, to be available until the project has been completed or abandoned.

(c) \$40,000 is for a joint venture with the Hubert H. Humphrey Institute of Public Affairs for the purpose of converting certain audio-visual collections of the society into a form usable by the institute for exhibit purposes. The collection items to be converted will be selected by the institute with the society's prior approval.

(d) \$40,000 is for a St. Anthony Falls heritage interpretive zone and heritage board.

(e) \$20,000 is for a grant to the Southwest Regional Development Commission to conduct a detailed feasibility study and planning for a facility to be located on marked interstate highway No. 90 in Jackson, Rock, or Nobles county to be known as the Prairieland Expo Center. The purpose of the proposed center is to promote local attractions which have historical or historically related significance.

The Southwest Regional Development Commission shall submit a report to the legislature by February 15, 1989, on the results of the study and planning efforts.

Sec. 9. BOARD OF THE ARTS

75,000

This appropriation is to be distributed as follows:

\$27,800 is for regional arts councils.

\$47,200 is for, on a prorated basis using the same percentages applied to the fiscal year 1988 distribution, the following groups:

Group I

Group II

Series Presentors

Artists in Education

Artist Assistance

A.C.C. Craft Fair

Sec. 10. MILITARY ORDER OF THE  
PURPLE HEART

Veterans' Assistance

10,000

This appropriation is to assist veterans in the preparation and presentation of claims to the United States government for compensation and other benefits to which they are entitled as a result of disabilities incurred in military service.

Sec. 11. [SPECIAL TOWN ROAD ACCOUNT.]

*Subdivision 1. [ACCOUNT CREATED.] There is created in the state treasury a special town road account, consisting of money credited under subdivision 2.*

*Subd. 2. [ACCOUNT FUNDED.] Notwithstanding Minnesota Statutes, section 297B.09 or other law, in the fiscal year ending June 30, 1989, the first \$250,000 which would otherwise be credited to the highway user tax distribution fund under Minnesota Statutes, section 297B.09, must be set aside and credited to the special town road account created in subdivision 1.*

*Subd. 3. [DISTRIBUTION OF ACCOUNT.] The commissioner shall distribute money in the special town road account and provide for distribution of money in the fund among towns for the purpose of aiding in the maintenance of town roads which provide substantial access to a state park, state institution, or unit of the state outdoor recreation system as defined in Minnesota Statutes, section 86A.04. The formula must give priority in the distribution of money in the fund to those towns maintaining town roads which provide access to a state park.*

*Subd. 4. [TERMINATION OF ACCOUNT.] The account created in subdivision 1 expires June 30, 1990. The state treasurer shall credit all undistributed money in the account on that date to the highway user tax distribution fund.*

*Subd. 5. [REPEALER.] This section is repealed effective July 1, 1990.*

Sec. 12. Minnesota Statutes 1986, section 84B.11, subdivision 2, is amended to read:

Subd. 2. The committee shall conduct meetings and research into all matters related to the establishment and operation of Voyageurs National Park, and shall make such recommendations to the United States National Park Service and other federal and state agencies concerned, regarding operation of the park as the committee deems advisable. A copy of each recommendation shall be filed with the legislative reference library. ~~The committee shall not apply for and accept money from public or private~~

sources other than the legislature, except that the committee may apply for and receive up to \$25,000 per biennium in money from private sources. Subject to the availability of legislative appropriation or other funding therefor, the committee may employ staff and may contract for consulting services relating to matters within its authority.

Sec. 13. [138.76] [PURPOSE.]

*The legislature finds that the St. Anthony Falls area in Hennepin county and the city of Minneapolis has a concentration of outstanding and distinctive historical and architectural resources. There is a need to develop a comprehensive plan to interpret historical resources in that area to start the process of encouraging development of that area's historical resources. Sections 13 to 17 provide incentives for a joint board to develop and implement a comprehensive interpretive plan for the St. Anthony Falls area, complementing existing planning and development activities on the riverfront by using state, federal, and local funding for historic interpretation.*

Sec. 14. [138.77] [DEFINITIONS.]

*Subdivision 1. [SCOPE.] The definitions in this section apply to sections 13 to 17.*

*Subd. 2. [BOARD.] "Board" means the St. Anthony Falls heritage board created in section 15.*

*Subd. 3. [CITY COUNCIL.] "City council" means the city council of the city of Minneapolis.*

*Subd. 4. [HERITAGE INTERPRETIVE ZONE; ZONE.] "Heritage interpretive zone" or "zone" means the land and water area including air rights that begins at the intersection of Second Street North and Plymouth Avenue, crossing the Mississippi River on Plymouth Avenue; thence along the east bank of the Mississippi River to Hennepin Avenue; thence northeasterly on Hennepin Avenue to University Avenue; thence easterly on University Avenue to I 35W; thence southwesterly across the river to Second Street South; thence along Second Street South and Second Street North to the point of beginning.*

*Subd. 5. [MAYOR.] "Mayor" means the mayor of the city of Minneapolis.*

*Subd. 6. [PARK BOARD.] "Park board" means the park and recreation board of the city of Minneapolis.*

*Subd. 7. [PLAN.] "Plan" means a comprehensive interpretive plan for the heritage enterprise zone.*

*Subd. 8. [PRESERVATION COMMISSION.] "Preservation commission" means the heritage preservation commission of the city of Minneapolis.*

*Subd. 9. [PRESERVATION OFFICE.] "Preservation office" means the state historic preservation office.*

*Subd. 10. [SOCIETY.] "Society" means the Minnesota historical society.*

Sec. 15. [138.78] [ST. ANTHONY FALLS HERITAGE BOARD.]

*Subdivision 1. [MEMBERSHIP] There is a St. Anthony Falls heritage board consisting of ten members with the director of the Minnesota historical society as chair. The members include the mayor, two members each from the city council and the park board, and one each from the*

*preservation commission, the preservation office, Hennepin county historical society, and the society.*

*Subd. 2. [REPORT.] The board shall report its actions to the appropriate policy committees of the legislature in the first year of each biennium.*

*Subd. 3. [COMPREHENSIVE PLAN.] The board shall develop and make available to interested parties a comprehensive interpretive plan for interpretation of significant historical components in the zone. The plan must include, but is not limited to, significant historic and natural features such as the river, bridges, buildings, machinery that is part of the milling story, underground canals, stone paving, waterfall, railway components, and a heritage trail system that interlocks historic features of the zone. The plan must evaluate significant historic resources and interpretive options that will tell the story of the zone and its relationship to the city and the state.*

*Subd. 4. [GRANTS.] The board may make grants and shall establish procedures to evaluate plans submitted for grants.*

*Subd. 5. [COMPENSATION.] Board members may be compensated for expenses in accordance with section 15.0575, subdivision 3.*

**Sec. 16. [138.79] [GRANTS.]**

*The board may provide project assistance grants for the interpretation of historical resources that are a part of the plan. These grants must relate to a historical resource identified in the plan and may not exceed half of the cost of interpreting a specific historical resource.*

**Sec. 17. [138.80] [ZONE COORDINATOR.]**

*The Minnesota historical society is the coordinator of the heritage interpretive zone and has a responsibility for public education relating to the zone and for certification of all historical resources established in the plan. The society may use up to four percent of funds appropriated for sections 13 to 17 for coordination. The coordinator must be on the staff of the Minnesota historical society and shall serve as secretary to the board.*

**Sec. 18. [138.81] [MATCH.]**

*The city of Minneapolis and the park board shall provide match in money or in kind for the project under sections 13 to 17 on a dollar for dollar basis.*

*Sec. 19. Minnesota Statutes 1987 Supplement, section 171.29, subdivision 2, is amended to read:*

*Subd. 2. (a) A person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a \$30 fee before the person's drivers license is reinstated.*

*(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a \$200 fee before the person's drivers license is reinstated to be credited as follows:*

*(1) 25 percent shall be credited to the trunk highway fund;*

*(2) 50 percent shall be credited to a separate account to be known as the county probation reimbursement account. Money in this account is may be appropriated to the commissioner of corrections for the costs that counties*

assume under Laws 1959, chapter 698, of providing probation and parole services to wards of the commissioner of corrections. This money is provided in addition to any money which the counties currently receive under section 260.311, subdivision 5; ~~and~~

(3) ~~25~~ ten percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065;

(4) 15 percent shall be credited to a separate account to be known as the alcohol impaired driver education account. Money in the account ~~is~~ may be appropriated to the commissioner of education for grants to develop alcohol impaired driver education programs in elementary, secondary, and post-secondary schools. The state board of education shall establish guidelines for the distribution of the grants. The commissioner of education shall report to the legislature by January 15, 1988, on the expenditure of grant funds under this clause. Each year the commissioner may use \$100,000 to administer the grant program and other traffic safety education programs.

Sec. 20. [ALCOHOL IMPAIRED DRIVER EDUCATION ACCOUNT.]

*Notwithstanding Minnesota Statutes, section 171.29, subdivision 2, for the period July 1, 1988 through June 30, 1989, the amount credited to the alcohol impaired driver education account shall be 15 percent and ten percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065.*

Sec. 21. Minnesota Statutes 1986, section 611A.71, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The Minnesota crime victim and witness advisory council is established and shall consist of ~~42~~ 15 members.

Sec. 22. Minnesota Statutes 1986, section 611A.71, subdivision 4, is amended to read:

Subd. 4. [COMPENSATION.] Each member of the council shall serve without compensation. *However, members of the council shall receive expenses in the same manner and amount as provided in the commissioner's plan under section 43A.18, subdivision 2; provided that payments for expenses incurred must be paid from the existing appropriation for the administrative portion of the operating budget for the crime victims reparations activity.*

Sec. 23. [REPEALER.]

*Sections 13 to 18 are repealed, effective July 1, 1997.*

Sec. 24. [EFFECTIVE DATE.]

*This article is effective the day following final enactment, except that section 19 is effective July 1, 1989, and section 20 is effective July 1, 1988.*

## ARTICLE 2

## TRANSIT

## Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1988" and "1989," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1988, or June 30, 1989, respectively.

## APPROPRIATIONS

Available for the Year  
Ending June 30

1988                      1989

## Sec. 2. TRANSPORTATION

(a) Non-Metropolitan Transit Assistance	3,580,000
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This appropriation is added to the appropriations for the same purposes in Laws 1987, chapter 358, section 2.

(b) Light Rail Transit	4,170,000
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Notwithstanding the provisions of Minnesota Statutes, section 174.32, this appropriation is for distribution to regional railroad authorities in the metropolitan area if matched by other funds on a dollar for dollar basis for planning, preliminary engineering, design, and construction of light rail transit facilities. None of these funds may be expended by the commissioner for administrative costs.

The appropriations in this section are from the transit assistance fund.

Funds appropriated for light rail transit should be considered as base level funding for presentation in the 1990-1991 biennial budget.

## Sec. 3. REGIONAL TRANSIT BOARD

(a) Regular Route Service	1,038,000	692,000
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This appropriation may be used only to replace reductions in federal operating assistance to the transit commission or, after replacing all such reductions, to improve regular route transit service levels.

(b) Metro Mobility	2,000,000	4,000,000
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The board may establish policies requiring financial participation by institutions or organizations that derive special benefits from Metro Mobility services.

By June 1 and December 1, 1988, the board shall submit a report on metro mobility to the chairs of the agriculture, transportation, and semi-states divisions of the house appropriations and senate finance committees and the chairs of the house metropolitan affairs and senate transportation committees, for their advisory comment and recommendation. The report must summarize policies or plans of the board and performance statistics on: service standards, service priorities, complaints, certification, provider contracts, trip reimbursements, and social agency cost sharing. The report must also summarize changes and planned changes in communications, management, and administration.

(c) Social Fares 700,000

This appropriation is available for expenditure only to reimburse a regular route provider for fare revenue lost if senior fares remain unchanged in a general restructuring of regular route fares.

(d) New Service 1,600,000

The appropriations in this section are from the transit assistance fund.

Sec. 4. Minnesota Statutes 1986, section 174.32, subdivision 2, is amended to read:

Subd. 2. [TRANSIT ASSISTANCE FUND; DISTRIBUTION.] (a) A transit assistance fund is created for the purpose of receiving money distributed under section 297B.09. Eighty percent of the receipts of the fund must be placed into a metropolitan account for distribution to recipients located in the metropolitan area and 20 percent into a separate account for distribution to recipients located outside of the metropolitan area. *Except as otherwise provided in this subdivision*, the regional transit board created by section 473.373 is responsible for distributing assistance from the metropolitan account, and the commissioner is responsible for distributing assistance from the other account. *Money placed in the metropolitan account is available for distribution to regional railroad authorities established under chapter 398A in the metropolitan area, by the commissioner of transportation as provided in paragraph (b).*

*(b) The commissioner shall request applications from all eligible regional railroad authorities. The commissioner shall establish a reasonable deadline for submittal of applications. The commissioner may not distribute more than 60 percent of the available funds to a single recipient. Before distributing money to any regional railroad authority, the commissioner*

*shall request review and comment on the applications from the metropolitan council and the regional transit board. The council and the board have 60 days to comment. The commissioner shall consider the comments of the council and the board in evaluating applications and distributing funds. Before distributing any funds for construction, the commissioner shall report to the legislature on the use and planned distribution of construction funds.*

Sec. 5. Minnesota Statutes 1987 Supplement, section 473.17, is amended to read:

473.17 [COOPERATION IN LIGHT RAIL TRANSIT.]

Notwithstanding section 473.398, the metropolitan council ~~may~~ *and the regional transit board shall* cooperate with regional rail authorities in the study, planning, and design of regional rail authority light rail transit systems, and the metropolitan transit commission ~~may~~ *shall* cooperate with regional rail authorities in the operational planning and operation of regional rail authority light rail transit systems.

Sec. 6. [473.4051] [LIGHT RAIL TRANSIT OPERATION.]

*The transit commission may enter into an agreement to provide for the operation of a regional rail authority light rail transit system upon completion of construction of the system by the regional rail authority. If a regional rail authority enters into an agreement with the transit commission for the operation of the system, the transit commission must comply with the provisions of section 473.415.*

Sec. 7. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

Delete the title and insert:

“A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; providing for regulation of certain activities and practices; requiring studies and reports; providing for certain funds, accounts, and fees; amending Minnesota Statutes 1986, sections 84B.11, subdivision 2; 174.32, subdivision 2; and 611A.71, subdivisions 1 and 4; Minnesota Statutes 1987 Supplement, sections 171.29, subdivision 2; and 473.17; proposing coding for new law in Minnesota Statutes, chapters 138 and 473.”

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Keith Langseth, Lyle G. Mehrkens, Darril Wegscheid, James Metzen

House Conferees: (Signed) James I. Rice, Bernard L. “Bernie” Lieder, John Sarna, Henry J. Kalis, Arthur W. Seaberg

Mr. Langseth moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2565 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Pursuant to Rule 22, Mr. Brandl moved to be excused from voting on all matters pertaining to S.F. No. 2565. The motion prevailed.

The question recurred on the motion of Mr. Langseth that the recommendations and Conference Committee Report be adopted, and that the

bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2565 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 54 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	DeCramer	Jude	Mehrkens	Purfeerst
Anderson	Dicklich	Knaak	Merriam	Ramstad
Beckman	Diessner	Knutson	Metzen	Reichgott
Belanger	Frank	Kroening	Moe, D.M.	Renneke
Bernhagen	Frederick	Laidig	Novak	Samuelson
Bertram	Frederickson, D.J.	Langseth	Olson	Schmitz
Brataas	Frederickson, D.R.	Lantry	Pehler	Solon
Chmielewski	Freeman	Larson	Peterson, D.C.	Spear
Dahl	Gustafson	Luther	Peterson, R.W.	Storm
Davis	Johnson, D.E.	Marty	Piper	Vickerman
Decker	Johnson, D.J.	McQuaid	Pogemiller	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1590 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1590

A bill for an act relating to transportation; providing that uniform relocation assistance standards comply with recent amendments to federal law; authorizing commissioner of transportation to accept gifts to department; appropriating gift funds to commissioner; exempting lessees of highway easement property from tax on its use and possession; providing that governmental body may file deed conveying partial parcel of land without current taxes having been paid on whole parcel; repealing conflicting provision related to charges for users of air transportation services provided by the commissioner of transportation; amending Minnesota Statutes 1986, section 161.20, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 117.52, subdivision 1; 272.01, subdivision 3; and 272.121; repealing Minnesota Statutes 1986, section 360.015, subdivision 20.

April 15, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1590, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1590 be further amended as follows:

Page 2, after line 26, insert:

“Sec. 3. Minnesota Statutes 1986, section 173.085, is amended to read:  
173.085 [STAR CITY SIGNS.]

Subdivision 1. [AUTHORITY TO ERECT.] (a) A *county* or lesser populated statutory or home rule charter city of Minnesota that has received instruction and expertise from the department of energy and economic development on attracting and retaining businesses for the *county* or city and subsequently has been designated and annually recertified as a *star county* or star city for economic development by that department may erect *star county* or star city signs upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation. *In the case of star cities, one sign may be erected at each approach to the city within the right-of-way of an interstate or other highway that passes inside the city limits. In the case of star counties, one sign may be erected within the right-of-way of an interstate or other highway at or near the point where the highway enters the county.*

(b) Notwithstanding the provisions of paragraph (a), a lesser populated statutory or home rule charter city that has an official sign in an adjacent area of an approach of an interstate highway passing through or near the city as of August 1, 1985 may replace that sign with a star city sign upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation. *A county that has an official sign on the right-of-way or adjacent area of an interstate highway at the point where the highway enters the county may replace that sign with a star county sign on payment of a fee required under section 173.13, subdivision 4, to the department of transportation.*

Subd. 2. [SIGN STANDARDS.] The department of transportation shall design and manufacture the *star county and star city sign signs* to specifications not contrary to other federal and state highway sign standards and substantially similar to those star city signs approved for display on state highways as of August 1, 1985.”

Page 2, line 27, delete “3” and insert “4”

Page 4, line 26, delete “4” and insert “5”

Page 5, after line 11, insert:

“Sec. 6. Laws 1987, chapter 358, section 5, subdivision 1, is amended to read:

Sec. 5. PUBLIC SAFETY

Subdivision 1. Total

Appropriation	81,888,100	81,990,800
Approved Complement - <del>1,676.4</del> 1,686.4		
General - 393.7		
Special Revenue - 3		
Trunk Highway - <del>1,060.8</del> 1,070.8		
Highway User - 173.6		
Federal - 48.3		

The above approved complement includes ~~511~~ 521 for state-funded, unclassified patrol officers and supervisors of the state

patrol. Nothing in this provision is intended to limit the authority of the commissioner of public safety to transfer personnel, with the approval of the commissioner of finance, among the various units and divisions within this section, provided that the above complement must be reduced accordingly.

Summary by Fund

General	\$20,905,800	\$20,977,500
For 1987 - \$900,000		
Trunk Highway	\$52,517,200	\$52,456,400
Highway User	\$ 9,565,500	\$ 9,645,700
Special Revenue	\$ 500,000	\$ 550,000
Transfers to Other		
Direct	(\$ 1,600,400)	(\$ 1,638,800)

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

The amounts shown in the program totals are reduced by \$87,500 the first year and \$87,500 the second year from the general fund. Reductions must be made from appropriations that will not reduce revenue to the general fund."

Page 5, line 12, delete "5" and insert "7"

Page 5, line 15, delete "6" and insert "8"

Page 5, line 16, delete "Section 2 is" and insert "Sections 1 and 2 are" and delete "3 to 5" and insert "4 to 7"

Amend the title as follows:

Page 1, line 5, after the semicolon insert "authorizing star county signs on highways;"

Page 1, line 10, after the semicolon insert "increasing complement of department of public safety;"

Page 1, line 14, delete "section" and insert "sections"

Page 1, line 15, after the semicolon insert "and 173.085;"

Page 1, line 17, after the semicolon insert "Laws 1987, chapter 358, section 5, subdivision 1;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Jim M. Vickerman, Lyle G. Mehrkens, Keith Langseth

House Conferees: (Signed) Bernard L. Lieder, Henry J. Kalis, Virgil J. Johnson

Mr. Vickerman moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1590 be now adopted, and that the bill

be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1590 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Decker	Johnson, D.J.	McQuaid	Pogemiller
Anderson	DeCramer	Jude	Mehrkens	Purfeerst
Beckman	Dicklich	Knaak	Merriam	Ramstad
Belanger	Diessner	Knutson	Metzen	Reichgott
Bernhagen	Frank	Kroening	Moe, D.M.	Renneke
Bertram	Frederick	Laidig	Novak	Samuelson
Brandl	Frederickson, D.J.	Langseth	Olson	Schmitz
Brataas	Frederickson, D.R.	Lantry	Pehler	Solon
Chmielewski	Freeman	Larson	Peterson, D.C.	Spear
Dahl	Gustafson	Luther	Peterson, R.W.	Storm
Davis	Johnson, D.E.	Marty	Piper	Vickerman

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1821 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1821

A bill for an act relating to crimes; police pursuit; requiring certain driver's manual information; providing for civil forfeiture of vehicle used to flee a peace officer; requiring local governments to establish pursuit procedures and training requirements by October 1, 1989; authorizing peace officer standards and training board to assist local governments in establishing procedures and training requirements; requiring reporting of all police pursuits to department of public safety; amending Minnesota Statutes 1986, sections 171.13, by adding a subdivision; 626.843, subdivision 1; and 626.845, subdivision 1; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 626.

April 20, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1821, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendments and that S.F. No. 1821 be further amended as follows:

Page 1, after line 25, insert:

"Sec. 2. Minnesota Statutes 1987 Supplement, section 256.98, subdivision 1, is amended to read:

Subdivision 1. [WRONGFULLY OBTAINING ASSISTANCE.] A person who obtains, or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of a material fact, or by impersonation or other fraudulent device, assistance to which the person is not entitled or assistance greater than that to which the person is entitled, or who knowingly aids or abets in buying or in any way disposing of the property of a recipient or applicant of assistance without the consent of the local agency with intent to defeat the purposes of sections 256.12, 256.72 to 256.871, and chapter 256B, or all of these sections is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (2), (3), (6), and (7).

Sec. 3. Minnesota Statutes 1987 Supplement, section 268.18, subdivision 3, is amended to read:

Subd. 3. [FALSE REPRESENTATIONS; CONCEALMENT OF FACTS; PENALTY.] (a) Whoever obtains, or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of a material fact, or by impersonation or other fraudulent device, benefits to which the person is not entitled or benefits greater than that to which the person is entitled under this chapter, or under the employment security law of any state or of the federal government or of a foreign government, either personally or for any other person, shall be guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (2), (3), (6), and (7). The amount of the benefits incorrectly paid shall be the difference between the amount of benefits actually received and the amount which the person would have been entitled under state and federal law had the department been informed of all material facts.

(b) Any employing unit or any officer or agent of an employing unit or any other person who makes a false statement or representation knowing it to be false, or who knowingly fails to disclose a material fact, to prevent or reduce the payment of benefits to any individual entitled thereto, or to avoid becoming or remaining a subject employer or to avoid or reduce any contribution or other payment required from an employing unit under this chapter or under the employment security law of any state or of the federal government, or who willfully fails or refuses to make any such contributions or other payment at the time required shall be guilty of a gross misdemeanor unless the benefit underpayment, contribution, or other payment involved exceeds \$250, in which event the person is guilty of a felony.

(c) Any person who willfully fails to produce or permit the inspection or copying of books, papers, records, or memoranda as required or when requested under section 268.12, subdivision 8, or to furnish any required reports other than contribution reports shall be guilty of a gross misdemeanor.

Sec. 4. [325F81] [REPLICA FIREARMS; WARNING LABEL.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "replica firearm" means a device or object that is not defined as a dangerous weapon, and that is a facsimile or toy version of, and reasonably appears to be a pistol, revolver, shotgun, sawed-off shotgun, rifle, machine gun, rocket launcher, or any other firearm.*

*Subd. 2. [WARNING LABEL REQUIRED.] A person may not in the*

*regular course of business offer for sale or sell a replica firearm unless it bears a warning label complying with this section. The warning label must be affixed at the time of packaging to the replica firearm, or to the package or box containing the replica firearm, so that it is clearly visible to the buyer.*

*Subd. 3. [LABEL REQUIREMENTS.] The word "warning" must be printed clearly on the label in upper case letters that measure at least one-half inch in size centered over the body copy of the actual warning. The warning label copy must be printed in letters that measure at least 3/32 of an inch in size. The warning label must be printed in ink that strongly contrasts with the background. The warning label must state the criminal penalties under state law that may arise from use of the replica firearm, and describe the prohibited activities.*

*Subd. 4. [ENFORCEMENT.] This section may be enforced by the attorney general under section 8.31, but a court may not impose a civil penalty of more than \$500 for a violation of this section.*

Sec. 5. Minnesota Statutes 1986, section 609.245, is amended to read:  
609.245 [AGGRAVATED ROBBERY.]

Whoever, while committing a robbery, is armed with a dangerous weapon or any article used or fashioned in a manner to lead the victim to reasonably believe it to be a dangerous weapon, or inflicts bodily harm upon another, is guilty of aggravated robbery and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$35,000, or both.

Sec. 6. Minnesota Statutes 1986, section 609.487, subdivision 3, is amended to read:

*Subd. 3. [FLEEING AN OFFICER.] Whoever by means of a motor vehicle flees or attempts to flee a peace officer who is acting in the lawful discharge of an official duty, and the perpetrator knows or should reasonably know the same to be a peace officer, may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both. Whoever violates this subdivision a second or subsequent time is guilty of a felony and may be sentenced to imprisonment for not more than one year and one day or to payment of a fine of not more than \$3,000, or both.*

Sec. 7. Minnesota Statutes 1987 Supplement, section 609.52, subdivision 3, is amended to read:

*Subd. 3. [SENTENCE.] Whoever commits theft may be sentenced as follows:*

(1) to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the value of the property or services stolen is more than \$35,000 and the conviction is for a violation of subdivision 2, clause (3), (4), (15), or (16); or

(2) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the value of the property or services stolen exceeds \$2,500, or if the property stolen was a controlled substance listed in schedule 1 or 2 pursuant to section 152.02 with the exception of marijuana; or

(3) to imprisonment for not more than five years or to payment of a fine



of not more than \$10,000, or both, if:

(a) the value of the property or services stolen is more than \$500 but not more than \$2,500; or

(b) the property stolen was a controlled substance listed in schedule 3, 4, or 5 pursuant to section 152.02; or

(c) the value of the property or services stolen is more than \$200 but not more than \$500 and the person has been convicted within the preceding five years for an offense under this section, section 256.98; 268.18, *subdivision 3*; 609.24; 609.245; 609.53; 609.582, *subdivision 1, 2, or 3*; 609.625; 609.63; 609.631; or 609.821, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; or

(4) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, notwithstanding the value of the property or services stolen is not more than \$200, if any of the following circumstances exist:

(a) the property is taken from the person of another or from a corpse, or grave or coffin containing a corpse; or

(b) the property is a record of a court or officer, or a writing, instrument or record kept, filed or deposited according to law with or in the keeping of any public officer or office; or

(c) the property is taken from a burning building or upon its removal therefrom, or from an area of destruction caused by civil disaster, riot, bombing, or the proximity of battle; or

(d) the property consists of public funds belonging to the state or to any political subdivision or agency thereof; or

(e) the property is a firearm; or

(f) the property stolen was a motor vehicle as defined in section 609.55; or

(5) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the property stolen is an article representing a trade secret; or if the property stolen is an explosive or an incendiary device; or

(6) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the value of the property or services stolen is more than \$200 but not more than \$500; or

(7) in all other cases where the value of the property or services stolen is \$200 or less, to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both, provided, however, in any prosecution under clauses (1), (2), (3), (4), and (13) of *subdivision 2* the value of the money or property or services received by the defendant in violation of any one or more of the above provisions within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this *subdivision*; provided that when two or more offenses are committed by the same person in two or more counties, the accused

may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

Sec. 8. Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purpose of this section, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation in connection with a designated offense and includes, but is not limited to, motor vehicles, trailers, snowmobiles, airplanes, and vessels. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Primary container" means a fundamental receptacle other than a conveyance device used to store or transport property.

(c) "Weapon used" means weapons used in the furtherance of a crime and defined as a dangerous weapon under section 609.02, subdivision 6.

(d) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(e) "Contraband property" means property which is illegal to possess under Minnesota law.

(f) "Appropriate agency" means either the bureau of criminal apprehension, Minnesota state patrol, county sheriffs and their deputies, or city police departments.

(g) "Designated offense" includes:

(1) For weapons used: any violation of this chapter;

(2) For all other purposes: violation of, or an attempt or conspiracy to violate, section 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.322, subdivision 1 or 2; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.521; 609.525; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.631; section 609.671, subdivisions 3, 4, and 5; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; or 617.246, when the violation constitutes a felony.

(h) "Communications device or component" means a device or system used to facilitate in any manner the creation, storage, dissemination, or transmission of data in connection with a designated offense and includes computers and computer-related components as defined in section 609.87 and any other device or system that by means of electric, electronic or magnetic impulses may be used to facilitate in any manner the creation, storage, dissemination, or transmission of data.

Sec. 9. Minnesota Statutes 1986, section 609.582, subdivision 1, is amended to read:

Subdivision 1. [BURGLARY IN THE FIRST DEGREE.] Whoever enters a building without consent and with intent to commit a crime, *or enters a building without consent and commits a crime while in the building*, commits burglary in the first degree and may be sentenced to imprisonment

for not more than 20 years or to payment of a fine of not more than \$35,000, or both, if:

(a) the building is a dwelling and another person not an accomplice is present in it;

(b) the burglar possesses, *when entering or at any time while in the building, any of the following*: a dangerous weapon, any article used or fashioned in a manner to lead the victim to reasonably believe it to be a dangerous weapon, or an explosive ~~when entering or at any time while in the building~~; or

(c) the burglar assaults a person within the building *or on the building's appurtenant property*.

Sec. 10. Minnesota Statutes 1986, section 609.582, subdivision 2, is amended to read:

Subd. 2. [BURGLARY IN THE SECOND DEGREE.] Whoever enters a building without consent and with intent to commit a crime, *or enters a building without consent and commits a crime while in the building*, commits burglary in the second degree 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, if:

(a) the building is a dwelling;

(b) the portion of the building entered contains a banking business or other business of receiving securities or other valuable papers for deposit or safekeeping and the entry is with force or threat of force;

(c) the portion of the building entered contains a pharmacy or other lawful business or practice in which controlled substances are routinely held or stored, and the entry is forcible; or

(d) when entering or while in the building, the burglar possesses a tool to gain access to money or property.

Sec. 11. Minnesota Statutes 1986, section 609.582, subdivision 3, is amended to read:

Subd. 3. [BURGLARY IN THE THIRD DEGREE.] Whoever enters a building without consent and with intent to steal or commit any felony or gross misdemeanor *while in the building, or enters a building without consent and steals or commits a felony or gross misdemeanor while in the building*, commits burglary in the third degree 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.

Sec. 12. Minnesota Statutes 1986, section 609.582, subdivision 4, is amended to read:

Subd. 4. [BURGLARY IN THE FOURTH DEGREE.] Whoever enters a building without consent and with intent to commit a misdemeanor other than to steal, *or enters a building without consent and commits a misdemeanor other than to steal while in the building*, commits burglary in the fourth degree and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

Sec. 13. Minnesota Statutes 1986, section 609.59, is amended to read:

609.59 [POSSESSION OF BURGLARY OR THEFT TOOLS.]

Whoever has in possession any device, explosive, or other instrumentality with intent to use or permit the use of the same to commit burglary or theft 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.

Sec. 14. Minnesota Statutes 1987 Supplement, section 609.631, subdivision 4, is amended to read:

Subd. 4. [SENTENCING.] A person who is convicted under subdivision 2 or 3 may be sentenced as follows:

(1) to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the forged check or checks are used to obtain or in an attempt to obtain, property or services of more than \$35,000 or the aggregate amount of the forged check or checks is more than \$35,000;

(2) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the forged check or checks are used to obtain or in an attempt to obtain, property or services of more than \$2,500 or the aggregate amount of the forged check or checks is more than \$2,500;

(2) (3) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if:

(a) the forged check or checks are used to obtain or in an attempt to obtain, property or services of more than \$200 but not more than \$2,500, or the aggregate face amount of the forged check or checks is more than \$200 but not more than \$2,500; or

(b) the forged check or checks are used to obtain or in an attempt to obtain, property or services of no more than \$200, or have an aggregate face value of no more than \$200, and the person has been convicted within the preceding five years for an offense under this section, section 609.24; 609.245; 609.52; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; or 609.821, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; and

(3) (4) to imprisonment for not more than one year or to a fine of not more than \$3,000, or both, if the forged check or checks are used to obtain or in an attempt to obtain, property or services of no more than \$200, or the aggregate face amount of the forged check or checks is no more than \$200.

In any prosecution under this subdivision, the value of the checks forged or offered by the defendant in violation of this subdivision within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the checks was forged or offered for all of the offenses aggregated under this paragraph.

Sec. 15. Minnesota Statutes 1986, section 609.713, is amended by adding a subdivision to read:

Subd. 3. (a) *Whoever displays, exhibits, brandishes, or otherwise employs*

a replica firearm in a threatening manner, may be sentenced to imprisonment for not more than one year and one day or to payment of a fine of not more than \$3,000, or both, if, in doing so, the person either:

(1) causes or attempts to cause terror in another person; or

(2) acts in reckless disregard of the risk of causing terror in another person.

(b) For purposes of this subdivision, "replica firearm" means a device or object that is not defined as a dangerous weapon, and that is a facsimile or toy version of, and reasonably appears to be a pistol, revolver, shotgun, sawed-off shotgun, rifle, machine gun, rocket launcher, or any other firearm.

Sec. 16. Minnesota Statutes 1987 Supplement, section 609.821, subdivision 3, is amended to read:

Subd. 3. [SENTENCE.] A person who commits financial transaction card fraud may be sentenced as follows:

(1) for a violation of clause (1), (2), (5), or & (8) of subdivision 2:

(i) to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both, if the value of the property the person obtained or attempted to obtain was more than \$35,000, or the aggregate amount of the transactions under this subdivision was more than \$35,000; or

(ii) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if the value of the property the person obtained or attempted to obtain was more than \$2,500, or the aggregate amount of the transactions under this subdivision was more than \$2,500; or

~~(iii)~~ (iii) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the value of the property the person obtained or attempted to obtain was more than \$200 but not more than \$2,500, or the aggregate amount of the transactions under this subdivision was more than \$200 but not more than \$2,500; or

~~(iii)~~ (iv) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the value of the property the person obtained or attempted to obtain was not more than \$200, or the aggregate amount of the transactions under this subdivision was not more than \$200, and the person has previously been convicted within the preceding five years for an offense under this section, section 609.24; 609.245; 609.52; 609.53; 609.582, subdivision 1, 2, or 3; 609.625; 609.63; or 609.631, or a statute from another state in conformity with any of those sections, and the person received a felony or gross misdemeanor sentence for the offense, or a sentence that was stayed under section 609.135 if the offense to which a plea was entered would allow imposition of a felony or gross misdemeanor sentence; or

~~(iv)~~ (v) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the value of the property the person obtained or attempted to obtain was not more than \$200, or the aggregate amount of the transactions under this subdivision was not more than \$200; and

~~(v)~~ (vi) in any prosecution under clauses (i) to ~~(iv)~~ (v), the value of the

transactions made or attempted within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the card transactions occurred for all of the transactions aggregated under this paragraph;

(2) for a violation of clause (3) or (4) of subdivision 2, to imprisonment for not more than three years or to payment of a fine of not more than \$5,000, or both; or

(3) for a violation of clause (6) or (7) of subdivision 2:

(i) if no property, other than a financial transaction card, has been obtained by the defendant by means of the false statement or false report, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(ii) if property, other than a financial transaction card, is so obtained, in the manner provided in clause (1)."

Renumber the remaining sections in sequence

Correct the internal references

Page 7, line 30, delete "must" and insert "may"

Page 7, after line 32, insert:

"Sec. 20. Minnesota Statutes 1987 Supplement, section 628.26, is amended to read:

628.26 [LIMITATIONS.]

(a) Indictments or complaints for murder may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for violation of section 609.42, subdivision 1, clause (1) or (2) shall be found or made and filed in the proper court within six years after the commission of the offense.

(c) Indictments or complaints for violation of sections 609.342 to 609.345 if the victim was under the age of 18 years at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense.

(d) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, clause ~~(3)(d)~~ (3)(c) shall be found or made and filed in the proper court within six years after the commission of the offense.

(e) Indictments or complaints for violation of section 609.52, subdivision 2, clause (3), items (a) ~~to~~ ~~(e)~~ and (b), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than \$35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(f) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(g) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of

the offense; but the time during which the defendant shall not be an inhabitant of, or usually resident within, this state, shall not constitute any part of the limitations imposed by this section.

Sec. 21. [EFFECTIVE DATE.]

Section 4 is effective January 30, 1989. Sections 2 to 16, and section 20 are effective August 1, 1988, and apply to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; requiring certain driver's manual information; requiring a warning label on replica firearms; expanding the crimes of burglary and aggravated robbery; enhancing penalties for persons who flee a police officer a second or subsequent time; creating the felony offense of terrorizing with a replica firearm; making certain technical corrections to theft and theft-related offenses; requiring local governments to establish pursuit procedures and training requirements; requiring reporting of police pursuits to the department of public safety; amending Minnesota Statutes 1986, sections 171.13, by adding a subdivision; 609.245; 609.487, subdivision 3; 609.582, subdivisions 1, 2, 3, and 4; 609.59; 609.713, by adding a subdivision; 626.843, subdivision 1; and 626.845, subdivision 1; Minnesota Statutes 1987 Supplement, sections 256.98, subdivision 1; 268.18, subdivision 3; 609.52, subdivision 3; 609.531, subdivision 1; 609.631, subdivision 4; 609.821, subdivision 3; and 628.26; proposing coding for new law in Minnesota Statutes, chapters 325F and 626."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Ember D. Reichgott, Jim Ramstad, Allan H. Spear

House Conferees: (Signed) Gloria M. Segal, Randy C. Kelly, Arthur W. Seaberg

Ms. Reichgott moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1821 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1821 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	McQuaid	Pogemiller
Anderson	Decker	Johnson, D.J.	Mehrkens	Ramstad
Beckman	DeCramer	Jude	Merriam	Reichgott
Belanger	Dicklich	Knaak	Metzen	Renneke
Bernhagen	Diessner	Knutson	Moe, D.M.	Samuelson
Bertram	Frank	Kroening	Novak	Schmitz
Brandl	Frederick	Laidig	Olson	Solon
Brataas	Frederickson, D.J.	Lantry	Pehler	Spear
Chmielewski	Frederickson, D.R.	Larson	Peterson, D.C.	Storm
Cohen	Freeman	Luther	Peterson, R.W.	Taylor
Dahl	Gustafson	Marty	Piper	Vickerman

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Luther moved that the Senate take up the Special Orders Calendar. The motion prevailed.

### SPECIAL ORDER

H.F. No. 2008: A bill for an act relating to elections; clarifying certain public campaign financing limits; amending Minnesota Statutes 1986, section 10A.25, subdivision 10; Minnesota Statutes 1987 Supplement, sections 10A.255, subdivision 1; 10A.32, subdivision 3; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b.

Mr. Marty moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 1, delete section 1 and insert:

“Section 1. Minnesota Statutes 1986, section 10A.15, is amended by adding a subdivision to read:

*Subd. 3b. [BY INDIVIDUAL MEMBERS OF POLITICAL FUND OR COMMITTEE.] Contributions made to a candidate or principal campaign committee by individual members of a political fund or committee that are solicited by the political fund or committee must be reported as attributable to the political fund or committee and count toward the contribution limits of that fund or committee specified in section 10A.27, if the political fund or committee was organized primarily to solicit or direct the contributions of its members and to influence the nomination or election of a candidate. The term “individual members” as used in this subdivision means a person or entity who participates in or in any manner contributes financially or otherwise to the activities of the political fund or committee.*

Sec. 2. Minnesota Statutes 1986, section 10A.25, subdivision 10, is amended to read:

Subd. 10. The expenditure limits imposed by this section apply only to candidates *whose opponents agree to be bound by the limits and who themselves agree to be bound by the limits as a condition of receiving a public subsidy for their campaigns in the form of:*

- (a) An allocation of money from the state elections campaign fund; or
- (b) Credits against the tax due of individuals who contribute to that candidate.

*A candidate who agrees to be bound by the limits and receives a public subsidy, who has an opponent who does not agree to be bound by the limits but is otherwise eligible to receive a public subsidy, is no longer bound by the limits but is still eligible to receive a public subsidy. Money from the general account refused by a candidate who has not signed an agreement to be bound by the expenditure limits must be distributed to the other candidates for the same office in the district who have signed an agreement to be bound by the limits and are eligible to receive money from the general*



*account."*

Page 2, after line 11, insert:

"Sec. 4. Minnesota Statutes 1986, section 10A.31, subdivision 5, is amended to read:

Subd. 5. In each calendar year the moneys in each party account and the general account shall be allocated to candidates as follows:

- (1) 21 percent for the offices of governor and lieutenant governor together;
- (2) 3.6 percent for the office of attorney general;
- (3) 1.8 percent each for the offices of secretary of state, state auditor and state treasurer;
- (4) In each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator and 46-2/3 percent for the office of state representative;
- (5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative;

(6) To assure that moneys will be returned to the counties from which they were collected, and to assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts, moneys from the party accounts for legislative candidates shall be distributed as follows:

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive money from the candidate's party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula;

For each county within the candidate's district the candidate's share of the dollars allocated in that county to the candidate's party account and set aside for that office shall be:

(a) The sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general election for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, amounts in the party's account shall be allocated based on (a) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (b) the number of the people voting in that county in the last general election, multiplied by (c) the amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

In a year in which the first election after a legislative reapportionment is held, "the candidate's district" means the newly drawn district, and voting data from the last general election will be applied to the area encompassing the newly drawn district notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party shall be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (a) and (b). The average vote shall be added to the sums in clauses (a) and (b) before the calculation is made for all districts in the county.

Money from a party account not distributed to candidates for state senator and representative in any election year shall be returned to the general fund of the state. Money from a party account not distributed to candidates for other offices in an election year shall be returned to the party account for reallocation to candidates as provided in clauses (1) to (6) of this subdivision in the following year. ~~Money~~ Money from the general account refused by ~~any~~ a candidate ~~shall~~ who has signed an agreement to be bound by the expenditure limits must be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision. *Money from the general account refused by a candidate who has not signed an agreement to be bound by the expenditure limits must be distributed to the other candidates for the same office in the district who have signed an agreement to be bound by the limits and are eligible to receive money from the general account.*

Renumber the sections in sequence

Amend the title accordingly

Mr. Storm questioned whether the amendment was germane. The President ruled that the amendment was germane.

### CALL OF THE SENATE

Mr. Marty imposed a call of the Senate for the balance of the proceedings on H.F. No. 2008. The Sergeant at Arms was instructed to bring in the absent members.

Mr. Frederick moved to amend the Marty amendment to H.F. No. 2008 as follows:

Page 2, line 4, after "district" insert "*other than an incumbent of that office*"

Page 4, line 26, after "district" insert "*other than an incumbent for the*

same office”

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 27 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Gustafson	McQuaid	Samuelson
Belanger	Chmielewski	Johnson, D.E.	Mehrkens	Storm
Benson	Dahl	Knaak	Olson	Taylor
Berg	Decker	Knutson	Pogemiller	
Bernhagen	Frederick	Laidig	Ramstad	
Bertram	Frederickson, D.R.	Larson	Renneke	

Those who voted in the negative were:

Adkins	Frank	Langseth	Novak	Spear
Beckman	Frederickson, D.J.	Lantry	Pehler	Stumpf
Cohen	Freeman	Luther	Peterson, D.C.	Vickerman
Davis	Hughes	Marty	Peterson, R.W.	Wegscheid
DeCramer	Johnson, D.J.	Merriam	Piper	
Dicklich	Jude	Moe, R.D.	Reichgott	
Diessner	Kroening	Morse	Schmitz	

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

The question recurred on the adoption of the amendment of Mr. Marty.

The roll was called, and there were yeas 38 and nays 26, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Langseth	Novak	Schmitz
Beckman	Frank	Lantry	Pehler	Solon
Brandl	Frederickson, D.J.	Luther	Peterson, D.C.	Spear
Chmielewski	Freeman	Marty	Peterson, R.W.	Stumpf
Cohen	Hughes	Merriam	Piper	Vickerman
Davis	Johnson, D.J.	Metzen	Pogemiller	Wegscheid
DeCramer	Jude	Moe, R.D.	Purfeerst	
Dicklich	Kroening	Morse	Reichgott	

Those who voted in the negative were:

Anderson	Brataas	Johnson, D.E.	Mehrkens	Storm
Belanger	Dahl	Knaak	Moe, D.M.	Taylor
Benson	Decker	Knutson	Olson	
Berg	Frederick	Laidig	Ramstad	
Bernhagen	Frederickson, D.R.	Larson	Renneke	
Bertram	Gustafson	McQuaid	Samuelson	

The motion prevailed. So the amendment was adopted.

Mr. Laidig moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 3, line 14, after the period, insert “*The retained amount equal to 25 percent of the expenditure limits may only be spent on noncampaign disbursements.*”

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Knutson	Olson	Taylor
Belanger	Frederick	Laidig	Ramstad	
Benson	Frederickson, D.R.	Larson	Reichgott	
Bernhagen	Gustafson	McQuaid	Renneke	
Brataas	Johnson, D.E.	Merriam	Storm	

Those who voted in the negative were:

Adkins	DeCramer	Jude	Morse	Samuelson
Beckman	Dicklich	Kroening	Novak	Solon
Berg	Diessner	Langseth	Pehler	Spear
Bertram	Frank	Lantry	Peterson, D.C.	Stumpf
Brandl	Frederickson, D.J.	Luther	Peterson, R. W.	Vickerman
Cohen	Freeman	Marty	Piper	Wegscheid
Dahl	Hughes	Metzen	Pogemiller	
Davis	Johnson, D.J.	Moe, R.D.	Purfeerst	

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

Mr. Frederick moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 1, after line 10, insert:

“Section 1. [10A.065] [CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.]

*Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; REGULATION.] A registered lobbyist, political committee, or political fund may not make a contribution to a candidate for the state legislature or to the candidate's principal campaign committee or other political committee with a candidate's name or title other than the principal campaign committee of that candidate during a regular session of the legislature.*

*Subd. 2. [SOLICITATION PROHIBITED.] A candidate for the state legislature or the candidate's principal campaign committee or other political committee with a candidate's name or title other than the principal campaign committee of that candidate may not knowingly solicit a registered lobbyist, political committee, or political fund for a contribution during a regular session of the legislature.*

*Subd. 3. [PENALTY.] A candidate, registered lobbyist, political committee, or political fund that violates this section is subject to a civil fine of up to \$500. If the state ethical practices board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board shall bring an action, or transmit the finding to a county attorney who shall bring an action, in the district court of Ramsey county, to impose a civil fine as prescribed by the board. Fines paid under this section must be deposited in the general fund in the state treasury.*

*Subd 4. [SPECIAL ELECTION.] This section does not apply to candidates in a legislative special election.*

*Subd. 5. [POLITICAL COMMITTEE.] This section does not apply to a political committee established by a political party as defined in section 10A.27, subdivision 4.”*

Re-number the sections in sequence

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 32, as follows:

Those who voted in the affirmative were:

Anderson	Brandl	Frederickson, D.R.	Knutson	Pehler
Beckman	Brataas	Gustafson	Laidig	Ramstad
Belanger	Cohen	Hughes	Larson	Renneke
Benson	Dahl	Johnson, D.E.	McQuaid	Storm
Berg	Decker	Jude	Mehrkens	Taylor
Bernhagen	Frederick	Knaak	Olson	Vickerman

Those who voted in the negative were:

Adkins	Frank	Marty	Peterson, R.W.	Solon
Bertram	Frederickson, D.J.	Merriam	Piper	Spear
Chmielewski	Freeman	Metzen	Pogemiller	Stumpf
Davis	Johnson, D.J.	Moe, R.D.	Purfeerst	Wegscheid
DeCramer	Langseth	Morse	Reichgott	
Dicklich	Lantry	Novak	Samuelson	
Diessner	Luther	Peterson, D.C.	Schmitz	

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

Mr. Frank moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 2, line 25, strike "in excess of 25 percent"

Page 2, strike line 26

Page 2, line 27, strike "exceeding \$15,000,"

Page 2, line 29, after the period, insert "*The agreement must also state that, except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding \$15,000, any amount by which the aggregate contributions and approved expenditures agreed to under clause (b) exceed the difference shall be returned to the state treasurer in the manner provided in subdivision 2.*"

The motion prevailed. So the amendment was adopted.

Mr. Pogemiller moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 1, after line 10, insert:

"ARTICLE 1"

Page 4, after line 2, insert:

"ARTICLE 2

Section 1. [CONSTITUTIONAL AMENDMENT.]

*An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted,*

*Article V, section 1, will read:*

Section 1. The executive department consists of a governor, lieutenant governor, secretary of state, auditor, ~~treasurer~~ and attorney general, who shall be chosen by the electors of the state. The governor and lieutenant governor shall be chosen jointly by a single vote applying to both offices in a manner prescribed by law.

*Article V, section 3, will read:*

Sec. 3. The governor shall communicate by message to each session of the legislature information touching the state and country. He is commander-in-chief of the military and naval forces and may call them out to execute the laws, suppress insurrection and repel invasion. He may require the opinion in writing of the principal officer in each of the executive departments upon any subject relating to his duties. With the advice and consent of the senate he may appoint notaries public and other officers provided by law. He may appoint commissioners to take the acknowledgment of deeds or other instruments in writing to be used in the state. He shall take care that the laws be faithfully executed. He shall fill any vacancy that may occur in the offices of secretary of state, ~~treasurer~~, auditor, attorney general and the other state and district offices hereafter created by law until the end of the term for which the person who had vacated the office was elected or the first Monday in January following the next general election, whichever is sooner, and until a successor is chosen and qualified.

*Article V, section 4, will read:*

Sec. 4. The term of office of the secretary of state, ~~treasurer~~, attorney general and state auditor is four years and until a successor is chosen and qualified. The duties and salaries of the executive officers shall be prescribed by law.

*Article VIII, section 2, will read:*

Sec. 2. The governor, secretary of state, ~~treasurer~~, auditor, attorney general and the judges of the supreme court, court of appeals and district courts may be impeached for corrupt conduct in office or for crimes and misdemeanors; but judgment shall not extend further than to removal from office and disqualification to hold and enjoy any office of honor, trust or profit in this state. The party convicted shall also be subject to indictment, trial, judgment and punishment according to law.

*Article XI, section 7, will read:*

Sec. 7. Public debt other than certificates of indebtedness authorized in section 6 shall be evidenced by the issuance of bonds of the state. All bonds issued under the provisions of this section shall mature not more than 20 years from their respective dates of issue and each law authorizing the issuance of bonds shall distinctly specify the purposes thereof and the maximum amount of the proceeds authorized to be expended for each purpose. The ~~state treasurer~~ ~~auditor~~ shall maintain a separate and special state bond fund on his official books and records. When the full faith and credit of the state has been pledged for the payment of bonds, the ~~state~~ auditor shall levy each year on all taxable property within the state a tax sufficient with the balance then on hand in the fund to pay all principal and interest on bonds issued under this section due and to become due within the ensuing year and to and including July 1 in the second ensuing year. The legislature by law may appropriate funds from any source to the state bond fund. The amount of money actually received and on hand pursuant to appropriations prior to the levy of the tax in any year shall be used to reduce the amount of tax otherwise required to be levied.

*Article XI, section 8, will read:*

Sec. 8. The permanent school fund of the state consists of (a) the proceeds of lands granted by the United States for the use of schools within each

township, (b) the proceeds derived from swamp lands granted to the state, (c) all cash and investments credited to the permanent school fund and to the swamp land fund, and (d) all cash and investments credited to the internal improvement land fund and the lands therein. No portion of these lands shall be sold otherwise than at public sale, and in the manner provided by law. All funds arising from the sale or other disposition of the lands, or income accruing in any way before the sale or disposition thereof, shall be credited to the permanent school fund. Within limitations prescribed by law, the fund shall be invested to secure the maximum return consistent with the maintenance of the perpetuity of the fund. The principal of the permanent school fund shall be perpetual and inviolate forever. This does not prevent the sale of investments at less than the cost to the fund; however, all losses not offset by gains shall be repaid to the fund from the interest and dividends earned thereafter. The net interest and dividends arising from the fund shall be distributed to the different school districts of the state in a manner prescribed by law.

A board of investment consisting of the governor, the state auditor, ~~the state treasurer~~, the secretary of state, and the attorney general is hereby constituted for the purpose of administering and directing the investment of all state funds. The board shall not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or the issuer's agent.

Sec. 2. [SCHEDULE AND QUESTION.]

*The proposed amendment shall be submitted at the 1988 general election. The question proposed shall be:*

*"Shall the Minnesota Constitution be amended to eliminate the office of state treasurer?"*

Yes . . . . .

No . . . . . "

Sec. 3. [POWERS AND DUTIES TRANSFERRED.]

*All the powers, duties, and responsibilities assigned by statute to the state treasurer are transferred to the commissioner of finance.*

Sec. 4. [EFFECTIVE DATE.]

*Section 3 is effective the first Monday in January, 1991, if the amendment proposed under section 2 has been adopted in accordance with the Minnesota Constitution, article IX, section 1."*

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2008 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. Frank moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 26 and nays 36, as follows:

Those who voted in the affirmative were:

Adkins	Freeman	Lantry	Peterson, D.C.	Spear
Brandl	Hughes	Luther	Piper	Wegscheid
Chmielewski	Johnson, D.I.	Marty	Pogemiller	
Cohen	Jude	Metzen	Purfeerst	
DeCramer	Kroening	Moe, R.D.	Schmitz	
Dicklich	Langseth	Novak	Solon	

Those who voted in the negative were:

Anderson	Davis	Johnson, D.E.	Morse	Storm
Beckman	Decker	Knaak	Olson	Stumpf
Benson	Diessner	Knutson	Pehler	Taylor
Berg	Frank	Laidig	Peterson, R.W.	Vickerman
Bernhagen	Frederick	Larson	Ramstad	
Bertram	Frederickson, D.J.	McQuaid	Reichgott	
Brataas	Frederickson, D.R.	Mehrkens	Renneke	
Dahl	Gustafson	Merriam	Samuelson	

So the bill, as amended, failed to pass.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 63, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 63: A bill for an act relating to motor vehicles; providing that passenger automobile license plates be issued for a six-year period; providing for license plate replacement fees; amending Minnesota Statutes 1986, section 168.12, subdivisions 1, 2a, and 5; repealing Minnesota Statutes 1986, section 168.12, subdivisions 3 and 4.

Senate File No. 63 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 20, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2565, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2565: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; amending Minnesota Statutes 1986, section 84B.11, subdivision 2.

Senate File No. 2565 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 20, 1988



Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1749, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1749 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 1749

A bill for an act relating to transportation; increasing the tax on gasoline and special fuel to 20 cents per gallon; increasing the share of motor vehicle excise tax revenues dedicated to highways and transit to 35 percent; amending Minnesota Statutes 1986, section 296.02, subdivision 1b; and Minnesota Statutes 1987 Supplement, sections 296.025, subdivisions 2a and 2b; and 297B.09, subdivision 1.

April 20, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 1749, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 1749 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 296.02, subdivision 1b, is amended to read:

Subd. 1b. [RATES IMPOSED.] The gasoline excise tax is imposed at the following rate:

(a) For the period beginning on the first day of the month following the month of final enactment of Laws 1983, chapter 17, or on the first day of the second month following the month of final enactment of Laws 1983, chapter 17 if the date of final enactment of Laws 1983, chapter 17 is within 15 days of the end of the month, and ending December 31, 1983, gasoline is taxed at the rate of 16 cents per gallon.

(b) For the period on and after January 1, 1984, May 1, 1988, gasoline is taxed at the rate of 17 20 cents per gallon.

Sec. 2. Minnesota Statutes 1987 Supplement, section 296.025, subdivision 2a, is amended to read:

Subd. 2a. [TAX IMPOSED FOR RAILROAD USE.] There is imposed an excise tax of, at the same rate of 17 cents per gallon as the gasoline

~~excise tax~~ on special fuel used to propel trains in this state and not otherwise taxed as gasoline. The tax shall be computed by using the same method as the gasoline excise tax *imposed for railroad use under section 296.02, subdivision 2a*, and shall be payable at the times, in the manner, and by the persons specified in this chapter.

Sec. 3. Minnesota Statutes 1987 Supplement, section 296.025, subdivision 2b, is amended to read:

Subd. 2b. [TAX IMPOSED FOR BARGE USE.] There is imposed an excise tax ~~of~~, *at the same rate of 17 cents per gallon as the gasoline excise tax on special fuel used to propel barges in this state and not otherwise taxed as gasoline. The tax shall be computed by using the same method as the gasoline excise tax *imposed for barge use under section 296.02, subdivision 2b*, and shall be payable at the times, in the manner, and by the persons specified in this chapter.*

Sec. 4. Minnesota Statutes 1986, section 296.026, subdivision 2, as amended by Laws 1988, chapter 450, section 4, is amended to read:

Subd. 2. [PERMIT FEES IMPOSED.] The fees for annual alternate fuel permits are based on each vehicle's mileage in the preceding year and are as follows:

Gross Vehicle Weight	Fee
Under 6,000 pounds	<del>\$7.50</del> \$8.80 per 1,000 miles
6,001 - 12,000 pounds	<del>\$ 9</del> \$10.60 per 1,000 miles
12,001 - 18,000 pounds	<del>\$16</del> \$18.80 per 1,000 miles
18,001 - 26,000 pounds	<del>\$23</del> \$27.10 per 1,000 miles
26,001 - 36,000 pounds	<del>\$27</del> \$31.80 per 1,000 miles
Over 36,000 pounds	<del>\$34</del> \$40.00 per 1,000 miles

A log with validating receipts pertaining to the vehicle's out of state mileage may be supplied to the commissioner of public safety at the time of permit application to be subtracted from the actual mileage for the purpose of calculating the permit fee. If no true cumulative mileage figures are available for the preceding year, the fee charged under this section must be based on 15,000 miles driven within the state.

The fee for a permit required by this section must be calculated based on the number of unexpired months remaining in the registration year of the vehicle as measured from the date of the occurrence of the event requiring the permit.

Sec. 5. Minnesota Statutes 1987 Supplement, section 297B.09, subdivision 1, is amended to read:

Subdivision 1. [GENERAL FUND SHARE.] (a) Money collected and received under this chapter must be deposited in the state treasury and credited to the general fund. The amounts collected and received shall be credited ~~to the highway user tax distribution fund and the transit assistance fund~~ as provided in this subdivision, and transferred from the general fund on July 15 and January 15 of each fiscal year. The commissioner of finance must make each transfer based upon the actual receipts of the preceding six calendar months and include the interest earned during that six-month period. The commissioner of finance may establish a quarterly or other schedule providing for more frequent payments to the transit assistance fund if the commissioner determines it is necessary or desirable to provide for the cash flow needs of the recipients of money from the transit *assistance*

fund.

*Five (b) Thirty percent of the money collected and received under this chapter after June 30, 1988, and before July 1, 1991, must be deposited in the highway user tax distribution fund and the transit assistance fund for apportionment as provided in this section. Of the money deposited under this section, follows: 75 percent 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, and the remaining 25 percent of the money must be credited to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state and to the regional transit board.*

*(c) Thirty percent of the money collected and received under this chapter after June 30, 1991, must be deposited in the trunk highway fund and the transit assistance fund for apportionment as follows: 75 percent must be credited to the trunk highway fund and the remaining 25 percent must be credited to the transit assistance fund.*

*(b) (d) The distributions under this subdivision to the highway user tax distribution fund until June 30, 1991, and to the trunk highway fund thereafter, must be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, the commissioner of finance, before making the transfers required on July 15 and January 15 of each year, shall estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the highway user tax distribution fund by the amount of that estimate. The commissioner shall reduce the estimate for any six-month period by the amount by which the estimate for the previous six-month period exceeded the amount needed to fund the appropriation under section 41A.09, subdivision 1, for that previous six-month period. If at any time during a six-month period in those fiscal years the amount of reduction in the transfer to the highway user tax distribution fund is insufficient to fund the appropriation under section 41A.09, subdivision 1 for that period, the commissioner shall transfer to the general fund from the highway user tax distribution fund an additional amount sufficient to fund the appropriation for that period, but the additional amount so transferred to the general fund in a six-month period may not exceed the amount transferred to the highway user tax distribution fund for that six-month period.*

## Sec. 6. [TRANSPORTATION STUDY BOARD.]

*Subdivision 1. [BOARD CREATED; MEMBERSHIP] A transportation study board is created to consist of the following members:*

*(1) four members of the senate, with not more than three of the same political party, appointed by the senate committee on committees;*

*(2) four members of the house of representatives, with not more than three of the same political party, appointed by the speaker of the house;*

*(3) thirteen members appointed by the governor, with at least one member but not more than two members from each congressional district. The governor shall appoint members so that at least one member represents each of the following:*

*(i) business, commerce and industry;*

- (ii) labor;
- (iii) agriculture;
- (iv) tourism;
- (v) natural resources industries; and
- (vi) local government.

*Vacancies on the board shall be filled by the appointing authority. The board shall elect from among its members a chair, who must be a member of the legislature, and other officers as it deems necessary.*

*Subd. 2. [STUDIES.] (a) The board shall conduct a study of Minnesota's surface transportation needs into the 21st century and recommend a program for making transportation improvements to meet those needs.*

*(b) The board shall consider state policy toward highways, transit and rail service, including:*

- (1) state transportation goals and objectives;*
- (2) the present level of transportation service in Minnesota and the feasibility and desirability of alternative levels of service;*
- (3) how statewide and regional transportation planning is done and investment priorities determined, and whether changes are needed in these processes; and*
- (4) the extent to which the state should contribute financially to local and regional transportation activities.*

*(c) The board shall consider methods of providing more cost-effective transportation service, including:*

- (1) increased use of public-private partnerships;*
- (2) present and alternative methods of relating transportation expenditures to benefits;*
- (3) potential cost-saving measures in the department of transportation, including changes in department staffing levels; and*
- (4) departmental procedures for bid-letting and establishment of design standards.*

*(d) The board shall consider whether additional funding is required to accomplish transportation goals and objectives, and if so, desirable and feasible sources of revenue, including non-traditional sources.*

*Subd. 3. [COMPENSATION.] The compensation of nonlegislator members and their removal from office are as provided in Minnesota Statutes, section 15.059. Members who are legislators must be compensated in the same manner as for other legislative meetings. Compensation for legislators and nonlegislators must be paid from the appropriation in section 7, paragraph (a).*

*Subd. 4. [REPORTS.] The board shall make a preliminary report to the chairs of the senate and house committees on transportation, the senate committee on finance and the house committee on appropriations not later than March 15, 1989. The board shall make a final report to the legislature and governor on its findings and recommendations not later than January 15, 1991.*

*Subd. 5. [STAFF ASSISTANCE.] The commission may by contract obtain the services of consultants as it deems necessary, and all consultant contracts must be approved by the legislative coordinating commission. The board may obtain the assistance of the legislative auditor in carrying out its duties. The commissioners of transportation, administration, public safety and planning shall cooperate with the board in conducting its studies and provide assistance and information as the board requires.*

**Sec. 7. [APPROPRIATION.]**

*(a) \$300,000 is appropriated from the highway user tax distribution fund to the transportation study board for the purposes of section 6. This appropriation is available until January 15, 1991.*

*(b) \$11,933,000 is appropriated from the general fund for fiscal year 1989 for the purposes indicated. One-half of the amounts in clauses (1) and (2) must be transferred to the funds indicated on July 15, 1988, and one-half on January 15, 1989.*

<i>(1) To the highway user tax distribution fund</i>	<i>\$ 8,950,000</i>
<i>(2) To the transit assistance fund</i>	<i>2,983,000</i>

*(c) \$117,000,000 is appropriated to the commissioner of transportation for fiscal year 1989 for highway development. Of this amount:*

*\$71,900,000 is from the trunk highway fund;*

*\$34,600,000 is from the county state-aid highway fund; and*

*\$10,500,000 is from the municipal state-aid street fund.*

*In spending this appropriation, the commissioner shall give priority to highway projects that were programmed for 1988-1989 highway development but were deferred.*

*(d) \$4,800,000 is appropriated to the commissioner of transportation for fiscal year 1989 from the trunk highway fund for construction support.*

*(e) \$10,500,000 is appropriated to the commissioner of transportation for fiscal year 1989 from the trunk highway fund for program delivery.*

**Sec. 8. [REPEALER.]**

*Laws 1987, chapter 268, article 18, section 5, is repealed.*

**Sec. 9. [EFFECTIVE DATE.]**

*Sections 1, 2, and 3 are effective May 1, 1988, and apply to gasoline and special fuel in distributor storage on that date. Section 4 is effective May 1, 1988. Section 6 is effective the day following final enactment. Sections 5, 7, and 8 are effective July 1, 1988, except that the appropriation in section 7, paragraph (a), is effective the day following final enactment."*

Delete the title and insert:

**"A bill for an act relating to transportation; increasing the excise tax on gasoline and special fuel to 20 cents per gallon; increasing the fees for alternate fuel permits; providing for the distribution of motor vehicle excise tax revenue; creating a transportation study board; repealing the contingent income tax increase provision; appropriating money; amending Minnesota Statutes 1986, sections 296.02, subdivision 1b; and 296.026, subdivision 2, as amended; Minnesota Statutes 1987 Supplement, sections 296.025, subdivisions 2a and 2b; and 297B.09, subdivision 1; repealing Laws 1987,**

chapter 268, article 18, section 5.”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Henry J. Kalis, Bob Jensen, Bernard L. Lieder, Douglas W. Carlson, Arthur W. Seaberg

Senate Conferees: (Signed) Clarence M. Purfeerst, Gary M. DeCramer, LeRoy A. Stumpf, Marilyn M. Lantry, Keith Langseth

Mr. Purfeerst moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1749 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1749 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 40 and nays 23, as follows:

Those who voted in the affirmative were:

Beckman	Diessner	Langseth	Moe, R.D.	Reichgott
Berg	Frank	Lantry	Morse	Renneke
Bernhagen	Frederickson, D.J.	Lessard	Novak	Schmitz
Chmielewski	Frederickson, D.R.	Luther	Pehler	Solon
Dahl	Hughes	Marty	Peterson, D.C.	Stumpf
Davis	Johnson, D.E.	Mehrkens	Peterson, R.W.	Taylor
DeCramer	Johnson, D.J.	Merriam	Piper	Vickerman
Dicklich	Knutson	Metzen	Purfeerst	Wegscheid

Those who voted in the negative were:

Adkins	Brandl	Freeman	Laidig	Samuelson
Anderson	Brataas	Gustafson	Larson	Spear
Belanger	Cohen	Jude	McQuaid	Storm
Benson	Decker	Knaak	Olson	
Bertram	Frederick	Kroening	Ramstad	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2182, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2182 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1988

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2182**

A bill for an act proposing an amendment to the Minnesota Constitution, article XIII, section 5; permitting state-run lotteries; providing for the

distribution of their proceeds; establishing a Minnesota environment and natural resources trust fund; providing implementing legislation; creating a legislative commission, an advisory committee, and a review panel; providing for trust fund expenditures; amending Minnesota Statutes 1986, sections 86.72, subdivisions 2 and 3; and 290.431; Minnesota Statutes 1987 Supplement, sections 116C.69, subdivision 3; and 297.13, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 115C; repealing Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; 86.08; 86.10; 86.11; 86.12; 86.31; 86.32; 86.33, subdivision 1; 86.34; 86.35; 86.41; 86.42; 86.51; 86.53; 86.61; and 86.75.

April 20, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F No. 2182, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F No. 2182 be further amended as follows:

Delete everything after the enacting clause and insert:

“ARTICLE 1

Section 1. [CONSTITUTIONAL AMENDMENT PROPOSED; ENVIRONMENTAL AND NATURAL RESOURCES TRUST FUND.]

*Subdivision 1. [AMENDMENT.] The following amendment to the Minnesota Constitution, adding a section to article XI, is proposed to the people. If the amendment is adopted, the section will read as follows:*

*Sec. 14. A permanent Minnesota environment and natural resources trust fund is established in the state treasury. The principal of the environment and natural resources trust fund must be perpetual and inviolate forever, except appropriations may be made from up to 25 percent of the annual revenues deposited in the fund until fiscal year 1997 and loans may be made of up to five percent of the principal of the fund for water system improvements as provided by law. This restriction does not prevent the sale of investments at less than the cost to the fund, however, all losses not offset by gains shall be repaid to the fund from the earnings of the fund. The net earnings from the fund shall be appropriated in a manner prescribed by law for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources.*

*Subd. 2. [SUBMISSION TO VOTERS.] The proposed amendment must be submitted to the people at the 1988 general election. The question submitted shall be:*

*“Shall the Minnesota Constitution be amended to establish a Minnesota environment and natural resources trust fund for environmental, natural resource, and wildlife purposes?*

Yes . . . . .

No . . . . .”

Sec. 2. [CONSTITUTIONAL AMENDMENT; PROPOSED LOTTERY.]

*Subdivision 1. [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, *other than authorizing a lottery and sale of lottery tickets for a lottery operated by the state.*

*Subd. 2. [SUBMISSION TO VOTERS.] The proposed amendment shall be submitted to the people at the 1988 general election. The question submitted shall be:*

*“Shall the Minnesota Constitution be amended to permit the legislature to authorize a lottery operated by the state?”*

*Yes . . . . .*

*No . . . . .”*

Sec. 3. Minnesota Statutes 1986, section 88.80, subdivision 2, is amended to read:

Subd. 2. [PILOT PROJECT.] The commissioner shall establish an aspen recycling program pilot project in the highest priority area on state lands in order to develop effective program procedures and practices. With respect to the pilot project, the commissioner may restrict bidding on contracts for the cutting, removal, and disposal of aspens, and for related activities, to loggers and others residing in the pilot project area designated under the program that are financially distressed. The commissioner may establish standards and procedures for awarding logging contracts ~~under section 86.35, notwithstanding chapter 14,~~ relating to eligibility for employment for conservation work projects.

Sec. 4. Minnesota Statutes 1987 Supplement, section 116C.69, subdivision 3, is amended to read:

Subd. 3. [FUNDING; ASSESSMENT.] The board shall finance its base line studies, general environmental studies, development of criteria, inventory preparation, monitoring of conditions placed on site certificates and construction permits, and all other work, other than specific site and route designation, from an assessment made quarterly, at least 30 days before the start of each quarter, by the board against all utilities with annual retail kilowatt-hour sales greater than 4,000,000 kilowatt-hours in the previous calendar year.

Until June 30, 1992, the assessment shall also include an amount sufficient to cover 60 percent of the costs to the pollution control agency of achieving, maintaining, and monitoring compliance with the acid deposition control standard adopted under sections 116.42 to 116.45, reprinting informational booklets on acid rain, and costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. The director of the pollution control agency must prepare a work plan and budget and submit them annually by June 30 to the pollution control agency board. The agency board must take public testimony on the budget and work plan. After the agency board approves the work plan and budget they must be submitted annually to the legislative commission on ~~Minnesota resources~~ waste management for review and



recommendation before an assessment is levied. Each share shall be determined as follows: (1) the ratio that the annual retail kilowatt-hour sales in the state of each utility bears to the annual total retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.667, plus (2) the ratio that the annual gross revenue from retail kilowatt-hour sales in the state of each utility bears to the annual total gross revenues from retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.333, as determined by the board. The assessment shall be credited to the special revenue fund and shall be paid to the state treasury within 30 days after receipt of the bill, which shall constitute notice of said assessment and demand of payment thereof. The total amount which may be assessed to the several utilities under authority of this subdivision shall not exceed the sum of the annual budget of the board for carrying out the purposes of this subdivision plus 60 percent of the annual budget of the pollution control agency for achieving, maintaining, and monitoring compliance with the acid deposition control standard adopted under sections 116.42 to 116.45, for reprinting informational booklets on acid rain, and for costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the board and the pollution control agency for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 5. [116P01] [FINDINGS.]

*The legislature finds that all Minnesotans share the responsibility to ensure wise stewardship of the state's environment and natural resources for the benefit of current citizens and future generations. Proper management of the state's environment and natural resources includes and requires foresight, planning, and long-term activities that allow the state to preserve its high quality environment and provides for wise use of its natural resources. The legislature also finds that to undertake such activities properly, a long-term, consistent, and stable source of funding must be provided.*

Sec. 6. [116P02] [DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 5 to 17.*

*Subd. 2. [ADVISORY COMMITTEE.] "Advisory committee" means the advisory committee created in section 10.*

*Subd. 3. [BOARD.] "Board" means the state board of investment.*

*Subd. 4. [COMMISSION.] "Commission" means the Minnesota future resources commission.*

*Subd. 5. [NATURAL RESOURCES.] "Natural resources" includes the outdoor recreation system under section 86A.04 and regional recreation open space systems as defined under section 473.351, subdivision 1.*

*Subd. 6. [TRUST FUND.] "Trust fund" means the Minnesota environment and natural resources trust fund established under Minnesota Constitution, article XI, section 14.*

Sec. 7. [116P03] [TRUST FUND NOT TO SUPPLANT EXISTING FUNDING.]

*(a) The trust fund may not be used as a substitute for traditional sources*

*of funding environmental and natural resources activities, but the trust fund shall supplement the traditional sources, including those sources used to support the criteria in section 12, subdivision 1. The trust fund must be used primarily to support activities whose benefits become available only over an extended period of time.*

*(b) The commission must determine the amount of the state budget spent from traditional sources to fund environmental and natural resources activities before and after the trust fund is established and include a comparison of the amount in the report under section 13, subdivision 7.*

**Sec. 8. [116P04] [TRUST FUND ACCOUNT.]**

*Subdivision 1. [ESTABLISHMENT OF ACCOUNT AND INVESTMENT.] A Minnesota environment and natural resources trust fund, under article XI, section 14, of the Minnesota Constitution, is established as an account in the state treasury. The commissioner of finance shall credit to the trust fund the amounts authorized under this section and section 14. The state board of investment shall ensure that trust fund money is invested under section 11A.24. All money earned by the trust fund must be credited to the trust fund. The principal of the trust fund and any unexpended earnings must be invested and reinvested by the state board of investment.*

*Subd. 2. [LOTTERY PROCEEDS.] Through the first five full fiscal years, during which proceeds from the lottery are received, the commissioner of finance shall credit one-half of the net lottery proceeds from the state-operated lottery to the trust fund. Thereafter, the commissioner shall credit up to one-half, as determined by law each biennium, of the net proceeds from the state-operated lottery to the trust fund.*

*Subd. 3. [REVENUE.] Revenue collected in accordance with subdivision 2 must be deposited monthly in the trust fund account. Nothing in sections 5 to 16 limits the source of contributions to the trust fund.*

*Subd. 4. [GIFTS AND DONATIONS.] Gifts and donations, including land or interests in land, may be made to the trust fund. Noncash gifts and donations must be disposed of for cash as soon as the board prudently can maximize the value of the gift or donation. Gifts and donations of marketable securities may be held or be disposed of for cash at the option of the board. The cash receipts of gifts and donations of cash or capital assets and marketable securities disposed of for cash must be credited immediately to the principal of the trust fund. The value of marketable securities at the time the gift or donation is made must be credited to the principal of the trust fund and any earnings from the marketable securities are earnings of the trust fund.*

*Subd. 5. [AUDITS REQUIRED.] (a) The commission shall select a certified public accountant annually to audit the trust fund. The audit must be given to the governor and the legislature and be available to the public.*

*(b) The legislative auditor shall audit trust fund expenditures to ensure that the money is spent for the purposes provided in the commission's budget plan.*

**Sec. 9. [116P05] [MINNESOTA FUTURE RESOURCES COMMISSION.]**

*(a) A Minnesota future resources commission of 16 members is created, consisting of the chairs of the house and senate committees on environment and natural resources, the chairs of the house appropriations and senate*

finance committees, six members of the senate appointed by the subcommittee on committees of the committee on rules and administration, and six members of the house appointed by the speaker. The commission shall develop a budget plan for expenditures from the trust fund and shall adopt a strategic plan as provided in section 12.

(b) The commission shall recommend expenditures to the legislature from the Minnesota future resources account under section 17. At least two members from the senate and two members from the house must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

(c) Members shall appoint a chair who shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

(d) Members shall serve on the commission until their successors are appointed.

(e) Vacancies occurring on the commission shall not affect the authority of the remaining members of the commission to carry out their duties, and vacancies shall be filled in the same manner under paragraph (a).

(f) The commission may adopt bylaws and operating procedures to fulfill their duties under sections 5 to 17.

#### Sec. 10. [116P06] [ADVISORY COMMITTEE.]

(a) An advisory committee of 11 citizen members shall be appointed by the governor to advise the Minnesota future resources commission on project proposals to receive funding from the trust fund and the development of budget and strategic plans. The governor shall appoint at least one member from each congressional district. The governor shall appoint the chair.

(b) The governor's appointees must be confirmed with the advice and consent of the senate. The membership terms, compensation, removal, and filling of vacancies for citizen members of the advisory committee are governed by section 15.0575.

#### Sec. 11. [116P07] [RESOURCES CONGRESS.]

The commission must convene a resources congress at least once every biennium. The congress must be open to all interested individuals. The purpose of the congress is to collect public input necessary to allow the commission, with the advice of the advisory committee, to develop a strategic plan to guide expenditures from the trust fund. The congress also may be convened to receive and review reports on trust fund projects.

#### Sec. 12. [116P08] [TRUST FUND EXPENDITURES; EXCEPTIONS; PLANS.]

Subdivision 1. [EXPENDITURES.] Money in the trust fund may be spent only for:

(1) the reinvest in Minnesota program as provided in section 84.95, subdivision 2;

(2) research that contributes to increasing the effectiveness of protecting or managing the state's environment or natural resources;

(3) collection and analysis of information that assists in developing the state's environmental and natural resources policies;

(4) *enhancement of public education, awareness, and understanding necessary for the protection, conservation, restoration, and enhancement of air, land, water, forests, fish, wildlife, and other natural resources;*

(5) *capital projects for the preservation and protection of unique natural resources;*

(6) *activities that preserve or enhance fish, wildlife, and other natural resources that otherwise may be substantially impaired or destroyed in any area of the state;*

(7) *administrative and investment expenses incurred by the state board of investment in investing deposits to the trust fund; and*

(8) *administrative expenses subject to the limits in section 13.*

*Subd. 2. [EXCEPTIONS.] Money from the trust fund may not be spent for:*

(1) *purposes of environmental compensation and liability under chapter 115B and response actions under chapter 115C;*

(2) *purposes of municipal water pollution control under the authority of chapters 115 and 116, including combined sewer overflow under section 116.162;*

(3) *costs associated with the decommissioning of nuclear power plants;*

(4) *hazardous waste disposal facilities;*

(5) *solid waste disposal facilities; or*

(6) *projects or purposes inconsistent with the strategic plan.*

*Subd. 3. [STRATEGIC PLAN REQUIRED.] (a) The commission shall adopt a strategic plan for making expenditures from the trust fund, including identifying the priority areas for funding for the next six years. The reinvest in Minnesota program must be reviewed by the advisory committee, resources congress and commission during the development of the strategic plan. The strategic plan must be updated every two years. The plan is advisory only. The commission shall submit the plan, as a recommendation, to the house of representatives appropriations and senate finance committees by January 1 of each odd-numbered year.*

*(b) The advisory committee shall work with the resources congress to develop a draft strategic plan to be submitted to the commission for approval. The commission shall develop the procedures for the resources congress.*

*(c) The commission may accept or modify the draft of the strategic plan submitted to it by the advisory committee before voting on the plan's adoption.*

*Subd. 4. [BUDGET PLAN.] (a) Funding may be provided only for those projects that meet the categories established in subdivision 1.*

*(b) Projects submitted to the commission for funding may be referred to the advisory committee for recommendation, except that research proposals first must be reviewed by the peer review panel. The advisory committee may review all project proposals for funding and may make recommendations to the commission on whether:*

(1) *the projects meet the standards and funding categories set forth in sections 5 to 16;*

(2) the projects duplicate existing federal, state, or local projects being conducted within the state; and

(3) the projects are consistent with the most recent strategic plan adopted by the commission.

(c) The commission must adopt a budget plan to make expenditures from the trust fund for the purposes provided in subdivision 1. The budget plan must be submitted to the governor for inclusion in the biennial budget and supplemental budget submitted to the legislature.

(d) Money in the trust fund may not be spent except under an appropriation by law.

*Subd. 5. [PUBLIC MEETINGS.] All advisory committee and commission meetings must be open to the public. The commission shall attempt to meet at least once in each of the state's congressional districts during each biennium.*

*Subd. 6. [PEER REVIEW.] (a) Research proposals must include a stated purpose, timeline, potential outcomes and an explanation of the need for the research. All research proposals must be reviewed by a peer review panel before receiving an appropriation from the trust fund.*

*(b) In conducting research proposal reviews, the peer review panel shall:*

*(1) comment on the methodology proposed and whether it can be expected to yield appropriate and useful information and data;*

*(2) comment on the need for the research and about similar existing information available, if any;*

*(3) comment on whether the research proposed meets the categories of subdivision 1; and*

*(4) report to the commission and advisory committee on clauses (1) to (3).*

*(c) The peer review panel also must review completed research proposals that have received an appropriation from the trust fund and comment and report upon whether the project reached the intended goals.*

*Subd. 7. [PEER REVIEW PANEL MEMBERSHIP] (a) The peer review panel must consist of at least five but not more than 11 members who are knowledgeable in general research methods, including but not limited to the areas of air quality research, water research, forest research, fish and wildlife management research, environmental health research, and soil conservation research. Not more than two members of the panel may be employees of state agencies.*

*(b) Members of the peer review panel shall be selected by the commission and serve four-year staggered terms according to section 15.059. The commission may select additional temporary members for any research proposal deemed to be too technical for adequate peer review by the panel in paragraph (a). Members of the peer review panel shall elect a chair every two years who shall be responsible for convening meetings of the panel as often as is necessary to fulfill its duties as prescribed in this section. Compensation of panel members is governed by section 15.059, subdivision 3.*

Sec. 13. [116P:09] [ADMINISTRATION.]

*Subdivision 1. [ADMINISTRATIVE AUTHORITY.] The commission may appoint legal and other personnel and consultants necessary to carry out functions and duties of the commission. Permanent employees shall be in the unclassified service. In addition, the commission may request staff assistance and data from any other agency of state government as needed for the execution of the responsibilities of the commission and advisory committee and an agency must promptly furnish it.*

*Subd. 2. [LIAISON OFFICERS.] The commission shall request each department or agency head of all state agencies with a direct interest and responsibility in any phase of environment and natural resources to appoint, and the latter shall appoint for the agency, a liaison officer who shall work closely with the commission and its staff. The designated liaison officer shall attend all meetings of the advisory committee to provide assistance and information to committee members when necessary.*

*Subd. 3. [APPRAISAL AND EVALUATION.] The commission shall obtain and appraise information available through private organizations and groups, utilizing to the fullest extent possible studies, data and reports previously prepared or currently in progress by public agencies, private organizations, groups, and others, concerning future trends in the protection, conservation, preservation, and enhancement of the state's air, water, land, forests, fish, wildlife, native vegetation, and other natural resources. Any data compiled by the commission shall be made available to any standing or interim committee of the legislature upon the request of the chair of the respective committee.*

*Subd. 4. [PERSONNEL.] Persons who are employed by a state agency to work on a project and are paid by an appropriation from the trust fund or Minnesota future resources account are in the unclassified civil service, and their continued employment is contingent upon the availability of money from the appropriation. When the appropriation has been spent, their positions must be canceled and the approved complement of the agency reduced accordingly. Part-time employment of persons for a project is authorized.*

*Subd. 5. [ADMINISTRATIVE EXPENSE.] (a) The administrative expenses of the commission and advisory committee shall be paid from the Minnesota future resources account until June 30, 1995.*

*(b) After June 30, 1995, the expenses of the commission and advisory committee combined may not exceed an amount equal to two percent of the total earnings of the trust fund in the preceding fiscal year.*

*(c) The commission and the advisory committee must include a reasonable amount for their administrative expense in the budget plan for the trust fund.*

*Subd. 6. [CONFLICT OF INTEREST.] A commission member, advisory committee member, peer review panelist, or an employee of the commission, may not participate in or vote on a decision of the commission, advisory committee, or peer review panel relating to an organization in which the member, panelist, or employee has either a direct or indirect personal financial interest. While serving on the legislative commission, advisory committee, or peer review panel, or being an employee of the commission, a person shall avoid any potential conflict of interest.*

*Subd. 7. [REPORT REQUIRED.] The commission shall, by July 1 of each even-numbered year, submit a report to the governor, the chairs of*

*the house appropriations and senate finance committees and the chairs of the house and senate committees on environment and natural resources. Copies of the report must be available to the public. The report must include:*

- (1) a copy of the current strategic plan;*
- (2) a description of each project receiving money from the trust fund and Minnesota future resources account during the preceding two years;*
- (3) a summary of any research project completed in the preceding two years;*
- (4) recommendations to implement successful projects and programs into a state agency's standard operations;*
- (5) to the extent known by the commission, descriptions of the projects anticipated to be supported by the trust fund and Minnesota future resources account during the next two years;*
- (6) the source and amount of all revenues collected and distributed by the commission, including all administrative and other expenses;*
- (7) a description of the trust fund's assets and liabilities;*
- (8) any findings or recommendations that are deemed proper to assist the legislature in formulating legislation;*
- (9) a list of all gifts and donations with a value over \$1,000;*
- (10) a comparison of the amounts spent by the state for environment and natural resources activities through the most recent fiscal year; and*
- (11) a copy of the most recent certified financial and compliance audit.*

Sec. 14. [116P:10] [ROYALTIES, COPYRIGHTS, PATENTS.]

*The trust fund owns and shall take title to the percentage of a royalty, copyright, or patent resulting from a project supported by the trust fund equal to the percentage of the project's total funding provided by the trust fund. Cash receipts resulting from a royalty, copyright, or patent, or the sale of the trust fund's rights to a royalty, copyright, or patent, must be credited immediately to the principal of the trust fund. Before a project is included in the budget plan, the commission may vote to relinquish the ownership or rights to a royalty, copyright, or patent resulting from a project supported by the trust fund to the project's proposer when the amount of the original grant or loan, plus interest, has been repaid to the trust fund.*

Sec. 15. [116P:11] [AVAILABILITY OF FUNDS FOR DISBURSEMENT.]

*(a) The amount biennially available from the trust fund for the budget plan developed by the commission consists of the interest earnings from the trust fund generated in the preceding two fiscal years ending on the even-numbered year.*

*(b) For funding projects through fiscal year 1997, the following additional amounts are available from the trust fund for the budget plans developed by the commission:*

*(1) for the 1991-1993 biennium, up to 25 percent of the revenue deposited in the trust fund in fiscal years 1989 and 1990;*

*(2) for the 1993-1995 biennium, up to 20 percent of the revenue deposited*

*in the trust fund in fiscal year 1991 and up to 15 percent of the revenue deposited in the fund in fiscal year 1992; and*

*(3) for the 1995-1997 biennium, up to ten percent of the revenue deposited in the fund in fiscal year 1993 and up to five percent of the revenue deposited in the fund in fiscal year 1994.*

*(c) Any appropriated funds not encumbered in the biennium in which they are appropriated cancel and must be credited to the principal of the trust fund.*

**Sec. 16. [116P.12] [WATER SYSTEM IMPROVEMENT LOAN PROGRAM.]**

*Subdivision 1. [LOANS AUTHORIZED.] (a) If the principal of the trust fund equals or exceeds \$200,000,000, the commission may vote to set aside up to five percent of the principal of the trust fund for water system improvement loans. The purpose of water system improvement loans is to offer below market rate interest loans to local units of government for the purposes of water system improvements.*

*(b) The interest on a loan shall be calculated on the declining balance at a rate four percentage points below the secondary market yield of one-year United States treasury bills calculated according to section 549.09, subdivision 1, paragraph (c).*

*(c) An eligible project must prove that existing federal or state loans or grants have not been adequate.*

*(d) Payments on the principal and interest of loans under this section must be credited to the trust fund.*

*(e) Repayment of loans made under this section must be completed within 20 years.*

*(f) The Minnesota public facilities authority must report to the commission each year on the loan program under this section.*

*Subd. 2. [APPLICATION AND ADMINISTRATION.] (a) The commission must adopt a procedure for the issuance of the water system improvement loans by the public facilities authority.*

*(b) The commission also must ensure that the loans are administered according to its fiduciary standards and requirements.*

**Sec. 17. [116P.13] [MINNESOTA FUTURE RESOURCES ACCOUNT.]**

*Subdivision 1. [REVENUE SOURCES.] The money in the Minnesota future resources account consists of revenue credited under section 297.13, subdivision 1, clause (1).*

*Subd. 2. [INTEREST.] The interest attributable to the investment of the Minnesota future resources account must be credited to the account.*

*Subd. 3. [REVENUE PURPOSES.] Revenue in the Minnesota future resources account may be spent for purposes of natural resources acceleration and outdoor recreation, including but not limited to the development, maintenance and operation of the state outdoor recreation system under chapter 86A and regional recreation open space systems as defined under section 473.351, subdivision 1.*

**Sec. 18. Minnesota Statutes 1987 Supplement, section 297.13, subdivision 1, is amended to read:**



Subdivision 1. [CIGARETTE TAX APPORTIONMENT.] Revenues received from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be deposited by the commissioner of revenue in a separate and special fund, designated as the tobacco tax revenue fund, in the state treasury and credited as follows:

(a) first to the general obligation special tax bond debt service account in each fiscal year the amount required to increase the balance on hand in the account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding bonds whose debt service is payable primarily from the proceeds of the tax to and including the second following July 1; and

(b) after the requirements of paragraph (a) have been met:

(1) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to a *the Minnesota future resources fund account for purposes of natural resources acceleration as provided in chapter 86*;

(2) the revenue produced by two mills of the tax on cigarettes weighing not more than three pounds a thousand and four mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota state water pollution control fund created in section 116.16, provided that, if the tax on cigarettes imposed by United States Code, title 26, section 5701, as amended, is reduced after June 1, 1985, an additional one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota state water pollution control fund created in section 116.16 less any amount credited to the general obligation special tax debt service account under paragraph (a), with respect to bonds issued for the prevention, control, and abatement of water pollution;

(3) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to a public health fund, provided that if the tax on cigarettes imposed by United States Code, title 26, section 5701, as amended, is reduced after June 1, 1985, an additional two-tenths of one mill of the tax on cigarettes weighing not more than three pounds a thousand and an additional four-tenths of one mill of the tax on cigarettes weighing more than three pounds a thousand must be credited to the public health fund;

(4) the balance of the revenues derived from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be credited to the general fund.

#### Sec. 19. [PERSONNEL TRANSFER.]

*All unclassified positions associated with the responsibilities of the legislative commission on Minnesota resources are transferred with their incumbents to the Minnesota future resources commission.*

#### Sec. 20. [TRANSFER OF RIGHTS AND OBLIGATIONS.]

*The Minnesota future resources commission is the legal successor in all respects to the legislative commission on Minnesota resources. The rights and obligations under all existing contracts and any right of action to*

which the legislative commission on Minnesota resources is a party or beneficiary are transferred to the Minnesota future resources commission upon creation.

Sec. 21. [INSTRUCTION TO REVISOR.]

(a) The revisor shall change references to "legislative commission on Minnesota resources" to "Minnesota future resources commission" wherever it appears in the 1988 edition of Minnesota Statutes.

(b) The revisor shall renumber sections 86.33, subdivision 2, as 84.965, subdivision 1; 86.33, subdivision 3, as 84.965, subdivision 2; and 86.78 as 84.966 in the next edition of Minnesota Statutes.

Sec. 22. [REPEALER.]

Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; 86.08; 86.10; 86.11; 86.12; 86.31; 86.32; 86.33, subdivision 1; 86.34; 86.35; 86.41; 86.42; 86.51; 86.53; 86.61; and 86.75 are repealed.

Sec. 23. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day after final enactment. Sections 3 to 22 are effective the day following adoption by the voters of the constitutional amendment proposed by section 1.

## ARTICLE 2

### GREATER MINNESOTA CORPORATION

Section 1. Minnesota Statutes 1987 Supplement, section 16A.1541, is amended to read:

16A.1541 [ADDITIONAL REVENUES; PRIORITY.]

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money in the following order of priority:

(1) the amount necessary to reduce the property tax levy recognition percent under section ~~121.904~~, subdivision 4e, to 24 percent;

(2) the remainder (i) one-half to the greater Minnesota fund, but not to exceed \$120,000,000 and (ii) one-half to the budget and cash flow reserve account until the total amount in the account equals \$550,000,000.

The amounts necessary to meet the requirements of clauses (1) and (2) are appropriated from the general fund.

Sec. 2. [TRANSFER RETURNED.]

The Greater Minnesota Corporation shall return to the state treasury \$80,500,000 of the money transferred to it under Minnesota Statutes 1987 Supplement, section 16A.1541. The return must be made to the commissioner of finance, who shall credit the receipt to the general fund. The return must be made as soon as is practical, while minimizing any investment losses that might result from early redemption.

Sec. 3. Minnesota Statutes 1987 Supplement, section 116O.12, is amended to read:

116O.12 [GREATER MINNESOTA FUND.]

(a) The Greater Minnesota fund is created in the state treasury. The board may require the commissioner of finance to create separate accounts within the fund for use in accordance with the fund's purposes. Money in the fund 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 is appropriated to the corporation to be used as provided in this chapter.

(b) The fund consists of:

- (1) money appropriated and transferred from other state funds;
- (2) fees and charges collected by the corporation;
- (3) income from investments and purchases;
- (4) revenue from loans, rentals, royalties, dividends, and other proceeds collected in connection with lawful corporate purposes; ~~and~~

(5) gifts, donations, and bequests made to the corporation; *and*

*(6) through the first five full fiscal years, during which proceeds from the lottery are received, one-half of the net proceeds of the state-operated lottery must be credited to the greater Minnesota corporation fund. Thereafter, up to one-half, as determined by law each biennium, of the net proceeds from the state-operated lottery must be credited to the greater Minnesota corporation fund.*

Sec. 4. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective the day following final enactment. Section 3 is effective the day following adoption by the voters of the constitutional amendment proposed by article 1, section 2."*

Delete the title and insert:

"A bill for an act relating to public administration; proposing amendments to the Minnesota Constitution: adding a section to article XI establishing an environmental and natural resources trust fund and article XIII, section 5 permitting state-run lotteries; providing for the distribution of lottery proceeds; providing implementing legislation for the trust fund; creating a legislative commission, an advisory committee, and a resources congress; providing for trust fund expenditures; providing for water system improvement loans; creating a Minnesota future resources account; transferring certain functions; requiring a biennial report; changing the distribution of general fund balances; returning certain transferred money to the state treasury; amending Minnesota Statutes 1986, sections 88.80, subdivision 2; Minnesota Statutes 1987 Supplement, sections 16A.1541; 116C.69, subdivision 3; 116O.012; and 297.13, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 116P; repealing Minnesota Statutes 1986, sections 86.01; 86.02; 86.03; 86.06; 86.07; 86.08; 86.10; 86.11; 86.12; 86.31; 86.32; 86.33, subdivision 1; 86.34; 86.35; 86.41; 86.42; 86.51; 86.53; 86.61; and 86.75."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Willard Munger, Ann Wynia, Glen H. Anderson, David T. Bishop, Tom Osthoff

Senate Conferees: (Signed) Roger D. Moe, Donna C. Peterson, Fritz Knaak, Bob Lessard

Mr. Moe, R.D. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2182 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

### CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on H.F. No. 2182. The Sergeant at Arms was instructed to bring in the absent members.

H.F. No. 2182 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 37 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Decker	Hughes	Moe, R.D.	Samuelson
Beckman	DeCramer	Johnson, D.J.	Morse	Solon
Berg	Dicklich	Knaak	Novak	Stumpf
Bertram	Diessner	Kroening	Pehler	Vickerman
Brataas	Frank	Langseth	Peterson, D.C.	Wegscheid
Cohen	Frederick	Lantry	Piper	
Dahl	Frederickson, D.J.	Lessard	Pogemiller	
Davis	Frederickson, D.R.	Metzen	Purfeerst	

Those who voted in the negative were:

Anderson	Freeman	Larson	Moe, D.M.	Schmitz
Belanger	Gustafson	Luther	Olson	Spear
Benson	Johnson, D.E.	Marty	Peterson, R.W.	Storm
Bernhagen	Jude	McQuaid	Ramstad	Taylor
Brandl	Knutson	Mehrkens	Reichgott	
Chmielewski	Laidig	Merriam	Renneke	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### RECONSIDERATION

Mr. Frank moved that the vote whereby H.F. No. 2008 failed to pass the Senate on April 20, 1988, be now reconsidered. The motion prevailed.

H.F. No. 2008: A bill for an act relating to elections; clarifying certain public campaign financing limits; amending Minnesota Statutes 1986, section 10A.25, subdivision 10; Minnesota Statutes 1987 Supplement, sections 10A.255, subdivision 1; 10A.32, subdivision 3; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b.

### RECONSIDERATION

Mr. Frank moved that the vote whereby the Frank amendment to H.F. No. 2008 was adopted by the Senate on April 20, 1988, be now reconsidered. The motion prevailed.

Mr. Frank withdrew his amendment.

Mr. Frank then moved to amend H.F. No. 2008, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1780.)

Page 2, line 18, after "(b)" insert "*except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding \$15,000, any amount by which the aggregate contributions and approved expenditures agreed to under this clause exceed the difference shall be returned to the state treasurer in the manner provided in subdivision 2,*"

Page 2, line 25, strike "in excess of 25 percent"

Page 2, strike line 26

Page 2, line 27, strike "exceeding \$15,000,"

The motion prevailed. So the amendment was adopted.

### RECONSIDERATION

Mr. Frank moved that the vote whereby the Pogemiller amendment to H.F. No. 2008 was adopted by the Senate on April 20, 1988, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 23 and nays 39, as follows:

Those who voted in the affirmative were:

Adkins	Frederickson, D.J.	Metzen	Pehler	Schmitz
Beckman	Jude	Moe, D.M.	Peterson, R.W.	Spear
DeCramer	Luther	Moe, R.D.	Piper	Vickerman
Diessner	Marty	Morse	Reichgott	
Frank	Merriam	Novak	Samuelson	

Those who voted in the negative were:

Anderson	Chmielewski	Gustafson	Langseth	Ramstad
Belanger	Cohen	Hughes	Lantry	Renneke
Benson	Dahl	Johnson, D.E.	Larson	Solon
Berg	Davis	Johnson, D.J.	McQuaid	Storm
Bernhagen	Decker	Knaak	Mehrkens	Stumpf
Bertram	Frederick	Knutson	Olson	Taylor
Brandl	Frederickson, D.R.	Kroening	Peterson, D.C.	Wegscheid
Brataas	Freeman	Laidig	Pogemiller	

The motion did not prevail.

H.F. No. 2008 was then progressed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Chmielewski moved that H.F. No. 1999 be taken from the table. The motion prevailed.

H.F. No. 1999: A bill for an act relating to public safety; regulating boiler operation; amending Minnesota Statutes 1986, sections 183.411, subdivisions 1, 3, and by adding a subdivision; 183.466; 183.51, subdivisions 4, 7, and 10.

Mr. Chmielewski moved to amend H.F. No. 1999, as amended pursuant to Rule 49, adopted by the Senate March 10, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1718.)

Delete everything after the enacting clause and insert:

“ARTICLE 1

Section 1. Minnesota Statutes 1986, section 183.411, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For the purpose of this section “stationary show boiler” means a boiler that is used only for display and demonstration purposes. *In recognition of the historical significance of show boilers in maintaining a working reminder of Minnesota’s agricultural and lumber industries, show boilers and engines are considered to be historical artifacts.*

Sec. 2. Minnesota Statutes 1986, section 183.411, subdivision 3, is amended to read:

Subd. 3. [LICENSES.] A license to operate steam farm traction engines, portable and stationary show engines and portable and stationary show boilers shall be issued to an applicant who:

- (a) is 18 years of age or older;
- (b) has two licensed second class, grade A engineers or steam traction engineers, or any combination thereof, cosign the application; attesting to the applicant’s competence in operating said devices;
- (c) passes a written test for competence in operating said devices; ~~and~~
- (d) *has at least 25 hours of actual operating experience on said devices;*  
*and*
- (e) pays the required fee.

A license shall be valid for the lifetime of the licensee. A one time fee set by the commissioner pursuant to section 16A.128, shall be charged for the license.

Sec. 3. Minnesota Statutes 1986, section 183.411, is amended by adding a subdivision to read:

*Subd. 5. [LICENSED OPERATOR; PRESENCE REQUIRED.] An operator licensed under this section must be present when a traction engine, portable or stationary show engine, or portable or stationary show boiler is in operation and a member of the public is present.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 183.42, is amended to read:

183.42 [INSPECTION EACH YEAR.]

Every owner, lessee, or other person having charge of boilers, pressure vessels or any boat subject to inspection under this chapter shall cause ~~the same~~ *them* to be inspected by the division of boiler inspection. Boilers and boats subject to inspection under this chapter ~~shall~~ *must* be inspected at least annually and pressure vessels inspected at least every two years *except as provided under section 183.45*. A person who fails to have the inspection required by this section shall pay to the commissioner a penalty in the amount of the cost of inspection up to a maximum of \$1,000.

Sec. 5. Minnesota Statutes 1986, section 183.45, is amended to read:

183.45 [INSPECTION.]

*Subdivision 1.* All boilers and steam generators ~~shall~~ *must* be inspected by the division of boiler inspection before ~~same~~ *they* are used and all boilers ~~shall~~ *must* be inspected at least once each year thereafter *except as provided under subdivision 2.* Inspectors may subject all boilers to hydrostatic pressure or hammer test, and shall ascertain by a thorough internal and external examination that they are well made and of good and suitable material; that the openings for the passage of water and steam, respectively, and all pipes and tubes exposed to heat, are of proper dimensions and free from obstructions; that the flues are circular in form; that the arrangements for delivering the feed water are such that the boilers cannot be injured thereby; and that such boilers and their connections may be safely used without danger to life or property. Inspectors shall ascertain that the safety valves are of suitable dimensions, sufficient in number, and properly arranged, and that the safety valves are so adjusted as to allow no greater pressure in the boilers than the amount prescribed by the inspector's certificate; that there is a sufficient number of gauge cocks, properly inserted, to indicate the amount of water, and suitable gauges that will correctly record the pressure; and that the fusible metals are properly inserted where required so as to fuse by the heat of the furnace whenever the water in the boiler falls below its prescribed limit; and that provisions are made for an ample supply of water to feed the boilers at all times; and that means for blowing out are provided, so as to thoroughly remove the mud and sediment from all parts when under pressure.

*Subd. 2. [QUALIFYING BOILER.] (a) "Qualifying boiler" means a boiler of 200,000 pounds per hour or more capacity which has an internal continuous water treatment program approved by the department and which the chief boiler inspector has determined to be in compliance with paragraph (c).*

*(b) A qualifying boiler must be inspected at least once every 24 months internally and externally while not under pressure, and at least once every 18 months externally while under pressure. If the inspector considers it necessary to conduct a hydrostatic test to determine the safety of a boiler, the test must be conducted by the owner or user of the equipment under the supervision of an inspector.*

*(c) The owner of a qualifying boiler must keep accurate records showing the date and actual time the boiler is out of service, the reason or reasons therefore, and the chemical physical laboratory analysis of samples of the boiler water taken at regular intervals of not more than 48 hours of operation which adequately show the condition of the water, and any elements or characteristics thereof, capable of producing corrosion or other deterioration of the boiler or its parts.*

*(d) If an inspector determines there are substantial deficiencies in equipment or in operating procedures, inspections of a qualifying boiler may be required once every 12 months until such time as the chief boiler inspector finds that the substantial deficiencies have been corrected.*

Sec. 6. Minnesota Statutes 1986, section 183.51, subdivision 4, is amended to read:

*Subd. 4. [CHIEF ENGINEER, GRADE A.] A person seeking licensure as a chief engineer, Grade A, shall be at least 18 years of age and have ~~habits and~~ experience which ~~justify the belief~~ *verifies* that the person is competent to take charge of and be responsible for the safe operation and maintenance of all classes of boilers, steam engines, or turbines and their*

appurtenances; and, before receiving a license, the applicant shall take and subscribe an oath attesting to at least five years actual experience in operating such boilers, *including at least two years experience in operating such engines or turbines.*

Sec. 7. Minnesota Statutes 1986, section 183.51, subdivision 7, is amended to read:

Subd. 7. [FIRST-CLASS ENGINEER, GRADE A.] A person seeking licensure as a first-class engineer, Grade A, shall be at least 18 years of age and have ~~habits and~~ experience which ~~justify the belief~~ *verifies* that the person is competent to take charge of and be responsible for the safe operation and maintenance of all classes of boilers, engines, or turbines and their appurtenances of not more than 300 horsepower or to operate as a shift engineer in a plant of unlimited horsepower. Before receiving a license, the applicant shall take and subscribe an oath attesting to at least three years actual experience in operating such boilers, *including at least two years experience in operating such engines; or turbines.*

Sec. 8. Minnesota Statutes 1986, section 183.51, subdivision 10, is amended to read:

Subd. 10. [SECOND-CLASS ENGINEER, GRADE A.] A person seeking licensure as a second-class engineer, Grade A, shall be at least 18 years of age and have ~~habits and~~ experience which ~~justify the belief~~ *verifies* that the person is competent to take charge of and be responsible for the safe operation and maintenance of all classes of boilers, engines, or turbines and their appurtenances of not more than 100 horsepower or to operate as a shift engineer in a plant of not more than 300 horsepower, or to assist the shift engineer, under direct supervision, in a plant of unlimited horsepower. Before receiving a license the applicant shall take and subscribe an oath attesting to at least one year of actual experience in operating such boilers, *including at least one year of experience in operating such engines; or turbines.*

Sec. 9. [EFFECTIVE DATE.]

*Sections 4 and 5 are effective the day following final enactment.*

## ARTICLE 2

Section 1. Minnesota Statutes 1987 Supplement, section 176.155, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYER'S PHYSICIAN.] The injured employee must submit to examination by the employer's physician, if requested by the employer, and at reasonable times thereafter upon the employer's request. *The examination must be scheduled at a location within 150 miles of the employee's residence unless the employer can show cause to the department or a compensation judge to order an examination at a location further from the petitioner's residence.* The employee is entitled upon request to have a personal physician present at any such examination. Each party shall defray the cost of that party's physician. Any report or written statement made by the employer's physician as a result of an examination of the employee, regardless of whether the examination preceded the injury or was made subsequent to the injury, shall be made available, upon request and without charge, to the injured employee or representative of the employee. The employer shall pay reasonable travel expenses, *in advance if requested*, incurred by the employee in attending the examination including mileage,



parking, and, if necessary, lodging and meals. The employer shall also pay the employee for any lost wages resulting from attendance at the examination. A self-insured employer or insurer who is served with a claim petition pursuant to section 176.271, subdivision 1, or 176.291, shall schedule any necessary examinations of the employee, if an examination by the employer's physician or health care provider is necessary to evaluate benefits claimed. The examination shall be completed and the report of the examination shall be served on the employee and filed with the commissioner within 120 days of service of the claim petition.

No evidence relating to the examination or report shall be received or considered by the commissioner, a compensation judge, or the court of appeals in determining any issues unless the report has been served and filed as required by this section, unless a written extension has been granted by the commissioner or compensation judge. The commissioner or a compensation judge shall extend the time for completing the adverse examination and filing the report upon good cause shown. The extension must not be for the purpose of delay and the insurer must make a good faith effort to comply with this subdivision. Good cause shall include but is not limited to:

(1) that the extension is necessary because of the limited number of physicians or health care providers available with expertise in the particular injury or disease, or that the extension is necessary due to the complexity of the medical issues, or

(2) that the extension is necessary to gather addition information which was not included on the petition as required by section 176.291.

### ARTICLE 3

#### WORKERS' COMPENSATION SYSTEM CHANGES

Section 1. Minnesota Statutes 1986, section 176.011, subdivision 11a, is amended to read:

Subd. 11a. [FAMILY FARM.] "Family farm" means any farm operation which (1) pays or is obligated to pay less than ~~\$8,000~~ \$20,000 in cash wages, exclusive of machine hire, to farm laborers for services rendered during the preceding calendar year, and (2) has total liability and medical payment coverage equal to \$250,000 and \$5,000, respectively, under a farm liability insurance policy. For purposes of this subdivision, farm laborer does not include any spouse, parent or child, regardless of age, of a farmer employed by the farmer, or any executive officer of a family farm corporation as defined in section 500.24, subdivision 2, or any spouse, parent or child, regardless of age, of such an officer employed by that family farm corporation, or other farmers in the same community or members of their families exchanging work with the employer. Notwithstanding any law to the contrary, a farm laborer shall not be considered as an independent contractor for the purposes of this chapter; provided that a commercial baler or commercial thresher shall be considered an independent contractor.

Sec. 2. Minnesota Statutes 1986, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number

of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed ~~66-2/3~~ 80 percent of the ~~product of the daily wage times the number of days normally worked~~ *employee's after-tax weekly wage*, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 3. Minnesota Statutes 1986, section 176.011, is amended by adding a subdivision to read:

*Subd. 18a. [AFTER-TAX WEEKLY WAGE.] After-tax weekly wage means the weekly wage reduced by the amounts required to be withheld by the Federal Insurance Contributions Act, United States Code, Title 16, sections 3101 to 3126, but without regard to the yearly maximum, and by state and federal income tax laws using as the number of allowances the number of exemptions that the employee is entitled to under federal law for the employee and the employee's dependents.*

Sec. 4. Minnesota Statutes 1986, section 176.021, subdivision 3, is amended to read:

*Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section ~~176.101~~ 13. If doubt exists as to the eventual permanent partial disability, payment ~~for the economic recovery compensation or impairment compensation, which ever is due, pursuant to section 176.101,~~ shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of ~~economic recovery compensation or lump sum or periodic payment of impairment compensation~~ permanent partial disability compensation, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After*

receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. ~~Economic recovery compensation or impairment compensation pursuant to section 176.101 is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. Impairment compensation is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. Economic recovery compensation or impairment compensation pursuant to section 176.101 shall be withheld pending completion of payment for temporary total disability, and no credit shall be taken for payment of economic recovery compensation or impairment compensation against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.~~

~~The right to receive economic recovery compensation or impairment permanent partial compensation vests in an injured employee or in the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained, provided that the employee lives for at least 30 days beyond the date of the injury. The right is not abrogated by the employee's death prior to the making of the payment. Upon the death of an employee who is receiving economic recovery compensation or impairment compensation, further compensation is payable pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met.~~

~~Disability ratings for permanent partial disability shall be based on objective medical evidence.~~

Sec. 5. Minnesota Statutes 1987 Supplement, section 176.041, subdivision 4, is amended to read:

Subd. 4. [OUT-OF-STATE EMPLOYMENTS.] (a) *Except as provided in paragraph (b), if an employee who regularly performs the primary duties of employment outside of this state or is hired to perform the primary duties of employment outside of this state, receives an injury within this state in the employ of the same employer, such injury shall be covered within the provisions of this chapter if the employee chooses to forego any workers' compensation claim resulting from the injury that the employee may have a right to pursue in some other state, provided that the special compensation fund is not liable for payment of benefits pursuant to section 176.183 if*

the employer is not insured against workers' compensation liability pursuant to this chapter and the employee is a nonresident of Minnesota on the date of the personal injury.

*(b) An employee who has been hired outside of this state, or regularly performs the primary duties of employment outside of this state, and the employee's employer, are exempt from the provisions of this chapter while the employee is temporarily within this state performing work for the employer provided the employer has furnished workers' compensation insurance coverage under the workers' compensation law or other similar law of another state which covers the employee's employment while in this state. The benefits under the workers' compensation law or similar law of the other state, or other remedies under that state's law, are the exclusive remedy against the employer for any injury, whether resulting in death or not, received by the employee while working for that employer within this state. A certificate from the commissioner of labor and industry or other similar official of another state certifying that the employer is insured in that state and has provided extraterritorial coverage insuring its employees while working within this state is prima facie evidence that the employer carries workers' compensation insurance on those employees.*

Sec. 6. Minnesota Statutes 1986, section 176.061, subdivision 10, is amended to read:

Subd. 10. [INDEMNITY.] Notwithstanding the provisions of chapter 65B or any other law to the contrary, an employer has a right of indemnity for any compensation paid or payable pursuant to this chapter, including temporary total compensation, temporary partial compensation, permanent partial disability, ~~economic recovery compensation, impairment compensation,~~ medical compensation, rehabilitation, death, and permanent total compensation.

Sec. 7. Minnesota Statutes 1986, section 176.081, subdivision 1, is amended to read:

Subdivision 1. (a) A fee for legal services of 25 percent of the first \$4,000 of compensation awarded to the employee and 20 percent of the next \$27,500 of compensation awarded to the employee is permissible and does not require approval by the commissioner, compensation judge, or any other party except as provided in ~~clause paragraph~~ (b). If the employer or the insurer or the defendant is given written notice of claims for legal services or disbursements, the claim shall be a lien against the amount paid or payable as compensation. In no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed portions of claims, including disputes related to the payment of rehabilitation benefits or to other aspects of a rehabilitation plan. Fees for administrative conferences under ~~section 176.242, 176.2421, 176.243, or 176.244 sections~~ 176.106 and 176.239 shall be determined on an hourly basis, according to the criteria in subdivision 5.

(b) An attorney who is claiming legal fees ~~under this section~~ for representing an employee in a workers' compensation matter shall file a statement of ~~attorney's attorney~~ fees with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. A copy of the signed retainer agreement shall also be filed. The employee and insurer shall receive a copy of the statement. The statement shall be on a form prescribed by the commissioner

and shall clearly and conspicuously state that the employee or insurer has ten calendar days to object to the attorney fees requested. If no objection is timely made by the employee or insurer, the amount requested shall be conclusively presumed reasonable providing the amount does not exceed the limitation in subdivision 1. The commissioner, compensation judge, or court of appeals shall issue an order granting the fees and the amount requested shall be awarded to the party requesting the fee. If a timely objection is filed, or the fee is determined on an hourly basis, the commissioner, compensation judge, or court of appeals shall review the matter and make a determination based on the criteria in subdivision 5. If no timely objection is made by an employer or insurer, reimbursement under subdivision 7 shall be made if the statement of fees requested this reimbursement.

*(c) An attorney representing employers or insurers shall file a statement of attorney fees or wages with the commissioner, compensation judge before whom the matter was heard, or workers' compensation court of appeals on cases before the court. The statement of attorney fees or wages must contain the following information: the average hourly wage or the value of hours worked on that case if the attorney is an employee of the employer or insurer, the number of hours worked on that case, and the average hourly rate or amount charged an employer or insurer for that case if the attorney is not an employee of the employer or insurer.*

*(d) Employers and insurers may not pay attorney fees or wages for legal services of more than \$6,500 per case unless the additional fees or wages are approved under subdivision 2.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 176.081, subdivision 2, is amended to read:

Subd. 2. An application for attorney fees in excess of the amount authorized in subdivision 1 shall be made to the commissioner, compensation judge, or district judge, before whom the matter was heard. An appeal of a decision by the commissioner, a compensation judge, or district court judge on additional fees may be made to the workers' compensation court of appeals. The application shall set forth the fee requested ~~and, the number of hours spent on the case,~~ the basis for the request, and whether or not a hearing is requested. The application, with affidavit of service upon the ~~employee attorney's client,~~ shall be filed by the attorney requesting the fee. If a hearing is requested by an interested party, a hearing shall be set with notice of the hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 9. Minnesota Statutes 1986, section 176.081, subdivision 3, is amended to read:

Subd. 3. ~~An employee who~~ A party that is dissatisfied with its attorney fees, may file an application for review by the workers' compensation court of appeals. Such application shall state the basis for the need of review and whether or not a hearing is requested. A copy of such application shall be served upon the party's attorney ~~for the employee~~ by the court administrator and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. ~~The attorney for the employee shall be served with a notice of the hearing.~~ The workers' compensation court of appeals shall have the authority to raise ~~the question~~ of the issue of the attorney fees at any time upon its own motion and shall have continuing jurisdiction over attorney fees.

Sec. 10. Minnesota Statutes 1986, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For an injury producing temporary total disability, the compensation is ~~66-2/3~~ 80 percent of the *after-tax* weekly wage at the time of injury.

~~(1) provided that during the year commencing on October 1, 1979, and each year thereafter, commencing on October 1;~~ (b) The maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31, of the preceding year.

~~(2) (c) The minimum weekly compensation benefits for temporary total disability shall be not less than 50 20 percent of the statewide average weekly wage or the injured employee's actual after-tax weekly wage, whichever is less. In no case shall a weekly benefit be less than 20 percent of the statewide average weekly wage.~~

~~(d) Subject to subdivisions 3a to 3u~~ This compensation shall be paid during the period of disability, payment to be made at the intervals when the wage was payable, as nearly as may be, and shall cease whenever any one of the following occurs:

(1) the disability ends;

(2) the employee returns to work;

(3) the employee retires by withdrawing from the labor market;

(4) the employee refuses an offer of work that is consistent with a plan of rehabilitation filed with the commissioner, which meets the requirements of section 176.102, subdivision 1, or, if no plan has been filed, that the employee can do in the employee's physical condition; or

(5) 90 days have passed after the employee has reached maximum medical improvement, except as provided in section 176.102, subdivision 11, paragraph (b).

(e) For purposes of paragraph (d), clause (5), the 90-day period after maximum medical improvement commences on the earlier of:

(1) the date that the employee receives a written medical report indicating that the employee has reached maximum medical improvement; or

(2) the date that the employer or insurer serves the report on the employee and the employee's legal representative and files a copy with the division.

(f) Once compensation has ceased under paragraph (d), clauses (1), (2), and (3), it may be recommenced at a later date if: the employee returns to work, the employee is laid off due to economic conditions or is medically unable to continue at the job, and the layoff or inability to continue occurs prior to 90 days after the employee reaches maximum medical improvement. Compensation recommenced under this paragraph is subject to cessation under paragraph (d). Recommenced compensation may not be paid beyond 90 days after the employee reaches maximum medical improvement, except as provided under section 176.102, subdivision 11, paragraph (b).

(g) Once compensation has ceased under paragraph (d), clauses (4) and (5), it may not be recommenced at a later date except as provided under section 176.102, subdivision 11, paragraph (b).

Sec. 11. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

*Subd. 1a. [EXTENDED DISABILITY COMPENSATION.] (a) If an employee, who has a permanent partial disability, is not working because of the personal injury after payment of permanent partial disability benefits is complete, the employee shall be eligible for extended disability compensation. If an employee received any permanent partial compensation in a lump sum, payment will be considered complete after expiration of the period that the employee would have received permanent partial compensation had it been paid periodically.*

*(b) Extended disability compensation is paid at the rate for temporary total compensation, escalated under section 176.645, for the number of weeks equal to 246 multiplied by the employee's percentage rating of permanent partial disability, determined according to the rules adopted by the commissioner pursuant to section 176.105, subdivision 4. The total extended compensation for any injury may not exceed this product.*

*(c) Extended disability compensation shall cease if the employee is no longer disabled, returns to work, refuses a job offer described in subdivision 1, paragraph (d), clause (4), or retires from the labor market.*

*(d) An employee is not eligible for extended disability compensation if, at any time before the employee would have become eligible:*

*(1) the employee refuses a job offer, as described in subdivision 1, paragraph (d), clause (4); or*

*(2) the employee returns to work and terminates employment, unless the employee was medically unable to continue work or was terminated without just cause.*

*(e) An employee is eligible for extended compensation at any time after payment of permanent partial benefits is complete so long as the employee meets the qualifications of this section and has not been paid the maximum number of weeks under paragraph (b) for that injury; provided that, extended compensation may not be paid beyond 350 weeks after the date of injury.*

Sec. 12. Minnesota Statutes 1986, section 176.101, subdivision 2, is amended to read:

*Subd. 2. [TEMPORARY PARTIAL DISABILITY.] (a) In all cases of temporary partial disability the compensation shall be ~~66-2/3 percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition.~~ paid as follows:*

*(1) for the first 26 weeks that the employee returns to work, the compensation shall be 80 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition;*

*(2) for the second 26 weeks that the employee returns to work, the compensation shall be 60 percent of the difference between the after-tax weekly wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition; and*

*(3) for the third 26 weeks that the employee returns to work, the compensation shall be 40 percent of the difference between the after-tax weekly*

wage of the employee at the time of injury and the after-tax weekly wage the employee is earning in the employee's partially disabled condition.

(b) This compensation shall be paid during the period of disability except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to a maximum compensation equal to 105 percent of the statewide average weekly wage.

(c) Temporary partial compensation may be paid only while the employee is working and earning less than the employee's weekly wage at the time of the injury. Except as provided in section 176.102, subdivision 11, paragraph (b), temporary partial compensation may not be paid after the employee has returned to work for 78 weeks or after 350 weeks after the date of injury, whichever occurs first.

Sec. 13. Minnesota Statutes 1986, section 176.101, is amended by adding a subdivision to read:

*Subd. 3. [PERMANENT PARTIAL DISABILITY.] (a) Compensation for permanent partial disability is as provided in this subdivision. For permanent partial disability up to the percent of the whole body shown in the following schedule, the amount of compensation is equal to the proportion that the loss of function of the disabled part bears to the whole body multiplied by the amount aligned with that percent in the following schedule:*

<i>Percent of Disability</i>	<i>Amount</i>
0-25	\$ 75,000
26-30	80,000
31-35	85,000
36-40	90,000
41-45	95,000
46-50	100,000
51-55	120,000
56-60	140,000
61-65	160,000
66-70	180,000
71-75	200,000
76-80	240,000
81-85	280,000
86-90	320,000
91-95	360,000
96-100	400,000

*An employee may not receive compensation for more than a 100 percent disability of the whole body, even if the employee sustains disability to two or more body parts.*

*(b) Permanent partial disability is payable upon cessation of temporary total disability under subdivision 1. If the employee is not working, the compensation is payable in installments at the same intervals and in the same amount as the initial temporary total disability rate. If the employee returns to work, the remaining compensation is payable in a lump sum 30 days after the employee returned to work provided the employment has not been substantially interrupted by the injury for any part of the 30 days and the employee is still employed at the job at the end of the period.*

Sec. 14. Minnesota Statutes 1986, section 176.101, subdivision 4, is amended to read:



Subd. 4. [PERMANENT TOTAL DISABILITY.] For permanent total disability, as defined in subdivision 5, the compensation shall be ~~66-2/3~~ 80 percent of the ~~daily~~ after-tax weekly wage at the time of the injury, subject to a maximum weekly compensation equal to the maximum weekly compensation for a temporary total disability and a minimum weekly compensation equal to the minimum weekly compensation for a temporary total disability. This compensation shall be paid during the permanent total disability of the injured employee but after a total of \$25,000 of weekly compensation has been paid, the amount of the weekly compensation benefits being paid by the employer shall be reduced by the amount of any disability benefits being paid by any government disability benefit program if the disability benefits are occasioned by the same injury or injuries which give rise to payments under this subdivision. This reduction shall also apply to any old age and survivor insurance benefits. Payments shall be made at the intervals when the wage was payable, as nearly as may be. In case an employee who is permanently and totally disabled becomes an inmate of a public institution, no compensation shall be payable during the period of confinement in the institution, unless there is wholly dependent on the employee for support some person named in section 176.111, subdivision 1, 2 or 3, in which case the compensation provided for in section 176.111, during the period of confinement, shall be paid for the benefit of the dependent person during dependency. The dependency of this person shall be determined as though the employee were deceased.

Sec. 15. Minnesota Statutes 1986, section 176.101, subdivision 5, is amended to read:

Subd. 5. [~~TOTAL DISABILITY DEFINITION.~~] (a) For purposes of subdivision 4, permanent total disability means only:

(1) the total and permanent loss of the sight of both eyes, the loss of both arms at the shoulder, the loss of both legs so close to the hips that no effective artificial members can be used, complete and permanent paralysis, total and permanent loss of mental faculties; or

(2) any other injury which totally and permanently incapacitates the employee from working at an occupation which brings the employee an income constitutes total disability.

(b) For purposes of paragraph (a), clause (2), totally and permanently incapacitated means that the employee's physical disability, in combination with the employee's age, education and training, and experience, causes the employee to be unable to secure anything more than sporadic employment resulting in an insubstantial income. Local labor market conditions may not be considered in making the total and permanent incapacitation determination.

Sec. 16. Minnesota Statutes 1986, section 176.102, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] (a) This section only applies to vocational rehabilitation of injured employees and their spouses as provided under subdivision 1a. Physical rehabilitation of injured employees is considered treatment subject to section 176.135.

(b) Rehabilitation is intended to restore the injured employee, through physical and vocational rehabilitation, so the employee may return to a job related to the employee's former employment or to a job in another work area which produces an economic status as close as possible to that the

employee would have enjoyed without disability. Rehabilitation to a job with a higher economic status than would have occurred without disability is permitted if it can be demonstrated that this rehabilitation is necessary to increase the likelihood of reemployment. Economic status is to be measured not only by opportunity for immediate income but also by opportunity for future income.

Sec. 17. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATORS.] The commissioner shall hire a director of rehabilitation services in the classified service. The commissioner shall monitor and supervise rehabilitation services, including, but not limited to, making determinations regarding the selection and delivery of rehabilitation services and the criteria used to approve qualified rehabilitation consultants and rehabilitation vendors. The commissioner may also make determinations regarding fees for rehabilitation services *and shall by rule, subject to chapter 14, establish a fee schedule or otherwise limit fees charged by qualified rehabilitation consultants and vendors.* The commissioner may hire qualified personnel to assist in the commissioner's duties under this section and may delegate the duties and performance.

Sec. 18. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3, is amended to read:

Subd. 3. [REVIEW PANEL.] There is created a rehabilitation review panel composed of the commissioner or a designee, who shall serve as an ex officio member and ~~two members~~ *one member each from representing employers, insurers, rehabilitation, and medicine, one member representing chiropractors, and four* ~~two members each~~ *representing labor and rehabilitation vendors, and six members who are qualified rehabilitation consultants.* The members shall be appointed by the commissioner and shall serve four-year terms which may be renewed. Compensation for members shall be governed by section 15.0575. The panel shall select a chair. The panel shall review and make a determination with respect to appeals from orders of the commissioner regarding certification approval of qualified rehabilitation consultants and vendors. The hearings are de novo and initiated by the panel under the contested case procedures of chapter 14, and are appealable to the workers' compensation court of appeals in the manner provided by section 176.421.

Sec. 19. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 3a, is amended to read:

Subd. 3a. [DISCIPLINARY ACTIONS.] The panel has authority to discipline qualified rehabilitation consultants and vendors and may impose a penalty of up to \$1,000 per violation, and may suspend or revoke certification. Complaints against registered qualified rehabilitation consultants and vendors shall be made to the commissioner who shall investigate all complaints. If the investigation indicates a violation of this chapter or rules adopted under this chapter, the commissioner may initiate a contested case proceeding under the provisions of chapter 14. In these cases, the rehabilitation review panel shall make the final decision following receipt of the report of an administrative law judge. The decision of the panel is appealable to the workers' compensation court of appeals in the manner provided by section 176.421. The panel shall continuously study rehabilitation services and delivery, develop and recommend rehabilitation rules to the commissioner, and assist the commissioner in accomplishing public

education.

The commissioner may appoint alternates for one-year terms to serve as a member when a member is unavailable. The number of alternates shall not exceed one labor member, one employer or insurer member, and one member representing medicine, ~~chiropractic~~, or rehabilitation vendors, and one member representing qualified rehabilitation consultants.

Sec. 20. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 4, is amended to read:

Subd. 4. [REHABILITATION PLAN; DEVELOPMENT.] (a) ~~An employer or insurer shall provide rehabilitation consultation by a qualified rehabilitation consultant or by another person permitted by rule to provide consultation to an injured employee within five days after the employee has 60 days of lost work time due to the personal injury, except as otherwise provided in this subdivision. Where an employee has incurred an injury to the back, the consultation shall be made within five days after the employee has 30 days of lost work time due to the injury. The lost work time in either case may be intermittent lost work time. If an employer or insurer has medical information at any time prior to the time specified in this subdivision that the employee will be unable to return to the job the employee held at the time of the injury rehabilitation consultation shall be provided immediately after receipt of this information.~~

For purposes of this section "lost work time" means only those days during which the employee would actually be working but for the injury. In the case of the construction industry, mining industry, or other industry where the hours and days of work are affected by seasonal conditions, "lost work time" shall be computed by using the normal schedule worked when employees are working full time. A rehabilitation consultation must be provided by the employer to an injured employee upon request of the employee, the employer, or the commissioner. If a rehabilitation consultation is requested, the employer shall provide a qualified rehabilitation consultant; except that, if the injured employee objects to the employer's selection, the employee may select a qualified rehabilitation consultant of the employee's own choosing within 30 days following the first in-person contact between the employee and the original qualified rehabilitation consultant. If the consultation indicates that rehabilitation services are appropriate pursuant to subdivision 1, the employer shall provide such services. If the consultation indicates that rehabilitation services are not appropriate pursuant to subdivision 1, the employer shall notify the employee of this determination within seven days after the consultation.

(b) In order to assist the commissioner in determining whether or not to request rehabilitation consultation for an injured employee, an employer must notify the commissioner whenever the employee's temporary total disability will likely exceed 13 weeks. The notification must be made within 90 days from the date of the injury or when the likelihood of at least a 13-week disability can be determined, whichever is earlier, and must include a current physician's report.

(c) The qualified rehabilitation consultant ~~appointed by the employer or insurer~~ shall disclose in writing at the first meeting or written communication with the employee any ownership interest or affiliation between the firm which employs the qualified rehabilitation consultant and the employer, insurer, adjusting or servicing company, including the nature and extent of the affiliation or interest. The consultant shall also disclose to all parties

any affiliation, business referral or other arrangement between the consultant or the firm employing the consultant and any other party to the case, including or to any attorneys, doctors, or chiropractors.

If the employee objects to the employer's selection of a qualified rehabilitation consultant, the employee shall notify the employer and the commissioner in writing of the objection. The notification shall include the name, address, and telephone number of the qualified rehabilitation consultant chosen by the employee to provide rehabilitation consultation.

(d) After the initial provision or selection of a qualified rehabilitation consultant as provided under paragraph (a), the employee may choose request a different qualified rehabilitation consultant as follows:

(1) once during the first 60 days following the first in-person contact between the employee and the original consultant;

(2) once after the 60-day period referred to in clause (1); and

(3) subsequent requests which shall be determined granted or denied by the commissioner or compensation judge according to the best interests of the parties.

(e) The employee and employer shall enter into a program if one is prescribed in develop a rehabilitation plan within 30 days of the rehabilitation consultation if the qualified rehabilitation consultant determines that rehabilitation is appropriate. A copy of the plan, including a target date for return to work, shall be submitted to the commissioner within 15 days after the plan has been developed.

(f) If the employer does not provide rehabilitation consultation, or the employee does not select a qualified rehabilitation consultant, as required by this section provided under paragraph (a), the commissioner or compensation judge shall notify the employer that if the employer fails to appoint provide, or the employee fails to select, whichever is applicable, a qualified rehabilitation consultant or other persons as permitted by clause (a) within 15 days to conduct a rehabilitation consultation, the commissioner or compensation judge shall appoint a qualified rehabilitation consultant to provide the consultation at the expense of the employer unless the commissioner or compensation judge determines the consultation is not required.

(g) In developing a rehabilitation plan consideration shall be given to the employee's qualifications, including but not limited to age, education, previous work history, interest, transferable skills, and present and future labor market conditions.

(h) The commissioner or compensation judge may waive rehabilitation services under this section if the commissioner or compensation judge is satisfied that the employee will return to work in the near future or that rehabilitation services will not be useful in returning an employee to work.

Sec. 21. Minnesota Statutes 1987 Supplement, section 176.102, subdivision 6, is amended to read:

Subd. 6. [PLAN, ELIGIBILITY FOR REHABILITATION, APPROVAL AND APPEAL.] The commissioner or a compensation judge shall determine eligibility for rehabilitation services and shall review, approve, modify,

or reject rehabilitation plans developed under subdivision 4. The commissioner or a compensation judge shall also make determinations regarding rehabilitation issues not necessarily part of a plan including, but not limited to, determinations regarding whether an employee is eligible for further rehabilitation and the benefits under subdivisions 9 and 11 to which an employee is entitled. *A plan that is not completed within six months or that will cost more than \$3,000 must be specifically approved by the commissioner. This approval may not be waived by the parties.*

Sec. 22. Minnesota Statutes 1986, section 176.102, subdivision 7, is amended to read:

Subd. 7. [PLAN IMPLEMENTATION; REPORTS.] (a) Upon request by the commissioner, insurer, employer or employee, medical and rehabilitation reports shall be made by the provider of the medical and rehabilitation service to the commissioner, insurer, employer, or employee.

*(b) If a rehabilitation plan has not already been filed pursuant to subdivision 4, an employer shall report to the commissioner after 90 days from the date of the injury, but before 120 days therefrom, as to what rehabilitation consultation and services, if any, have been provided to the injured employee or why rehabilitation consultation and services have not been provided.*

Sec. 23. Minnesota Statutes 1986, section 176.102, subdivision 11, is amended to read:

Subd. 11. [RETRAINING; COMPENSATION.] (a) Retraining is limited to 156 weeks. An employee who has been approved for retraining may petition ~~the commissioner~~ for additional compensation not to exceed 25 percent of the compensation otherwise payable. If the commissioner or compensation judge determines that this additional compensation is warranted due to unusual or unique circumstances of the employee's retraining plan, the commissioner or compensation judge may award additional compensation in an amount ~~the commissioner determines is appropriate~~, not to exceed the employee's request. This additional compensation shall cease at any time the commissioner or compensation judge determines the special circumstances are no longer present.

*(b) Pursuant to section 176.101, subdivisions 1 and 2, temporary total disability or temporary partial disability shall be paid during a retraining plan that has been specifically approved under this section and for up to 90 days after the end of the plan; except that, payment during the 90-day period is subject to cessation in accordance with section 176.101, subdivision 1, paragraph (d), clauses (1) to (4). Compensation paid under this paragraph must cease if the employee terminates participation in the approved retraining plan without good cause.*

Sec. 24. Minnesota Statutes 1986, section 176.105, subdivision 1, is amended to read:

Subdivision 1. (a) The commissioner of labor and industry shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries. *The commissioner, in consultation with the medical services review board, shall annually review these rules to determine whether any injuries omitted from the schedule should be compensable and, if so, amend the rules accordingly.*

*(b) Disability ratings for permanent partial disability must be based on*

*objective medical evidence.*

Sec. 25. Minnesota Statutes 1986, section 176.111, subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the spouse weekly workers' compensation benefits at ~~50~~ 80 percent of the *after-tax* weekly wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

Sec. 26. Minnesota Statutes 1986, section 176.111, subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] If the deceased employee leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of the spouse and child ~~60~~ 80 percent of the *daily after-tax weekly* wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. ~~At that time there shall be paid to the dependent surviving spouse weekly benefits at a rate which is 16 2/3 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, including adjustments as provided in section 176.645.~~

Sec. 27. Minnesota Statutes 1986, section 176.111, subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] If the deceased employee leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of the spouse and children ~~66 2/3~~ 80 percent of the *daily after-tax weekly* wage at the time of the injury of the deceased until the last dependent child is no longer dependent. ~~At that time the dependent surviving spouse shall be paid weekly benefits at a rate which is 25 percent less than the last weekly workers' compensation benefit payment, as defined in subdivision 8a, while the surviving child was a dependent, for a period of ten years, adjusted according to section 176.645.~~

Sec. 28. Minnesota Statutes 1986, section 176.111, subdivision 12, is amended to read:

Subd. 12. [ORPHANS.] If the deceased employee leaves a dependent orphan, there shall be paid ~~55~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased, for two or more orphans there shall be paid ~~66 2/3~~ 80 percent of the *wages after-tax weekly wage*.

Sec. 29. Minnesota Statutes 1986, section 176.111, subdivision 14, is amended to read:

Subd. 14. [PARENTS.] If the deceased employee leave no surviving spouse or child entitled to any payment under this chapter, but leaves both parents wholly dependent on deceased, there shall be paid to such parents jointly ~~45~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased. In case of the death of either of the wholly dependent parents the survivor shall receive ~~35~~ 80 percent of the *after-tax* weekly wage thereafter. If the deceased employee leave one parent wholly dependent on the deceased, there shall be paid to such parent ~~35~~ 80 percent of the *after-tax* weekly wage at the time of the injury of the deceased employee. The compensation payments under this section shall not exceed the actual

contributions made by the deceased employee to the support of the employee's parents for a reasonable time immediately prior to the injury which caused the death of the deceased employee.

Sec. 30. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 15, is amended to read:

Subd. 15. [REMOTE DEPENDENTS.] If the deceased employee leaves no surviving spouse or child or parent entitled to any payment under this chapter, but leaves a grandparent, grandchild, brother, sister, mother-in-law, or father-in-law wholly dependent on the employee for support, there shall be paid to such dependent, if but one, ~~30~~ 40 percent of the *after-tax* weekly wage at the time of injury of the deceased, or if more than one, ~~35~~ 45 percent of the *after-tax* weekly wage at the time of the injury of the deceased, divided among them share and share alike.

Sec. 31. Minnesota Statutes 1986, section 176.111, subdivision 20, is amended to read:

Subd. 20. [ACTUAL DEPENDENTS, COMPENSATION.] Actual dependents are entitled to take compensation in the order named in subdivision 3 during dependency until ~~66-2/3~~ 80 percent of the *after-tax* weekly wage of the deceased at the time of injury is exhausted. The total weekly compensation to be paid to full actual dependents of a deceased employee shall not exceed in the aggregate an amount equal to the maximum weekly compensation for a temporary total disability.

Sec. 32. Minnesota Statutes 1987 Supplement, section 176.111, subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the *after-tax* weekly wage being earned by the deceased employee at the time of the injury causing death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's or father's insurance benefits received pursuant to United States Code, title 42, section 402(g), are benefits under a government survivor program.

Sec. 33. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 1, is amended to read:

Subdivision 1. If an employee incurs personal injury and suffers disability from that injury alone that is substantially greater, because of a preexisting physical impairment, than what would have resulted from the personal

injury alone, the employer or insurer shall pay all compensation provided by this chapter, but the employer shall be reimbursed from the special compensation fund for all compensation paid in excess of 52 weeks of monetary benefits and ~~\$2,000~~ \$3,500 in medical expenses, subject to the exceptions in paragraphs (a), (b), and (c):

(a) If the disability caused by the subsequent injury is made substantially greater by the employee's registered preexisting physical impairment, there shall be apportionment of liability among all injuries. The special compensation fund shall only reimburse for that portion of the compensation, medical expenses, and rehabilitation expenses attributed to the subsequent injury after the applicable deductible has been met.

(b) If the subsequent personal injury alone results in permanent partial disability to a scheduled member under the schedule adopted by the commissioner pursuant to section 176.105, the special compensation fund shall not reimburse permanent partial disability, medical expenses, or rehabilitation expenses.

(c) *Reimbursement for compensation paid shall be at the rate of 75 percent.*

Sec. 34. Minnesota Statutes 1986, section 176.131, subdivision 1a, is amended to read:

Subd. 1a. If an employee is employed in an on-the-job training program pursuant to an approved rehabilitation plan under section 176.102 and the employee incurs a personal injury that aggravates the personal injury for which the employee has been certified to enter the on-the-job training program, the on-the-job training employer shall pay the medical expenses and compensation required by this chapter, and shall be reimbursed from the special compensation fund for the compensation and medical expense that is attributable to the aggravated injury; *except that, reimbursement for compensation paid shall be at the rate of 75 percent.* The employer, at the time of the personal injury for which the employee has been approved for on-the-job training, is liable for the portion of the disability that is attributable to that injury.

Sec. 35. Minnesota Statutes 1986, section 176.131, subdivision 2, is amended to read:

Subd. 2. If the employee's personal injury results in disability or death, and if the injury, death, or disability would not have occurred except for the preexisting physical impairment registered with the special compensation fund, the employer shall pay all compensation provided by this chapter, and shall be ~~fully~~ reimbursed from the special compensation fund for the compensation, except that:

(1) this ~~full~~ reimbursement shall not be made for cardiac disease or a condition registered pursuant to subdivision 8, clause (t) or (u) unless the commissioner by rule provides otherwise; and

(2) *reimbursement for compensation paid shall be at the rate of 75 percent.*

Sec. 36. Minnesota Statutes 1987 Supplement, section 176.131, subdivision 8, is amended to read:

Subd. 8. As used in this section the following terms have the meanings given them:



“Physical impairment” means any physical or mental condition that is permanent in nature, whether congenital or due to injury, disease or surgery and which is or is likely to be a hindrance or obstacle to obtaining employment except that physical impairment is limited to the following:

- (a) Epilepsy,
- (b) Diabetes,
- (c) Hemophilia,
- (d) Cardiac disease, provided that objective medical evidence substantiates at least the minimum permanent partial disability listed in the workers’ compensation permanent partial disability schedule,
- (e) Partial or entire absence of thumb, finger, hand, foot, arm or leg,
- (f) Lack of sight in one or both eyes or vision in either eye not correctable to 20/40,
- (g) Residual disability from poliomyelitis,
- (h) Cerebral Palsy,
- (i) Multiple Sclerosis,
- (j) Parkinson’s disease,
- (k) Cerebral vascular accident,
- (l) Chronic Osteomyelitis,
- (m) Muscular Dystrophy,
- (n) Thrombophlebitis,
- (o) Brain tumors,
- (p) Pott’s disease,
- (q) Seizures,
- (r) Cancer of the bone,
- (s) Leukemia,
- (t) Any other physical impairment resulting in a disability rating of at least ~~ten~~ 25 percent of the whole body if the physical impairment were evaluated according to standards used in workers’ compensation proceedings, and
- (u) Any other physical impairments of a permanent nature which the commissioner may by rule prescribe;

“Compensation” has the meaning defined in section 176.011;

“Employer” includes insurer;

“Disability” means, unless otherwise indicated, any condition causing either temporary total, temporary partial, permanent total, permanent partial, death, medical expense, or rehabilitation.

Sec. 37. Minnesota Statutes 1986, section 176.131, is amended by adding a subdivision to read:

*Subd. 13. [APPLICABLE LAW.] The right to reimbursement under this section is governed by the law in effect on the date of the subsequent injury.*

Sec. 38. Minnesota Statutes 1986, section 176.132, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE RECIPIENTS.] (a) ~~An employee who has suffered personal injury prior to October 1, 1983 for which benefits are payable under section 176.101 and who has been totally disabled for more than 104 weeks shall be eligible for supplementary benefits as prescribed in this section after 104 weeks have elapsed and for the remainder of the total disablement. Regardless of the number of weeks of total disability, no totally disabled person is ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, except as provided by clause (b), provided that all periods of disability are caused by the same injury.~~

(b) An employee who has suffered personal injury after October 1, 1983, and before August 1, 1988, is eligible to receive supplementary benefits after the employee has been receiving temporary total or permanent total benefits for 208 weeks. Regardless of the number of weeks of total disability, no person who is receiving temporary total compensation shall be ineligible for supplementary benefits after four years have elapsed since the first date of the total disability, provided that all periods of disability are caused by the same injury.

(b) *An employee who has suffered personal injury after August 1, 1988, that caused a permanent total disability, as defined in section 176.101, subdivision 5, is eligible to receive supplementary benefits after four years have elapsed since the first date of the total disability, provided that the employee continues to have a permanent total disability.*

Sec. 39. Minnesota Statutes 1986, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) ~~The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually. The supplementary benefit payable under this section is:~~

(1) *the sum of the amount the employee receives under section 176.101, subdivision 4, plus the amount of any disability benefits being paid by any government disability benefit program if those benefits are occasioned by the same injury or injuries giving rise to payments under section 176.101, subdivision 4, plus any old age and survivor's insurance benefits, subtracted from*

(2) *50 percent of the statewide average weekly wage, as computed annually.*

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 50 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is

receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

~~(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.~~

~~(e) (d) In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.~~

Sec. 40. Minnesota Statutes 1986, section 176.132, subdivision 3, is amended to read:

~~Subd. 3. [PAYMENT.] The payment of supplementary benefits shall be the responsibility of the employer or insurer currently paying total disability benefits, or any other payer of such benefits. When the eligible individual is not currently receiving benefits because the total paid has reached the maximum prescribed by law the employer and insurer shall, nevertheless, pay the supplementary benefits that are prescribed by law. The employer or insurer paying the supplementary benefit shall have the right of full reimbursement from the special compensation fund for the amount of such benefits paid.~~

Sec. 41. Minnesota Statutes 1986, section 176.136, subdivision 1, is amended to read:

~~Subdivision 1. [SCHEDULE.] (a) The commissioner shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups. The procedures established by the commissioner shall must limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, to the 75th percentile of usual and customary fees or charges based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing.~~

~~(b) The medical fee rules for providers other than hospitals, which are promulgated on October 1, 1987, and based upon 1986 medical cost data, must remain in effect until September 30, 1989; and the medical fee rules for providers other than hospitals, which are promulgated on October 1, 1989, must be based on the 1987 medical cost data and must remain in effect until September 30, 1990.~~

~~(c) The procedures established by the commissioner for determining~~

whether or not the charge for a health service is excessive ~~shall~~ *must* be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. The procedures ~~shall~~ *must* incorporate the provisions of sections 144.701, 144.702, and 144.703 to the extent that the commissioner finds that these provisions effectively accomplish the intent of this section or are otherwise necessary to insure that quality hospital care is available to injured employees.

Sec. 42. Minnesota Statutes 1986, section 176.136, is amended by adding a subdivision to read:

*Subd. 1a. [CHARGES FOR INDEPENDENT MEDICAL EXAMINATIONS.] The commissioner shall adopt rules that reasonably limit amounts which may be charged for, or in connection with, independent or adverse medical examinations requested by any party, including the amount that may be charged for depositions, witness fees, or other expenses. The scheduled amount for the examination itself may not exceed the scheduled amount for complex consultations by treating physicians, although additional reasonable charges may be permitted to reflect additional duties or activities. An insurer or employer may not pay fees above the amount in the schedule.*

Sec. 43. Minnesota Statutes 1987 Supplement, section 176.221, subdivision 1, is amended to read:

Subdivision 1. [COMMENCEMENT OF PAYMENT.] Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within ~~30~~ 60 days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within ~~30~~ 60 days of notice or knowledge. After the ~~30-day~~ 60-day period, payment may be terminated only by the filing of a notice as provided under section 176.239. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail specific reasons explaining why

the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

Sec. 44. Minnesota Statutes 1986, section 176.645, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the total benefits due the employee or any dependents shall be adjusted in accordance with this section. On October 1, 1981, and thereafter on the anniversary of the date of the employee's injury the total benefits due shall be adjusted by multiplying the total benefits due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, 1977 or thereafter under this section shall exceed ~~six~~ four percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be ~~six~~ four percent.

Sec. 45. Minnesota Statutes 1986, section 176.645, subdivision 2, is amended to read:

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 ~~shall be~~ is deferred until the first anniversary of the date of the injury. *For injuries occurring on or after August 1, 1988, the initial adjustment under subdivision 1 is deferred until the third anniversary of the date of injury.*

Sec. 46. Minnesota Statutes 1986, section 176.66, subdivision 11, is amended to read:

Subd. 11. [AMOUNT OF COMPENSATION.] The compensation for an occupational disease is ~~66-2/3~~ 80 percent of the employee's *after-tax* weekly wage on the date of injury subject to a maximum compensation equal to the maximum compensation in effect on the date of last exposure. The employee shall be eligible for supplementary benefits notwithstanding the provisions of section 176.132, after four years have elapsed since the date of last significant exposure to the hazard of the occupational disease if that employee's weekly compensation rate is less than the current supplementary benefit rate.

Sec. 47. [176.90] [AFTER-TAX CALCULATION.]

*For purposes of section 176.011, subdivision 18, section 176.101, subdivisions 1, 2, 3, and 4, section 176.111, subdivisions 6, 7, 8, 12, 14, 15, 20, and 21, and section 176.66, the commissioner shall publish by September 1 of each year tables or formulas for determining the after-tax weekly wage to take effect the following October 1. The tables or formulas must be based on the applicable federal income tax and social security laws and state income tax laws in effect on the preceding April 1. These tables or formulas are conclusive for the purposes of converting weekly*

wage into after-tax weekly wage. The commissioner may contract with the department of revenue or any other person or organization in order to adopt the tables or formulas. The adoption of the tables or formulas is exempt from the administrative rulemaking provisions of chapter 14.

Sec. 48. [176.95] [ADMINISTRATIVE COSTS.]

The annual cost to the commissioner of labor and industry of administering the workers' compensation system under this chapter must be charged to the state general fund. Administrative costs include the cost of administering the workers' compensation division of the department of labor and industry and the workers' compensation division of the office of administrative hearings.

Sec. 49. [ADMINISTRATIVE COSTS CHANGE-OVER.]

For the biennium beginning July 1, 1989, 50 percent of the costs of administering the workers' compensation system must be charged to the state general fund and 50 percent to the special compensation fund.

Sec. 50. [EXISTING DISABILITY RATINGS.]

Existing disability ratings adopted under section 176.105, subdivision 1, may not be changed before June 30, 1991.

Sec. 51. [AFTER-TAX CALCULATION.]

Notwithstanding section 47, the commissioner of labor and industry shall publish by July 15, 1988, a table or formula for determining the after-tax weekly wage effective August 1, 1988, until October 1, 1988, as otherwise required under that section.

Sec. 52. [APPROPRIATION.]

\$434,800 is appropriated from the workers' compensation special compensation fund to the commissioner of labor and industry to administer the workers' compensation system in accordance with this article. \$124,800 is for fiscal year 1988 and is available until June 30, 1989. \$310,000 is for fiscal year 1989. The approved complement of the department of labor and industry is increased by ten positions.

Sec. 53. [REPEALER.]

Minnesota Statutes 1986, sections 176.011, subdivision 26; and 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6, are repealed.

Sec. 54. [EFFECTIVE DATE.]

Sections 5, 17, 18, 19, 24, 43, 47, 50, and 51 are effective the day following final enactment. Section 48 is effective July 1, 1991. Notwithstanding section 176.1321, sections 1 to 4, 6 to 16, 20 to 23, 25 to 41, 44 to 46, 49, and 53 are effective August 1, 1988. Section 42 is effective January 1, 1989.

## ARTICLE 4

### WORKERS' COMPENSATION INSURANCE

Section 1. Minnesota Statutes 1986, section 79.095, is amended to read:  
79.095 [APPOINTMENT OF ACTUARY.]

The commissioner shall may employ the services of a casualty ~~actuary~~

actuaries experienced in ~~worker's~~ workers' compensation whose duties shall include but not be limited to investigation of complaints by insured parties relative to rates, rate classifications, or discriminatory practices of an insurer. The salary of ~~the~~ an actuary employed pursuant to this section is not subject to the provisions of section 43A.17, subdivision 1.

Sec. 2. Minnesota Statutes 1986, section 79.55, subdivision 2, is amended to read:

Subd. 2. [EXCESSIVENESS.] ~~No premium is excessive in a competitive market. In the absence of a competitive market,~~ Premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Sec. 3. Minnesota Statutes 1986, section 79.56, is amended by adding a subdivision to read:

Subd. 5. [RATE REGULATION.] (a) *Whenever an insurer files a change in its existing rate level or rating plan, the commissioner may hold a hearing to determine if the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. The hearing must be conducted pursuant to chapter 14. The commissioner shall give notice of intent to hold a hearing within 90 days of the filing of the change. It is the responsibility of the insurer to show that the rate level or rating plan is not excessive, inadequate, or unfairly discriminatory. The rate level or rating plan is effective unless it is determined as a result of the hearing that the rate level or rating plan is excessive, inadequate, or unfairly discriminatory. Upon such a finding, the rate level or rating plan is retroactively rescinded and any premiums collected thereunder must be refunded. This subdivision does not apply to any changes resulting from assessments for the assigned risk plan, reinsurance association, guarantee fund, special compensation fund, or statutory benefit level changes to sections 176.101, subdivisions 1, 2, and 4, 176.111, 176.132, and 176.645 as a result of annual adjustments in the statewide average weekly wage. The disapproval of a rate level or rating plan under this subdivision must be done in the same manner as under section 70A.11, except that the standards of section 79.55 apply.*

(b) *Notwithstanding paragraph (a), if the commissioner of labor and industry petitions the commissioner for a hearing pursuant to this subdivision, the commissioner must hold a hearing if the commissioner of labor and industry certifies that the hearing is necessary because a decision of the supreme court or enactment of a statute has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner of labor and industry must make a prima facie showing that law change has effected a substantial change in the basis upon which the existing rate levels or rating plan was filed.*

(c) *Notwithstanding paragraph (a), the commissioner may hold a hearing if the commissioner determines that the hearing is necessary because of circumstances which result in a substantial change in the basis upon which the existing rate levels or rating plan was filed. The commissioner must make a prima facie showing that the circumstances resulted in a substantial change in the basis upon which the existing rate levels or rating plan was filed.*

Sec. 4. [79.561] [PARTICIPATION.]

*An employer, or person representing a group of employers, which will be directly affected by a change in an insurer's existing rate level or rating plan filed under section 3, and the commissioner of labor and industry, must be allowed to participate in any hearing under that subdivision challenging the change in rate level or rating plan as being excessive, inadequate, or unfairly discriminatory.*

Sec. 5. Minnesota Statutes 1986, section 79.58, subdivision 2, is amended to read:

Subd. 2. [RATING PLANS.] The commissioner may disapprove a rating plan of a data service organization if, after a hearing conducted pursuant to chapter 14, the commissioner finds that it is excessive, inadequate, or unfairly discriminatory. The rating plan is effective until disapproved. It is the responsibility of the data service organization to show that the rating plan is not excessive, inadequate, or unfairly discriminatory. Any order of disapproval shall require the data service organization to use an alternative rating plan until approval of a rating plan by the commissioner. The commissioner shall not approve any rating plan based upon any data other than Minnesota data, except that other data may be utilized as a supplement to Minnesota data when the commissioner determines that an exceptional case requires such data to establish the statistical credibility of an occupational classification.

Sec. 6. Minnesota Statutes 1986, section 79.61, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;

(b) Establish requirements for data reporting and monitoring methods to maintain a high quality data base;

(c) Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:

(i) development factors and alternative derivations;

(ii) trend factors and alternative derivations and applications;

(iii) pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and

(iv) an evaluation of the effects of changes in law on loss data.

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;



(d) Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;

(e) Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;

(f) Provide loss data specific to an insured to the insured at a reasonable cost;

(g) Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; ~~and~~

(h) Assess its members for operating expenses on a fair and equitable basis;

*(i) Separate the incurred but not reported losses of its members;*

*(j) Separate paid and outstanding losses of its members;*

*(k) Provide information indicating cases in which its members have established a reserve in excess of \$50,000;*

*(l) Provide information on the income on invested reserves of its members;*

*(m) Provide information as to policies written at other than the filed rates;*

*(n) File information based solely on Minnesota premium income of its members concerning investment income, legal expenses, subrogation recoveries, administrative expenses, and commission expenses;*

*(o) File information based solely on Minnesota data concerning its members' reserving practices, premium income, indemnity, and medical benefits paid; and*

*(p) Provide any records of the data service organizations that are requested by the commissioner or otherwise required by statute.*

#### Sec. 7. [79.65] [CHAPTER APPLICABILITY TO DATA SERVICE ORGANIZATIONS.]

*Subdivision 1. [EXAMINATION BY COMMISSIONER.] Data service organizations are subject to all the provisions of this chapter. The commissioner or an authorized representative of the commissioner may visit the rating association at any reasonable time and examine, audit, or evaluate the rating association's operations, records, and practices. For purposes of this section, "authorized representative of the commissioner" includes employees of the departments of commerce or labor and industry or other parties retained by the commissioner. Examination under this section may be done of any member of data service organizations for purposes of workers' compensation insurance regulation.*

*Subd. 2. [COSTS AND EXPENSES.] The commissioner may order and the data service organization shall pay the costs and expenses of any examination, audit, or evaluation conducted pursuant to subdivision 1. A sum sufficient to pay these costs and expenses is appropriated from the special compensation fund to the commissioner of commerce.*

#### Sec. 8. [79.651] [INVESTIGATIONS AND SUBPOENAS.]

*Subdivision 1. [GENERAL POWERS.] In connection with the administration of chapter 79, the commissioner of commerce may:*

*(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether any person has violated or is about to violate chapter 79 or any rule or order under chapter 79, or to aid in the enforcement of chapter 79, or in the prescribing of rules or forms under chapter 79;*

*(2) require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter being investigated;*

*(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the administration of chapter 79;*

*(4) conduct investigations and hold hearings for the purpose of compiling information with a view to recommending changes in chapter 79 to the legislature;*

*(5) examine the books, accounts, records, and files of every licensee under chapter 79 and of every person who is engaged in any activity regulated under chapter 79; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;*

*(6) publish information which is contained in any order issued by the commissioner; and*

*(7) require any person subject to chapter 79 to report all sales or transactions that are regulated under chapter 79. The reports must be made within ten days after the commissioner has ordered the report. The report is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction.*

*Subd. 2. [POWER TO COMPEL PRODUCTION OF EVIDENCE.] For the purpose of any investigation, hearing, or proceeding under chapter 79, the commissioner or a designated representative may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of books, papers, correspondence, memoranda, agreements, or other documents or records that the commissioner considers relevant or material to the inquiry.*

*Subd. 3. [COURT ORDERS.] In case of a refusal to appear or a refusal to obey a subpoena issued to any person, the district court, upon application by the commissioner, may issue to any person an order directing that person to appear before the commissioner, or the officer designated by the commissioner, there to produce documentary evidence if so ordered or to give evidence relating to the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.*

*Subd. 4. [SCOPE OF PRIVILEGE.] No person is excused from attending and testifying or from producing any document or record before the commissioner, or from obedience to the subpoena of the commissioner or any officer designated by the commissioner or in a proceeding instituted by the commissioner, on the ground that the testimony or evidence required may tend to incriminate that person or subject that person to a penalty of forfeiture. No person may be prosecuted or subjected to a penalty or*

*forfeiture for or on account of a transaction, matter, or thing concerning which the person is compelled, after claiming the privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that the individual is not exempt from prosecution and punishment for perjury or contempt committed in testifying.*

**Subd. 5. [LEGAL ACTIONS; INJUNCTIONS; CEASE AND DESIST ORDERS.]** *Whenever it appears to the commissioner that any person has engaged or is about to engage in any act or practice constituting a violation of chapter 79, or any rule or order adopted under chapter 79, the commissioner has the following powers: (1) the commissioner may bring an action in the name of the state in the district court of the appropriate county to enjoin the acts or practices and to enforce compliance with chapter 79, or any rule or order adopted or issued under chapter 79, or the commissioner may refer the matter to the attorney general or the county attorney of the appropriate county. Upon a proper showing, a permanent or temporary injunction, restraining order, or other appropriate relief must be granted; (2) the commissioner may issue and cause to be served upon the person an order requiring the person to cease and desist from violations of chapter 79, or any rule or order adopted or issued under chapter 79. The order must be calculated to give reasonable notice of the rights of the person to request a hearing and must state the reasons for the entry of the order. A hearing must be held not later than seven days after the request for the hearing is received by the commissioner, after which and within 20 days after receiving the administrative law judge's report, the commissioner shall issue a further order vacating the cease and desist order or making it permanent as the facts require. If no hearing is requested within 30 days of service of the order, the order will become final and will remain in effect until it is modified or vacated by the commissioner. Unless otherwise provided, all hearings must be conducted in accordance with chapter 14. If the person to whom a cease and desist order is issued fails to appear at the hearing after being duly notified, the person is in default, and the proceeding may be determined against that person upon consideration of the cease and desist order, the allegations of which may be considered to be true. The commissioner may adopt rules of procedure concerning all proceedings conducted under this subdivision.*

**Subd. 6. [VIOLATIONS AND PENALTIES.]** *The commissioner may impose a civil penalty not to exceed \$2,000 per violation upon a person who violates chapter 79, unless a different penalty is specified.*

**Subd. 7. [ACTIONS AGAINST LICENSEES.]** *In addition to any other actions authorized by this section, the commissioner may, by order, deny, suspend, or revoke the authority or license of a person subject to chapter 79, or censure that person if the commissioner finds that:*

- (1) the order is in the public interest; or*
- (2) the person has violated chapter 79.*

**Subd. 8. [STOP ORDER.]** *In addition to any other actions authorized by this section, the commissioner may issue a stop order denying effectiveness to or suspending or revoking any registration subject to chapter 79.*

**Subd. 9. [POWERS ADDITIONAL.]** *The powers contained in subdivisions 1 to 8 are in addition to all other powers of the commissioner.*

**Sec. 9. [79.652] [ACCESS TO INSURER.]**

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

Sec. 10. Minnesota Statutes 1986, section 176A.03, is amended by adding a subdivision to read:

*Subd. 3. [COVERAGE OUTSIDE STATE.] Policies issued by the fund pursuant to this chapter may also provide workers' compensation coverage required under the laws of states other than Minnesota, including coverages commonly known as "all states coverage." The fund may apply for and obtain any licensure required in any other state in order to issue such coverage.*

**Sec. 11. [MANDATED REDUCTIONS.]**

*(a) As a result of the workers' compensation law changes in article 3 and the resulting savings to the costs of Minnesota's workers' compensation system, an insurer's approved schedule of rates in effect on August 1, 1988, must be reduced by 16 percent and applied by the insurer to all policies issued, renewed, or outstanding on or after that date. An insurer may not adjust its filed rating plan to recoup the 16 percent mandated rate reduction under this section. The reduction must be computed on the basis of a 16 percent premium reduction prorated to the expiration of that policy. An insurer shall provide written notice by September 1, 1988, to all employers having an outstanding policy with the insurer as of August 1, 1988, to read as follows: "As a result of the changes in the workers' compensation insurance system enacted by the 1988 legislature, you are entitled to a credit or refund to your current premium in an amount of \$ . . . . . which reflects a 16 percent mandated premium reduction prorated to the expiration of your policy."*

*(b) No rate increases may be filed between April 10, 1988, and January 1, 1989.*

**Sec. 12. [NOTICE OF INTENT TO CHALLENGE RATE LEVEL CHANGE.]**

*Notwithstanding section 3, the commissioner shall have an additional 90 days to give notice of intent to hold a hearing pursuant to that section. This section applies only to challenges to an insurer's change in existing rate levels or rating plan filed between the date the 1989 rate-making report is approved by the commissioner of commerce and six months thereafter.*

**Sec. 13. [RECORDS DEPOSITED WITH THE COMMISSIONER.]**

All records of data services organizations authorized by section 79.61, or its predecessors, pertaining to proceedings before the department of commerce or its predecessors regarding rates or classifications must be deposited with the commissioner no later than August 1, 1988.

Sec. 14. [CONTINGENT APPROPRIATION.]

(a) \$250,000 is appropriated from the special compensation fund to a workers' compensation contingent account for the purposes of this article. The appropriation in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30. The appropriation in this section does not cancel but is available until June 30, 1989.

(b) \$100,000 from the general contingent account for workers' compensation appropriated under Laws 1987, chapter 404, section 44, is available for the purposes of article 3.

Sec. 15. [REPEALER.]

Minnesota Statutes 1986, sections 79.54, 79.57, and 79.58, subdivision 1, are repealed.

Sec. 16. [EFFECTIVE DATE.]

Section 11, paragraph (b), is effective the day following final enactment.

## ARTICLE 5

### WORKERS' COMPENSATION COURT OF APPEALS ABOLISHED

Section 1. Minnesota Statutes 1986, section 176.421, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR TAKING; GROUNDS.] When a petition has been heard before a compensation judge, within 30 days after a party in interest has been served with notice of an award or disallowance of compensation, or other order affecting the merits of the case, the party may appeal to the workers' compensation court of appeals on any of the following grounds:

- (1) the order does not conform with this chapter; or
- (2) the compensation judge committed an error of law; or
- (3) the findings of fact and order were *clearly erroneous and* unsupported by substantial evidence in view of the entire record as submitted; or
- (4) the findings of fact and order were procured by fraud, or coercion, or other improper conduct of a party in interest.

Sec. 2. Minnesota Statutes 1986, section 176.421, subdivision 6, is amended to read:

Subd. 6. [POWERS OF WORKERS' COMPENSATION COURT OF APPEALS ON APPEAL.] On an appeal taken under this section, the workers' compensation court of appeals' review is limited to the issues raised by the parties in the notice of appeal or by a cross-appeal. *On review, the court may not substitute its judgment for that of the compensation judge as to the weight or credibility of the evidence on any finding of fact.* In these cases, on those issues raised by the appeal, the workers' compensation court of appeals may:

- (1) grant an oral argument based on the record before the compensation

judge;

(2) examine the record;

(3) ~~substitute for the findings of fact made by the compensation judge findings based on the total evidence;~~

(4) sustain, reverse, make or modify an award or disallowance of compensation or other order based on the facts, findings, and law; and,

~~(5)~~ (4) remand or make other appropriate order.

Sec. 3. Minnesota Statutes 1986, section 480A.06, subdivision 3, is amended to read:

Subd. 3. [CERTIORARI REVIEW.] The court of appeals shall have jurisdiction to issue writs of certiorari to all agencies, public corporations and public officials, except the tax court ~~and the workers' compensation court of appeals~~. The court of appeals shall have jurisdiction to review decisions of the commissioner of jobs and training, pursuant to section 268.10.

Sec. 4. Minnesota Statutes 1986, section 480A.06, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE REVIEW.] The court of appeals shall have jurisdiction to review on the record: the validity of administrative rules, as provided in sections 14.44 and 14.45; ~~and~~; the decisions of administrative agencies in contested cases, as provided in sections 14.63 to 14.69; ~~and workers' compensation cases and peace officer death benefits cases, as provided under chapters 176 and 176A.~~

Sec. 5. [TRANSFER OF JURISDICTION AND PERSONNEL.]

*The jurisdiction of the workers' compensation court of appeals, as provided under Minnesota Statutes, section 175A.01, subdivision 2, is transferred to the court of appeals. All contracts, books, plans, papers, records, and property of every description of the workers' compensation court of appeals relating to its transferred responsibilities and within its jurisdiction or control are transferred to the court of appeals; except that, all case files are transferred to the clerk of the appellate courts. All classified employees and staff attorneys of the workers' compensation court of appeals must be given preference in the employment of personnel required to staff the increased caseload of the court of appeals as a result of transfer of jurisdiction under this section.*

Sec. 6. [INCREASED JUDGES.]

*The number of judges on the court of appeals as of April 1, 1989, shall be increased by three. The three additional judges are subject to senate confirmation.*

Sec. 7. [INSTRUCTION TO REVISOR.]

*In every instance in Minnesota Statutes in which the term "workers' compensation court of appeals" appears, the revisor of statutes shall change that reference to the "court of appeals."*

Sec. 8. [REAPPROPRIATION.]

*\$190,000 is reappropriated from the special compensation fund, as a result of the savings to that fund in fiscal year 1989 due to the abolishment of the workers' compensation court of appeals, to the court of appeals for*

*the purposes of this article.*

**Sec. 9. [REPEALER.]**

*Minnesota Statutes 1986, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; and 175A.10, are repealed. Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2, is repealed.*

**Sec. 10. [EFFECTIVE DATE.]**

*Sections 1 and 2 are effective the day following final enactment. Sections 3 to 9 are effective April 1, 1989.*

**ARTICLE 6**

**REPORTS TO THE LEGISLATURE**

**Section 1. [REPORT TO THE LEGISLATURE ON MEDICAL ISSUES.]**

*The commissioner of labor and industry shall present a report to the legislature concerning medical issues in the workers' compensation system. Specifically, the report must include findings and recommendations designed to contain or reduce the cost of workers' compensation related medical services, including methods of controlling the cost of ongoing therapy treatments. The report must be presented by January 1, 1990.*

*The state fund mutual insurance company shall be consulted, as part of the medical services study, in order to assist the department in developing a proposal to collect and analyze all medical bills. The ultimate goal of this consultation will be the development of a flagging and monitoring system to identify cases which significantly deviate from normal utilization patterns, costs and outcomes. The department shall make a preliminary report on the progress of the proposal to the legislature on January 1, 1989. The department shall make a final recommendation on implementation of the proposal at the time it makes its report to the legislature concerning medical issues in the workers' compensation system on January 1, 1990.*

**Sec. 2. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL PHYSICIANS.]**

*The commissioner of labor and industry shall present a report to the legislature concerning workers' compensation before January 1, 1989, which develops and evaluates a detailed proposal for establishing a system of neutral doctors for use in such areas as determining maximum medical improvement and rating permanent partial disabilities. The report must contain a bill proposal to implement the commissioner's recommendations.*

**Sec. 3. [REPORT TO THE LEGISLATURE ON USE OF NEUTRAL QUALIFIED REHABILITATION CONSULTANTS.]**

*To reduce cost and contention in the rehabilitation system, the commissioner of labor and industry shall develop and evaluate a detailed proposal to establish a system to ensure that qualified rehabilitation consultants will not be aligned with either insurers or claimants. The commissioner shall consider alternative methods of selection and payment to ensure neutrality. The commissioner shall present a report and proposal to the legislature by January 1, 1989.*

**Sec. 4. [REPORT TO THE LEGISLATURE ON IMPLEMENTATION OF MANDATED RATE REDUCTIONS.]**

*The commissioner of labor and industry shall survey Minnesota employers to determine if the mandated workers' compensation insurance rate reductions required under article 4, section 11, have been implemented by insurers, both as to amount and in a manner that is uniform and non-discriminatory between employers having similar risks with respect to a particular occupational classification. The commissioner must present a report detailing findings and conclusions to the legislature by February 1, 1989.*

**Sec. 5. [REPORT TO THE LEGISLATURE ON RECODIFICATION OF WORKERS' COMPENSATION LAW.]**

*The revisor of statutes shall recodify the workers' compensation law, including Minnesota Statutes, chapter 176.*

*The recodification must not make any substantive changes but shall provide a comprehensive, accurate, and complete restatement.*

*Each state department agency and legislative staff, including senate counsel and house of representatives research, shall provide assistance in the recodification as requested by the revisor of statutes.*

*The revisor shall report to the legislature by January 1, 1989, on the progress of the recodification. The revisor shall prepare a bill to implement its recommendations for recodification by January 1, 1990.*

**Sec. 6. [HEARINGS AT THE OFFICE OF ADMINISTRATIVE HEARINGS; REPORT OF THE CHIEF ADMINISTRATIVE LAW JUDGE.]**

*The chief administrative law judge shall consider methods to reduce the formality and length of hearings in workers' compensation cases at the office of administrative hearings, with a goal of completing 50 percent of the hearings in less than two hours, 75 percent in less than four hours and nearly all of the cases in less than one day. Before January 1, 1989, the chief judge shall report to the legislature on the efforts to meet these goals, including any recommendations for legislation needed to achieve these goals.*

**Sec. 7. [REPORT TO THE LEGISLATURE ON STATE REGULATION OF WORKERS' COMPENSATION INSURANCE.]**

*Legislative staff shall prepare and present a report to the legislature surveying the different processes for regulation of workers' compensation insurance rating plans under other states' workers' compensation insurance laws. The report must be presented to the legislature by January 1, 1989.*

**Sec. 8. [APPROPRIATION.]**

*\$100,000 is appropriated from the special compensation fund to the commissioner of labor and industry for the purposes of sections 2, 3, and 4.*

**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 labor and industry; regulating boiler operation and inspections; regulating workers' compensation benefits and administration; regulating workers' compensation insurance; providing for the*



appointment of actuaries; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.095; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.58, subdivision 2; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10; 176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7; and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; 183.411, subdivisions 1 and 3, and by adding a subdivision; 183.45; 183.51, subdivisions 4, 7, and 10; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; 176.155, subdivision 1; 176.221, subdivision 1; 183.42; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1986, sections 79.54; 79.57; 79.58, subdivision 1; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2."

Mr. Kroening questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Benson appealed the ruling of the President.

### CALL OF THE SENATE

Mr. Luther imposed a call of the Senate for the balance of the proceedings on H.F. No. 1999. The Sergeant at Arms was instructed to bring in the absent members.

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 33 and nays 30, as follows:

Those who voted in the affirmative were:

Beckman	Diessner	Lantry	Morse	Reichgott
Brandl	Frank	Luther	Novak	Samuelson
Chmielewski	Frederickson, D.J.	Marty	Pehler	Schmitz
Cohen	Hughes	Merriam	Peterson, D.C.	Spear
Dahl	Johnson, D.J.	Metzen	Peterson, R.W.	Taylor
Davis	Jude	Moe, D.M.	Piper	
Dicklich	Kroening	Moe, R.D.	Pogemiller	

Those who voted in the negative were:

Adkins	Bertram	Johnson, D.E.	Lessard	Renneke
Anderson	Brataas	Knaak	McQuaid	Solon
Belanger	Decker	Knutson	Mehrkens	Storm
Benson	Frederick	Laidig	Olson	Stumpf
Berg	Frederickson, D.R.	Langseth	Purfeerst	Vickerman
Bernhagen	Gustafson	Larson	Ramstad	Wegscheid

The decision of the President was sustained.

### SUSPENSION OF RULES

Mr. Moe, R.D. moved that the rules of the Senate be so far suspended as to allow the Chmielewski amendment to be offered to H.F. No. 1999. The motion prevailed.

Mr. Chmielewski moved the adoption of his amendment. The motion prevailed. So the amendment was adopted.

H.F. No. 1999 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 20, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Johnson, D.E.	Mehrkens	Renneke
Anderson	Chmielewski	Jude	Moe, D.M.	Schmitz
Beckman	Davis	Knaak	Moe, R.D.	Solon
Belanger	Decker	Knutson	Morse	Storm
Benson	DeCramer	Laidig	Olson	Stumpf
Berg	Frederick	Langseth	Pehler	Taylor
Bernhagen	Frederickson, D.J.	Larson	Peterson, R.W.	Vickerman
Bertram	Frederickson, D.R.	Lessard	Purfeerst	Wegscheid
Brandl	Gustafson	McQuaid	Ramstad	

Those who voted in the negative were:

Cohen	Frank	Lantry	Metzen	Pogemiller
Dahl	Hughes	Luther	Novak	Reichgott
Dicklich	Johnson, D.J.	Marty	Peterson, D.C.	Samuelson
Diessner	Kroening	Merriam	Piper	Spear

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. introduced—

Senate Concurrent Resolution No. 26: A Senate concurrent resolution relating to adjournment for more than three days.

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

1. Upon its adjournment on Wednesday, April 20, 1988, the Senate may set its next day of meeting for Monday, April 25, 1988.

2. Upon its adjournment on Wednesday, April 20, 1988, the House of Representatives may set its next day of meeting for Monday, April 25, 1988.

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.

**MEMBERS EXCUSED**

Ms. Berglin was excused from the Session of today. Mr. Frank was excused from this afternoon's Session. Mr. Waldorf was excused from the Session of today at 4:15 p.m. Mr. Freeman was excused from the Session of today at 11:40 p.m.

**ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn until 3:00 p.m., Monday, April 25, 1988. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

## NINETY-THIRD DAY

St. Paul, Minnesota, Monday, April 25, 1988

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. Oliver White.

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

Adkins	Davis	Jude	Metzen	Renneke
Anderson	Decker	Knaak	Moe, D.M.	Schmitz
Beckman	DeCramer	Knutson	Moe, R.D.	Solon
Belanger	Dicklich	Kroening	Morse	Spear
Benson	Diessner	Laidig	Novak	Storm
Berg	Frank	Langseth	Olson	Stumpf
Berglin	Frederick	Lantry	Pehler	Taylor
Bernhagen	Frederickson, D.J.	Larson	Peterson, D.C.	Vickerman
Bertram	Frederickson, D.R.	Lessard	Peterson, R.W.	Waldorf
Brandl	Freeman	Luther	Piper	Wegscheid
Brataas	Gustafson	Marty	Pogemiller	
Chmielewski	Hughes	McQuaid	Purfeerst	
Cohen	Johnson, D.E.	Mehrkens	Ramstad	
Dahl	Johnson, D.J.	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 communications were received.

April 20, 1988

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. 1587, 1681, 1749, 1940, 2102, 2203, 2206 and 2402.

Sincerely,  
Rudy Perpich, Governor

April 21, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	1659	563	April 20	April 20
	1850	564	April 20	April 20
	1980	565	April 20	April 20
	2134	566	April 20	April 20
	2190	567	April 20	April 20
	2232	568	April 20	April 20
	2554	569	April 20	April 20
1587		570	April 20	April 20
1681		571	April 20	April 20
1749		572	April 20	April 20
1940		573	April 20	April 20
2102		574	April 20	April 20
2203		575	April 20	April 20
2206		576	April 20	April 20
2402		577	April 20	April 20
	1189	Res. No. 11		April 6
	2735	Res. No. 12		April 6
974		Res. No. 13		April 6
2376		Res. No. 14		April 6
2525		Res. No. 15		April 13

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 21, 1988

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. 462, 1086, 1388, 1582, 1608, 1610, 1661, 1708, 1727, 2017, 2165, 2217 and 2451.

Sincerely,  
Rudy Perpich, Governor

April 22, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	236	578	April 21	April 21
	421	579	April 21	April 21
	1399	580	April 21	April 21
	1790	581	April 21	April 21
	1844	582	April 21	April 21
	1966	583	April 21	April 21
	2036	584	April 21	April 21
	2108	585	April 21	April 21
	2117	586	April 21	April 21
	2185	587	April 21	April 21
	2265	588	April 21	April 21
	2520	589	April 21	April 21
462		590	April 21	April 21
1086		591	April 21	April 21
1388		592	April 21	April 21
1582		593	April 21	April 21
1608		594	April 21	April 21
1610		595	April 21	April 21
1661		596	April 21	April 21
1708		597	April 21	April 21
1727		598	April 21	April 21
2017		599	April 21	April 21
2165		600	April 21	April 21
2217		601	April 21	April 21
2451		602	April 21	April 21

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 24, 1988

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. 203, 1268, 1540, 1652, 1719, 1809, 1955, 2055, 2111, 2119, 2137, 2150, 2214, 2226, 2266 and 2323.

Sincerely,  
Rudy Perpich, Governor

## PROTEST AND DISSENT

Mr. President:

I rise on behalf of the Senators listed below and myself under the Constitutional provision of Article 4, Section 11, which allows the "protest and dissent of members".

Earlier this Session, the Senate approved the Conference Committee Report on S.F. No. 203.

This past fall the First Bank System was reported to have lost between \$400,000,000 and \$600,000,000 on bond speculation. The Wall Street Journal reported that some senior management had sold their First Bank stock shortly before this loss was announced. Common sense would tell all of us that if that bond investment would have been properly put in loans to Minnesotans, the true role of a commercial bank, the loans would be paid and the loss would not happen. It's in the interest of Minnesotans who look to lenders for loans, and First Bank shareholders generally, that First Bank management do a better job in this regard. Unfortunately, the Conference Committee Report on S.F. No. 203, that we passed earlier today, nurtures and protects this mismanagement with its certain anti-takeover provision.

Carl W. Kroening

Betty Adkins  
 Charlie Berg  
 Linda Berglin  
 Chuck Davis  
 Don Frank  
 David J. Frederickson

Douglas J. Johnson  
 Marilyn Lantry  
 Jim Metzen  
 Don Samuelson  
 Bob Schmitz

## MOTIONS AND RESOLUTIONS

Remaining on the Order of Business of Motions and Resolutions, without objection the Senate took up the Special Orders Calendar.

## CALL OF THE SENATE

Mr. Frank imposed a call of the Senate for the balance of the proceedings on H.F. No. 2008. The Sergeant at Arms was instructed to bring in the absent members.

## SPECIAL ORDER

H.F. No. 2008: A bill for an act relating to elections; clarifying certain public campaign financing limits; amending Minnesota Statutes 1986, section 10A.25, subdivision 10; Minnesota Statutes 1987 Supplement, sections 10A.255, subdivision 1; 10A.32, subdivision 3; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b.

Mr. Berg moved to amend H.F. No. 2008, the unofficial engrossment, as follows:

Page 1, after line 16, insert:

"Section 1. [10A.065] [CONTRIBUTIONS AND SOLICITATIONS

## DURING LEGISLATIVE SESSION.]

*Subdivision 1. [REGISTERED LOBBYIST CONTRIBUTIONS; REGULATION.] A registered lobbyist, political committee, or political fund may not make a contribution to a candidate for the state legislature or to the candidate's principal campaign committee or other political committee with a candidate's name or title other than the principal campaign committee of that candidate during a regular session of the legislature.*

*Subd. 2. [SOLICITATION PROHIBITED.] A candidate for the state legislature or the candidate's principal campaign committee or other political committee with a candidate's name or title other than the principal campaign committee of that candidate may not knowingly solicit a registered lobbyist, political committee, or political fund for a contribution during a regular session of the legislature.*

*Subd. 3. [PENALTY.] A candidate, registered lobbyist, political committee, or political fund that violates this section is subject to a civil fine of up to \$600. If the state ethical practices board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board shall bring an action, or transmit the finding to a county attorney who shall bring an action, in the district court of Ramsey county, to impose a civil fine as prescribed by the board. Fines paid under this section must be deposited in the general fund in the state treasury.*

*Subd 4. [SPECIAL ELECTION.] This section does not apply to candidates in a legislative special election.*

*Subd. 5. [POLITICAL COMMITTEE.] This section does not apply to a political committee established by a political party as defined in section 10A.27, subdivision 4."*

Renumber the sections of article 1 in sequence

Amend the title accordingly

The question was taken 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:

Anderson	Davis	Johnson, D.E.	Mehrkens	Ramstad
Belanger	Decker	Jude	Merriam	Reichgott
Benson	DeCramer	Knaak	Moe, D.M.	Renneke
Berg	Frederick	Knutson	Moe, R.D.	Spear
Bernhagen	Frederickson, D.J.	Laidig	Olson	Storm
Brandl	Frederickson, D.R.	Lantry	Pehler	Taylor
Brataas	Gustafson	Larson	Peterson, D.C.	Vickerman
Dahl	Hughes	McQuaid	Peterson, R.W.	

Those who voted in the negative were:

Adkins	Dicklich	Kroening	Metzen	Schmitz
Beckman	Diessner	Langseth	Morse	Solon
Berglin	Frank	Lessard	Piper	Stumpf
Bertram	Freeman	Luther	Pogemiller	Waldorf
Chmielewski	Johnson, D.J.	Marty	Purfeerst	Wegscheid

The motion prevailed. So the amendment was adopted.

H.F. No. 2008 was read the third time, as amended, and placed on its final passage.

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



The roll was called, and there were yeas 38 and nays 28, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Mehrkens	Reichgott
Beckman	DeCramer	Knutson	Metzen	Schmitz
Belanger	Dicklich	Kroening	Moe, R.D.	Solon
Berg	Diessner	Langseth	Morse	Spear
Berglin	Frank	Lantry	Novak	Stumpf
Bertram	Frederickson, D.J.	Lessard	Peterson, D.C.	Vickerman
Brandl	Hughes	Luther	Piper	
Cohen	Johnson, D.J.	Marty	Pogemiller	

Those who voted in the negative were:

Anderson	Decker	Knaak	Olson	Storm
Benson	Frederick	Laidig	Pehler	Taylor
Bernhagen	Frederickson, D.R.	Larson	Peterson, R.W.	Waldorf
Brataas	Freeman	McQuaid	Purfeerst	Wegscheid
Chmielewski	Gustafson	Merriam	Ramstad	
Dahl	Johnson, D.E.	Moe, D.M.	Renneke	

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

### SPECIAL ORDER

H.F. No. 1941: A bill for an act relating to charitable gambling; increasing the time period allowed for cities and counties to review license applications; amending Minnesota Statutes 1986, section 349.213, subdivision 2.

Mrs. Lantry moved to amend H.F. No. 1941, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1764.)

Page 2, line 27, delete "money,"

Page 2, line 28, after "benefit" insert "by an employer"

Page 2, line 29, after "payroll" insert "or pension"

Page 2, line 30, before "charitable" insert "registered combined"

Page 2, line 31, delete "309.50" and insert "309.501"

Page 2, line 32, before the period, insert "if:

(1) all of the persons eligible to be selected are employed by or retirees of the employer;

(2) the cost of the property or other reward or benefit distributed and all costs associated with the distribution are borne by the employer; and

(3) the total amount actually expended by the employer to obtain the property or other rewards or benefits distributed by the employer during the calendar year does not exceed \$500"

The motion prevailed. So the amendment was adopted.

Mr. Lessard moved to amend H.F. No. 1941, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1764.)

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1986, section 10A.01, subdivision 18, is amended to read:

Subd. 18. "Public official" means any:

- (a) member of the legislature;
- (b) constitutional officer in the executive branch and the officer's chief administrative deputy;
- (c) member, chief administrative officer or deputy chief administrative officer of a state board or commission which has at least one of the following powers: (i) the power to adopt, amend or repeal rules, or (ii) the power to adjudicate contested cases or appeals;
- (d) commissioner, deputy commissioner or assistant commissioner of any state department as designated pursuant to section 15.01;
- (e) individual employed in the executive branch who is authorized to adopt, amend or repeal rules or adjudicate contested cases;
- (f) executive director of the state board of investment;
- (g) executive director of the Indian affairs intertribal board;
- (h) commissioner of the iron range resources and rehabilitation board;
- (i) director of mediation services;
- (j) deputy of any official listed in clauses (e) to (i);
- (k) judge of the workers' compensation court of appeals;
- (l) administrative law judge or compensation judge in the state office of administrative hearings or hearing examiner in the department of jobs and training;
- (m) solicitor general or deputy, assistant or special assistant attorney general;
- (n) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher or attorney in the office of senate research, senate counsel, or house research;  
or
- (o) member or chief administrative officer of the metropolitan council, regional transit board, metropolitan transit commission, metropolitan waste control commission, metropolitan parks and open spaces commission, metropolitan airports commission or metropolitan sports facilities commission;  
or
- (p) *the director, deputy director, and assistant directors of the state lottery agency.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	Salary Range Effective July 1, 1983
Commissioner of finance;	\$57,500-\$78,500
Commissioner of transportation;	

Commissioner of human services;  
 Executive director, state board of investment;  
 Commissioner of revenue;  
*Director, state lottery agency;*  
 Commissioner of administration; \$50,000-\$67,500  
 Commissioner of agriculture;  
 Commissioner of commerce;  
 Commissioner of corrections;  
 Commissioner of jobs and training;  
 Commissioner of employee relations;  
 Commissioner of energy and economic  
 development;  
 Commissioner of health;  
 Commissioner of labor and industry;  
 Commissioner of natural resources;  
 Commissioner of public safety;  
 Chair, waste management board;  
 Chief administrative law judge; office of  
 administrative hearings;  
 Director, pollution control agency;  
 Director, state planning agency;  
 Executive director, housing finance  
 agency;  
 Executive director, public employees  
 retirement association;  
 Executive director, teacher's  
 retirement association;  
 Executive director, state retirement  
 system;  
 Chair, metropolitan council;  
 Chair, regional transit board;  
 Coordinator of full productivity and  
 opportunity;  
 Commissioner of human rights; \$42,500-\$60,000  
 Director, department of public service;  
 Commissioner of veterans' affairs;  
 Director, bureau of mediation services;  
 Commissioner, public utilities commission;  
 Member, transportation regulation board.

Sec. 3. Minnesota Statutes 1986, section 290.92, is amended by adding a subdivision to read:

*Subd. 29. [LOTTERY PRIZES.] The director of the lottery agency shall deduct and withhold eight percent of the payment of winnings which are subject to withholding as Minnesota withholding tax. For purposes of this subdivision, the term "winnings which are subject to withholding" has the meaning given in section 3402(q)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. For purposes of the provisions of this section, a payment to any person of winnings which are subject to withholding must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment of winnings which are subject to withholding shall furnish the director of the lottery agency with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment. The lottery agency is liable for the payment*

*of the tax required to be withheld under this subdivision but is not liable to any person for the amount of the payment.*

Sec. 4. [297A.259] [SALE OF LOTTERY TICKETS.]

*The sale of lottery tickets authorized under sections 7 to 19 is exempt from the sales and use tax imposed by this chapter.*

Sec. 5. Minnesota Statutes 1986, section 340A.410, subdivision 5, is amended to read:

Subd. 5. [GAMBLING PROHIBITED.] (a) No retail establishment licensed to sell alcoholic beverages may keep, possess, or operate, or permit the keeping, possession, or operation on the licensed premises of dice or any gambling device as defined in section 349.30, or permit gambling therein except as provided in this subdivision.

(b) Gambling equipment may be kept or operated and raffles conducted on licensed premises and adjoining rooms when the use of the gambling equipment is authorized under chapter 349.

(c) *Lottery tickets may be purchased and sold within the licensed premises as authorized under sections 7 to 19.*

Page 1, after line 20, insert:

“Sec. 7. [349.70] [DEFINITIONS.]

*Subdivision 1. [TERMS.] For the purpose of this chapter the terms defined in this section have the meanings given them.*

*Subd. 2. [AGENCY.] “Agency” means the state lottery agency.*

*Subd. 3. [COMMISSION.] “Commission” means the Minnesota lottery commission.*

*Subd. 4. [DIRECTOR.] “Director” means the director of the state lottery agency.*

*Subd. 5. [LOTTERY.] “Lottery” means a lottery game conducted by the state lottery agency.*

*Subd. 6. [LOTTERY AGENT.] “Lottery agent” or “agent” means a person with whom the state lottery agency has contracted to sell lottery tickets to the public.*

*Subd. 7. [LOTTERY TICKET.] “Lottery ticket” or “ticket” means any tangible evidence issued to prove participation in a lottery game.*

*Subd. 8. [LOTTERY VENDOR.] “Lottery vendor” or “vendor” means a person who has entered into a contract to provide equipment, supplies, or services for the state lottery agency. A lottery vendor does not include a lottery agent.*

*Subd. 9. [MAJOR PROCUREMENT CONTRACT.] “Major procurement contract” means a contract to provide lottery products, facilities, equipment, computer hardware and software, lottery tickets, advertising, promotional services, and consulting services. Major procurement contracts do not include contracts to provide annuity or prize payment agreements, and materials, supplies, equipment, and services common to the ordinary operations of state agencies.*

Sec. 8. [349.71] [LOTTERY COMMISSION.]

*Subdivision 1. [ESTABLISHED; MEMBERSHIP.] The Minnesota lottery commission consists of five members who shall be appointed by the governor for terms of six years, with the advice and consent of the senate. At least two members must reside outside the seven-county metropolitan area. The governor shall designate the chair of the commission.*

*Subd. 2. [QUALIFICATIONS.] A member of the commission must have been a resident of Minnesota for at least five consecutive years immediately prior to appointment.*

*Subd. 3. [COMPENSATION; REMOVAL; VACANCIES.] The compensation, removal, and filling of vacancies of the commission members is as provided under section 15.0575.*

*Subd. 4. [DUTIES.] The commission has the following duties:*

- (1) to approve a budget for the lottery agency;*
- (2) to approve vendor contracts entered into by the director;*
- (3) to adopt rules and game procedures upon recommendation of the director; and*
- (4) to approve any agreement entered into by the director to conduct a joint lottery with one or more other states.*

*Sec. 9. [349.72] [LOTTERY AGENCY.]*

*Subdivision 1. [ESTABLISHED; DIRECTOR.] The state lottery agency is a state agency under the control of a director. The governor shall appoint the director of the agency, with the advice and consent of the senate, who serves at the pleasure of the governor, and is in the unclassified service. The director must devote full time to the duties of the office and not be engaged in any other profession or occupation while holding the office.*

*Subd. 2. [POWERS.] The director has the following powers and duties:*

- (1) to implement, supervise, and administer a state lottery at the earliest feasible time to produce the maximum amount of net revenue to the state consistent with the public interest;*
- (2) to recommend to the commission rules for the operation and administration of the lottery;*
- (3) to recommend to the commission lottery game procedures;*
- (4) to enter into contracts for the operation and promotion of the lottery and the supply of necessary goods and services with the approval of the commission;*
- (5) to issue subpoenas to compel the attendance of witnesses and the production of documents, books, records, and other evidence relating to any investigation relating to the lottery;*
- (6) to employ and supervise personnel;*
- (7) to enter into written agreements with one or more states, with the approval of the commission, for the operation, marketing, and promotion of a joint lottery;*
- (8) to prepare a budget for the agency, subject to the approval of the commission; and*
- (9) to take all necessary steps to ensure the integrity of the lottery in*

Minnesota.

Sec. 10. [349.73] [EMPLOYEES.]

*Subdivision 1. [DEPUTY AND ASSISTANT DIRECTORS.] The director shall appoint one deputy and three assistant directors for security, marketing, and operations, who shall serve in the unclassified service at the pleasure of the director. The deputy director shall serve as the acting director in the director's absence. The assistant director for security shall be responsible for ensuring the integrity, honesty, and fairness of the operation and administration of the lottery, including conducting background checks of prospective employees of the agency, prospective lottery agents, and prospective lottery vendors. The assistant director of security shall have had at least five years' experience in law enforcement or security.*

*Subd. 2. [OTHER EMPLOYEES.] The director may employ and assign duties to other employees as necessary to administer and operate the lottery. Professional employees of the agency as defined under section 179A.03, subdivision 13, must be in the unclassified service, and all other employees must be in the classified service.*

*Subd. 3. [BACKGROUND CHECKS.] The director shall conduct background checks on all prospective employees and require all persons employed by the agency to be fingerprinted. No employee of the lottery agency may have been convicted of a felony or a crime involving fraud or misrepresentation within five years of starting employment with the lottery agency, have a felony charge pending, or have been convicted of a gambling-related offense. The director has access to all criminal history data compiled by the bureau of criminal apprehension on employees and prospective employees of the lottery agency.*

*Subd. 4. [COMPENSATION.] The compensation of all agency employees is as provided in chapter 43A, except that the director may establish a merit program for employees subject to chapter 179A.*

*Subd. 5. [ASSISTANCE.] Other departments or agencies of the state shall provide reasonable assistance to the lottery agency at the request of the director. The lottery agency shall make appropriate reimbursement for all assistance.*

Sec. 11. [349.74] [CONFLICT OF INTEREST.]

*No member of the commission, the director, or employee of the agency and no member of their families residing in the same household may:*

*(1) own more than five percent of the outstanding shares or have a management interest in a lottery vendor or lottery agent; or*

*(2) receive a gift, gratuity, or other thing of value, other than food and beverage, having an aggregate value in excess of \$100 in any calendar year from a lottery vendor or lottery agent.*

Sec. 12. [349.75] [LOTTERY AGENTS.]

*Subdivision 1. [CONTRACTS.] The director may enter into contracts with persons to act as lottery agents to sell tickets for a particular lottery game with those persons the director determines meet the qualifications of this section and will serve the public convenience. Before entering into any contract under this section, the director must consider:*

*(1) the financial responsibility and security of the applicant as shown*

by, among other things, the applicant's credit history;

(2) the accessibility to the public of the applicant's place of business;

(3) the adequacy of existing lottery agents to serve the public convenience;

(4) the volume of expected sales; and

(5) the effect of the applicant becoming a lottery sales agent on the public health, welfare, and safety.

Subd. 2. [QUALIFICATIONS.] (a) A lottery agent must:

(1) be at least 18 years of age;

(2) be a resident of Minnesota;

(3) have never been convicted of a felony during the previous ten years in a state or federal court or have a state or federal felony charge pending;

(4) have never been convicted of a gambling-related offense;

(5) have never been found guilty of a crime involving fraud or misrepresentation during the previous ten years; or

(6) not be a member of the family residing in the same household of an employee of the agency, director, or member of the commission.

An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the stock of the corporation, an officer, or director that does not meet the requirements of clauses (3) to (5) is not eligible to be a lottery agent under this section.

(b) The restrictions under this subdivision do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or corporation has terminated its relationship with the individuals whose actions directly contributed to the disqualification under this subdivision.

Subd. 3. [ON-SALE LIQUOR ESTABLISHMENTS.] The director may not authorize the sale of lottery tickets within establishments licensed to sell alcoholic beverages for consumption on the premises that, within the previous five years of applying to be a lottery agent, have had a licensed organization conducting lawful gambling on the premises under this chapter.

Subd. 4. [APPLICATION FEE.] The director may charge a nonrefundable application fee to a person applying to become a lottery agent. A fee collected under this subdivision must be deposited into the lottery operations fund.

Subd. 5. [TEMPORARY CONTRACT.] The director may enter into a temporary contract with a person pending final determination of the person's qualifications under this section. A temporary contract may not be for a period greater than 90 days.

Subd. 6. [GOVERNMENT AGENCIES.] A contract may not be entered into with a department, commission, agency, or instrumentality of the state or its political subdivisions, but a contract may be entered into with a person engaged in nongovernmental business on governmental property. The lottery agency may sell lottery tickets to the public.

Subd. 7. [BOND.] The director shall require lottery agents to post a bond in an amount the director determines is sufficient to protect the interests of the state before undertaking the sale of lottery tickets. The

*bond is payable to the state and must be conditioned on the agent's timely payment of all money due from the sale of lottery tickets.*

*Subd. 8. [CRIMINAL HISTORY.] The director may request the assistance of the bureau of criminal apprehension in investigating lottery agents and applicants. The director has access to all criminal history data compiled by the bureau on lottery agents and applicants.*

*Subd. 9. [TRANSFERS.] A contract entered into under this section may not be transferred or assigned.*

*Subd. 10. [DURATION.] Contracts entered into under this section are for a period of one year.*

*Subd. 11. [RECORDS.] A lottery agent shall keep full sets of books of account, correspondence, and all other records necessary to show fully the lottery transactions of the agent. The director may require an audit to be conducted by the agency or an outside auditor approved by the director of the books of the agent. The costs of any examination, inspection, or audit may be assessed against the agent. The director may inspect the premises of an agent and examine the agent's books and records relating to the lottery at any reasonable time without a search warrant.*

*Subd. 12. [PROCEEDS OF SALES.] All proceeds from the sale of lottery tickets received by a lottery agent constitute a trust fund until paid to the director. The lottery agent is personally liable for all lottery proceeds.*

*Subd. 13. [RESTRICTIONS.] The sale of lottery tickets by a lottery agent is subject to the restrictions in the agent's contract and must be made at the location specified in the contract.*

*Subd. 14. [CERTIFICATE.] The director shall issue each lottery agent a certificate, which must be conspicuously displayed at the place where the agent is authorized to sell lottery tickets.*

*Subd. 15. [AGENT RENTAL PAYMENTS.] If a lottery agent's rental payments for the business premises are contractually computed, in whole or in part, on the basis of a percentage of retail sales, and the computation of retail sales is not explicitly defined to include the sale of lottery tickets, the compensation received by the agent from the agency for the sale of lottery tickets shall be considered the amount of the retail sale for purposes of computing the rental payments.*

*Subd. 16. [CONTRACT SUSPENSION, CANCELLATION, AND NON-RENEWAL.] The director may suspend or cancel or refuse to renew a contract with a lottery agent for:*

- (1) failure to account for tickets received or proceeds from the tickets;*
- (2) failure to comply with bond requirements under this section;*
- (3) a violation of law, rule, or order of the director;*
- (4) failure to file a report or keep records as required by this section or rules of the commission;*
- (5) fraud, misrepresentation, or conduct detrimental to public confidence in the lottery;*
- (6) insufficient sales to justify continuation as a lottery agent;*
- (7) a material change in any of the factors considered by the director under subdivisions 1 and 2; or*



(8) failure to comply with any term in the agent's contract.

*Subd. 17. [LOCAL LICENSES.] No political subdivision may require a local license to operate as a lottery agent under this section.*

**Sec. 13. [349.76] [VENDOR CONTRACTS.]**

*Subdivision 1. [AUTHORITY.] The director may contract for the design, operation, and promotion of the lottery or any part of it, including major procurement contracts, with the approval of the commission, except that no contract may provide for the entire management of the lottery or the entire operation of the lottery by a private entity. The commission may by rule designate certain classes of contracts, other than major procurement contracts, which do not require prior approval by the board. The director may not renew a contract or approve that an option be exercised under a contract without the approval of the commission. A contract entered into by the director may not be assigned except with the director's and commission's specific written approval.*

*Subd. 2. [BIDS.] The director shall utilize an open and competitive bid process which reflects the best interests of the lottery and the state of Minnesota. In awarding a contract, the director and commission must consider all relevant factors including price, security, competence, experience, timely performance, and maximization of net revenues to the state.*

*Subd. 3. [INVESTIGATION.] Before entering into any major procurement contract the director shall conduct, or request the bureau of criminal apprehension to conduct, a comprehensive background and financial investigation of the person or corporation seeking to enter into the contract. The director may charge the person or corporation a fee to cover the cost of the investigation. Any fee collected under this subdivision must be deposited into the lottery operations fund. The director may require any additional information from a vendor or a potential vendor that is considered appropriate to preserve the integrity and security of the lottery. The director has access to all criminal history data compiled by the bureau of criminal apprehension on all vendors and potential vendors who have submitted a bid to the lottery agency.*

*Subd. 4. [PERSONS INELIGIBLE FOR CONTRACT.] (a) The director may not enter into a major procurement contract with an applicant that:*

*(1) has been convicted of a felony in a state or federal court during the previous ten years or has a state or federal felony charge pending;*

*(2) has been convicted of a gambling-related offense;*

*(3) has been found guilty of any crime involving fraud or misrepresentation during the previous ten years; or*

*(4) has had a license to conduct or participate in any form of legal gambling revoked or suspended in any jurisdiction.*

*(b) The director may not enter into a major procurement contract with an applicant that has a person who owns more than five percent of the stock in the applicant, a partner, officer, director or a person in a supervisory or management capacity that does not meet the requirements of clause (1), (2) or (3) of paragraph (a).*

*(c) The restrictions under this subdivision do not apply to an applicant for a major procurement contract if the director determines that the applicant has terminated its relationship with the individuals whose actions*

directly contributed to the disqualification of the applicant under this subdivision.

*Subd. 5. [BOND.] (a) The director shall require securities to be deposited, or a performance bond or a letter of credit to be executed by the person or corporation that is awarded a major procurement contract in an amount as determined by the director.*

*(b) Any securities deposited with the director under this subdivision must be interest-bearing and limited to:*

*(1) certificates of deposit issued by a solvent bank or savings association organized and existing under the laws of this state or under the laws of the United States and having its principal place of business in this state;*

*(2) United States bonds, notes, and bills, for which the full faith and credit of the government of the United States is pledged for the payment of principal and interest; and*

*(3) general obligation bonds of any political subdivision of this state, or corporate bonds of a corporation that is not an affiliate or subsidiary of the vendor, if the general obligation bonds or corporate bonds are rated in one of the four highest classifications by an established nationally-recognized investment rating service.*

*(c) Any letter of credit executed under this subdivision must provide that:*

*(1) nothing more than a demand for payment is necessary for payment and is not conditional on the delivery of any other documents or materials;*

*(2) the letter of credit is irrevocable and cannot be modified or revoked without the consent of the director;*

*(3) the letter of credit cannot expire without notice from the issuer and the notice must occur at least 60 days before the expiration date of the letter of credit;*

*(4) the letter of credit is issued by a bank which is a member of the federal reserve system which has a long-term debt rating by a recognized national rating agency of investment grade or better;*

*(5) the letter of credit is unconditional, is not conditional upon reimbursement to the bank or the bank's ability to perfect any lien or security interest, and does not contain references to any other agreement, document, or entity; and*

*(6) the letter of credit designates the director as beneficiary.*

*Subd. 6. [EXEMPTION.] Contracts entered into under this section and section 12 are not subject to the provisions of chapter 16B.*

#### **Sec. 14. [349.77] [RULES AND GAME PROCEDURES.]**

*Subdivision 1. [RULES.] The commission shall upon recommendation of the director adopt rules for the operation and administration of the lottery. Adoption of lottery rules are not subject to chapter 14. The rules may include:*

*(1) the manner of payment of prizes to the holders of winning tickets;*

*(2) the number and types of locations at which tickets are sold;*

*(3) the qualifications for lottery agents;*

- (4) *the procedures for applications for lottery agents;*
- (5) *the investigation of lottery agent applicants;*
- (6) *the compensation of lottery agents;*
- (7) *the deposit of lottery revenue by agents;*
- (8) *the distribution of lottery tickets;*
- (9) *the manner in which proceeds of ticket sales are maintained, reported, and otherwise accounted;*
- (10) *procedures necessary to ensure the security and integrity of the lottery;*
- (11) *procedures for major procurement contracts, including disclosure requirements for persons submitting bids; and*
- (12) *all other rules deemed necessary for the efficient operation and administration of the lottery in the public interest.*

*Subd. 2. [GAME PROCEDURES.] The commission shall upon recommendation of the director adopt lottery game procedures. Adoption of lottery game procedures are not subject to chapter 14. Lottery game procedures shall include:*

- (1) *the types of lotteries to be conducted;*
- (2) *the price of tickets;*
- (3) *the number and size of prizes on winning tickets;*
- (4) *the manner of selecting winning tickets; and*
- (5) *the frequency of drawings.*

**Sec. 15. [349.78] [LOTTERY PRIZES.]**

*Subdivision 1. [AGREEMENT BY PLAYERS.] A person, by purchasing a lottery ticket, agrees to be bound by the rules applicable to the particular lottery game. The player acknowledges that the determination of whether the player is a valid winner is subject to the rules of the director, claims procedures established by the director for that lottery game, and any confidential or public validation tests established by the director for that lottery game.*

*Subd. 2. [MINIMUM AGE FOR PURCHASE.] A lottery ticket may not be sold to any person under the age of 18, but a person 18 years of age or older may make a gift of a lottery ticket to a person under the age of 18. The purchaser of a ticket sold in violation of this section is not eligible to receive a prize won by that ticket.*

*Subd. 3. [ASSIGNABILITY.] The right of a person to a lottery prize is not assignable, except that:*

- (1) *a prize may be paid to the estate of a deceased prize winner; and*
- (2) *a person under an appropriate judicial order may be paid a prize to which another person is entitled.*

*Subd. 4. [DISCHARGE OF LIABILITY.] Payment of a prize discharges the director and the commission of all further liability. No particular prize in a lottery game may be paid more than once, and if a binding determination is made that more than one claimant is entitled to a particular*

prize, the sole remedy of the claimants is the award to each of them an equal share in the prize.

*Subd. 5. [INELIGIBLE PERSONS.] No lottery prize may be paid to a member of the commission, director, or an employee of the agency, or a member of their families residing in the same household of the member, director, or employee. No lottery prize may be paid to an officer or employee of a vendor which at the time the game or drawing was being conducted was directly involved with providing goods or services to the agency under a major procurement contract.*

*Subd. 6. [STOLEN OR FRAUDULENT TICKETS.] No prize may be paid from tickets that are stolen, altered, or fraudulent.*

*Subd. 7. [PAYMENT BY AGENTS.] Subject to certain conditions specified by the director, lottery agents may be authorized to pay winners of certain prizes.*

*Subd. 8. [INSTALLMENT PAYMENTS.] If the director decides to pay all or part of a prize in the form of installments over a period of years, the director shall provide for the payment of all installments by:*

*(1) entering into a contract with a financially responsible person or firm or by purchasing an annuity to provide for the payment of the installments; or*

*(2) establishing and maintaining as a separate and independent fund outside the state treasury a reserve account with sufficient funds for the payment of the installments as they become due.*

*Subd. 9. [UNCLAIMED PRIZES.] A person may claim prize money within 180 days after the drawing or the announced end of the game in the case of a prize determined in a manner other than by means of a drawing. If a valid claim is not made for a prize directly payable by the agency within 180 days, the unclaimed prize money must be added to prize pools of subsequent lottery games, and the winner of the prize shall have no further claim to the prize. A prize won by a person who is ineligible to be awarded the prize under subdivision 2 or 5 must be treated as an unclaimed prize under this subdivision.*

**Sec. 16. [349.79] [LOTTERY ODDS; ADVERTISING.]**

*Subdivision 1. [ODDS.] The director shall include on each instant lottery ticket and all printed advertising a prominent and clear statement of the estimated overall chances of winning a prize offered in the lottery game for which the ticket is offered for sale or to which the advertising material refers. Each lottery agent must prominently post at or near the place where lottery tickets are sold a notice or notices, provided by the director, of the odds of winning each prize in each game for which the lottery agent sells tickets.*

*Subd. 2. [ADVERTISING.] The director may only expend money for advertising if the purpose is to educate or inform the public concerning:*

*(1) the type of games to be conducted;*

*(2) the price of lottery tickets;*

*(3) the number and size of prizes on winning tickets, including the winners of lottery prizes;*

*(4) the manner of selecting winning tickets;*

- (5) the manner of payment of prizes;
- (6) the frequency of drawings;
- (7) the number or type of locations where tickets may be purchased; or
- (8) the manner in which the net proceeds from the lottery are to be used.

Sec. 17. [349.80] [LOTTERY FUNDS.]

*Subdivision 1. [OPERATIONS ESTABLISHED.] The lottery operations fund is a separate fund in the state treasury. The fund consists of all money received by the director from the sale of lottery tickets and all other money credited or transferred to it by law. The fund is under the control of the director, and no appropriation is required to permit expenditures and payment of obligations from it.*

*Subd. 2. [USE OF MONEY.] (a) Money in the lottery operations fund may be used only for:*

- (1) payment of prizes to the holders of winning tickets;
- (2) payment of expenses necessary for the operation and administration of the lottery; and
- (3) payments into the lottery revenue fund as required by subdivision 5.

*(b) The director shall determine the percentage of money in the lottery operations fund to be allocated among the above purposes, except that the percentage allocated for prizes in a fiscal year may not be less than 45 percent of the gross revenues from the sale of lottery tickets, and the percentage allocated for payment into the lottery revenue fund in a fiscal year may not be less than 30 percent of the gross revenues from the sale of lottery tickets. Money not used for payment of prizes or necessary expenses must be transferred to the lottery revenue fund.*

*Subd. 3. [DEPOSIT OF RECEIPTS.] (a) The director may require lottery agents:*

*(1) to deposit to the credit of the lottery operations fund, in banks designated by the director, all money received by the agent from the sale of lottery tickets, less money retained as the agent's commission and for payment of prizes; and*

*(2) to file with the director reports of the agent's receipts and transactions in ticket sales in a form that the director prescribes.*

*(b) The director may make arrangements for any person, including a financial institution, to perform functions, activities, or services in connection with the receipt and distribution of lottery revenues.*

*(c) A lottery agent who fails to pay any money due to the director within 30 days of being due shall pay interest on the amount owed at the rate of one percent per month or fraction of a month from the date when the money was due and a penalty at the rate of ten percent of the amount due.*

*Subd. 4. [INVESTMENT OF FUNDS.] The director with the approval of the commission shall invest the money in the lottery operations fund to maximize the return and to assure the continuing availability of money with which to pay lottery prizes, to pay the expenses of the agency, and to make authorized transfers of money under subdivision 5. All interest earned must be credited to the lottery operations fund.*

*Subd. 5. [DETERMINATION OF NET PROCEEDS.] Within 30 days after the end of each month, the director shall determine the net proceeds from the lottery for that month. The net proceeds are determined by deducting from gross receipts to the agency for that month:*

- (1) total prizes paid out in that month;*
- (2) an amount the director determines to be reasonably required to pay future prize obligations resulting from lottery drawings in that month; and*
- (3) payment of expenses necessary for the operation and administration of the lottery.*

*Within five days of making the determination of net proceeds, the director shall deposit the net proceeds into the lottery revenue fund.*

*Subd. 6. [LOTTERY REVENUE FUND.] (a) The lottery revenue fund is a fund in the state treasury.*

*(b) All revenue deposited in the state treasury by the director under subdivision 5 must be credited to the lottery revenue fund.*

*(c) Money in the lottery revenue fund is available for appropriation for uses as designated by the legislature.*

*Subd. 7. [AUDIT.] The director shall contract for an annual certified audit of all accounts and transactions of the agency. The audit must be conducted by a certified public accountant in accordance with generally accepted accounting standards. The director shall file a copy of each audit report of the state lottery with the commission, governor, and legislature.*

*Subd. 8. [REPORTS.] The director shall file an annual report with the commission, governor, and the legislature. A report must include a full and complete statement of lottery revenues, prize disbursements, expenses, net revenues, and other financial transactions for the time period it covers.*

#### **Sec. 18. [349.81] [PROHIBITED ACTS.]**

*Subdivision 1. [ILLEGAL SALES.] It is unlawful for a person to:*

- (1) sell a lottery ticket at a price greater than that fixed by the commission;*
- (2) sell a lottery ticket unless authorized by the director to do so, however, this does not prohibit lottery tickets from being given as gifts; or*
- (3) sell a lottery ticket at a place other than that specified in a lottery agent contract.*

*Subd. 2. [ILLEGAL TICKETS.] It is unlawful for a person to:*

- (1) with intent to defraud, falsely make, alter, or forge a lottery ticket;*
- (2) claim a lottery prize by means of a counterfeit or altered lottery ticket; or*
- (3) conspire, aid, abet, or agree to aid another person or persons to claim a lottery prize by means of an altered or forged ticket.*

*Subd. 3. [FALSE STATEMENT.] It is unlawful for a person to:*

- (1) make a false or misleading statement in a book or record required to be maintained or in a report required to be submitted under this chapter;*
- (2) willfully refuse to produce for inspection when required under this chapter a book, record, or document required to be maintained; or*

(3) *make a false or misleading statement in information submitted to the director in an application for a lottery agent or a document related to a bid.*

*Subd. 4. [VIOLATION OF RULE.] It is unlawful for a person to violate a rule adopted by the commission under this chapter.*

*Subd. 5. [LOTTERY AGENTS AND VENDORS.] A person who is a lottery agent, or is applying to be a lottery agent, a person applying for a contract from the agency, or a person under contract with the agency to supply lottery games, equipment, or services may not pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food or beverage, having an aggregate value of over \$100 in any calendar year to a member of the commission, the director, or employee of the agency, or to a member of the immediate family residing in the same household of a member of the commission, director, or employee of the agency.*

Sec. 19. [349.82] [PENALTIES.]

*Subdivision 1. [GROSS MISDEMEANOR.] A violation of section 18, subdivision 1 or 2, is a gross misdemeanor.*

*Subd. 2. [MISDEMEANORS.] A violation of any provision of this chapter for which another penalty is not provided is a misdemeanor.*

Sec. 20. Minnesota Statutes 1986, section 541.20, is amended to read:

541.20 [RECOVERY OF MONEY LOST.]

Every person who, by playing at cards, dice, or other game, or by betting on the hands or sides of such as are gambling, shall lose to any person so playing or betting any sum of money or any goods, and pays or delivers the same, or any part thereof, to the winner, may sue for and recover such money by a civil action, before any court of competent jurisdiction. For purposes of this section, gambling shall not include pari-mutuel wagering conducted under a license issued pursuant to chapter 240, or gambling authorized under chapter 349 or sections 7 to 19.

Sec. 21. Minnesota Statutes 1986, section 541.21, is amended to read:

541.21 [COMMITMENTS FOR GAMBLING DEBT VOID.]

Every note, bill, bond, mortgage, or other security or conveyance in which the whole or any part of the consideration shall be for any money or goods won by gambling or playing at cards, dice, or any other game whatever, or by betting on the sides or hands of any person gambling, or for reimbursing or repaying any money knowingly lent or advanced at the time and place of such gambling or betting, or lent and advanced for any gambling or betting to any persons so gambling or betting, shall be void and of no effect as between the parties to the same, and as to all persons except such as hold or claim under them in good faith, without notice of the illegality of the consideration of such contract or conveyance. The provisions of this section shall not apply to pari-mutuel wagering conducted under a license issued pursuant to chapter 240, or gambling authorized under sections 7 to 19."

Page 2, after line 32, insert:

"Sec. 23. Minnesota Statutes 1986, section 609.75, subdivision 3, is amended to read:

Subd. 3. [WHAT ARE NOT BETS.] The following are not bets:

(1) A contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance.

(2) A contract for the purchase or sale at a future date of securities or other commodities.

(3) Offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest.

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercialized, or systematic gambling.

(6) The operation of equipment or the conduct of a raffle under sections 349.11 to 349.22, by an organization licensed by the charitable gambling control board or an organization exempt from licensing under section 349.214.

(7) Pari-mutuel betting on horse racing when the betting is conducted under chapter 240.

(8) *The purchase or sale of a lottery ticket when conducted under sections 7 to 19.*

Sec. 24. Minnesota Statutes 1986, section 609.761, is amended to read: 609.761 [OPERATIONS PERMITTED.]

*Subdivision 1. [LAWFUL GAMBLING; PARI-MUTUEL HORSE BETTING.] Notwithstanding sections 609.755 and 609.76, an organization may conduct lawful gambling as defined in section 349.12, if authorized under chapter 349, and a person may manufacture, sell, or offer for sale a gambling device to an organization authorized under chapter 349 to conduct lawful gambling, and pari-mutuel betting on horse racing may be conducted under chapter 240.*

*Subd. 2. [STATE LOTTERY.] Sections 609.755 and 609.76 do not prohibit the operation of a state lottery or the sale, purchase, or possession of tickets for a state lottery under sections 7 to 19.*

Sec. 25. [TRANSITION.]

*Of the members first appointed to the lottery commission, one is for a term expiring June 30, 1990, two are for terms expiring June 30, 1992, and two are for terms expiring June 30, 1994.*

Sec. 26. [APPROPRIATION.]

*Subdivision 1. [LOTTERY ADVANCE.] There is appropriated from the general fund to the director of the state lottery agency for deposit in the state lottery operations fund the sum of \$5,000,000. The appropriation is available until expended.*

*Subd. 2. [REPAYMENT.] The director shall deposit into the general fund from the lottery operations fund a sum sufficient to repay the advance made under subdivision 1 with interest by June 30, 1989.*

Sec. 27. [EFFECTIVE DATE.]



*Sections 1 to 5, 7 to 21, and 23 to 26 are effective the day following final certification of the adoption by the people at the 1988 general election of an amendment to the Minnesota Constitution which authorizes the state to conduct a lottery."*

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "authorizing the sale of lottery tickets; creating a lottery agency and providing for its powers and duties;"

Page 1, line 6, after the semicolon, insert "providing penalties; appropriating money;" and after "sections" insert "10A.01, subdivision 18; 290.92, by adding a subdivision; 340A.410, subdivision 5;"

Page 1, delete line 7 and insert "349.213, subdivision 2; 541.20; 541.21; 609.75, subdivisions 1 and 3; and 609.761; Minnesota Statutes 1987 Supplement, section 15A.081, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 297A and 349."

Mr. Benson questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Dicklich moved to amend H.F. No. 1941, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1764.)

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1986, section 240.13, is amended by adding a subdivision to read:

*Subd. 6a. [BROADCASTING RACES.] The commission may by rule allow a class B licensee to broadcast, by television, races conducted on its premises to the Vermilion Reservation Gaming Facility in Minnesota owned by the Bois Fort Band of Chippewa Indians."*

Page 2, after line 32, insert:

"Sec. 4. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment and is repealed on December 31, 1990."*

Renumber the sections in sequence

Amend the title accordingly

Mrs. Lantry questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Mr. Pehler moved to amend H.F. No. 1941, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1764.)

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1987 Supplement, section 309.556, is amended by adding a subdivision to read:

*Subd. 3. [EXEMPTION.] This section does not apply if the solicitation*

*is on behalf of an educational foundation organized and operated exclusively for the educational purposes of an educational institution exempt from registration under section 309.515."*

Renumber the sections in sequence

Amend the title accordingly

Mr. Knaak questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

H.F. No. 1941 was then progressed.

### SPECIAL ORDER

H.F. No. 1981: A bill for an act relating to claims against the state; providing for payment of various claims; appropriating money.

Mr. Johnson, D.E. moved that the amendment made to H.F. No. 1981 by the Committee on Rules and Administration in the report adopted April 5, 1988, pursuant to Rule 49, be stricken.

### CALL OF THE SENATE

Mr. Dahl imposed a call of the Senate for the balance of the proceedings on H.F. No. 1981. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Johnson, D.E.

The roll was called, and there were yeas 9 and nays 47, as follows:

Those who voted in the affirmative were:

Anderson	Bertram	Johnson, D.E.	Laidig	Mehrkens
Bernhagen	Davis	Jude	McQuaid	

Those who voted in the negative were:

Adkins	DeCramer	Knaak	Moe, D.M.	Reichgott
Beckman	Dicklich	Knutson	Morse	Schmitz
Belanger	Diessner	Kroening	Novak	Spear
Berg	Frank	Langseth	Olson	Storm
Berglin	Frederick	Lantry	Peterson, D.C.	Stumpf
Brandl	Frederickson, D.J.	Larson	Peterson, R.W.	Vickerman
Brataas	Frederickson, D.R.	Lessard	Piper	Wegscheid
Cohen	Freeman	Luther	Pogemiller	
Dahl	Hughes	Merriam	Purfeerst	
Decker	Johnson, D.J.	Metzen	Ramstad	

The motion did not prevail.

H.F. No. 1981 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	Dahl	Johnson, D.E.	Metzen	Reichgott
Anderson	Davis	Johnson, D.J.	Moe, D.M.	Renneke
Beckman	Decker	Jude	Moe, R.D.	Schmitz
Belanger	DeCramer	Knaak	Morse	Solon
Benson	Dicklich	Knutson	Novak	Spear
Berg	Diessner	Kroening	Olson	Storm
Berglin	Frank	Laidig	Pehler	Stumpf
Bernhagen	Frederick	Langseth	Peterson, D.C.	Taylor
Bertram	Frederickson, D.J.	Lantry	Peterson, R.W.	Vickerman
Brandl	Frederickson, D.R.	Larson	Piper	Wegscheid
Brataas	Freeman	McQuaid	Pogemiller	
Chmielewski	Gustafson	Mehrkens	Purfeerst	
Cohen	Hughes	Merriam	Ramstad	

So the bill passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1821, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1821: A bill for an act relating to crimes; police pursuit; requiring certain driver's manual information; providing for civil forfeiture of vehicle used to flee a peace officer; requiring local governments to establish pursuit procedures and training requirements by October 1, 1989; authorizing peace officer standards and training board to assist local governments in establishing procedures and training requirements; requiring reporting of all police pursuits to department of public safety; amending Minnesota Statutes 1986, sections 171.13, by adding a subdivision; 626.843, subdivision 1; and 626.845, subdivision 1; Minnesota Statutes 1987 Supplement, section 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 626.

Senate File No. 1821 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1590, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1590: A bill for an act relating to transportation; providing that uniform relocation assistance standards comply with recent amendments to federal law; authorizing commissioner of transportation to accept gifts to department; appropriating gift funds to commissioner; exempting lessees

of highway easement property from tax on its use and possession; providing that governmental body may file deed conveying partial parcel of land without current taxes having been paid on whole parcel; repealing conflicting provision related to charges for users of air transportation services provided by the commissioner of transportation; amending Minnesota Statutes 1986, section 161.20, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 117.52, subdivision 1; 272.01, subdivision 3; and 272.121; repealing Minnesota Statutes 1986, section 360.015, subdivision 20.

Senate File No. 1590 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2477, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2477 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1988

#### **CONFERENCE COMMITTEE REPORT ON H.F. NO. 2477**

A bill for an act relating to retirement; local government correctional service retirement plan; clarifying coverage periods; adjusting member and employer contribution rates; clarifying annuity calculations for fractional service; clarifying the duration of initial annuity payments; providing for the augmentation of deferred annuities; clarifying certain provisions of law relating to retirement annuities and disability benefits of military affairs personnel; amending Minnesota Statutes 1987 Supplement, sections 352.85, subdivisions 1 and 2; 353C.03; 353C.05; 353C.06, subdivisions 3 and 4; and 353C.07.

April 15, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2477, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2477 be further amended as follows:

Delete everything after the enacting clause and insert:

## "ARTICLE 1

## TEACHERS RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 1987 Supplement, section 136.82, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) The executive director of the teachers retirement fund shall redeem shares in the accounts of the Minnesota supplemental retirement investment fund standing in an employee's share account record under the following circumstances, but always in accordance with the laws and rules governing the Minnesota supplemental retirement investment fund:

(1) (b) *The executive director shall redeem shares under this subdivision when requested to do so in writing on forms provided by the executive director of the teachers retirement fund by a person having shares to the credit of the employee's share account record; if the person is age 55 years of age or older and is no longer employed by the state university board or state board for community colleges. In such case the person shall must receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the person's shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, in at their sole discretion, permit greater withdrawals in any one year.*

(2) (c) *The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director of the teachers retirement fund, by a person having shares to the credit of the employee's share account record; if the person has left employment by the state university board or state board for community colleges because of a total and permanent disability as defined in section 354.05, subdivision 14; and. If the executive director of the teachers retirement fund finds that the person is totally and permanently disabled and will as a result be unable to return to similar employment, the person shall must receive the cash realized on the redemption of the shares. The person may direct the redemption of not more than 20 percent of the shares in the employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board or its designee, in the case of a person employed by the state university board, and the state board for community colleges or its designee, in the case of a person employed by the state board for community colleges, may, upon application, in at their sole discretion, permit greater withdrawals in any one year. If the person returns to good health, the person shall owe owes no restitution to the state or any a fund created established by its laws for a redemption directed pursuant to under this paragraph.*

(3) (d) *The executive director shall redeem shares under this subdivision in the event of the death of a person having shares to the credit of the employee's share account record and leaving a surviving spouse, then when requested to do so in writing, on forms provided by the executive director of the teachers retirement fund, by the surviving spouse. The surviving spouse shall must receive the cash realized on the redemption of the shares.*

The surviving spouse may direct the redemption of not more than 20 percent of the shares in the deceased spouse's employee's share account record in any one year and may not direct more than one redemption in any one calendar month; provided, however, that the state university board *or its designee*, in the case of a person employed by the state university board, and the state board for community colleges *or its designee*, in the case of a person employed by the state board for community colleges, may, upon application, ~~in~~ at their sole discretion, permit greater withdrawals in any one year. In that case the surviving spouse ~~shall~~ *must* receive the cash realized from the redemption of the shares. Upon the death of the surviving spouse any shares remaining in the employee's share account record ~~shall~~ *must* be redeemed by the executive director of the ~~teachers retirement fund~~ and the cash realized ~~therefrom~~ *from the redemption must be* distributed to the estate of the surviving spouse.

~~(4)~~ (e) In the event of the death of a person having shares to the credit of the employee's share account record and leaving no surviving spouse, ~~then~~ the executive director of the ~~teachers retirement fund~~ shall redeem all shares to the credit of the employee's share account record and pay the cash realized ~~therefrom~~ *from the redemption* to the estate of the deceased person.

~~(5)~~ (f) *The executive director shall redeem shares under this subdivision when requested to do so in writing, on forms provided by the executive director of the teachers retirement fund, by a person having shares to the credit of the employee's share account record; if the person is no longer employed by the state university board or state board for community colleges, but does not qualify under the provisions of paragraphs ~~(1)~~ (b) to ~~(4)~~ (e). In that case one-half of the cash realized on the redemption of shares shall must be received by the person and one-half shall become becomes the property of the supplemental retirement plan account of the teachers retirement fund. Annually on July 1 the cancellations of the previous 12 months shall must be prorated among the employees share accounts in proportion to the value which that each account bears to the total value of all share accounts.*

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective July 1, 1988.*

## ARTICLE 2

### HISTORICAL SOCIETY EMPLOYEES

Section 1. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

~~(a)~~ (1) elected or appointed officers and employees of elected officers.

~~(b)~~ (2) district court reporters.

~~(c)~~ (3) officers and employees of the public employees retirement association.

~~(d)~~ (4) employees of the league of Minnesota cities.

~~(e)~~ (5) officers and employees of public hospitals; owned or operated by, or an integral part of, ~~any~~ a governmental subdivision or governmental subdivisions.

(f) (6) employees of a school district who receive separate salaries for driving their own buses.

(g) (7) employees of the association of Minnesota counties.

(h) (8) employees of the metropolitan intercounty association.

(i) (9) employees of the minnesota Municipal utilities association.

(j) (10) employees of the metropolitan airports commission if employment initially ~~commences on or~~ commenced after July 1 June 30, 1979.

(k) (11) employees of the Minneapolis employees retirement fund, if employment initially ~~commences on or~~ commenced after July 1 June 30, 1979.

(l) (12) employees of the range association of municipalities and schools.

(m) (13) employees of the soil and water conservation districts.

(n) (14) employees of a county historical society who are county employees.

(o) (15) *employees of a county historical society located in the county whom the county, at its option, certifies to the executive director to be county employees for purposes of retirement coverage under this chapter, which status must be accorded to all similarly situated county historical society employees and, once established, must continue as long as a person is an employee of the county historical society and is not excluded under subdivision 2b.*

(16) employees of an economic development authority created under sections 458C.01 to 458C.23.

(p) (17) employees of the department of military affairs of the state of Minnesota who are full-time firefighters.

Sec. 2. Minnesota Statutes 1986, section 471.61, subdivision 1, is amended to read:

Subdivision 1. [OFFICERS, EMPLOYEES.] ~~Any~~ A county, municipal corporation, town, school district, county extension committee, other political subdivision or other body corporate and politic of this state, other than the state or any department ~~thereof of the state~~, through its governing body, and any two or more subdivisions acting jointly through their governing bodies, may insure or protect its or their officers and employees, and their dependents, or any class or classes ~~thereof of officers, employees, or dependents~~, under a policy or policies, or contract or contracts of group insurance or benefits covering life, health, and accident, in the case of employees, and medical and surgical benefits, and hospitalization insurance or benefits, for both employees and dependents, or dependents of an employee whose death was due to causes arising out of and in the course of employment, or any one or more of ~~such those~~ forms of insurance or protection. ~~Any such~~ A governmental unit, including county extension committees and those paying their employees, may pay all or any part of the premiums or charges on ~~such the~~ insurance or protection. ~~Any such~~ A payment ~~shall be~~ is deemed to be additional compensation paid to ~~such the~~ officers or employees, but for purposes of determining contributions or benefits under ~~any a~~ public pension or retirement system it ~~shall is not be~~ deemed to be additional compensation. ~~Any~~ One or more of ~~such~~ governmental units may determine that a person is an officer or employee if ~~such officer or employee the~~ person receives income from ~~such the~~ governmental subdivisions without

regard to the manner of election or appointment, *including but not limited to employees of county historical societies that receive funding from the county.* The appropriate officer of ~~such the~~ governmental unit, or those disbursing county extension funds, shall deduct from the salary or wages of each officer and employee who elects to become insured or so protected, on the officer's or employee's written order, all or part of the officer's or employee's share of ~~such~~ premiums or charges and remit the ~~same share or portion~~ to the insurer or company issuing ~~such the~~ policy or contract.

Any A governmental unit, other than a school district, ~~which that~~ pays all or ~~any~~ part of ~~such the~~ premiums or charges is authorized to levy and collect a tax, if necessary, in the next annual tax levy for the purpose of providing the necessary ~~funds~~ money for the payment of ~~such the~~ premiums or charges, and ~~such the~~ sums ~~so~~ levied and appropriated ~~shall are~~ not, in the event ~~such the~~ sum exceeds the maximum sum allowed by any law or the charter of a municipal corporation, ~~be~~ considered part of the cost of government of ~~such the~~ governmental unit as defined in any tax levy or per capita expenditure limitation; provided at least 50 percent of the cost of benefits on dependents ~~shall must~~ be contributed by the employee or be paid by levies within existing per capita tax limitations.

The word "dependents" as used ~~herein shall mean~~ in this subdivision means spouse and minor unmarried children under the age of 18 years actually dependent upon the employee.

### ARTICLE 3

#### PURCHASES OF PRIOR SERVICE AND RELATED PROVISIONS

##### Section 1. [PURCHASES OF PRIOR SERVICE.]

*Subdivision 1. [ELIGIBILITY.] The following persons are eligible to purchase credit for the specified period or periods of prior service from the indicated retirement fund:*

*(1) from the public employees retirement association, a person whose employment with the city of Hibbing began in June 1971, but for whom no salary deductions were taken until June 1973, for the period for which the deductions were omitted;*

*(2) from the public employees retirement association, a person who is currently a state employee and who has prior service as an employee of the Fond du Lac Indian reservation from July 2, 1973, to December 29, 1980, for that period of employment by the Fond du Lac Indian reservation for which the person has not previously received service credit;*

*(3) from the general state employees retirement fund of the Minnesota state retirement system, a permanent employee of the metropolitan sports facilities commission who was an employee of the metropolitan sports facilities commission on May 17, 1977, and who was born on January 10, 1930, and began employment by the commission in 1956 or who was born on November 14, 1937, and began employment by the commission in 1961, and who did not exercise an option to purchase the prior service under Minnesota Statutes, section 473.565, subdivision 3 or 4, for that period of direct or indirect employment by the commission for which the person has not previously received service credit;*

*(4) from the teachers retirement association, a member who rendered teaching service, as defined in Minnesota Statutes, section 354.05, before July 1, 1957, and who did not make contributions for the service because*



*of the limited or permanent exempt status of the person and optional membership, for that period of teaching service for which the person has not previously received service credit;*

*(5) from the public employees retirement association, a person employed by a public hospital as defined in Minnesota Statutes, section 355.71, subdivision 3, who exercised an option under Laws 1963, chapter 793, section 3, subdivision 5, between July 1, 1963, and June 30, 1967, to terminate membership in the coordinated program of the public employees retirement association and who elects to resume public employees retirement association coordinated program membership under article 5, section 40, for all or a portion of the period between the person's termination of membership and the election to resume membership;*

*(6) from the teachers retirement association, notwithstanding any other law, a person who is currently a member of the teachers retirement association and who taught at the University of Minnesota - southern school of agriculture as a certified science teacher from October 1, 1957, through March 31, 1959, for the period taught at that school, provided the purchase is initiated before January 1, 1989; and*

*(7) from the public employees retirement association, a person who was elected clerk of court for Fillmore county from 1969 to 1976, who was appointed court administrator for Fillmore county in January 1977, who was discovered in 1985 to have not had appropriate member and employer contributions made on behalf of the person, and who retired March 1, 1988, for the period during calendar years 1979, 1980, and 1981 for which contributions were omitted, subject to approval by the board of commissioners of Fillmore county and compliance with section 645.021.*

*Subd. 2. [PURCHASE PAYMENT AMOUNT.] For a person eligible to purchase credit for prior service under subdivision 1, there must be paid to the retirement fund of which the person is a member an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity that would be obtained by virtue of the purchase of the additional service credit, using the applicable preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the retirement fund and assuming continuous future service in the retirement fund until, and retirement at, the age at which the minimum requirements of the retirement association for normal retirement or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased, and also assuming a future salary history that includes annual salary increases at the applicable salary increase rate specified in Minnesota Statutes, section 356.215, subdivision 4d. The person requesting the purchase of prior service shall establish in the records of the retirement fund proof of the service for which the purchase of prior service is requested. The manner of the proof of service must be in accordance with procedures prescribed by the executive director of the retirement fund.*

*Subd. 3. [PAYMENT; CREDITING SERVICE.] Payment must be made in one lump sum, unless the executive director of the retirement fund agrees to accept payment in installments over a period not to exceed three years from the date of the agreement, with interest at a rate deemed appropriate by the executive director. The period of allowable service may be credited to the account of the person only after receipt of full payment by the*

*executive director.*

*Subd. 4. [OPTIONAL EMPLOYER PARTIAL PAYMENT.] Payment must be made by the person entitled to purchase prior service. However, the current or former employer of a person specified in subdivision 1, clause (1), (2), (4), (5), (6), or (7) may, at its discretion, and the metropolitan sports facilities commission for a person specified in subdivision 1, clause (3), shall pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect for the retirement fund during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of six percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made.*

Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.*

#### ARTICLE 4

#### TRANSIT COMMISSION EMPLOYEES

Section 1. Minnesota Statutes 1986, section 473.418, is amended to read:

#### 473.418 [DISABILITY AND SURVIVORSHIP COVERAGE.]

From and after the effective date of Laws 1978, chapter 538, the metropolitan transit commission shall provide for all active employees of the transit operating division of the metropolitan transit commission disability and survivorship coverage which, when added to the disability benefit or the survivorship benefit payable from the Minnesota state retirement system pursuant to sections 352.113 or 352.12, subdivision 2, will at least equal the disability benefit or the survivorship benefit which that employee at the time of disability or the employee's surviving spouse at the time of the death of the employee while on active duty would have been entitled to receive under the disability benefit or survivor of active employee deceased while on active duty benefit provisions of the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977. The metropolitan transit commission shall not be required to provide any supplementary disability benefit coverage or benefit amount to replace the amount of any reduction in any disability payable from the Minnesota state retirement system due to the receipt of benefits under the workers' compensation law unless no offset of the amount of workers' compensation benefits from the amount of a disability benefit was required pursuant to the provisions of article 10 of the metropolitan transit commission-transit operating division employees retirement fund plan document in effect on December 31, 1977. The metropolitan transit commission may elect to provide the additional disability and survivorship coverage either through contract with an insurance carrier or through self insurance. If the commission elects to provide the coverage through an insurance contract, the chair of the metropolitan transit commission is authorized to request bids from, or to negotiate with, insurance carriers and to enter into contracts with carriers which in the judgment of the commission are best qualified to underwrite and service this insurance benefit coverage. The commission shall consider factors such as the cost of the contracts as well as the service capabilities, character, financial position and reputation with respect to carriers under consideration, as well

as any other factors which the commission deems appropriate. The disability and survivorship insurance contract with the particular insurance carrier shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in absence of notice of termination by either party. The disability and survivorship insurance contract shall contain a detailed statement of benefits offered, maximums, limitations and exclusions. A summary description of the essential terms of the contract shall be provided by the commission to the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission and to each active employee of the transit operating division. The determination of whether the disability or survivorship insurance coverage meets the minimum requirements of this section shall be made by the commission upon consultation with the executive director of the Minnesota state retirement system. If the disability or survivorship coverage provided by the metropolitan transit commission fails at any time after the effective date of Laws 1978, chapter 538 to meet the requirements of this section as to the level of disability or survivorship coverage to be provided, the deficiency in the actual benefits provided shall continue to be an obligation of the commission. Notwithstanding any provisions of chapter 179 to the contrary, the labor organization which is the exclusive bargaining agent representing employees of the transit operating division of the metropolitan transit commission may meet and bargain with the commission on an increase in the level of disability or survivor of active employee deceased while on active duty coverage to be provided by the commission at the same time that wages and other terms and conditions of employment are considered. *This section does not apply to employees hired after December 31, 1977.*

## Sec. 2. [APPLICATION.]

*Section 1 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.*

## ARTICLE 5

### PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Section 1. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] (a) The following persons are excluded from the meaning of "public employee":

(a) (1) persons employed for professional services where ~~such~~ *the* service is incidental to regular professional duties. ~~Service is incidental if, determined on the basis that~~ compensation for ~~it~~ *the* service amounts to no more than 25 percent of ~~a~~ *the* person's total annual gross earnings for all professional duties-;

(b) (2) election officers-;

(c) (3) independent contractors and their employees-;

(d) (4) patient and inmate help in governmental subdivision charitable, penal, and correctional institutions-;

(e) (5) members of boards, commissions, bands, and others who serve the governmental subdivision intermittently-;

(f) (6) employees ~~who hold positions of an essentially temporary or seasonal character, provided such employment does not continue for a~~

period in excess of 120 working days in any calendar year or in any school year for school employees. Immediately following the expiration of such 120 working days if such employees continue in public service and earn in excess of \$325 in any one calendar month, the department heads must then report all such employees for membership and must cause employee contributions to be made on behalf of such employees in accordance with section 353.27, subdivision 4, and they shall remain members until termination of public service, whose employment is not expected to continue for a period longer than six consecutive months;

(g) (7) part-time employees who receive monthly compensation from a governmental subdivision not exceeding \$325 \$425, and part-time employees and elected officials whose annual compensation from a governmental subdivision is stipulated in advance, in writing, to be not more than \$3,900 \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$3,900 \$5,100 per employment period for employment expected to be of less than a full year's duration, except that members shall continue their membership until termination of public service-;

(h) (8) persons who first occupy an elected office after March 1, 1978 July 1, 1988, the compensation for which does not exceed \$325 \$425 per month-;

(i) (9) emergency employees who are employed by reason of work caused by fire, flood, storm, or similar disaster-;

(j) (10) employees who by virtue of their employment as an officer or employee of a governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the state employees retirement fund system, the teachers retirement fund, the state patrol retirement fund, the Duluth teachers retirement fund association, the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, the Minnesota state retirement system correctional officers retirement plan, or any police or firefighters relief association governed by section 69.77 which that has not consolidated with the public employees police and fire fund and for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, other than as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association. This clause shall not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time-;

(k) (11) police matrons employed in a police department of any a city who are transferred to the jurisdiction of a joint city and county detention and corrections authority-;

(l) (12) persons who are excluded from coverage under the federal old age, survivors, disability, and health insurance program for the performance of service as specified in United States Code, title 42, section 410(a) (8) (A), as amended through January 1, 1987-;

(m) (13) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university; provided, no person

*and who are not employed full time by a governmental subdivision shall be exempt under this paragraph;*

~~(n)~~ (14) resident physicians, medical interns, and pharmacist interns who are serving in public hospitals;

~~(o)~~ (15) appointed or elected officers, paid entirely on a fee basis, and who were not members on June 30, 1971;

~~(p)~~ Nothing in Laws 1973, chapter 753 shall be interpreted to impair or revoke any option exercised under Laws 1963, chapter 793.

~~(q)~~ Town, city, or county assessors elected or appointed pursuant to chapter 273 who do not receive compensation in excess of \$325 per month from any one employing governmental subdivision or who are employed pursuant to an employment contract which sets forth the total compensation to be paid and the length of service, not to exceed three months in duration, required for the performance of the contract and which was entered into in advance of the commencement of employment.

~~(r)~~ (16) persons holding a part-time adult supplementary vocational technical school license who render part-time teaching service in a vocational technical school if (1) the service is incidental to the person's regular nonteaching occupation; and (2), the applicable vocational technical school stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and ~~(3)~~ the part-time teaching service actually does not exceed 300 hours in a fiscal year; and

~~(s)~~ (17) persons exempt from licensure pursuant to under section 125.031.

*(b) Immediately following the expiration of a six-month period of employment by an employee covered by paragraph (a), clause (6), if the employee continues in public service and earns more than \$425 from a governmental subdivision in any one calendar month, the department head shall report the employee for membership and cause employee contributions to be made on behalf of the employee in accordance with section 353.27, subdivision 4, and the employee remains a member until termination of public service. This paragraph may not be construed to exclude an employee from membership whose employment is expected to continue for more than six months but who is serving a probationary period.*

*(c) If compensation from a governmental subdivision to an employee covered by paragraph (a), clause (7), exceeds \$5,100 per calendar year or school year after being stipulated in advance, the stipulation is no longer valid and contributions must be made on behalf of the employee in accordance with section 353.27, subdivision 12, from the month in which the employee first exceeded \$425.*

*(d) Paragraph (a), clause (10), does not prevent a person from being a member of and contributing to the public employees retirement association and also belonging to or contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in section 353.01, subdivision 2, by virtue of other service occurring during the same period of time shall become a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association in accordance with section 354.05, subdivision 2.*

Sec. 2. Minnesota Statutes 1986, section 353.01, is amended by adding

a subdivision to read:

*Subd. 2c. [DEFINING OF TERMINATION OF PUBLIC SERVICE.] A person who terminates employment that was excluded from membership under subdivision 2b, paragraph (a), clause (6) or (7), who returns within 30 days to employment in the same governmental subdivision in another position excluded from membership under subdivision 2b, paragraph (a), clause (6) or (7), is considered a member from the beginning of the reemployment unless the total period covered by all periods of employment is less than six months or on which the amount earned does not exceed the dollar limitations in subdivision 2b, paragraph (a), clause (7).*

Sec. 3. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 10, is amended to read:

*Subd. 10. [SALARY.] "Salary" means the periodical compensation of any a public employee, before deductions for deferred compensation or, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees. Fees paid to district court reporters shall are not be considered a salary. Lump sum annual or lump sum sick leave payments and, severance payments, and all payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage, shall are not be deemed to be salary. Prior to Before the time that all sick leave has been used, amounts paid to an employee pursuant to under a disability insurance policy or program where the employer paid the premiums shall be are considered salary, and, after all sick leave has been used, the payment shall is not be considered salary. Workers' compensation payments shall are not be considered salary. For any a public employee who has prior service covered by a local police or firefighters relief association which that has consolidated with the public employees police and fire fund and who has elected coverage by the public employees police and fire fund benefit plan as provided in section 353A.08 following the consolidation, the term "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified in the applicable general law, special by law, and by bylaw provisions governing the relief association as of on the date of the initiation of the consolidation procedure and the actual periodical compensation of the public employee after the effective date of the consolidation.*

Sec. 4. Minnesota Statutes 1986, section 353.01, subdivision 15, is amended to read:

*Subd. 15. [DEPENDENT CHILD.] "Dependent child" means any a natural or adopted child of a deceased member, provided such child is (a) under the age of 18, (b) or age 18 through 21 and a full time student in an accredited school, university, or college, and in either case unmarried and dependent for more than one-half of support upon such the member at the time of death and for not less than 90 days prior thereto before the time of death; provided, that the child of a deceased member, who at the time of death was receiving total and permanent disability benefits pursuant to under section 353.33, shall be is deemed dependent if dependent upon the decedent for more than one-half of support during the 90 days prior to before the decedent's becoming totally and permanently disabled. It "Dependent child" also includes any a child of the member conceived during the member's lifetime and born after the member's death. It also*

means ~~any~~ a dependent child who is the subject of adoption proceedings filed by a member, and who within two years after death of the member, by judgment and decree duly entered, is adjudged to be the adopted child of the deceased member; subject, however, to the qualifying conditions of age and dependency ~~aforsaid and in this subdivision~~. The dependency of the child ~~hereunder shall date~~ *dates* from the decree of adoption. "Dependent child" also includes a child age 18 to 21 who was attending an accredited school, university, or college full time, but was determined to be medically unable to continue school on a full-time basis. The board of trustees shall adopt written procedures to make determinations regarding eligibility based on a student being medically unable to continue school, and may not continue a benefit for medical reasons for a period greater than one year.

Sec. 5. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 16, is amended to read:

Subd. 16. [ALLOWABLE SERVICE.] (a) "Allowable service" means: (1) service during years of actual membership in the course of which employee contributions were ~~currently~~ made; periods covered by payments in lieu of salary deductions made as provided in section 353.35, and service in years during which the public employee was not a member but for which the member later elected, while a member, to obtain credit by making payments to the fund as permitted by any law then in effect.

(2) ~~Any~~ (b) "Allowable service" also means a period of authorized leave of absence with pay from which deductions for employee contributions are made, deposited, and credited to the fund.

(3) ~~Any~~ (c) "Allowable service" also means a period of authorized leave of absence without pay ~~which~~ that does not exceed one year, and during or for which a member obtained credit by payments to the fund made ~~in lieu~~ in place of salary deductions, provided that ~~such~~ the payments are made in an amount or amounts based on the member's average salary on which deductions were paid (a) for the last six months of public service, or (b) for that portion of the last six months while the member was in public service, to apply to the period in either case immediately preceding commencement of ~~such~~ the leave of absence; provided, however, that if the employee elects to pay employee contributions for the period of any leave of absence without pay, or for any portion ~~thereof~~ of the leave, the employee shall also, as a condition to the exercise of ~~such~~ the election, pay to the fund an amount equivalent to both the required employer and additional employer contributions ~~therefor, such~~ for the employee. The payment ~~to~~ must be made ~~currently~~ or within one year from the date the leave of absence terminates; ~~unless~~ the. The employer by appropriate action of its governing body ~~and~~, made a part of its official records, ~~prior to~~ before the date of the first payment of ~~such~~ the employee contribution, ~~certifies~~ may certify to the association in writing that it will cause to be paid ~~such~~ the employer and additional employer contributions from the proceeds of a tax levy made ~~pursuant to~~ under section 353.28. Payments under this ~~clause~~ shall ~~paragraph~~ must include interest at the rate of six percent ~~per annum~~ a year from the date of the termination of the leave of absence to the date payment is made.

(4) ~~Any~~ (d) "Allowable service" also means a period during which a member is on an authorized sick leave of absence, without pay limited to one year, or an authorized temporary layoff.

(5) ~~Any~~ (e) "Allowable service" also means a period during which a member is on an authorized leave of absence to enter military service, provided that the member returns to public service upon discharge from military service ~~pursuant to~~ under section 192.262, and pays into the fund employee contributions based upon the employee's salary at the date of return from military service. ~~After June 30, 1983,~~ Payment must be made within five years of the date of discharge from the military service. The amount of these contributions ~~shall~~ must be in accord with the contribution rates and salary limitations, if any, in effect during ~~such~~ the leave, plus interest ~~thereon~~ at six percent ~~per annum~~ a year compounded annually from the date of return to public service to the date payment is made. In such cases the matching employer contribution and additional employer contribution provided in section 353.27, subdivisions 3 and 3a, ~~shall~~ must be paid by the department employing ~~such~~ the member upon return to public service, and the governmental subdivision involved ~~is hereby authorized to may appropriate money therefor for those payments.~~ Such A member ~~shall may not receive credit for any a~~ voluntary extension of military service at the instance of the member beyond the initial period of enlistment, induction, or call to active duty.

(6) (f) For calculating benefits under sections 353.30, 353.31, 353.32, and 353.33 for state officers and employees displaced by the community corrections act, ~~Minnesota Statutes 1984,~~ chapter 401, and transferred into county service under ~~Minnesota Statutes 1984,~~ section 401.04, "allowable service" means combined years of allowable service as defined in ~~Minnesota Statutes 1984,~~ section ~~sections~~ 352.01, subdivision 11, and ~~Minnesota Statutes 1984,~~ section 353.01, subdivision 16, paragraphs (1) to (5).

(7) (g) For ~~any a~~ public employee who has prior service covered by a local police or firefighters relief association ~~which that~~ has consolidated with the public employees police and fire fund, and who has elected coverage by the public employees police and fire fund benefit plan as provided in section 353A.08 following the consolidation, ~~any~~ "applicable service" is a period of service credited by the local police or firefighters relief association as of the effective date of the consolidation based on ~~the applicable general law, special law, and on~~ bylaw provisions governing the relief association ~~as of on~~ the date of the initiation of the consolidation procedure.

Sec. 6. Minnesota Statutes 1987 Supplement, section 353.01, subdivision 20, is amended to read:

Subd. 20. [SURVIVING SPOUSE.] "Surviving spouse" means the unmarried spouse of a deceased member who ~~had the same legal residence as was legally married to~~ the member at the time of death, or at the time the member became totally and permanently disabled.

Sec. 7. Minnesota Statutes 1986, section 353.01, subdivision 29, is amended to read:

Subd. 29. [DESIGNATED BENEFICIARY.] "Designated beneficiary" means the person ~~or organization~~ designated by a member, ~~former member, disabilitant, or retired member~~ in writing, ~~signed and~~ filed with the association ~~before the death of the member, former member, disabilitant, or retired member,~~ to receive a refund of the balance of the member's accumulated deductions after death.

Sec. 8. Minnesota Statutes 1986, section 353.028, subdivision 2, is



amended to read:

Subd. 2. [ELECTION.] A city manager may elect to be excluded from membership in the association. The election of exclusion ~~shall must~~ be made within ~~30 days~~ *six months* following the commencement of employment ~~or within 30 days following May 22, 1981, whichever occurs later,~~ in writing on a form prescribed by the executive director, and ~~shall must~~ be approved by a resolution of the governing body of the city. The election of exclusion ~~shall is not be~~ effective until it is filed with the executive director. Membership of a city manager in the association ~~shall cease~~ *ceases* on the date the written election is received by the executive director or upon a later date specified. The election to be excluded from membership ~~shall must~~ include a provision agreeing that the person will not at any time in the future seek ~~any~~ authorization to purchase service credit for any period of excluded service and ~~shall be is~~ irrevocable. *Employee and employer contributions made on behalf of a person exercising the option to be excluded from membership under this section must be refunded in accordance with section 353.27, subdivision 7.*

Sec. 9. Minnesota Statutes 1986, section 353.03, subdivision 1, is amended to read:

Subdivision 1. [MANAGEMENT; COMPOSITION; ELECTION.] The management of the public employees retirement fund is vested in a board of trustees consisting of the state auditor and eight members. The governor shall appoint five trustees to four-year terms, one of whom shall be designated to represent school boards, one to represent cities, one to represent counties, one who shall be a retired annuitant, and one who is a public member knowledgeable in pension matters. The membership of the association shall elect three trustees for terms of four years. Trustees elected by the membership of the association ~~shall must~~ be public employees and members of the association. For seven days beginning ~~November~~ *October* 1 of each year preceding a year in which an election is held, the association shall accept at its office filings in person or by mail of candidates for the board of trustees. A candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the fund. No name may be withdrawn from nomination by the nominee after ~~November~~ *October* 15. At the request of a candidate for an elected position on the board of trustees, the board shall mail a statement of up to 300 words prepared by the candidate to all persons eligible to vote in the election of the candidate. The board may adopt policies to govern form and length of these statements, timing of mailings, and deadlines for submitting materials to be mailed. These policies must be approved by the secretary of state. *The secretary of state shall resolve* disputes between the board and a candidate concerning application of these policies to a particular statement ~~shall be resolved by the secretary of state.~~ A candidate who:

(a) (1) receives contributions or makes expenditures in excess of \$100; or

(b) (2) has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100; for the purpose of bringing about the candidate's election, must file a report with the ethical practices board disclosing the source and amount of all contributions to the candidate's campaign. The ethical practices board shall prescribe forms governing these disclosures. Expenditures and contributions have the meaning defined in section 10A.01. These terms do not include the

mailing made by the association board on behalf of the candidate. A candidate must file a report within 30 days from the day that the results of the election are announced. The ethical practices board shall maintain these reports and make them available for public inspection in the same manner as the board maintains and makes available other reports filed with it. By January 10 of each year in which elections are to be held the board shall distribute by mail to the members ballots listing the candidates. No member may vote for more than one candidate for each board position to be filled. A ballot indicating a vote for more than one person for any position ~~shall be~~ is void. No special marking may be used on the ballot to indicate incumbents. The last day for mailing ballots to the fund ~~shall be~~ is January 31. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are qualified. The ballot envelopes ~~shall must~~ be so designed and the ballots ~~shall be~~ counted in ~~such~~ a manner as to ~~insure~~ that ensures that each vote is secret.

The ~~secretary of state shall supervise the elections shall be supervised by the secretary of state. It shall be the duty of~~ The board of trustees to ~~shall~~ faithfully administer the law without prejudice and consistent with the expressed intent of the legislature. ~~They~~ Board members shall act as trustees with a fiduciary obligation to the state of Minnesota, which created the fund, the taxpayers of the governmental subdivisions ~~which that~~ aid in financing it, and the public employees who are its beneficiaries. They shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, ~~which that~~ persons of prudence, discretion, and intelligence exercise in the management of their own affairs.

Sec. 10. Minnesota Statutes 1986, section 353.27, subdivision 7, is amended to read:

Subd. 7. [ADJUSTMENT FOR ERRONEOUS RECEIPTS OR DISBURSEMENTS.] (1) (a) [ERRONEOUS DEDUCTIONS.] Any Deductions taken in error by the employer from the salary of an employee for the retirement fund and transmitted to the association ~~shall must~~ be refunded to the employee *calculated in accordance with section 353.34, subdivision 2*; and the employer contribution and the additional employer contribution, if any, for the erroneous employee contribution ~~shall must~~ be refunded to the employer, provided, *however, that the association and the state social security agency may make proper adjustments of moneys money taken as employee and employer deductions, and provided further that the refund of deductions taken in error has been made within three calendar years of the calendar year in which the initial erroneous deduction taken in error was received by the association. If the refund of deductions taken in error has not been made within three calendar years of the calendar year in which the initial erroneous deduction taken in error was received by the association, the erroneous contributions are considered valid, and the years of allowable service attributable to the erroneous deductions must be credited to the member in accordance with section 353.01, subdivision 16, and, notwithstanding a law to the contrary, the employee may continue to be a member until termination of public service.*

(2) (b) [ERRONEOUS DISBURSEMENT.] In the event a salary warrant or check from which a deduction for the retirement fund was taken has been canceled or the amount of the warrant or check returned to the funds of the department making the payment, a refund of the sum ~~so~~ deducted, or ~~any~~ a portion of it ~~as that~~ is required to adjust the deductions, ~~shall~~ must be made to the department or institution.

Sec. 11. Minnesota Statutes 1986, section 353.27, is amended by adding a subdivision to read:

*Subd. 7a. [DEDUCTIONS OR CONTRIBUTIONS TRANSMITTED BY ERROR.] If employee deductions and employer contributions were erroneously transmitted to the association, but should have been transmitted to another public pension fund listed in section 356.30, subdivision 3, the association shall transfer the erroneous employee deductions and employer contributions to the appropriate retirement fund without interest. The time limitations in section 353.27, subdivisions 7 and 12, do not apply.*

Sec. 12. Minnesota Statutes 1987 Supplement, section 353.27, subdivision 10, is amended to read:

*Subd. 10. [EMPLOYERS; FURNISH COPIES OF PAYROLL ABSTRACTS.] The head of each department is required to furnish the executive director with a carbon or duplicate copy of the departmental payroll abstracts for the last full pay period during the ~~months~~ month of ~~March~~ May for school districts and ~~October~~ December for all other governmental subdivisions, respectively, in each year. Instead of a duplicate copy of the payroll abstract, the employer may submit an exception report listing only those employees who worked the last full pay period of May or December, but who are not members of the association. Minimum reporting requirements to be shown on either the payroll abstract or exception report include: (1) name of the governmental subdivision and department identification; (2) the association's assigned unit number and unique code; (3) pay period coverage dates; (4) any employee deductions; (5) gross salary for the pay period; (6) each employee's year-to-date gross pay; and (7) the reason for any exclusion. ~~It shall be the duty of said~~ The executive director ~~to~~ shall check the copies of all ~~such~~ payroll abstracts against the membership records of the association to ascertain whether ~~or not~~ any omissions have been made by ~~any~~ a department head in the reporting of ~~any~~ new public employees for membership. The head of any department shall furnish a carbon or duplicate copy of the department payroll abstract at the request of the executive director. The executive director may delegate an association employee by appointment, in accordance with section 353.03, subdivision 3a, paragraph (b), clause (5), to conduct a field audit to review the payroll records of a governmental subdivision.*

Sec. 13. Minnesota Statutes 1987 Supplement, section 353.27, subdivision 12, is amended to read:

*Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] In the case of omission of required deductions from salary of an employee, past due for a period of 60 days or less, the head of the department shall deduct from the employee's next salary payment and ~~forthwith~~ remit to the executive director the amount of the employee contribution delinquency, with cumulative interest ~~thereon~~ at the rate of six percent ~~per annum~~ a year, compounded annually, from the date or dates each delinquent employee contribution was first payable; ~~such~~. The interest ~~to~~ must be paid by the employer. ~~To the extent that any such omitted required deductions are not paid by the employee, they shall constitute a liability of the governmental subdivision which failed to make said required deductions, with interest thereon as hereinbefore specified. After July 1, 1973, any such Omitted required deductions, past due for a period in excess of 60 days, shall become~~ are the sole obligation of the governmental subdivision from the time ~~such~~*

*the deductions were first payable, together with interest thereon as here-  
inbefore specified in this subdivision. Any amount so due, together with  
employer and additional employer contributions at the rates and in the  
amounts specified in subdivisions 3 and 3a, with interest thereon at the  
rate of six percent compounded annually from the date they were first  
payable, shall must be paid from the proceeds of a tax levy made pursuant  
to under section 353.28; or from other funds available to the employer.  
Unless otherwise indicated, this subdivision shall have has both retroactive  
and prospective application, and the governmental subdivision is liable  
retroactively and prospectively for all amounts due hereunder under it. No  
action for the recovery of delinquent omitted employee and employer con-  
tributions or interest on contributions may be commenced and no payment  
of delinquent omitted contributions may be made or accepted unless the  
association has already commenced action for recovery of delinquent omit-  
ted contributions, after the expiration of three calendar years next following  
after the calendar year in which the contributions were omitted. An action  
for the recovery of omitted contributions or interest commences five cal-  
endar days after the date of the written correspondence requesting infor-  
mation from the governmental unit that may lead to a recovery of omitted  
contributions.*

Sec. 14. Minnesota Statutes 1986, section 353.27, is amended by adding a subdivision to read:

*Subd. 12a. A member who was employed and met the eligibility require-  
ments for participation in the association before July 1, 1973, who has a  
period of employment in which previously omitted employer contributions  
were made under subdivision 12 but for whom no, or only partial, omitted  
employee contributions have been made, or a member who had prior  
coverage in the association for which previously omitted employer con-  
tributions were made under subdivision 12 but who terminated service  
before required omitted employee contributions could be withheld from  
salary, may pay the omitted employee contributions for the period on which  
omitted employer contributions were previously paid plus interest at the  
rate of six percent compounded annually. The statute of limitations for  
payment of omitted deductions in subdivision 12 applies.*

Sec. 15. Minnesota Statutes 1986, section 353.27, subdivision 13, is amended to read:

*Subd. 13. [CERTAIN WARRANTS CANCELED.] Any A warrant payable  
from the retirement fund remaining unpaid for a period of six five years,  
shall must be canceled into the retirement fund and not into the general  
fund.*

Sec. 16. Minnesota Statutes 1987 Supplement, section 353.29, subdivi-  
sion 6, is amended to read:

*Subd. 6. [RETIREMENT BEFORE ELIGIBILITY FOR SOCIAL  
SECURITY BENEFITS.] Any A member or former member who retires  
before becoming eligible for social security retirement benefits may elect  
to receive an optional retirement annuity from the association which that  
provides for different annuity amounts over different periods of retirement.  
The election of this optional retirement annuity shall must be exercised by  
making application to the board of trustees. The optional annuity shall  
must take the form of an annuity payable for the period before the annuitant  
becomes eligible for social security old age retirement benefits in a greater  
amount than the amount of the annuity calculated under subdivisions 2 and*

3 on the basis of the age of the annuitant at retirement but equal insofar as possible to the social security old age retirement benefit and the adjusted retirement annuity amount payable immediately after the annuitant becomes eligible for social security old age retirement benefits in an amount less than the amount of the annuity calculated under subdivisions 2 and 3 on the basis of the age of the annuitant at retirement. The social security leveling option may be calculated based on broad average social security old age retirement benefits. The optional annuity shall *must* be the actuarial equivalent of the normal retirement annuity computed on the basis of age at retirement. This greater amount shall *must* be paid until the annuitant reaches the age of 62, at which time the payment from the association shall *must* be reduced. *The board of trustees shall establish the method of computing the optional retirement annuity under this subdivision shall be established by the board of trustees.* In establishing the method of computing the optional retirement annuity, the board of trustees shall obtain the written ~~recommendation~~ *approval* of the commission-retained actuary. The recommendations shall *must* be a part of the permanent records of the board of trustees.

Sec. 17. Minnesota Statutes 1987 Supplement, 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 at least age of at least 50 years~~ and has credit for not less than five 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 *begins to accrue in accordance with section 353.29, subdivision 7, or 353.33, subdivision 2,* notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive, *in lieu instead of a refund with interest provided in subdivision 1, or survivor benefits otherwise payable pursuant to under section 353.31,* an annuity equal to the 100 percent joint and survivor annuity ~~which that~~ 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 *must* be computed as provided in sections 353.29, subdivisions 2 and 3; and 353.30, subdivisions 1, 1a, 1b and 1c. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision. No payment shall *may* accrue beyond the end of the month in which entitlement to the annuity has terminated. An amount equal to ~~the any excess, if any,~~ of the accumulated contributions ~~which that~~ 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 *must* 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 A~~ member may specify in writing that this subdivision shall *does* not apply and that payment shall *may* be made only to the designated beneficiary, as otherwise provided by this chapter.

Sec. 18. Minnesota Statutes 1986, section 353.32, subdivision 5, is amended to read:

Subd. 5. [\$1,500 OR LESS, LIMITED.] If a member or former member dies without having designated a beneficiary, or if the beneficiary should die before making application for refund of the sum to the credit of such

decendent, and the amount of the refund is \$1,500 or less, the board of trustees may 90 days after the date of death, in the absence of probate proceedings, make payment to the surviving spouse of the ~~said~~ decendent, or, if none, to the ~~next of kin under the laws of descent of the state of Minnesota~~ *decendent's personal representative or, if none, to the estate.* ~~Such~~ *A payment shall be under this subdivision is a bar to recovery by any other person or persons. Any* ~~A retirement annuity, or disability or survivor benefit which shall have that has~~ *accrued at the time of death of an annuitant, disabilitant or survivor may be paid in like the same manner.*

Sec. 19. Minnesota Statutes 1986, section 353.33, subdivision 7, is amended to read:

Subd. 7. [PARTIAL REEMPLOYMENT.] ~~Should such~~ *If a disabled person resume resumes a gainful occupation from which earnings are less than the salary at the date of disability or the salary currently paid for similar positions, the board shall continue the disability benefit in an amount which that, when added to such the earnings, does not exceed the salary at the date of disability or the salary currently paid for similar positions, whichever is higher, provided the disability benefit in such case does not exceed the disability benefit originally allowed, plus any postretirement adjustments payable after December 31, 1988, in accordance with section 11A.18, subdivision 10. No deductions for the retirement fund shall be taken from the salary of a disabled person who is receiving a disability benefit as provided in this subdivision.*

Sec. 20. Minnesota Statutes 1987 Supplement, section 353.34, subdivision 3, is amended to read:

Subd. 3. [DEFERRED ANNUITY; ELIGIBILITY; COMPUTATION.] ~~Any person~~ *A member with at least five years of allowable service when termination of public service occurs shall have has the option of leaving the accumulated deductions in the fund and thereby be being entitled to a deferred retirement annuity commencing at age 65 or for to a deferred early retirement annuity pursuant to under section 353.30, subdivision 1, 1a, 1b or 1c. The deferred annuity shall must be computed in the manner provided in under section 353.29, subdivisions 2 and 3, on the basis of the law in effect on the date of termination of public service and shall must be augmented as provided in section 353.71, subdivision 2. Any person A former member qualified to apply for a deferred retirement annuity may revoke this option at any time prior to before the commencement of deferred annuity payments by making application for a refund. The person shall be is entitled to a refund of accumulated member contributions within 30 days following date of receipt of the application by the executive director.*

Sec. 21. Minnesota Statutes 1986, section 353.37, subdivision 1, is amended to read:

Subdivision 1. [EFFECT ON ANNUITY.] ~~The annuity of a person otherwise eligible therefor for an annuity under this chapter shall must be suspended if the person reenters, and for as long as the person remains in, public service as a nonelective employee of a governmental subdivision, if earned compensation for the reemployment service equals or exceeds the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services pursuant to the provisions of under United States Code, title 42, section 403, in any calendar year. In the event that the person has not yet~~

reached the minimum age for the receipt of social security benefits, the maximum earnings for the person ~~shall be~~ are equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits. The suspension of the annuity ~~shall must~~ commence as of the first of the month ~~after the month~~ in which the maximum permitted compensation is exceeded ~~as herein provided~~, but ~~shall it applies only apply~~ to those months in which the annuitant is actually employed in nonelective service in a position covered by this chapter. ~~Any An~~ An annuitant of the association who is elected to public office after retirement ~~shall be is~~ entitled to hold ~~such the~~ office and receive the annuity otherwise payable from the public employees retirement association. Upon proper showing by an annuitant that the reason for the suspension of the annuity payments no longer exists, the monthly annuity payments ~~shall must~~ be resumed. Public service performed by an annuitant subsequent to retirement under this chapter ~~shall does~~ not increase or decrease the amount of ~~any an~~ annuity when payment of the annuity is resumed. The annuitant ~~shall may not be required to~~ make any further contributions to the retirement fund by reason of this subsequent public service.

Sec. 22. Minnesota Statutes 1986, section 353.65, subdivision 2, is amended to read:

Subd. 2. The employee contribution ~~shall be is~~ an amount equal to eight percent of the total salary of ~~every the~~ member. This contribution ~~shall must~~ be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, ~~such the~~ member's employee contribution ~~shall be is~~ based on the total salary received from all sources. ~~If the member is a firefighter employed on less than a full-time basis, the member's total salary shall not include any reimbursement payments for fire calls.~~

Sec. 23. Minnesota Statutes 1987 Supplement, section 353A.10, subdivision 3, is amended to read:

Subd. 3. [LEVY AND BONDING AUTHORITY.] A municipality in which was located a local police or firefighters relief association ~~which that~~ has consolidated with the fund may issue ~~special general~~ obligation bonds of the municipality to defray all or a portion of the principal amounts specified in section 353A.09, subdivisions 2 to 6, or certify to the county auditor an additional special levy in the amount necessary to defray all or a portion of the principal amount specified in section 353A.09, subdivisions 2 to 6, or the annual amount specified in section 353A.09, subdivisions 2 to 6. ~~The municipality may pledge the full faith, credit, and taxing power of the municipality for the payment of the principal of and interest on the general obligation bonds.~~ Notwithstanding any law to the contrary, any additional special levy ~~shall may not be~~ included in any limitation concerning rate or amount established by charter or law and ~~shall must~~ be a special levy for the purposes of section 275.50, subdivision 5, clause (o), and any municipal bond ~~may be issued shall without an election under section 475.58 and may not be~~ included in the net debt of the municipality for purposes of any charter or statutory debt limitation, nor ~~shall may~~ any tax levy for the payment of bond principal or interest be subject to any limitation concerning rate or amount established by charter or law.

Sec. 24. Minnesota Statutes 1987 Supplement, section 353C.02, is amended to read:

353C.02 [CORRECTIONAL SERVICE EMPLOYEES.]

A local government correctional service employee is a person who:

(1) meets the definition of "essential employee" in section 179A.03, subdivision 7, excluding state employees, University of Minnesota employees, firefighters, peace officers subject to licensure under sections 626.84 to 626.855, employees of hospitals other than state hospitals, confidential employees, supervisory employees other than ~~supervisory~~ employees of *who supervise* correctional officers *and who are stationed* at correctional facilities or city or county jails, principals, and assistant principals;

(2) is employed by Dakota county, Hennepin county, Ramsey county, ~~St. Louis county~~, or Washington county, if the county elects to participate under section 353C.04 *or by a joint-powers correctional agency in which St. Louis county or its municipalities participate, if the governing body of the agency elects to participate under section 353C.04;*

(3) is a public employee within the meaning of section 353.01, subdivisions 2 and 2a; and

(4) is not at the time of the exercise of the participation option under section 353C.04 a member of the basic program of the public employees retirement association or a member of the public employees police and fire fund.

Sec. 25. Minnesota Statutes 1987 Supplement, section 353C.03, is amended to read:

353C.03 [CORRECTIONAL SERVICE PLAN COVERAGE.]

Subdivision 1. [INITIAL COVERAGE.] A person who is a local government correctional service employee on June 30, 1988, *or on the date on which the county elects to participate in the plan under section 353C.04, whichever is later*, is a member of the local government correctional service retirement plan and shall begin contributing to the plan on July 1, 1988, *or on the first day of the first pay period following the date on which the county elects to participate in the plan under section 353C.04, whichever is later.*

Subd. 2. [SUBSEQUENT COVERAGE.] A person who becomes a local government correctional service employee after June 30, 1988, *or on the date on which the county elects to participate in the plan under section 353C.04, whichever is later*, is a member of the local government correctional service retirement plan and shall contribute to the plan.

Sec. 26. Minnesota Statutes 1987 Supplement, section 353C.04, is amended to read:

353C.04 [LOCAL GOVERNMENT EMPLOYING UNIT PARTICIPATION OPTION.]

Dakota county, Hennepin county, Ramsey county, ~~St. Louis county~~, or Washington county *or the governing board of a joint-powers correctional agency in which St. Louis county or its municipalities participate* may elect to provide its correctional employees with retirement coverage by the local government correctional service retirement plan ~~in lieu~~ *instead* of retirement coverage by the public employees retirement association or the public employees police and fire fund. The election must be made on a form provided by the executive director of the public employees retirement association and, once made, is irrevocable for all local government correctional service employees employed by the ~~county~~ *employing unit*.



Sec. 27. Minnesota Statutes 1987 Supplement, section 353C.05, is amended to read:

353C.05 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] Beginning with the first full pay period after July 1, 1988, after the effective date of the election to provide retirement coverage by the local governmental unit, or after becoming a local government correctional service employee, whichever is later, ~~in lieu~~ instead of employee contributions payable under section 353.27, subdivision 2, a local government correctional service employee shall make an employee contribution in an amount equal to ~~five~~ 7.5 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Beginning with the first full pay period after July 1, 1988, after the effective date of the election to provide retirement coverage by the local governmental unit, or after becoming a local government correctional service employee, whichever is later, ~~in lieu~~ instead of employer contributions payable under section 353.27, subdivision 3, the employer shall contribute for a local government correctional service employee an amount equal to ~~five~~ 7.5 percent of salary.

Subd. 3. [ADJUSTMENT IN CONTRIBUTION RATES.] Beginning with the first full pay period after the *most recent* actuarial valuation of the local government correctional service retirement plan prepared by the actuary retained by the legislative commission on pensions and retirement is filed with the executive director of the public employees retirement association, the member contribution rate is a percentage that equals one-half of the calculated total actuarial requirement of the plan, and the employer contribution rate is the balance of the calculated total actuarial requirement of the plan.

Sec. 28. Minnesota Statutes 1987 Supplement, section 353C.06, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY REQUIREMENTS.] After separation from public employment, an employee covered under section 353C.02 who has attained the age of at least 55 years and has credit for not less than ~~ten~~ five years of coverage in the local government correctional service plan is entitled, upon application, to a normal retirement annuity. ~~In lieu~~ Instead of a normal retirement annuity, a retiring employee may elect to receive the optional annuity provided in section 353.30, subdivision 3.

Sec. 29. Minnesota Statutes 1987 Supplement, section 353C.06, subdivision 3, is amended to read:

Subd. 3. [ANNUITY AMOUNT.] The average salary as defined in subdivision 2, multiplied by two percent for each year of allowable service for the first ten years and 2.5 percent for each additional year of allowable service, *and pro rata for completed months less than a full year*, determines the amount of the normal annuity. If a person has earned allowable service in the public employees retirement association or the public employees police and fire fund for performing services other than those of a local government correctional employee, the annuity representing such service must be computed in accordance with the coordinated formula under sections 353.29 and 353.30 or section 353.651, whichever applies.

Sec. 30. Minnesota Statutes 1987 Supplement, section 353C.06, subdivision 4, is amended to read:

Subd. 4. [ACCRUAL AND DURATION.] The annuity under this section

begins to accrue as provided in section 353.29, subdivision 7, ~~and must be paid for an additional~~. *The annuity is payable for the life of the recipient, or in accordance with the terms of any optional annuity form selected, and is payable for 84 full calendar months or to the first of the month following the month in which the employee becomes age 65, whichever occurs first. After a recipient has received the annuity calculated under this formula for 84 full calendar months or to the first of the month following the month in which the employee becomes age 65, whichever occurs first, the benefit must be recomputed in accordance with the coordinated formula in sections 353.29 and 353.30, except that if this amount, when added to the social security benefit based on state public service the employee is eligible to receive at that time, is less than the benefit payable under subdivision 3, the retired employee must is entitled to receive an amount payable under subdivision 3, less any amount payable from social security based on public service used in the benefit calculation.* When an annuity is reduced under this subdivision, any percentage of adjustments that have been applied to the original annuity under section 11A.18, before the reduction, must be compounded and applied to the reduced annuity.

Sec. 31. Minnesota Statutes 1987 Supplement, section 353C.07, is amended to read:

#### 353C.07 [AUGMENTATION IN CERTAIN CASES.]

*Subdivision 1. [AUGMENTATION FOR PRIOR SERVICE BENEFITS.] Unless prior service has been transferred or unless a combined service annuity under section 356.30 has been elected, an employee who becomes a local government correctional employee after being a member of the public employees retirement association or the public employees police and fire fund is covered under section 353.71, subdivision 2, with respect to that prior service.*

*Subd. 2. [DEFERRED ANNUITIES AUGMENTATION.] The deferred annuity, if any, accruing under section 353.71 or 353C.06, must be computed as provided in section 353C.06, subdivision 3, on the basis of allowable service before the termination of correctional service and augmented as provided in this subdivision. The required reserves applicable to a deferred annuity or to an annuity for which a former correctional service employee was eligible, but had not applied, or to any deferred segment of an annuity must be determined as of the date on which the benefit begins to accrue and augmented by interest at the rate of three percent compounded annually from the first day of the month following the month in which the person ceased to be a correctional service employee to the first day of the month in which the annuity begins to accrue. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented by interest under this subdivision. The sum of the augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" has the meaning given it in section 353.71, subdivision 2. If a person repays a refund, the service restored by the repayment must be considered to be continuous with the next period of service for which the person has credit by the plan. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute this annuity must be those in effect when the person files an application for the annuity. This subdivision shall not reduce the annuity otherwise payable under this chapter.*

Sec. 32. Minnesota Statutes 1987 Supplement, section 353C.08, subdivision 5, is amended to read:

Subd. 5. [DISABILITY BENEFIT TERMINATION.] The disability benefit paid to a disabled local government correctional employee terminates at the end of the month in which the employee reaches age 62. If the disabled local government correctional employee is still disabled when the employee reaches age 62, the employee is deemed to be a retired employee and, if the employee had elected an optional annuity under subdivision 3, must receive an annuity in accordance with the terms of the optional annuity previously elected. If the employee had not elected an optional annuity under subdivision 3, the employee may elect either to receive a normal retirement annuity computed on the coordinated formula in the manner provided in section ~~353C.06~~ 353.29 or to receive an optional annuity as provided in section 353.30, subdivision 3, based on the same length of service as used in the calculation of the disability benefit. Election of an optional annuity must be made before attaining the age of 62 years. The reduction for retirement prior to age 65 as provided in section 353.30, subdivisions 1 and 1c, is not applicable. *The savings clause provision of section 353C.06, subdivision 4, is applicable.*

Sec. 33. Minnesota Statutes 1987 Supplement, section 353C.08, is amended by adding a subdivision to read:

Subd. 7. [COMBINED SERVICE DISABILITY BENEFIT.] *If the employee is entitled to receive a disability benefit as provided in subdivision 1 or 2 and has credit for less covered correctional service than the length of service upon which the correctional disability benefit is based, and also has credit for regular plan service, the employee is entitled to a disability benefit or deferred retirement annuity based on the regular plan service only for the service that, when combined with the correctional service, exceeds the number of years on which the correctional disability benefit is based. The disabled employee who also has credit for regular plan service must in all respects qualify under section 353.33 to be entitled to receive a disability benefit based on the regular plan service, except that the service may be combined to satisfy length of service requirements. Any deferred annuity to which the employee may be entitled based on regular plan service must be augmented as provided in section 353.71 while the employee is receiving a disability benefit under this section.*

Sec. 34. Minnesota Statutes 1987 Supplement, section 353D.05, subdivision 2, is amended to read:

Subd. 2. [INVESTMENT OPTIONS.] (a) An individual participant may elect to purchase shares in the income share account, the growth share account, the money market account, the bond market account, or the common stock index account established by section 11A.17, or a combination of those accounts. The participant may elect to purchase shares in a combination of those accounts by specifying the percentage of contributions to be used to purchase shares in each of the accounts.

(b) Twice in a calendar year, a participant may indicate in writing a choice of options for subsequent purchases of shares. ~~Thereafter~~ *After a choice is made*, until the participant makes a different written indication, the executive director of the association shall purchase shares in the supplemental investment fund or funds specified by the participant. If no initial option is indicated by a participant, the executive director shall invest all contributions made by or on behalf of a participant in the income share

account. A choice of investment options is effective no later than the first pay date first occurring more than 30 days after receipt of the written choice of options.

(c) Twice in a calendar year, a participant or former participant may also change the investment options selected for all or a portion of the individual's previously purchased shares. If a partial transfer of previously purchased shares is selected, a minimum of \$500 \$200 must be transferred and a minimum balance of \$500 \$200 must remain in the previously selected investment option. A change may be made only from one account or a combination of accounts to a single account. A change under this paragraph is effective as soon as cash flow to an account permits, but not later than six months from the requested change.

Sec. 35. Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 1, is amended to read:

Subdivision 1. [TYPE OF PLAN; UNIFORMITY.] The plan is a defined contribution plan ~~where~~ when the benefits are payable upon termination of service, retirement, or death, or withdrawal when permitted, are. The amount of benefits is determined by the value of accumulated contributions plus a proportionate share of investment income of the fund credited to each individual account. Each ambulance service shall determine eligibility for participation subject to terms of this act. Eligibility standards must be uniform among all ambulance service personnel of an ambulance service electing to participate.

Sec. 36. Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 2, is amended to read:

Subd. 2. [AGE; VESTING PAYMENT OF BENEFITS.] ~~Normal retirement age is 50 years. Early retirement is not allowed. Sixty months of service credit are required for vesting of retirement benefits. No minimum period of service is required for vesting of death benefits. Withdrawal of or a retirement benefit based on member contributions and employer contributions plus accrued investment income vests is payable immediately upon the death or termination of an active member for a period that exceeds 30 days. Upon completion of 60 months of service under the plan with one or more ambulance services, a participant terminating active service prior to age 50 is entitled to receive the value of the participant's individual account upon or after attaining age 50. An application by or on behalf of the participant must be filed before any payment of benefits may be made.~~

Sec. 37. Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 4, is amended to read:

Subd. 4. [DISABILITY OR DEATH OF A MEMBER.] ~~No disability coverage shall be provided by the plan. In the event of the death of an active participant with any credited service or a deferred participant under age 50, the total value of the account shall must be paid in a lump sum to the designated beneficiary or, if none, the heirs at law of the decedent.~~

Sec. 38. Minnesota Statutes 1987 Supplement, section 353D.08, is amended to read:

353D.08 [PORTABILITY.]

Qualified ambulance service personnel who change employment or membership among participating ambulance services ~~may~~ must continue participation in the plan ~~without penalty or forfeiture after their interest vests.~~

Qualified ambulance service personnel who change employment or membership to a nonparticipating ambulance service are not subject to the forfeiture required by section 353D-07, subdivision 5 if termination from one participating ambulance service and commencement in another participating ambulance service occur within 30 days.

Sec. 39. Minnesota Statutes 1987 Supplement, section 356.302, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The terms used in this section are defined in this subdivision.

(b) "Average salary" means the highest average of covered salary for the appropriate period of credited service that is required for the calculation of a disability benefit by the covered retirement plan and that is drawn from any period of credited service and successive years of covered salary in a covered retirement plan.

(c) "Covered retirement plan" or "plan" means a retirement plan listed in subdivision 7.

(d) "Duty-related" means a disabling illness or injury that occurred while the person was actively engaged in employment duties or that arose out of the person's active employment duties.

(e) "General employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (1) to (8).

(f) "Occupationally disabled" means ~~the condition of having~~ any a medically determinable physical or mental impairment that makes a person unable to satisfactorily perform the minimum requirements of the person's employment position or a substantially similar employment position.

(g) "Public safety employee retirement plan" means a covered retirement plan listed in subdivision 7, clauses (9) to (11).

(h) "Totally and permanently disabled" means ~~the condition of having~~ any a medically determinable physical or mental impairment that makes a person unable to engage in any substantial gainful activity and that is expected to continue or has continued for a period of at least one year or that is expected to result directly in the person's death.

Sec. 40. Minnesota Statutes 1987 Supplement, section 356.302, subdivision 3, is amended to read:

Subd. 3. [GENERAL EMPLOYEE PLAN ELIGIBILITY REQUIREMENTS.] A disabled member of a covered retirement plan who has credit for allowable service in a combination of general employee retirement plans is entitled to a combined service disability benefit if the member:

(1) is less than 65 years of age on the date of application for the disability benefit;

(2) has become totally and permanently disabled;

(3) has credit for allowable service in any combination of general employee retirement plans totaling at least ten years if the person has not reached age 50 or at least five years if the person has reached age 50;

(4) has credit for at least six months of allowable service with the current general employee retirement plan before the commencement of the disability;

(5) has at least five continuous years of allowable service credit by the

general employee retirement plan or has at least a total of five years of allowable service credit by a combination of general employee retirement plans in a 72-month period during which no interruption of allowable service credit from a termination of employment exceeded 29 days; and

(6) is not receiving a retirement annuity or disability benefit from any covered general employee retirement plan at the time of the commencement of the disability.

**Sec. 41. [ELECTION TO RESUME RETIREMENT COVERAGE.]**

*A person employed by a public hospital as defined in section 355.71, subdivision 3, who exercised an option under Laws 1963, chapter 793, section 3, subdivision 5, between July 1, 1963, and June 30, 1967, to terminate membership in the coordinated program of the public employees retirement association may elect to resume that membership. The election to resume membership must be made before October 1, 1988, on a form prescribed by the executive director of the public employees retirement association. Resumption of membership begins as of the first day of the first full pay period after the election is filed with the executive director.*

**Sec. 42. [REPEALER.]**

*Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 5, is repealed.*

**Sec. 43. [EFFECTIVE DATE.]**

*Section 12 is effective March 1, 1988. Section 21 is effective January 1, 1988. The remaining sections are effective July 1, 1988.*

**ARTICLE 6**

**MEDICARE COVERAGE REFERENDUM**

**Section 1. [355.90] [OPTIONAL MEDICARE COVERAGE FOR CERTAIN PRE-1986 PUBLIC EMPLOYEES.]**

*Subdivision 1. [DEFINITIONS.] (a) Notwithstanding any provision of section 355.01 to the contrary, the terms used in this section are defined in this subdivision.*

*(b) "Employee" means an active member or participant of a public employee pension plan listed in section 356.30, subdivision 3, clauses (5), (6), (7), (9), (10), (11), and (12), who is not covered by a previous agreement under section 355.02 for that employment and who meets the requirements of United States Code, title 42, section 418(v)(2).*

*(c) "Employment" means service performed for compensation by an employee in the employ of the state or of a political subdivision that constitutes Medicare qualified government employment under the provisions of United States Code, title 42, section 410(p).*

*(d) "Political subdivision" means a public employer under section 355.01, subdivision 10.*

*(e) "Social Security Act" means the act cited in section 355.01, subdivision 8.*

*(f) "State agency" means the commissioner of employee relations or the commissioner's designee.*

(g) "Wages" means compensation specified in section 355.01, subdivision 2.

*Subd. 2. [OPTIONAL MEDICARE COVERAGE AGREEMENT.] The state agency, with the approval of the governor, may modify its agreement on behalf of the state and its political subdivisions with the Secretary of Health and Human Services to extend the provisions of United States Code, title 42, sections 426, 426-1, and 1395c, to current employees of the state and its political subdivisions who do not have that coverage through coverage by the federal old age, survivors, and disability insurance program for that employment under any previous agreement or modification of the agreement.*

*Subd. 3. [REFERENDUM.] A referendum on the question of extending the provisions of United States Code, title 42, sections 426, 426-1, and 1395c, must be held for each public employee pension plan listed in section 356.30, subdivision 3, except clauses (5) and (6), that has current members or participants who do not have coverage by the federal old age, survivors, and disability insurance program for the employment giving rise to that pension plan membership. The state agency shall supervise the referendum in accordance with United States Code, title 42, section 418, on the date or dates set by the governor for each pension plan. The notice of the referendum provided to each employee must contain a statement sufficient to inform the person of the rights available to the person as an employee in Medicare qualified government employment and the employee contribution rates applicable to the program. The referendum is approved if a majority of the members or participants indicate their desire to have the coverage on a form prescribed by the state agency. If the referendum is approved, the governor shall certify that fact to the Secretary of Health and Human Services, and the coverage is effective for all members or participants of the plan on the first of the month after the certification unless the participant or member elects coverage effective retroactively to April 1, 1986.*

*Subd. 4. [EMPLOYEE AND EMPLOYER CONTRIBUTIONS.] (a) If the referendum is approved, beginning on the first of the month after the certification of approval by the governor, the employer of each member or participant covered by the referendum shall deduct from the wages of the employee an amount equal to the tax that would be imposed under United States Code, title 26, section 3101(b), if the services of the employee for which wages were paid constituted employment as defined in United States Code, title 26, section 3121.*

*(b) In addition to the deduction specified in paragraph (a), the employer of each member or participant covered by the referendum shall also pay an amount equal to the tax that would be imposed under United States Code, title 26, section 3111(b), on the same wage base specified in paragraph (a).*

*(c) The amounts under paragraphs (a) and (b) shall be paid by the employer to the Secretary of the Treasury in the manner required by the secretary.*

## Sec. 2. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment.*

## ARTICLE 7

## VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATIONS

Section 1. [60A.40] [APPROVAL OF VOLUNTEER FIRE ANNUITY CONTRACT BUSINESS.]

*No insurance company that issues single premium annuity contracts may enter into an annuity contract with a volunteer firefighters relief association in this state unless the insurance company has been authorized to conduct this type of business by the commissioner. If the commissioner finds that the insurance company is rated according to a recognized national rating agency or organization among the top 25 percent of all insurance companies doing this type of business and is so situated and has sufficient capabilities to service these contracts throughout the state, the commissioner shall approve the insurance company for the conduct of this type of business.*

Sec. 2. Minnesota Statutes 1986, section 424A.02, is amended by adding a subdivision to read:

*Subd. 8a. [PURCHASE OF ANNUITY CONTRACTS.] A relief association providing a lump-sum service pension, if the governing articles of incorporation or bylaws so provide, may purchase an annuity contract on behalf of a retiring member in an amount equal to the service pension otherwise payable at the request of the person and in place of a direct payment to the person. The annuity contract must be purchased from an insurance carrier licensed to do business in this state and approved for this product by the commerce commissioner under section 1.*

Sec. 3. Minnesota Statutes 1986, section 424A.02, is amended by adding a subdivision to read:

*Subd. 12a. [COMBINED SERVICE PENSIONS.] If the articles of incorporation or bylaws of the associations so provide, a volunteer firefighter with total service credit of ten years or more as a member of two or more relief associations is entitled, when otherwise qualified, to a prorated service pension from each association in which the member has two years or more of service credit. The prorated service pension must be based on the service pension amount in effect for the relief association on the date volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and give notice of membership to the prior association within two years of termination of active service with the prior association. The notice must be attested to by the association secretary.*

Sec. 4. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective the day following final enactment.*

*Section 3 is effective July 1, 1988, and applies to service performed by a volunteer serving with a fire department on that date or thereafter.*

## ARTICLE 8

## LOCAL POLICE AND FIRE RELIEF ASSOCIATIONS

Section 1. [VIRGINIA FIREFIGHTERS RELIEF ASSOCIATION; PRIOR LEGISLATION.] Laws 1987, chapter 372, article 2, section 16, is amended to read:



**Sec. 16. [EFFECTIVE DATE.]**

Section 1 is effective the day following final enactment. Sections 2 to 6 and 15 are effective upon approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021. Sections 7 to 9 are effective upon approval by the Hibbing city council and compliance with Minnesota Statutes, section 645.021. Section 10 is effective as approved by the governing body of the city of West St. Paul and if there is compliance with Minnesota Statutes, section 645.021, and the increase in service pensions payable due to section 10 is initially payable on January 1, 1988, and is applicable to any member of the West St. Paul police relief association who retired on or after February 1, 1985. Section 11 is effective upon approval by the Clifton independent nonprofit firefighting corporation and the approval of the governing body of the township of Duluth and compliance with Minnesota Statutes, section 645.021. Section 12 is effective upon approval by the Mankato city council and compliance with Minnesota Statutes, section 645.021. Section 13 is effective upon approval by the governing body of the city of Millerville and compliance with Minnesota Statutes, section 645.021. Section 14 is effective *retroactive to January 1, 1987*, upon approval by the Virginia city council and compliance with Minnesota Statutes, section 645.021.

**Sec. 2. [VIRGINIA FIREFIGHTERS RELIEF ASSOCIATION; SURVIVOR BENEFITS.]**

*Survivor benefits accrued to a member of the Virginia firefighters relief association up to the date of death must be paid to surviving children, if any, if the spouse of the member predeceases the member. If no children survive the member, survivor benefits accrued to the member up to the date of death must be paid to the beneficiary designated by the member.*

**Sec. 3. [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 \$50 a month. Increases may be made retroactive to January 1, 1988.*

**Sec. 4. [FRIDLEY FIREFIGHTERS; DEFINED CONTRIBUTION PLAN.]**

*Notwithstanding any law to the contrary, the Fridley volunteer firefighters relief association may amend its articles of incorporation or bylaws to convert its defined benefit pension plan to a defined contribution plan. The conversion plan must provide for allocation of special fund assets among individual accounts to be established for each active firefighters association member. Instead of providing further defined pension plan benefits, the association shall purchase annuity contracts with existing special fund assets for retired members and for active members who may not qualify as a "volunteer firefighter" under Minnesota Statutes, chapter 424A. All provisions of Minnesota Statutes not inconsistent with this section govern the defined contribution plan established under this section.*

Sec. 5. Laws 1955, chapter 151, section 9, subdivision 7, as amended by Laws 1963, chapter 271, section 6, is amended to read:

Subd. 7. The association shall pay to any member who, after not less

than ~~ten~~ five years of service in the police department, retires because of sickness or injury occurring while not on duty and not engaged in police work and the retirement is necessary because the member is unable to perform police duties, a pension of ~~20~~ ten units per month, and for each additional year of service over ~~ten~~ five years, a pension of two units per month, but not to exceed a total of 40 units. If a member is entitled to more than 40 units through years of service, he shall receive those additional units over 40 when he becomes 50 years of age, but the total of these pension payments shall not exceed 50 units per month.

Sec. 6. [MINNETONKA VOLUNTEER FIREFIGHTERS.]

*Subdivision 1. [EXCLUSION FROM COVERAGE.] Notwithstanding any law to the contrary, a volunteer firefighter serving with the Minnetonka fire department is excluded from the definition of "public employee" in Minnesota Statutes, section 353.01, subdivision 2, for activities undertaken as part of volunteer firefighter duties. Compensation paid to a Minnetonka volunteer firefighter for volunteer firefighting duties must be excluded from the definition of "salary" in section 353.01, subdivision 10. A Minnetonka volunteer firefighter is not a member of the public employees police and fire fund as a result of volunteer firefighter duties.*

*Subd. 2. [QUALIFICATION FOR CERTAIN PERSONS.] A person who is a Minnetonka volunteer firefighter may qualify as a "public employee" under section 353.01, subdivision 2, and may be a member of the public employees police and fire fund for compensation received from employment and activities other than volunteer firefighter duties.*

*Subd. 3. [REFUND.] A volunteer firefighter who is excluded from membership by subdivision 1 is entitled to a refund of member contributions to the public employees retirement association or the public employees police and fire fund based on compensation as a volunteer firefighter, plus interest at the rate of six percent a year, compounded annually, if the person or the city of Minnetonka demonstrates to the satisfaction of the executive director of the association the amount of contributions made by the person on behalf of service as a volunteer firefighter.*

Sec. 7. [THIEF RIVER FALLS VOLUNTEER FIRE RELIEF ASSOCIATION; VALIDATION OF CERTAIN SERVICE PENSIONS.]

*The payment of a service pension before January 1, 1988, by the Thief River Falls volunteer firefighters relief association to a person who terminated active service with the Thief River Falls fire department with at least 20 years of active service before attaining age 50 and who complies with all other conditions of the articles of incorporation or bylaws of the relief association are validated.*

Sec. 8. [ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION FIVE-YEAR VESTING.]

*In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the St. Paul teachers retirement fund association to amend the bylaws of the association in effect on June 1, 1978, as amended, governing the benefits of the basic division of the association, article IV, section 3, paragraph 1, clauses (b), applicable to limited service pensions, and (d), applicable to deferred pensions, and article IV, section 3, paragraph 10, applicable to survivor benefits, by replacing the ten years of accredited service vesting requirement with a five years of accredited service vesting requirement.*

**Sec. 9. [MINNEAPOLIS TEACHERS PARTICIPATING ANNUITY; EXTENSION TO CERTAIN RETIREES.]**

*In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the Minneapolis teachers retirement fund association to amend its articles of incorporation to permit annual participating annuity adjustments under article IX, subsection (19), to be applied, effective January 1, 1989, to minimum normal retirement annuities payable to eligible recipients under article IX, subsection (14), as amended pursuant to Laws 1987, chapter 372, article 3, section 1, paragraph (f).*

**Sec. 10. [LOCAL APPROVAL.]**

*Sections 1 and 2 are effective upon approval by the Virginia city council and compliance with Minnesota Statutes, section 645.021.*

*Section 3 is effective upon approval by the Eveleth city council and compliance with Minnesota Statutes, section 645.021.*

*Section 4 is effective upon approval by the Fridley city council and compliance with Minnesota Statutes, section 645.021.*

*Section 5 is effective upon approval by the St. Paul city council and compliance with Minnesota Statutes, section 645.021, subdivision 3.*

*Section 6 is effective upon approval by the Minnetonka city council and compliance with Minnesota Statutes, section 645.021.*

*Section 7 is effective upon approval by the Thief River Falls city council and compliance with Minnesota Statutes, section 645.021.*

*Sections 8 and 9 are effective the day following final enactment.*

**ARTICLE 9**

**OTHER RETIREMENT ISSUES**

**Section 1.** Minnesota Statutes 1987 Supplement, section 352.85, subdivision 1, is amended to read:

**Subdivision 1. [ELIGIBILITY; RETIREMENT ANNUITY.]** Any person who is employed by the department of military affairs other than as a full-time firefighter, who is covered by the general employee retirement plan of the system as provided in section 352.01, subdivision 23, who is ordered to active duty under section 190.08, subdivision 3, who elects this special retirement coverage under subdivision 4, who is required to retire from federal military status at ~~the an age of 60 years earlier than age 65~~ by applicable federal laws or regulations and who terminates employment as a state employee upon attaining that *mandatory retirement* age is entitled, upon application, to a retirement annuity computed in accordance with section 352.115, subdivisions 2 and 3, without any reduction for early retirement under section 352.116, subdivision 1.

**Sec. 2.** Minnesota Statutes 1987 Supplement, section 352.85, subdivision 2, is amended to read:

**Subd. 2. [DISABILITY BENEFIT.]** An employee described in subdivision 1, who is less than ~~60 years of the applicable federal military status mandatory retirement~~ age and who becomes disabled and physically or mentally unfit to perform occupational duties due to injury, sickness, or other disability, and who is found disqualified for retention on active duty as a result of a physical examination required by applicable federal laws

or regulations, is entitled upon application to disability benefits computed in the manner specified in section 352.113. Disability benefits are otherwise governed by section 352.113, except that the age for the termination of the disability benefit is ~~60 years~~ *the applicable federal military status mandatory retirement age*.

Sec. 3. [356.245] [LOCAL ELECTED OFFICIALS.]

*An elected official covered by section 353.01, subdivision 2a, is eligible to participate in the state of Minnesota deferred compensation plan under section 356.24. A local governmental unit may make the matching employer contributions authorized by that section on the part of a participating elected official.*

Sec. 4. Minnesota Statutes 1986, section 490.124, subdivision 2, is amended to read:

Subd. 2. [MINIMUM SERVICE REQUIREMENT; EXTENSION OF TERM.] No judge shall be eligible for an annuity at normal or early retirement date if the judge has less than ~~ten~~ *five* years of allowable service. A judge who shall retire on or, as permitted under sections 490.121 to 490.132, after mandatory retirement date, shall be entitled to a proportionate annuity based upon the allowable service of the judge at date of retirement.

A judge who was in office on December 31, 1973 and thereafter and who, by the date on which the current term expires, would not be eligible to retire with full benefits under statutes in effect on December 31, 1973, may apply to the governor for an extension to serve up to three additional years, stating the intention of the judge to retire upon attaining eligibility to receive a retirement allowance. Notwithstanding section 490.125, the governor shall forthwith make a written order accepting the retirement application, and extending the term of office of the judge for the period of time, not to exceed three years, as may be necessary to make the judge eligible for retirement, solely for purposes of computing benefits hereunder.

Sec. 5. Laws 1986, chapter 359, section 25, is amended to read:

Sec. 25. [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~~ *1984*, plus interest at a rate of six percent per annum from the date each state aid payment was withheld. *This section does not apply to state aids for which the relief association must qualify after December 31, 1987.*

Sec. 6. [EFFECTIVE DATE.]

*Sections 1, 2, and 5 are effective on the day following final enactment. Sections 3 and 4 are effective July 1, 1988.*

ARTICLE 10

UNIFORM JUDICIAL RETIREMENT PLAN

Section 1. Minnesota Statutes 1986, section 490.123, subdivision 1, is amended to read:

Subdivision 1. [CREATION; CONTRIBUTIONS.] ~~There is hereby created a special fund known as The "judges' retirement fund". The fund shall~~ *must* be credited with all contributions, all interest, and all other income authorized by law. From this fund there are appropriated the payments authorized by sections 490.121 to 490.132, in the amounts and at *the* times provided ~~herein~~, including the expenses of administering the fund. ~~Each~~ A judge shall contribute to the fund from each salary payment a sum equal to one-half of one percent of salary, plus a sum equal to the salary multiplied by the rate of employee tax specified in the Federal Insurance Contributions Act as defined in section 355.01, subdivision 9, but in aggregate not less than seven percent of salary. *In addition, a judge referred to in section 355.392, subdivision 1, clause (b), shall contribute to the fund from each salary payment a sum equal to an additional three-quarters of one percent of salary.* The balance of all money necessary for administering sections 490.121 to 490.132 and the judges' retirement fund, including payment of retirement compensation and other benefits under sections 490.121 to 490.132, ~~shall~~ *must* be contributed to the fund by the state.

Money certified by the executive director of the Minnesota state retirement system to the commissioner of finance as needed to meet the state's obligations to the judges' retirement fund ~~shall~~ *must* be transferred to the fund at least once a month.

Sec. 2. Minnesota Statutes 1987 Supplement, section 490.124, subdivision 11, is amended to read:

Subd. 11. [OPTIONAL ANNUITIES.] ~~There shall be~~ No survivor or death benefits *may be paid* in connection with the death of a judge who retires after December 31, 1973, except as otherwise provided in sections 490.121 to 490.132. Within 30 days before retirement, except as provided in subdivision 10, a judge may elect to receive, ~~in lieu~~ *instead of* the normal retirement annuity, an optional retirement annuity ~~which shall take in the form of either an annuity payable for a period certain and for life thereafter or after that period, a joint and survivor annuity without reinstatement in the event of the designated beneficiary predeceasing the retired judge, or a joint and survivor annuity with reinstatement in the event of the designated beneficiary predeceasing the retired judge.~~ *The* An optional retirement annuity ~~shall~~ *must* be actuarially equivalent to a single life annuity with no term certain and ~~shall~~ *must* be established by the board of directors of the Minnesota state retirement system. In establishing these optional retirement annuity forms, the board shall obtain the written recommendation of the actuary retained by the legislative commission on pensions and retirement. The recommendations ~~shall~~ *must* be a part of the permanent records of the board.

Sec. 3. Minnesota Statutes 1986, section 490.129, is amended to read:  
490.129 [BENEFITS OFFSET.]

Upon any event of maturity of benefits for ~~any~~ a judge referred to in section 355.392, subdivision 1, clause (b), the amount payable from the judges' retirement fund ~~shall~~ *must* be reduced by ~~75~~ *50* percent of the amount of the judge's primary benefit payable upon the event of maturity of benefits under the Social Security Act.

Upon any event of maturity of benefits for the judge's surviving spouse or dependent children under section 490.124, subdivision 9, the amount

payable from the judges' retirement fund ~~shall~~ *must* be based ~~(a)~~ (1) on the judge's normal retirement annuity or ~~(b)~~ (2) upon the event of maturity of benefits under the Social Security Act, on the judge's normal retirement annuity after reduction by ~~75~~ 50 percent of the amount of the judge's primary benefit under the Social Security Act; provided that the surviving spouse or dependent children ~~shall~~ *must* receive an annuity of not less than 25 percent of the judge's final average compensation.

#### Sec. 4. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective July 1, 1988. Section 3 is effective retroactively to August 1, 1987, and applies to benefits that accrued, accrue, or would have accrued after that date.*

### ARTICLE 11

#### INDIVIDUAL RETIREMENT ACCOUNT PLAN

Section 1. Minnesota Statutes 1986, section 354.05, is amended by adding a subdivision to read:

*Subd. 2a. [EXCEPTIONS.] Notwithstanding subdivision 2, a person who is first employed as a teacher in the state university system or the state community college system after June 30, 1988, is not a member of the fund unless the person is covered by section 3, subdivision 2, and has exercised an option under that subdivision to remain a member of the fund.*

#### Sec. 2. [354B.01] [DEFINITIONS.]

*Subdivision 1. [PLAN.] "Plan" means the individual retirement account plan established by sections 2 to 5.*

*Subd. 2. [COVERED EMPLOYMENT, STATE UNIVERSITIES.] "Covered employment," with respect to employment by the state university system, means employment in a position included in the definition of teacher under section 354.05, subdivision 2, other than that of an administrator covered by or eligible for coverage in the Minnesota state retirement system unclassified employees retirement plan.*

*Subd. 3. [COVERED EMPLOYMENT, COMMUNITY COLLEGES.] "Covered employment," with respect to employment by the community college system, means employment in a position included in the definition of teacher under section 354.05, subdivision 2.*

#### Sec. 3. [354B.02] [COVERED PERSONS.]

*Subdivision 1. [PLAN PARTICIPANTS.] Except as provided in subdivision 2, a person who was first employed in covered employment after June 30, 1988, shall participate in the plan.*

*Subd. 2. [PERSONS WITH CERTAIN PRIOR SERVICE.] A person with prior service as a member of the teachers retirement association other than in covered employment under section 2, subdivision 2 or 3, who is entitled to a deferred annuity under section 354.55, subdivision 11, and who is first employed in covered employment after June 30, 1988, may, at the person's option, remain a member of the teacher's retirement association or participate in the plan.*

#### Sec. 4. [354B.04] [CONTRIBUTIONS.]

*Subdivision 1. [MEMBER CONTRIBUTIONS.] Persons in covered employment who participate in the plan shall make a member contribution*

*in an amount equal to the amount prescribed by section 354.42, subdivision 2. The contribution must be made by payroll deduction each pay period.*

*Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer of persons in covered employment who participate in the plan shall make an employer contribution in an amount equal to the amount prescribed by section 354.42, subdivision 3, and shall continue to make an additional employer contribution to the teachers retirement association in an amount equal to the amount prescribed by section 354.42, subdivision 5.*

*Subd. 3. [MANNER OF EMPLOYER CONTRIBUTIONS.] The employer of persons in covered employment shall make employer contributions from any available revenue sources. The employer contribution must be made each pay period.*

**Sec. 5. [354B.05] [ADMINISTRATION.]**

*Subdivision 1. [GOVERNING BOARDS.] The state university board shall administer the plan for persons in covered employment under section 2, subdivision 2. The community college board shall administer the plan for persons in covered employment under section 2, subdivision 3.*

*Subd. 2. [PURCHASE OF CONTRACTS.] The state university board and the community college board shall arrange for the purchase of annuity contracts, fixed, variable, or a combination of fixed and variable, or custodial accounts to provide retirement and death benefits to members of the plan. The contracts or accounts must be purchased with contributions under section 4 or money or assets otherwise provided by law or by authority of the state university board or community college board and acceptable by the financial institutions from which the contracts or accounts are purchased.*

*Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] The state university board and the community college board shall select no more than three financial institutions to provide annuity contracts or custodial accounts. Investment programs offered by the institutions must meet the requirements of section 401(a) or 403(b) of the Internal Revenue Code of 1986, as amended. In making their selections, the boards shall consider these criteria:*

- (1) the experience and ability of the financial institution to provide retirement and death benefits suited to the needs of the covered employees;*
- (2) the relationship of the benefits to their cost; and*
- (3) the financial strength and stability of the institution.*

*Subd. 4. [BENEFITS OWNED BY MEMBERS.] The retirement and death benefits provided by the annuity contracts or custodial accounts are owned by the members of the plan and must be paid in accordance with the provisions of the annuity contracts or custodial accounts.*

**Sec. 6. Minnesota Statutes 1986, section 356.24, is amended to read:**

**356.24 [SUPPLEMENTAL PENSION OR DEFERRED COMPENSATION PLANS, RESTRICTIONS UPON GOVERNMENT UNITS.]**

**It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan ~~which~~ that is established, maintained, and operated in addition to a primary pension program for the**

benefit of the governmental subdivision employees other than to a supplemental pension plan ~~which that~~ was established, maintained and operated ~~prior to before~~ May 6, 1971, to ~~any a~~ plan ~~which that~~ provides solely for group health, hospital, disability, or death benefits, to the individual retirement account plan established by sections 2 to 5, or to ~~any a~~ plan ~~which that~~ provides solely for severance pay as authorized ~~pursuant to by~~ section 465.72 to a retiring or terminating employee. No change in benefits or employer contributions in any plan to which this section applies after May 6, 1971 ~~shall be, is~~ effective without prior legislative authorization.

Sec. 7. [CERTAIN NEW EMPLOYEES.]

*Notwithstanding section 3, a person who was first hired in covered employment after June 30, 1988, does not become a member of the plan established by sections 3 to 5 until the plan is in operation and ready to accept contributions, and the payment of employer and employee contributions under section 4 does not begin until that time.*

Sec. 8. [EFFECTIVE DATE.]

*Sections 1 to 7 are effective July 1, 1988."*

Delete the title and insert:

"A bill for an act relating to retirement; making technical changes in the laws governing the teachers retirement association and the public employees retirement association; including certain county historical society employees in the membership of the public employees retirement association; authorizing certain persons to purchase prior service; excluding certain metropolitan transit commission employees from additional disability and survivorship coverage; regulating volunteer firefighters annuity contracts; authorizing changes in certain local police and firefighters relief associations; authorizing optional Medicare coverage for certain public employees; providing for a special referendum; amending certain mandatory retirement age provisions; clarifying eligibility of local elected officials for participation in a deferred compensation program; amending vesting provisions for judges; permitting the payment of certain state aids to the city of Winona; making technical changes in the laws governing the judges retirement plan; establishing an individual retirement account plan for state university and community college faculty; amending Minnesota Statutes 1986, sections 353.01, subdivisions 15, 29, and by adding a subdivision; 353.028, subdivision 2; 353.03, subdivision 1; 353.27, subdivisions 7, 13, and by adding subdivisions; 353.32, subdivision 5; 353.33, subdivision 7; 353.37, subdivision 1; 353.65, subdivision 2; 354.05, by adding a subdivision; 356.24; 424A.02, by adding subdivisions; 471.61, subdivision 1; 473.418; 490.123, subdivision 1; 490.124, subdivision 2; and 490.129; Minnesota Statutes 1987 Supplement, sections 136.82, subdivision 1; 352.85, subdivisions 1 and 2; 353.01, subdivisions 2a, 2b, 10, 16, and 20; 353.27, subdivisions 10 and 12; 353.29, subdivision 6; 353.32, subdivision 1a; 353.34, subdivision 3; 353A.10, subdivision 3; 353C.02; 353C.03; 353C.04; 353C.05; 353C.06, subdivisions 1, 3, and 4; 353C.07; 353C.08, subdivision 5 and by adding a subdivision; 353D.05, subdivision 2; 353D.07, subdivisions 1, 2, and 4; 353D.08; 356.302, subdivisions 1 and 3; and 490.124, subdivision 11; Laws 1955, chapter 151, section 9, subdivision 7, as amended; Laws 1986, chapter 359, section 25; Laws 1987, chapter 372, article 2, section 16; proposing coding for new law in Minnesota Statutes, chapters 60A; 355; and 356; proposing coding for new law as



Minnesota Statutes, chapter 354B; repealing Minnesota Statutes 1987 Supplement, section 353D.07, subdivision 5.”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Tom Rukavina, Gerald Knickerbocker

Senate Conferees: (Signed) Darril Wegscheid, Earl W. Renneke, Donald M. Moe

Mr. Wegscheid moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2477 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2477 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Knaak	Moe, D.M.	Schmitz
Anderson	Decker	Knutson	Moe, R.D.	Solon
Beckman	DeCramer	Kroening	Morse	Spear
Belanger	Diessner	Laidig	Novak	Storm
Benson	Frank	Lantry	Olson	Stumpf
Berg	Frederick	Larson	Peterson, D.C.	Taylor
Berglin	Frederickson, D.J.	Lessard	Peterson, R.W.	Vickerman
Bernhagen	Frederickson, D.R.	Luther	Piper	Waldorf
Bertram	Freeman	Marty	Pogemiller	Wegscheid
Brandl	Gustafson	McQuaid	Purfeerst	
Brataas	Hughes	Mehrkens	Ramstad	
Cohen	Johnson, D.E.	Merriam	Reichgott	
Dahl	Jude	Metzen	Renneke	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2008:

H.F. No. 2008: A bill for an act relating to elections; clarifying certain public campaign financing limits; amending Minnesota Statutes 1986, section 10A.25, subdivision 10; Minnesota Statutes 1987 Supplement, sections 10A.255, subdivision 1; 10A.32, subdivision 3; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Johnson, A.; Ogren and Quinn have been appointed as such committee on the part of the House.

House File No. 2008 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 April 25, 1988

Mr. Frank moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2008, 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 appointed on the part of the House.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 39 and nays 19, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Jude	Moe, R.D.	Schmitz
Beckman	Davis	Kroening	Novak	Solon
Belanger	DeCramer	Lantry	Peterson, D.C.	Spear
Berg	Diessner	Lessard	Peterson, R.W.	Stumpf
Berglin	Frank	Luther	Piper	Vickerman
Bertram	Frederickson, D.J.	Marty	Pogemiller	Waldorf
Brandl	Freeman	Merriam	Purfeerst	Wegscheid
Cohen	Hughes	Metzen	Reichgott	

Those who voted in the negative were:

Anderson	Decker	Knaak	McQuaid	Renneke
Benson	Frederick	Knutson	Mehrken	Storm
Bernhagen	Frederickson, D.R.	Laidig	Olson	Taylor
Brataas	Johnson, D.E.	Larson	Ramstad	

The motion prevailed.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2407, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2407 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2407

A bill for an act relating to the state and local governments; providing that municipal volunteers are employees for purposes of tort claims; providing that employees and officers of the world trade center board and greater Minnesota corporation are state employees for purposes of state tort claims; providing that officers and directors of public corporations are immune from liability under standards for nonprofit corporations; clarifying immunity from civil liability for certain athletic officials; amending Minnesota Statutes 1986, sections 317.22, subdivision 4; 317.28; 466.01, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 44A.02, subdivision 3; 116O.03, by adding a subdivision; 116O.04, subdivision 2; 317.201, subdivision 1; 340A.801, subdivisions 1 and 4; 340A.802; and

604.08, subdivision 1.

April 19, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2407, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2407 be amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1987 Supplement, section 44A.02, subdivision 3, is amended to read:

Subd. 3. [EMPLOYEES.] The president may appoint employees and prescribe their duties. Employees and officers of the corporation are not state employees, but *are covered by section 3.736 and*, at the option of the board, may participate in the following plans for employees in the unclassified service: the state retirement plan, the state deferred compensation plan, and the health insurance and life insurance plans. The president may delegate to a subordinate the exercise of specified statutory powers or duties as the president deems advisable, subject to the control of the president.

Sec. 2. Minnesota Statutes 1987 Supplement, section 116O.03, is amended by adding a subdivision to read:

*Subd. 10. [TORT CLAIMS.] The corporation is a state agency for purposes of section 3.736.*

Sec. 3. Minnesota Statutes 1987 Supplement, section 116O.04, subdivision 2, is amended to read:

Subd. 2. [STATUS OF EMPLOYEES.] Employees, officers, and directors of the corporation are not state employees, but *are covered by section 3.736 and*, at the option of the board, may participate in the state retirement plan and the state deferred compensation plan for employees in the unclassified service and an insurance plan administered by the commissioner of employee relations.

Sec. 4. Minnesota Statutes 1987 Supplement, section 317.201, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] Except as provided in subdivision 2, no person who serves without compensation as a director, officer, trustee, member, or agent of an organization exempt from state income taxation under section 290.05, subdivision 2, or who serves without compensation as a fire chief of a nonprofit firefighting corporation or municipal volunteer fire department, *or of a public corporation established by law but not considered a municipality*, shall be held civilly liable for an act or omission by that person if the act or omission was in good faith, was within the scope of the person's responsibilities as a director, officer, trustee, member, agent, or fire chief of the organization, and did not constitute willful or reckless misconduct.

Sec. 5. Minnesota Statutes 1986, section 317.22, subdivision 4, is amended

to read:

Subd. 4. [NOTICE.] Subject to waiver under section 317.24, notice of meetings and elections, as provided in section 317.02, subdivision 6, shall be given to all members entitled to vote at the meeting or election. *If proxies are permitted at the meeting, the notice shall so inform members and state the procedure for appointing proxies.*

Sec. 6. Minnesota Statutes 1986, section 317.28, is amended to read:  
317.28 [BOOKS AND RECORDS; FINANCIAL STATEMENT.]

(1) A domestic corporation shall keep at its registered office correct and complete books of account and minutes of proceedings of meetings of (a) members, (b) board of directors, and (c) committees having any of the authority of the board of directors.

(2) A member, or the member's agent or attorney, may inspect all books and records for any proper purpose at any reasonable time.

(3) Upon request by a member, the domestic corporation shall furnish the member with a statement showing the financial result of all operations and transactions affecting income and surplus during its last annual accounting period and a balance sheet containing a summary of its assets and liabilities as of the closing date of such accounting period.

(4) *If the articles or bylaws permit a specified percentage of members to call a meeting of the board of directors or the membership, the corporation shall provide any voting member, within ten days after receiving a request, a statement showing the number of members required to call the meeting. The statement is binding on the corporation.*

Sec. 7. Minnesota Statutes 1986, section 466.01, is amended by adding a subdivision to read:

*Subd. 6. [EMPLOYEE, OFFICER, OR AGENT.] For the purposes of sections 466.01 to 466.15, "employee," "officer," or "agent" means a present or former employee, officer, or agent of a municipality, or other person acting on behalf of the municipality in an official capacity, temporarily or permanently, with or without compensation, but does not include an independent contractor.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 604.08, subdivision 1, is amended to read:

Subdivision 1. [GRANT.] No individual who provides services or assistance without compensation as an athletic coach, manager, or official for a sports team that is organized or performing under a nonprofit charter, and no community-based, voluntary nonprofit athletic association, or any volunteer of the nonprofit athletic association, is liable for money damages to a player or participant, or spectator as a result of an individual's acts or omissions in the providing of that service or assistance.

This section applies to organized sports competitions and practice and instruction in that sport.

For purposes of this section, "compensation" does not include reimbursement for expenses."

Delete the title and insert:

"A bill for an act relating to the state and local governments; providing

that municipal volunteers are employees for purposes of tort claims; providing that employees and officers of the world trade center board and greater Minnesota corporation are state employees for purposes of state tort claims; providing that officers and directors of public corporations are immune from liability under standards for nonprofit corporations; clarifying immunity from civil liability for certain athletic officials; amending Minnesota Statutes 1986, sections 317.22, subdivision 4; 317.28; and 466.01, by adding a subdivision; Minnesota Statutes 1987 Supplement, sections 44A.02, subdivision 3; 116O.03, by adding a subdivision; 116O.04, subdivision 2; 317.201, subdivision 1; and 604.08, subdivision 1."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Roger M. Cooper, Sandra L. Pappas, Allen J. Quist

Senate Conferees: (Signed) William P. Luther, Richard J. Cohen, Jim Ramstad

Mr. Luther moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2407 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2407 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 57 and nays 2, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Jude	Metzen	Schmitz
Anderson	Davis	Knaak	Moe, D.M.	Solon
Beckman	Decker	Knutson	Moe, R.D.	Spear
Belanger	DeCramer	Kroening	Novak	Storm
Benson	Diessner	Laidig	Peterson, D.C.	Stumpf
Berg	Frank	Lantry	Peterson, R.W.	Taylor
Berglin	Frederick	Larson	Piper	Vickerman
Bernhagen	Frederickson, D.J.	Lessard	Pogemiller	Waldorf
Bertram	Frederickson, D.R.	Luther	Purfeerst	Wegscheid
Brandl	Freeman	Marty	Ramstad	
Brataas	Hughes	McQuaid	Reichgott	
Cohen	Johnson, D.E.	Mehrkens	Renneke	

Mr. Merriam and Ms. Olson voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### SPECIAL ORDER

The question recurred on H.F. No. 1941.

H.F. No. 1941: A bill for an act relating to charitable gambling; increasing the time period allowed for cities and counties to review license applications; amending Minnesota Statutes 1986, section 349.213, subdivision 2.

Mrs. Lantry moved to amend H.F. No. 1941, as amended pursuant to Rule 49, adopted by the Senate March 14, 1988, as follows:

(The text of the amended House File is identical to S.F. No. 1764.)

Page 1, after line 9, insert:

“Section 1. Minnesota Statutes 1986, 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, distributors, and manufacturers under sections 349.16, 349.161, and 349.163;

(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;

(7) to report annually to the governor and legislature on its activities and on recommended changes in the laws governing charitable gambling; and

(8) impose civil penalties of not more than \$500 per violation on organizations, distributors, and manufacturers for failure to comply with any provision of sections 349.12 to 349.23 or any rule of the board; and

(9) to adopt rules permitting informational and educational advertising relating to conducting a lottery game.”

Page 2, after line 32, insert:

“Sec. 4. [EFFECTIVE DATE.]

*Section 1 is effective the day following ratification of an amendment allowing the state to operate a lottery.*”

Mr. Knaak questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

H.F. No. 1941 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 1, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Jude	Moe, D.M.	Renneke
Anderson	Davis	Knaak	Moe, R.D.	Schmitz
Beckman	Decker	Knutson	Morse	Spear
Belanger	DeCramer	Kroening	Novak	Storm
Benson	Diessner	Laidig	Olson	Stumpf
Berg	Frank	Lantry	Peterson, D.C.	Taylor
Berglin	Frederick	Larson	Peterson, R.W.	Vickerman
Bernhagen	Frederickson, D.J.	Luther	Piper	Waldorf
Bertram	Frederickson, D.R.	Marty	Pogemiller	Wegscheid
Brandl	Freeman	McQuaid	Purfeerst	
Brataas	Hughes	Merriam	Ramstad	
Cohen	Johnson, D.E.	Metzen	Reichgott	

Mr. Lessard voted in the negative.

So the bill, as amended, 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.

### 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. 2008: Messrs. Frank, Pogemiller and Luther.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that Senate Resolution No. 119 be taken from the table. The motion prevailed.

Senate Resolution No. 119: A Senate resolution commending Gordon Rosenmeier for his outstanding service to the State of Minnesota as a member of the State Senate.

WHEREAS, Gordon Rosenmeier served as a distinguished member of the Minnesota Senate from 1941 to 1970; and

WHEREAS, he commanded the highest respect of governors, legislators, and the public and is recognized as one of the exceptional legislative leaders in state history; and

WHEREAS, he championed the cause of sound, efficient government and exemplified the highest ethical standards in public service; and

WHEREAS, he advocated the integrity of the legislative process and envisioned a special role for the Minnesota Senate in governing the state; and

WHEREAS, he authored some of the most significant legislation in recent history, including legislation creating the Minnesota Pollution Control Agency, the State Planning Agency, and the Metropolitan Council; establishing Minnesota's student scholarship program; and protecting the state's treasured natural and historic resources; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota that an expression of gratitude and appreciation is extended to Gordon Rosenmeier in recognition of his outstanding service to the State of Minnesota as a member of the State Senate.

BE IT FURTHER RESOLVED that the Secretary of the Senate is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Chairman of the Senate Rules and Administration Committee, and present it to Gordon Rosenmeier.

The question was taken on the adoption of the resolution.

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

Those who voted in the affirmative were:

Adkins	Davis	Jude	Merriam	Ramstad
Anderson	Decker	Knaak	Metzen	Reichgott
Beckman	DeCramer	Knutson	Moe, D.M.	Renneke
Belanger	Diessner	Kroening	Moe, R.D.	Schmitz
Benson	Frank	Lantry	Novak	Solon
Berglin	Frederick	Larson	Olson	Storm
Bernhagen	Frederickson, D.J.	Lessard	Peterson, D.C.	Stumpf
Bertram	Frederickson, D.R.	Luther	Peterson, R.W.	Taylor
Brandl	Freeman	Marty	Piper	Vickerman
Brataas	Hughes	McQuaid	Pogemiller	Waldorf
Dahl	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid

The motion prevailed. So the resolution was adopted.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2245, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2245 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1988

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 2245

A bill for an act relating to education; providing aids for education and the distribution of tax revenues; increasing the basic formula allowance; setting the general education levy; modifying the transportation aid and levy formulas; creating an American Indian education council; requiring a study of Indian education; requiring the development of a new model for secondary vocational instruction; modifying the community education formulas; offering free admission to secondary school to eligible persons at least 21 years of age; creating education district revenue; encouraging



integrated learning environments; making technical corrections to the cooperative secondary facilities grant act; providing for the sale of permanent school fund lands; requiring the signing of an education statement; requiring certain changes in the state high school league; creating a task force on school district reorganization; changing the capital expenditure formulas; appropriating money; amending Minnesota Statutes 1986, sections 92.06, subdivision 4; 92.14, by adding a subdivision; 92.67, subdivision 5; 120.06, by adding a subdivision; 120.075, subdivisions 1a, 3, and by adding a subdivision; 120.0751, subdivision 1, and by adding a subdivision; 120.0752, subdivision 1, and by adding a subdivision; 120.74, subdivision 1; 121.11, subdivision 12; 121.15, subdivisions 6, 7, and by adding a subdivision; 121.612, by adding a subdivision; 121.88, by adding subdivisions; 123.35, subdivision 8; 123.3514, by adding a subdivision; 124.17, by adding a subdivision; 124.18, subdivision 2; 124.214, subdivision 2; 124.225, by adding a subdivision; 124.245, by adding a subdivision; 124.271, by adding subdivisions; 124.2711, by adding a subdivision; 124A.036, subdivision 2; 126.14, subdivision 1; 126.151; 126.56, subdivision 2; 129.121, subdivision 2, and by adding subdivisions; 260.015, subdivision 19; 275.125, by adding subdivisions; Minnesota Statutes 1987 Supplement, sections 92.46, subdivision 1; 92.67, subdivisions 1, 3, and 4; 120.0752, subdivision 3; 120.101, subdivisions 5 and 9; 120.17, subdivision 1; 121.612, subdivision 3; 121.87, subdivision 1a; 123.3515, subdivisions 1, 2, 3, 5, 6, 9, and by adding a subdivision; 124.214, subdivision 3; 124.223; 124.225, subdivision 4b; 124.26, subdivision 1b; 124.271, subdivision 2b; 124.2711, subdivision 1; 124.494, subdivisions 5 and 6; 124.573, subdivision 2b, and by adding subdivisions; 124A.036, subdivision 5; 124A.22, subdivisions 2, 3, and 6; 124A.23, subdivisions 1, 2, 3, and by adding subdivisions; 124A.24; 124A.25, subdivisions 2, 4, and by adding a subdivision; 125.185, subdivision 4; 126.22, subdivisions 2, 3, 4, and by adding a subdivision; 126.666, by adding a subdivision; 126.70, subdivision 2a; 129.121, subdivision 1; 129B.11, subdivisions 1 and 2, and by adding a subdivision; 275.125, subdivisions 5 and 8; Laws 1987, chapter 398, article 1, section 27, subdivision 3; article 2, section 13, subdivision 2; article 3, section 39, subdivision 8; article 5, section 2, subdivision 12; article 6, section 19, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 122; 124; 124A; 126; 129B; 145; repealing Minnesota Statutes 1986, section 124.245, subdivision 4; Minnesota Statutes 1987 Supplement, sections 121.11, subdivision 16; 124.244; 124.245, subdivisions 3, 3a, and 3b; 124A.27, subdivision 10; and 275.125, subdivisions 6e and 11c.

April 25, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2245, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H.F. No. 2245 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1  
GENERAL EDUCATION REVENUE

Section 1. Minnesota Statutes 1987 Supplement, section 124A.22, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance is ~~\$2,735~~ \$2,755 for the 1988-1989 school year. *The formula allowance is \$2,800 for fiscal year 1990.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 124A.22, is amended by adding a subdivision to read:

Subd. 7. [DEFINITIONS FOR 1988-1989 SUPPLEMENTAL REVENUE.] (a) *The definitions in this subdivision apply only to subdivision 8.*

(b) *"1987-1988 revenue" means the sum of the following categories of revenue for a district for the 1987-1988 school year:*

(1) *basic foundation revenue, tier revenue, and declining pupil unit revenue, according to Minnesota Statutes 1986, as supplemented by Minnesota Statutes 1987 Supplement, chapter 124A, plus any reduction to second tier revenue, according to Minnesota Statutes 1986, section 124A.08, subdivision 5;*

(2) *teacher retirement and FICA aid, according to Minnesota Statutes 1986, sections 124.2162 and 124.2163;*

(3) *chemical dependency aid, according to Minnesota Statutes 1986, section 124.246;*

(4) *gifted and talented education aid, according to Minnesota Statutes 1986, section 124.247;*

(5) *interdistrict cooperation aid and levy, according to Minnesota Statutes 1986, sections 124.272 and 275.125, subdivision 8a;*

(6) *arts education aid, according to Minnesota Statutes 1986, section 124.275;*

(7) *summer program aid and levy, according to Minnesota Statutes 1986, sections 124A.03 and 124A.033;*

(8) *programs of excellence grants, according to Minnesota Statutes 1986, section 126.60; and*

(9) *liability insurance levy, according to Minnesota Statutes 1986, section 466.06.*

*For the purpose of this subdivision, intermediate districts and other employing units, as defined in Minnesota Statutes 1986, section 124.2161, shall allocate the amount of their teacher retirement and FICA aid for fiscal year 1988 among their participating school districts.*

(c) *"Minimum allowance" for a district means:*

(1) *the district's 1987-1988 revenue, according to subdivision 1; divided by*

(2) *the district's 1987-1988 actual pupil units, adjusted for the change in secondary pupil unit weighting from 1.4 to 1.35 made by Laws 1987, chapter 398; plus*

(3) \$70.

Sec. 3. Minnesota Statutes 1987 Supplement, section 124A.22, is amended by adding a subdivision to read:

*Subd. 9. [DEFINITIONS FOR SUPPLEMENTAL REVENUE.] (a) The definitions in this subdivision apply only to subdivision 8.*

*(b) "1987-1988 revenue" means the sum of the following categories of revenue for a district for the 1987-1988 school year:*

*(1) basic foundation revenue, tier revenue, and declining pupil unit revenue, according to Minnesota Statutes 1986, as supplemented by Minnesota Statutes 1987 Supplement, chapter 124A, plus any reduction to second tier revenue, according to Minnesota Statutes 1986, section 124A.08, subdivision 5;*

*(2) teacher retirement and FICA aid, according to Minnesota Statutes 1986, sections 124.2162 and 124.2163;*

*(3) chemical dependency aid, according to Minnesota Statutes 1986, section 124.246;*

*(4) gifted and talented education aid, according to Minnesota Statutes 1986, section 124.247;*

*(5) arts education aid, according to Minnesota Statutes 1986, section 124.275;*

*(6) summer program aid and levy, according to Minnesota Statutes 1986, sections 124A.03 and 124A.033;*

*(7) programs of excellence grants, according to Minnesota Statutes 1986, section 126.60; and*

*(8) liability insurance levy, according to Minnesota Statutes 1986, section 466.06.*

*For the purpose of this subdivision, intermediate districts and other employing units, as defined in Minnesota Statutes 1986, section 124.2161, shall allocate the amount of their teacher retirement and FICA aid for fiscal year 1988 among their participating school districts.*

*(c) "Minimum allowance" for a district means:*

*(1) the district's 1987-1988 revenue, according to subdivision 1; divided by*

*(2) the district's 1987-1988 actual pupil units, adjusted for the change in secondary pupil unit weighting from 1.4 to 1.35 made by Laws 1987, chapter 398; plus*

*(3) \$105.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 124A.23, subdivision 1, is amended to read:

*Subdivision 1. [GENERAL EDUCATION MILL RATE.] The commissioner of revenue shall establish the general education mill rate and certify it to the commissioner of education by ~~August~~ September 1 of each year for levies payable in the following year. The general education mill rate shall be a rate, rounded up to the nearest tenth of a mill, that, when applied to the adjusted assessed valuation for all districts, raises the amount specified in this subdivision. The general education mill rate for the ~~1989~~ 1990*

fiscal year shall be the rate that raises ~~\$1,079,000,000~~ \$1,100,580,000. The general education mill rate certified by the commissioner of revenue ~~must~~ may not be changed due to changes or corrections made to a district's adjusted assessed valuation after the mill rate has been certified.

Sec. 5. Minnesota Statutes 1987 Supplement, section 124A.23, subdivision 4, is amended to read:

Subd. 4. [GENERAL EDUCATION AID.] A district's general education aid is *the sum of the following amounts:*

(1) *the product of (i) the difference between the general education revenue, excluding supplemental revenue, and the general education levy, multiplied times (ii) the ratio of the actual amount levied to the permitted levy;*

(2) *the product of (i) the difference between the supplemental revenue and the supplemental levy, times (ii) the ratio of the actual amount levied to the permitted levy; and*

(3) *shared time aid according to section 124A.02, subdivision 21.*

Sec. 6. Minnesota Statutes 1987 Supplement, section 124A.23, subdivision 5, is amended to read:

Subd. 5. [USES OF REVENUE.] (a) General education revenue may be used during the regular school year and the summer for general and special school purposes.

(b) *General education revenue may not be used:*

(1) *for premiums for motor vehicle insurance protecting against injuries or damages arising from the operation of district-owned, leased, or controlled vehicles to transport pupils for which state aid is authorized under section 124.223; or*

(2) *for any purpose for which the district may levy according to section 275.125, subdivision 5e.*

Sec. 7. Minnesota Statutes 1987 Supplement, section 124A.24, is amended to read:

#### 124A.24 [GENERAL EDUCATION LEVY EQUITY.]

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapter 124, receivable for the same school year, and from other state payments receivable for the same school year authorized in sections 273.115; 273.116; 273.123, subdivision 6; 273.13, subdivision 15a; and Laws 1983, chapter 342, article 8, section 8. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education mill rate, according to section 124A.23, times the district's adjusted assessed valuation used to determine the general education aid for the same school year; and

(2) the district's general education revenue for the same school year, according to section 124A.22.

However, for fiscal year 1989, the amount of the deduction shall be one-fourth of the difference between clauses (1) and (2); *for fiscal year 1990,*

*the amount of the deduction shall be one-third of the difference between clauses (1) and (2); for fiscal year ~~1990~~ 1991, the amount of the deduction shall be one-half of the difference between clauses (1) and (2); and for fiscal year 1992, the amount of the deduction shall be four-sixths of the difference between clauses (1) and (2); and for fiscal year ~~1991~~ 1993, the amount of the deduction shall be ~~three-fourths~~ five-sixths of the difference between clauses (1) and (2).*

Sec. 8. Minnesota Statutes 1987 Supplement, section 124A.27, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] An amount equal to ~~1-85~~ 2.20 percent of the basic revenue under section 124A.22, subdivision 2, shall be reserved and may be used only to provide one or more of the programs enumerated in this section. The school board shall determine which programs to provide, the manner in which they will be provided, and the extent to which other money may be used for the programs. Except for the requirements of sections 124A.28 and 124A.29, the remaining general education revenue under section 124A.22 and supplemental revenue under section 124A.25 may be used to provide one or more of the programs enumerated in this section.

Sec. 9. Minnesota Statutes 1987 Supplement, section 124A.28, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] The compensatory education revenue under section 124A.22, subdivision 3, may be used ~~only~~ to meet the ~~special~~ educational needs of pupils whose educational achievement is below the level that is appropriate for pupils of their age. These needs may be met by providing at least some of the following:

(1) remedial instruction in reading, language arts, and mathematics to improve the achievement level of these pupils;

(2) additional teachers and teacher aides to provide more individualized instruction to these pupils;

(3) summer programs that enable these pupils to improve their achievement or that reemphasize material taught during the regular school year;

(4) in-service education for teachers, teacher aides, principals, and other personnel to improve their ability to recognize these pupils and provide appropriate responses to the pupils' needs;

(5) for ~~instruction of instructional material~~ for these pupils, including: textbooks, workbooks, periodicals, pamphlets, photographs, reproductions, filmstrips, prepared slides, prerecorded video programs, sound recordings, desk charts, games, study prints and pictures, desk maps, models, learning kits, blocks and cubes, flashcards, instructional computer software programs, pencils, pens, crayons, notebooks, duplicating fluids, and papers;

(6) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services; and

(7) bilingual programs, bicultural programs, and programs for pupils of limited English proficiency.

Sec. 10. Minnesota Statutes 1987 Supplement, section 124A.28, is amended by adding a subdivision to read:

*Subd. 3. [ANNUAL EXPENDITURE REPORT.] Each year a district that receives compensatory education revenue shall submit a report identifying the expenditures it incurred in providing compensatory education to the pupils described in subdivision 1. The report must conform to uniform financial and reporting standards established for this purpose.*

Sec. 11. [COST OF LIVING STUDY.]

*The legislative audit commission is encouraged to direct the legislative auditor to conduct a study of the differences among the costs of living in communities throughout the state and the effect that these differences have on educational expenditures by school districts. The study shall include an analysis of at least the following factors: food, housing, real estate taxes, utilities, transportation, medical costs, median income of families, median home values, median rental costs, and median monthly salaries for representative occupations.*

Sec. 12. [INSTRUCTIONS TO THE DEPARTMENT OF EDUCATION FOR 1988 LEVY LIMITATIONS.]

*Notwithstanding sections 1 and 2, and any other law to the contrary, the department of education shall determine, for the 1988-1989 school year only, levies under chapter 124A as they were authorized under Laws 1987, chapter 398, article 1.*

Sec. 13. [APPROPRIATIONS.]

*There is appropriated from the general fund to the department of education the sum of \$6,903,400 for general education aid for the 1988-1989 school year. This sum is added to the sum appropriated in Laws 1987, chapter 398, article 1, section 26, subdivision 2.*

Sec. 14. [REPEALER.]

*Notwithstanding any law enacted in 1988 that amends Minnesota Statutes 1987 Supplement, section 124A.27, subdivision 10, Minnesota Statutes 1987 Supplement, section 124A.27, subdivision 10, is repealed. Section 2 is repealed June 30, 1989.*

Sec. 15. [EFFECTIVE DATE.]

*Section 3 is effective for revenue for the 1989-1990 school year and thereafter.*

## ARTICLE 2

### TRANSPORTATION

Section 1. Minnesota Statutes 1986, section 120.73, subdivision 1, is amended to read:

Subdivision 1. A school board is authorized to require payment of fees in the following areas:

(a) In any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(b) Admission fees or charges for extra curricular activities, where attendance is optional;

- (c) A security deposit for the return of materials, supplies, or equipment;
- (d) Personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the school board;
- (e) Items of personal use or products which a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;
- (f) Fees specifically permitted by any other statute, including but not limited to section 171.04, clause (1);
- (g) Field trips considered supplementary to a district educational program;
- (h) Any authorized voluntary student health and accident benefit plan;
- (i) For the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;
- (j) Transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional;
- (k) *Transportation of pupils to and from school for which aid is not authorized under section 124.223, clause (1), and for which levy is not authorized under section 275.125, subdivision 5e, if a district charging fees for transportation of pupils establishes guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;*
- (l) Motorcycle classroom education courses conducted outside of regular school hours; provided the charge shall not exceed the actual cost of these courses to the school district.

Sec. 2. Minnesota Statutes 1986, section 120.74, subdivision 1, is amended to read:

Subdivision 1. A school board is not authorized to charge fees in the following areas:

- (a) Textbooks, workbooks, art materials, laboratory supplies, towels;
- (b) Supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;
- (c) Field trips which are required as a part of a basic education program or course;
- (d) Graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;
- (e) Instructional costs for necessary school personnel employed in any course or educational program required for graduation;
- (f) Library books required to be utilized for any educational course or program;
- (g) Admission fees, dues, or fees for any activity the pupil is required to attend;
- (h) Any admission or examination cost for any required educational course or program;

(i) Locker rentals;

(j) Transportation of pupils (1) ~~to and from school as authorized pursuant to section 123.39 or (2)~~ for which state transportation aid is authorized pursuant to section 124.223 or (2) *for which a levy is authorized under section 275.125, subdivision 5e.*

Sec. 3. Minnesota Statutes 1987 Supplement, section 123.39, subdivision 1, is amended to read:

Subdivision 1. The board may provide for the ~~free~~ transportation of pupils to and from school, and to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. Every driver shall possess all the qualifications required by the rules of the state board of education. In any school district, the board shall arrange for the attendance of all pupils living two miles or more from the school through suitable provision for transportation or through the boarding and rooming of the pupils who may be more economically and conveniently provided for by that means. The board shall provide transportation to and from the home of a handicapped child not yet enrolled in kindergarten when special instruction and services under section 120.17 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control, and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 4. Minnesota Statutes 1987 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; transportation to, ~~and from schools the resident pupils attend according to a program approved by the commissioner of education,~~ or between the schools the resident pupils attend ~~pursuant to a program approved by the commissioner of education for instructional classes;~~ transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; *transportation of pupils who are custodial parents to and from the provider of child care services for the pupil's child, within the attendance area of the school the pupil attends;*



For the purposes of this clause, a district may designate a licensed day care facility or the residence of a relative as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian and if that facility or residence is within the attendance area of the school the pupil attends-;

(2) [OUTSIDE DISTRICT.] Transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school; the pupils may attend a classified secondary school in another district and shall receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence;

(3) [SECONDARY VOCATIONAL CENTERS.] Transportation to and from a state board approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center;

(4) [HANDICAPPED.] Transportation or board and lodging of a handicapped pupil when that pupil cannot be transported on a regular school bus, the conveying of handicapped pupils between home and school and within the school plant, necessary transportation of handicapped pupils from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by section 120.17 are provided, within or outside the district where services are provided, and necessary transportation for resident handicapped pupils required by section 120.17, subdivision 4a. Transportation of handicapped pupils between home and school shall not be subject to any distance requirement for children not yet enrolled in kindergarten or to the requirement in clause (1) that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid;

(5) [BOARD AND LODGING; NONRESIDENT HANDICAPPED.] When necessary, board and lodging for nonresident handicapped pupils in a district maintaining special classes;

(6) [SHARED TIME.] Transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs approved by the commissioner of education, and necessary transportation required by section 120.17, subdivision 9, for resident handicapped pupils who are provided special instruction and services on a shared time basis;

(7) [FARIBAULT STATE ACADEMIES.] Transportation for residents to and from the Minnesota state academy for the deaf or the Minnesota state academy for the blind;

(8) [SUMMER INSTRUCTIONAL PROGRAMS.] Services described in clauses (1) to (7), (9), and (10) when provided in conjunction with a summer program eligible for aid and levy under sections 124A.03 and 124A.033;

(9) [COOPERATIVE ACADEMIC AND VOCATIONAL.] Transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes approved by the commissioner or secondary vocational classes not provided at a secondary vocational center which are approved by the commissioner for resident

pupils of any of these districts; and

(10) [NONPUBLIC SUPPORT SERVICES.] Necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Sec. 5. Minnesota Statutes 1987 Supplement, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [AID.] (a) ~~For the 1986-1987 and 1987-1988 school years, a district's transportation aid shall equal the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursuant to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services aid reduction pursuant to subdivision 8k, minus the amount raised by 2.25 mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 2.25 mills. Transportation aid shall be computed as if the district had levied the amount raised by 2.25 mills.~~

(b) For the 1988-1989 school year and thereafter, a district's transportation aid is equal to the sum of its basic transportation aid under subdivision 8b, its nonregular transportation aid under subdivision 8i, and its nonregular transportation levy equalization aid under subdivision 8j, minus its contracted services aid reduction under subdivision 8k, and minus its basic transportation levy limitation for the levy attributable to that school year under section 275.125, subdivision 5.

(c) (b) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the aid entitlement transportation levy of off-formula districts in the same proportion.

Sec. 6. Minnesota Statutes 1987 Supplement, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation mill rate times the adjusted assessed valuation of the district for the preceding year. The commissioner of revenue shall establish the basic transportation mill rate and certify it to the commissioner of education by ~~August~~ *September* 1 of each year for levies payable in the following year. The basic transportation mill rate shall be a rate, rounded up to the nearest hundredth of a mill, that, when applied to the adjusted assessed valuation of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation mill rate ~~for the 1987 payable 1988 levies and for transportation aid for the 1988-1989 school 1990 fiscal year shall be the rate that raises \$71,256,100 \$72,681,200.~~ The basic transportation mill rate certified by the commissioner of revenue must not be changed due to changes or corrections made to a district's adjusted assessed valuation after the mill rate has been certified.

Sec. 7. Laws 1987, chapter 398, article 2, section 13, subdivision 2, is amended to read:

Subd. 2. [TRANSPORTATION AID.] For transportation aid there is

appropriated:

\$90,477,000 . . . . . 1988,

\$87,334,800 \$87,419,800 . . . . . 1989.

The appropriation for aid for fiscal year 1988 includes \$12,194,300 for aid for fiscal year 1987 payable in fiscal year 1988 and \$78,282,700 for fiscal year 1988 payable in fiscal year 1988.

The appropriation for aid for fiscal year 1989 includes \$13,814,600 for aid for fiscal year 1988 payable in fiscal year 1989 and \$73,520,200 \$73,605,200 for fiscal year 1989 payable in fiscal year 1989.

The appropriations are based on aid entitlements of \$92,097,200 for fiscal year 1988 and ~~\$86,494,300~~ \$86,594,300 for fiscal year 1989.

Sec. 8. [APPROPRIATIONS.]

*Subdivision 1. [DEPARTMENT OF EDUCATION.] There is appropriated from the general fund to the department of education the sum indicated in this section for the fiscal year ending June 30 in the year designated.*

*Subd. 2. [TRANSPORTATION AID FOR OPEN ENROLLMENT.] For transportation of pupils attending nonresident districts according to Minnesota Statutes 1987 Supplement, section 123.3515, there is appropriated:*

\$50,000 . . . . . 1988.

*An unexpended balance in fiscal year 1988 does not cancel but is available for fiscal year 1989.*

Sec. 9. [EFFECTIVE DATE.]

*Section 8 is effective the day following final enactment.*

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1987 Supplement, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment, and educational placement of handicapped children:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (d) at the district's initiative;

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity for conciliation shall be deemed to be satisfied;

(d) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted in the school district where the child resides, if the parent or guardian continues to object to:

(1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) the proposed placement of their child in, or transfer of their child to a special education program;

(3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

(5) the proposed denial or removal of special education services for their child.

At least five calendar days before the hearing, the objecting party shall provide the other party with a brief written statement of the objection and the reasons for the objection.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(e) The decision of the hearing officer pursuant to clause (d) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer by the parent, guardian, or the school board of the district where the child resides pursuant to clause (f).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the state board.

(f) Any local decision issued pursuant to clauses (d) and (e) may be appealed to the hearing review officer within ~~45~~ 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district where the child resides.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

(3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(g) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(h) The commissioner of education, having delegated general supervision of special education to the appropriate staff, shall be the hearing review officer except for appeals in which:

(1) the commissioner has a personal interest in or specific involvement with the student who is a party to the hearing;

(2) the commissioner has been employed as an administrator by the district that is a party to the hearing;

(3) the commissioner has been involved in the selection of the administrators of the district that is a party to the hearing;

(4) the commissioner has a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(5) the appeal challenges a state or local policy which was developed

with substantial involvement of the commissioner; or

(6) the appeal challenges the actions of a department employee or official.

For any appeal to which the above exceptions apply, the state board of education shall name an impartial and competent hearing review officer.

In all appeals, the parent or guardian of the handicapped student or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the state board of education.

(i) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(j) The child's school district of residence, if different from the district where the child actually resides, shall receive notice of and may be a party to any hearings or appeals pursuant to this subdivision.

Sec. 2. Minnesota Statutes 1987 Supplement, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A handicapped prekindergarten pupil who is enrolled for the entire ~~school~~ fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the ~~school~~ fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A handicapped prekindergarten pupil who is enrolled for less than the entire ~~school~~ fiscal year in a program approved by the commissioner is counted as the greater of (1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year, or (2) the ratio of the number of hours of assessment and education service required in the ~~school~~ fiscal year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

(d) A handicapped kindergarten pupil who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the ~~school~~ fiscal year by the pupil's individual education program plan to 875, but not more than one.

(e) A kindergarten pupil who is not included in paragraph (d) is counted as one-half of a pupil unit.

(f) A pupil who is in any of grades one to six is counted as one pupil unit.

(g) ~~For the 1987-1988 school year, a pupil who is in any of grades seven to 12 is counted as 1.4 pupil units. For the 1988-1989 and later school~~

~~years.~~ A pupil who is in any of grades seven to 12 is counted as 1.35 pupil units.

Sec. 3. Minnesota Statutes 1986, section 124.48, subdivision 2, is amended to read:

Subd. 2. [REPORT TO LEGISLATURE.] By December 1 of each even-numbered year, the state board of education shall report to the education committees of the legislature about the status of Indian scholarships ~~and the~~ recipients, *and the status of academic programs and student services for American Indian people in post-secondary institutions that enroll recipients of American Indian scholarships.*

Sec. 4. Minnesota Statutes 1986, section 126.151, is amended to read:

126.151 [VOCATIONAL EDUCATION STUDENT ORGANIZATIONS.]

*Subdivision 1. [ACTIVITIES OF THE ORGANIZATION.] Any pupil student enrolled in a vocational technical education program approved by the state board boards of education and vocational technical education may belong to a vocational student organization which that is operated as an integral part of the vocational program. The commissioner of education and the state director of vocational technical education may provide necessary technical assistance and leadership to these organizations at the state level for administration of approved vocational student organizations and fiscal accounts, including administration of state and national conferences.*

*Subd. 2. [ACCOUNTS OF THE ORGANIZATION.] The state boards of education and vocational technical education may retain dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, and 16B, and may be deposited outside the state treasury. Money shall be administered under the policies of the applicable state board or agency relating to post-secondary vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.*

Sec. 5. Minnesota Statutes 1986, section 126.45, is amended to read:

126.45 [CITATION.]

Sections 126.45 to 126.55 may be cited as the American Indian language and culture education act of 1988.

Sec. 6. Minnesota Statutes 1986, section 126.46, is amended to read:

126.46 [DECLARATION OF POLICY.]

The legislature finds that a more adequate education is needed for American Indian pupils people in the state of Minnesota. *The legislature recognizes the unique educational and culturally-related academic needs of American Indian people. The legislature also is concerned about the lack of American Indian teachers in the state. Therefore, pursuant to the policy of the state to ensure equal educational opportunity to every individual, it is the purpose of sections 126.45 to 126.55 to provide for the establishment of American Indian language and culture education programs specially designed to meet these unique educational or culturally-related academic*

*needs or both.*

Sec. 7. Minnesota Statutes 1986, section 126.47, is amended to read:

126.47 [DEFINITIONS.]

Subdivision 1. For the purposes of sections 126.45 to 126.55, the ~~words, phrases, and~~ terms defined in this section shall have the meanings given to them.

Subd. 2. "American Indian child" means any child, living on or off a reservation, who is enrolled or eligible for enrollment in a federally recognized tribe.

Subd. 3. "Advisory task force" means the state advisory task force on American Indian ~~language and culture~~ education programs.

Subd. 4. "~~Participating school" means any nonsectarian nonpublic, tribal, or alternative school offering a curriculum reflective of American Indian culture which is funded by and participates in the programs in sections 126.45 to 126.55 and "American Indian school" mean a school that:~~

(1) *is not operated by a school district; and*

(2) *is eligible for a grant under Title IV of the Indian Education Act for the education of American Indian children.*

Sec. 8. Minnesota Statutes 1986, section 126.49, subdivision 1, is amended to read:

Subdivision 1. [AMERICAN INDIAN LANGUAGE AND CULTURE EDUCATION LICENSES.] The board of teaching shall grant *initial and continuing* teaching licenses in American Indian language and culture education *that bear the same duration as other initial and continuing licenses.* *The board shall grant licenses* to persons who present satisfactory evidence that they:

(a) Possess competence in an American Indian language or possess unique qualifications relative to or knowledge and understanding of American Indian history and culture; *or*

(b) Possess a bachelor's degree or other academic degree approved by the board or meet such requirements as to course of study and training as the board may prescribe, or possess such relevant experience as the board may prescribe.

This evidence may be presented by affidavits, resolutions, or by such other methods as the board may prescribe. Individuals may present applications for licensure on their own behalf or these applications may be submitted by the superintendent or other authorized official of a school district ~~or a nonsectarian nonpublic, tribal, or alternative school offering a curriculum reflective of, participating school, or an American Indian culture school.~~

Sec. 9. [126.501] [RECRUITING AND RETAINING INDIAN TEACHERS.]

*This section applies to a school board of a school district in which there are at least ten American Indian children enrolled. The school board shall actively recruit teacher applicants who are American Indian from the time it is reasonably expected that a position will become available until the position is filled or September 1, whichever is earlier. Notwithstanding*



*section 125.12, subdivisions 4, 6a, or 6b, 125.17, subdivisions 3 and 11, any other law to the contrary, or any provision of a contract entered into after the effective date of this section to the contrary, when placing a teacher on unrequested leave of absence, the board may retain a probationary teacher or a teacher with less seniority in order to retain an American Indian teacher.*

Sec. 10. Minnesota Statutes 1986, section 126.51, subdivision 1, is amended to read:

Subdivision 1. [**PARENT COMMITTEE.**] School boards and ~~participating~~ *American Indian* schools shall provide for the maximum involvement of parents of children enrolled in ~~American Indian language and culture~~ education programs ~~pursuant to sections 126.45 to 126.55, including language and culture education programs, programs for elementary and secondary grades, special education programs, and support services.~~ Accordingly, ~~before implementing a program, each the school district and participating~~ board of a school district in which there are ten or more *American Indian* children enrolled and each *American Indian* school shall establish a parent advisory committee for that program. If a committee of parents of *American Indian* children has been or is established according to federal, tribal, or other state law, that committee shall serve as the committee required by this section and shall be subject to, at least, the requirements of this section.

*The parent committee shall develop its recommendations in consultation with the curriculum advisory committee required by section 126.666, subdivision 2. This committee shall afford parents the necessary information and the opportunity effectively to express their views concerning all aspects of the American Indian language and culture education program and the educational needs of the American Indian children residing within the district's or school's attendance boundaries enrolled in the school or program. The committee shall also address the need for adult education programs for American Indian people in the community. The district school board or participating American Indian school shall ensure that the program is programs are planned, operated, and evaluated with the involvement of and in consultation with parents of children eligible to be served by the program programs.*

Sec. 11. Minnesota Statutes 1986, section 126.51, is amended by adding a subdivision to read:

*Subd. 1a. [RESOLUTION OF CONCURRENCE.] By September 15 and June 15 of each school year, the school board or American Indian school shall submit to the department of education a copy of a resolution adopted by the parent committee. The copy must be signed by the chair of the committee and must state whether the committee concurs with the educational programs for American Indian children offered by the school board or American Indian school. If the committee does not concur with the educational programs, the reasons for nonconcurrence and recommendations shall be submitted with the resolution.*

Sec. 12. Minnesota Statutes 1986, section 126.51, subdivision 2, is amended to read:

Subd. 2. [**MEMBERSHIP.**] The ~~committees~~ committee shall be composed solely of parents of children eligible to be enrolled in *American Indian language and culture* education programs; secondary students eligible to

be served; American Indian language and culture education teachers and aides; *American Indian teachers*; counselors; *adult American Indian people enrolled in educational programs*; and representatives from community groups; ~~provided, however, that~~. A majority of each committee shall be parents of children enrolled or eligible to be enrolled in the ~~corresponding program, and that programs~~. The number of parents of American Indian and non-American Indian children shall reflect approximately the proportion of children of those groups enrolled in the ~~program programs~~.

Sec. 13. Minnesota Statutes 1986, section 126.51, subdivision 4, is amended to read:

Subd. 4. [ALTERNATE COMMITTEE.] If the organizational membership or the board of directors of a ~~participating an American Indian~~ school consists ~~solely~~ of parents of children attending the school ~~whose children are eligible to be enrolled in American Indian language and culture education programs~~, that membership or board may serve also as the parent advisory committee.

Sec. 14. Minnesota Statutes 1986, section 126.52, is amended to read:

126.52 [STATE BOARD OF EDUCATION DUTIES.]

Subd. 5. [COMMUNITY INVOLVEMENT.] The state board shall provide for the maximum involvement of the state ~~advisory task force committees~~ on American Indian ~~language and culture~~ education, parents of American Indian children, secondary students eligible to be served, American Indian language and culture education teachers, *American Indian teachers*, teachers' aides, representatives of community groups, and persons knowledgeable in the field of American Indian ~~language and culture~~ education, in the formulation of policy and procedures relating to the administration of sections 126.45 to 126.55.

Subd. 8. [TECHNICAL ASSISTANCE.] The state board shall provide technical assistance to school districts, ~~participating~~ schools and ~~post secondary post-secondary~~ institutions for preservice and in-service training for American Indian ~~language and culture~~ education teachers and teacher's aides, teaching methods, curriculum development, testing and testing mechanisms, and the development of materials for American Indian ~~language and culture~~ education programs.

Subd. 9. [APPLICATION FOR FUNDS.] The state board shall apply for ~~grants or funds money~~ which ~~are, or may become, be~~ available under federal programs for American Indian ~~language and culture~~ education, including funds for administration, demonstration projects, training, technical assistance, planning and evaluation.

Subd. 11. [RULES.] The state board, upon the receipt of recommendations by the ~~advisory task force~~ *appropriate state committees*, may promulgate rules providing for standards and procedures appropriate for the implementation of and within the limitations of sections 126.45 to 126.55.

Sec. 15. Minnesota Statutes 1986, section 126.531, is amended to read:

126.531 [ADVISORY TASK FORCE COMMITTEES ON AMERICAN INDIAN LANGUAGE AND CULTURE EDUCATION PROGRAMS.]

Subdivision 1. The state board of education ~~may shall~~ create ~~an one or more~~ American Indian ~~language and culture~~ education ~~advisory task force committees~~. ~~If created,~~ Members shall include representatives of *tribal*

bodies, community groups, parents of children eligible to be served by the programs, American Indian administrators and teachers, persons experienced in the training of teachers for American Indian language and culture education programs, persons involved in programs for American Indian children in ~~nonsectarian nonpublic, urban, community, tribal or alternative~~ American Indian schools, and persons knowledgeable in the field of American Indian language and culture education. Members shall be appointed so as to be representative of significant segments of the population of American Indians.

Subd. 2. ~~The advisory task force~~ Each committee on American Indian language and culture education programs shall advise the state board in the administration of its duties under sections 126.45 to 126.55 and other programs for the education of American Indian people, as determined by the state board.

Subd. 3. ~~The advisory task force~~ Each committee shall ~~expire and the terms, compensation and removal of members shall be as provided for in~~ be reimbursed for expenses according to section 15.059, subdivision 6. The state board shall determine the membership terms and the duration of each committee.

Sec. 16. Laws 1987, chapter 398, article 3, section 39, subdivision 7, is amended to read:

Subd. 7. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships, according to Minnesota Statutes, section 124.48, there is appropriated:

- \$1,581,800 . . . . . 1988,
- \$1,581,800 . . . . . 1989.

At least \$50,000 of the appropriation for fiscal year 1989 must be used for scholarships for students who are enrolled in teacher preparation programs.

The state board of education, with the advice of the Minnesota Indian scholarship committee, shall develop a scholarship program for American Indian people to become teachers. The program may involve incentives for students, such as loans that are forgiven, in part, upon completing three years of teaching. If requested, the higher education coordinating board shall assist the state board or the committee in developing the program. The program plan shall be reported to the education committees of the legislature by January 1, 1989.

Any unexpended balance remaining in the first year does not cancel but is available for fiscal year 1989.

Sec. 17. Laws 1987, chapter 398, article 3, section 39, subdivision 8, is amended to read:

Subd. 8. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For Indian post-secondary preparation grants, according to Minnesota Statutes, section 124.481, there is appropriated:

- \$781,400 . . . . . 1988,
- ~~\$781,400~~ \$856,400 . . . . . 1989.

Sec. 18. [INDIAN SCHOOL COUNCIL.]

*Subdivision 1. [INTENTION.] It is the intention of the legislature to establish opportunities for American Indian control of Indian education through Indian public schools, an urban Indian school district or districts, or other means.*

*Subd. 2. [INDIAN SCHOOL COUNCIL.] (a) An Indian school council composed of 15 members is established to develop recommendations for Indian public schools, an urban Indian school district or districts, or other means of achieving Indian control of Indian education. The state board of education shall appoint two of its members to serve on the council. The board of independent school district No. 625, St. Paul, and the board of special school district No. 1, Minneapolis, shall each appoint one of its members to serve on the council. The remaining members must be appointed by the governor, with the assistance of the Indian affairs council, as provided in section 3.922, subdivision 6, clause (6).*

*(b) The council chair must be elected by the members of the council. Minnesota Statutes, section 15.059, subdivisions 3 and 4, apply to compensation and removal of members of the council. The council terminates on June 1, 1989. If requested by the council, the department of education and the Indian affairs council must provide assistance.*

*Subd. 3. [RECOMMENDATIONS.] (a) The council shall make recommendations about each of the items in this subdivision. It may make recommendations about additional options or issues.*

*(b) It shall consider the governance and administration of schools or programs for Indian education, including participation by Minnesota tribal governments in the governance and administration.*

*(c) It shall consider methods of forming schools or programs, including, but not limited to:*

*(1) forming a school within an existing school district with a separate governing board, similar to Minnesota Statutes, chapter 128B;*

*(2) forming a school district by dividing an existing district;*

*(3) forming a special purpose school district superimposed on one or more existing school districts, similar to Minnesota Statutes, chapter 136D; or*

*(4) forming a state school, similar to Minnesota Statutes, chapter 128A or 129C.*

*The structure may be similar to but different from any other existing school or school district.*

*(d) It shall consider a governing board or boards that may be appointed or elected, but which, in any case, shall include significant democratic participation by tribal governments and parents or guardians. The appointing authority or authorities must be specified for appointed members. The election process, including the qualification of voters, must be specified for elected members. The initial board members may be selected by a different method than subsequent board members.*

*(e) It shall consider financing, including:*

*(1) property taxes that may be levied by a school district, if formed; distributed on an equitable basis by the school district in which the school is located; or distributed on an equitable basis by each of the school districts in which the enrolled pupils reside;*

(2) *state aid for general education, special education, transportation, capital expenditures, community education, adult basic and continuing education, grants, and other special programs; and*

(3) *federal sources of funding.*

(f) *The council shall consider the educational programs to be offered and specify particular state aids that would be necessary. It shall specify from whom and to whom property taxes and state aid are to be paid.*

(g) *It shall consider ways to acquire and maintain facilities and equipment, including leasing existing facilities and equipment.*

(h) *It shall consider administration and staffing needs.*

(i) *It shall consider curriculum needs, including serving as a state resource center for Indian education.*

(j) *It shall consider student admission requirements, policies, and procedures.*

(k) *It shall consider how and where to provide transportation.*

**Subd. 4. [COUNCIL STAFF AND FACILITIES.]** *The department of education shall provide space within its facilities for council meetings. The department of education, through the Indian education section, shall provide support services. The council may contract for or employ professional and nonprofessional staff. The professional staff may be individuals currently employed by the state or on leave of absence from a school district. A current employee of a school district who contracts with, or is employed by, the council may request an extended leave of absence under section 125.60. The school board must grant the leave and Minnesota Statutes, section 125.60, governs the rights and duties of the employee and school board. The council may contract with consultants and for legal services, as needed.*

**Subd. 5. [REPORT TO LEGISLATURE.]** *By December 1, 1988, the council shall report its recommendations to the state board of education and the education committees of the legislature.*

#### **Sec. 19. [APPROPRIATION FOR INDIAN SCHOOL COUNCIL.]**

*There is appropriated from the general fund to the Indian school council, \$100,000 for fiscal year 1989 for the council to perform its duties.*

*For fiscal year 1989 only, a complement of two is authorized for the council. The complement may include one full-time professional, one half-time professional, and one half-time support staff.*

#### **Sec. 20. [APPROPRIATION FOR GRANTS FOR INDIAN TEACHERS.]**

*There is appropriated \$71,000 from the general fund to the state board of education for fiscal year 1989 for a grant to assist American Indian people to become teachers and to provide additional education for American Indian teachers. The state board may award a joint grant to the University of Minnesota, Duluth, and independent school district No. 709, Duluth, for a cooperative program. To obtain the joint grant, a joint application must be submitted to the state board of education. The application must be developed with the participation of the district parent advisory committee, established according to Minnesota Statutes, section 126.51, and the Indian advisory committee at the University of Minnesota, Duluth.*

*The application must set forth the in-kind services to be provided by the*

*University of Minnesota, Duluth. The coordination and mentorship services to be provided by grants to the University of Minnesota, Duluth, and independent school district No. 709 must also be set forth in the application. It must contain recommended criteria for selecting individual scholarship recipients and criteria for scholarship amounts, that may include tuition, fees, books, and living expenses for ten months. The portion of the scholarship attributable to living expenses may be in the form of a loan to be forgiven if the recipient teaches in independent school district No. 709, Duluth, for five years. If, however, the recipient is placed on unrequested leave of absence by independent school district No. 709, Duluth, the loan may be forgiven if the recipient teaches in another Minnesota school district for an amount of time that, when added to the amount of time taught in Duluth, equals five years. The loan forgiveness program must be developed in consultation with the higher education coordinating board.*

*Only the following American Indian people may receive scholarships:*

- (1) students entering the University of Minnesota, Duluth, who intend to become teachers in Minnesota;*
- (2) teacher aides who are employees of independent school district No. 709, Duluth, and who intend to obtain a teaching license; and*
- (3) licensed employees of independent school district No. 709 who begin a master of education program.*

*The joint application shall be submitted to the Minnesota Indian scholarship committee for review and comment.*

*The state board may award a joint grant in the amount it determines appropriate. Scholarship money shall be included in the amount of the joint grant.*

#### Sec. 21. [1987 SPECIAL EDUCATION DEFICIENCY.]

*\$6,000,000 is appropriated from the general fund to the department of education for fiscal year 1988 for the deficiency in the amount appropriated for special education for fiscal year 1987 by Laws 1985, First Special Session chapter 12, article 3, section 28, subdivision 2. The department of education shall reduce the amount of the levy certified by 1988 each school district, according to Minnesota Statutes, section 275.125, subdivision 8c, for special education by the amount that the district will receive as a result of this appropriation. The department of education must not consider this appropriation when allocating excess appropriations for fiscal year 1987 under Minnesota Statutes, section 124.17, subdivision 7.*

#### Sec. 22. [REPEALER.]

*Minnesota Statutes 1986, section 126.51, subdivision 3, is repealed.*

#### Sec. 23. [EFFECTIVE DATE.]

*Section 9 and 21 are effective the day following final enactment. The provisions of section 9 relating to placing a teacher on unrequested leave of absence apply to contracts entered into after the effective date of section 9.*

### ARTICLE 4

#### COMMUNITY EDUCATION

Section 1. Minnesota Statutes 1986, section 121.88, is amended by adding a subdivision to read:

*Subd. 9. [COMMUNITY SERVICE PROGRAMS.] A school board may offer, as part of a community education program, a community service program for public school pupils for the purpose of promoting active citizenship and addressing community needs through youth service. The community education advisory council shall design the service program in cooperation with the district planning, evaluating and reporting committee and local organizations that train volunteers or need volunteers' services. Programs must include:*

*(1) preliminary training for pupil volunteers conducted, when possible, by organizations experienced in such training;*

*(2) supervision of the pupil volunteers to ensure appropriate placement and adequate learning opportunity;*

*(3) sufficient opportunity for pupil volunteers to give genuine service to their community; and*

*(4) integration of academic learning with the service experience.*

*Examples of appropriate pupil service placements include: child care, Head Start, early childhood education, and extended day programs; tutoring programs involving older pupils tutoring younger pupils; environmental beautification projects; and regular visits for shut-in senior citizens.*

Sec. 2. Minnesota Statutes 1986, section 121.88, is amended by adding a subdivision to read:

*Subd. 10. [EXTENDED DAY PROGRAMS.] A school board may offer, as part of a community education program, an extended day program for children from kindergarten through grade six for the purpose of expanding students' learning opportunities. A program must include the following:*

*(1) adult supervised programs while school is not in session;*

*(2) parental involvement in program design and direction;*

*(3) partnerships with the K-12 system, and other public, private, or nonprofit entities; and*

*(4) opportunities for trained secondary school pupils to work with younger children in a supervised setting as part of a community service program.*

*The district may charge a sliding fee based upon family income for extended day programs. The district may receive money from other public or private sources for the extended day program. The board shall develop standards for school age child care programs.*

Sec. 3. [129B.48] [PREKINDERGARTEN CHILD DEVELOPMENT GRANTS.]

*Subdivision 1. [ESTABLISHMENT.] A grant program is established for prekindergarten child development programs.*

*Subd. 2. [ELIGIBLE CHILD.] An eligible child is a child who:*

*(1) is at least three years old but has not entered kindergarten;*

*(2) resides in a family having a pre-tax income, for the 12 months before enrollment in the program, at or below the poverty level as determined by the federal government; and*

*(3) has a significant delay in the development of any of the following areas: emotional, cognitive, language, physical-motor, or social.*

*Subd. 3. [ELIGIBLE PROGRAMS.] A project head start agency, school district, group of districts, and nonprofit organizations are eligible for grants. To be eligible for a grant, all children in the program must meet the requirements of subdivision 2, clause (1), and at least 90 percent must meet the requirements of subdivision 2.*

*Subd. 4. [CRITERIA AND PROCEDURES.] The state board of education shall establish criteria and procedures to select recipients of grants. Criteria for recipients, other than head start agencies, must include at least the following:*

- (1) adequate procedures to assess the developmental delay of children, according to subdivision 2, clause (3);*
- (2) conformance to the federal guidelines for project head start agencies, to the extent practicable;*
- (3) substantial involvement and education of the parents of the children;*
- (4) a plan for coordination with local organizations that serve young children;*
- (5) a local advisory board; and*
- (6) an evaluation plan.*

*Subd. 5. [GRANT AWARDS.] The state board may award grants for programs that meet the requirements of this section. Grants must be awarded to applicants located in different parts of the state. The board shall give priority in awarding grants to those applicants located in areas where no service is available within 30 minutes of eligible children's residences. A recipient must not use the grant money to supplant money or services available from other sources.*

**Sec. 4. [APPROPRIATION; PREKINDERGARTEN CHILD DEVELOPMENT PROGRAM GRANTS.]**

*There is appropriated from the general fund to the department of education for grants for prekindergarten child development programs \$500,000 for the fiscal year ending June 30, 1989.*

**ARTICLE 5**

**EDUCATION AGENCIES'**

**APPROPRIATIONS**

**Section 1. [121.203] [HEALTH-RELATED PROGRAMS.]**

*Subdivision 1. [AIDS PROGRAM.] The commissioner of education, in consultation with the commissioner of health, shall assist districts in developing and implementing a program to prevent and reduce the risk of acquired immune deficiency syndrome. Each district shall have a program that includes at least:*

- (1) planning materials, guidelines and other technically accurate and updated information;*
- (2) a comprehensive, technically accurate and updated curriculum;*
- (3) cooperation and coordination among districts and ECSUs;*
- (4) a targeting of adolescents, especially those who may be at high risk of contracting AIDS, for prevention efforts;*



(5) involvement of parents and other community members;

(6) in-service training for appropriate district staff and school board members;

(7) collaboration with state agencies and organizations having an AIDS prevention or AIDS risk reduction program;

(8) collaboration with local community health services, agencies and organizations having an AIDS prevention or AIDS risk reduction program; and

(9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of AIDS, the department shall assist the ECSU in the region serving that district to develop or implement the program.

Subd. 2. [FUNDING SOURCES.] Districts may accept funds for AIDS programs developed and implemented under this section from public and private sources including public health funds and foundations, department professional development funds, federal block grants or other federal or state grants.

Sec. 2. Laws 1987, chapter 398, article 5, section 2, subdivision 12, is amended to read:

Subd. 12. [COMPREHENSIVE ARTS PLANNING PROGRAM.] For technical assistance for the comprehensive arts planning program according to Minnesota Statutes, section 129B.21, there is appropriated:

- \$37,500 . . . . . 1988,
- \$37,500 . . . . . 1989.

Any unexpended fund balance remaining from the appropriations in this subdivision for 1988 does not cancel and is available for the second year of the biennium.

Sec. 3. [REGIONAL PUBLIC LIBRARY DISTRICT RECOMMENDATIONS.]

By December 1, 1988, the department of education, in consultation with the department of revenue, shall make recommendations to the governor and the legislature about the organization, financing, and formation of regional public library districts.

Sec. 4. [MINNESOTA ACADEMIC EXCELLENCE FOUNDATION.]

Beginning in fiscal year 1990, the Minnesota academic excellence foundation shall arrange funding for the unreimbursed travel expenses of school districts participating in the national portion of the bicentennial competition on the constitution and bill of rights.

Sec. 5. [INFORMATION ON CATEGORICAL PROGRAMS.]

By January 15, 1989, the department of education shall provide to the education committees of the legislature information on how school districts

*have allocated the revenue reserved for categorical programs under Minnesota Statutes 1987 Supplement, section 124A.27. This information is to include a list of categorical programs that have been funded and the amount of additional resources that have been allocated for categorical programs compared to funding for these categorical programs in previous years.*

**Sec. 6. [CARRYOVER FOR MINNESOTA SCHOOL AND RESOURCE CENTER FOR THE ARTS.]**

*An unexpended balance from the appropriation for the Minnesota school and resource center for the arts in Laws 1987, chapter 398, article 10, section 4, for fiscal year 1988 does not cancel but is available for fiscal year 1989.*

**Sec. 7. [EDUCATIONAL EFFECTIVENESS.]**

*The department of education shall allocate from its available state, federal, and other funding sources \$250,000 for staff and support to increase services for educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609. The department complement in the staff development unit of the division of instruction is increased by one professional position and one clerical position for these purposes. The department shall report on the funding sources used for this program to the chairs of the education committees of the house and senate and to the department of finance by November 1, 1988.*

**Sec. 8. [HIGHER EDUCATION COORDINATING BOARD; APPROPRIATION.]**

*\$30,000 is appropriated from the general fund to the higher education coordinating board for fiscal year 1989 to support the activities of the task force on instructional technology established in Laws 1987, chapter 401, section 35.*

*This appropriation is in addition to the amount appropriated by Laws 1987, chapter 401, section 2, subdivision 2.*

**Sec. 9. [DEPARTMENT OF EDUCATION; APPROPRIATION.]**

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

*Subd. 2. [SECONDARY VOCATIONAL RESTRUCTURING.] For developing a restructured secondary vocational model, there is appropriated:*

*\$100,000 . . . . . 1988.*

*This appropriation is in addition to the amount appropriated by Laws 1987, chapter 398, article 10, section 2, subdivision 2 and is available until June 30, 1989.*

*The commissioner of education, in consultation with the state director of vocational technical education, the executive director of the state council on vocational technical education, the chair of the University of Minnesota department of vocational and technical education, and the joint council of vocational teacher educators, shall develop a restructured model for the delivery of secondary vocational education. The model must designate various forms of curriculum that will incorporate basic skills education and instruction in higher order thinking skills into secondary vocational programs. The model must insure articulation of programs between secondary*

and post-secondary programs.

*The commissioner may contract for temporary staff to develop the re-structured model. The contracts are not subject to the contract approval procedures of the commissioner of administration or Minnesota Statutes, chapter 16B. In developing the model, the commissioner shall provide for active participation by secondary and post-secondary vocational technical teachers, vocational teacher educators, special needs staff, general education teachers, school counselors, school administrators, and representatives of business, industry, and labor. By December 1, 1988, the commissioner shall report to the governor and the education committees of the legislature about the model and the plans and recommendations for implementation.*

*Subd. 3. [EMERGING USES OF TECHNOLOGY.] For collection and dissemination of information on emerging uses of technologies in education, there is appropriated:*

\$20,000 . . . . . 1989.

*Subd. 4. [COMPUTER USE BY TEACHERS.] For collection and dissemination of information on usage of computers by teachers, there is appropriated:*

\$30,000 . . . . . 1989.

*Subd. 5. [PER ASSISTANCE.] For assistance to regions and districts with their planning, evaluating and reporting process under Minnesota Statutes, section 126.664, there is appropriated:*

\$60,000 . . . . . 1989.

*Subd. 6. [AIDS PROGRAM.] For a program to prevent and reduce the risk of AIDS, there is appropriated:*

\$900,000 . . . . . 1989.

*The appropriation is in addition to the amount appropriated by Laws 1987, chapter 398, article 10, section 2, subdivision 2.*

*Up to \$50,000 of this appropriation is for an independent evaluation of the AIDS program.*

*The department may use a portion of the appropriation for technology programs that provide individualized instruction about AIDS.*

*The complement of the department is increased by one professional and one clerical position until June 30, 1991.*

*The department may contract for noncomplement unclassified staff for the period of time necessary to implement the AIDS program.*

*Subd. 7. [TEACHER LICENSING.] For teacher licensing, according to Minnesota Statutes, section 125.08, there is appropriated:*

\$80,000 . . . . . 1988.

*The \$80,000 is available to reimburse costs in both years of the biennium.*

*This sum is added to the sum appropriated in Laws 1987, chapter 398, article 10, section 2, subdivision 2.*

*Subd. 8. [EDUCATIONAL SERVICES.] For educational services, there is appropriated:*

\$250,000 . . . . . 1989.

*This sum is added to the sum appropriated in Laws 1987, chapter 398, article 10, section 2, subdivision 2.*

*Subd. 9. [BASIC SKILLS EVALUATION.] To begin a comprehensive outside evaluation of literacy systems, there is appropriated:*

*\$75,000 . . . . . 1989.*

*This appropriation is contingent upon the department's receipt of \$1 from private sources for each \$2 of this appropriation. The commissioner of education must certify receipt of the private matching funds. The appropriation shall be used to begin developing a comprehensive evaluation system for basic skills programs. The department must contract with an entity that is not connected to a delivery system.*

*Subd. 10. [GED ON TV.] For statewide purchase of broadcast costs, publicity, and coordination of the GED on TV series, there is appropriated:*

*\$100,000 . . . . . 1989.*

*Subd. 11. [METROPOLITAN OPEN ENROLLMENT.] For implementation of open enrollment in the metropolitan area, there is appropriated:*

*\$150,000 . . . . . 1989.*

*The complement of the department of education is increased by one professional and .5 clerical position for this purpose.*

*The department of education shall ensure that information about opportunities for families under the open enrollment program is made available to families residing in urban and suburban school districts. The information must include at least: opportunities to enroll in urban and suburban districts; programs that are available; procedures and timelines to enroll in nonresident districts; and policies of the districts. To educate and encourage families to the maximum extent possible, the department may disseminate information, provide assistance to individual families, provide supportive services for pupils and families, and provide assistance to districts and district staff.*

#### **Sec. 10. [STATE BOARD; APPROPRIATION.]**

*For a comprehensive study of desegregation and integration costs, there is appropriated from the general fund to the state board of education:*

*\$75,000 . . . . . 1988.*

*An unencumbered balance in fiscal year 1988 does not cancel and is available for fiscal year 1989.*

*The state board shall contract for a comprehensive study on the desegregation and integration costs for fiscal years 1988 and 1989 and for the estimated costs for future years. The board must contract with outside consultants experienced in program and financial auditing related to desegregation and integration.*

*The integration study must identify at least: (1) the costs attributable to implementing each district's desegregation plan; (2) the minimum costs necessary to comply with state board desegregation rules; and (3) the costs that would occur if the district were not required to comply with state board desegregation rules. The study must determine the overlap in revenues and expenditures among desegregation revenue, integration revenue, and state*

*and federal compensatory education revenue. The study must include district and building level analysis, with per student costs and staffing ratios provided where appropriate.*

*Selection of a consultant and determination of methodology must occur by June 1, 1988, in consultation with the Duluth, Minneapolis, and St. Paul school districts.*

*The state board shall submit recommendations for financing desegregation and integration costs and programs, including options for a uniform allocation method or formula as opposed to a program budgeting approach. The board shall report to the governor, the three districts, and the education committees of the legislature by November 30, 1988.*

Sec. 11. [EFFECTIVE DATE.]

*Sections 2, 6, 9, and 10 are effective the day following final enactment.*

ARTICLE 6

OTHER EDUCATIONAL FUNDING

Section 1. Minnesota Statutes 1986, section 120.06, is amended by adding a subdivision to read:

*Subd. 3. [PUPILS, AT LEAST 21 YEARS OF AGE.] In addition to those admitted under subdivision 1, admission to a public secondary school is free to a person who is eligible under this subdivision. In order to be eligible, a person must be:*

- (1) at least 21 years of age;*
- (2) a resident of the district where the secondary school is located; and*
- (3) eligible under section 126.22, subdivision 2.*

*Free admission is limited to two school years or the equivalent, or until the pupil completes the courses required to graduate, whichever is less.*

Sec. 2. Minnesota Statutes 1987 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 who are residents of the district and who are handicapped as set forth in section 120.03. Special instruction and services must be provided from birth until September 1 after the handicapped child becomes 21 years old but shall not extend beyond secondary school or its equivalent, *except as provided in section 126.22, subdivision 2.* Local health, education, and social service agencies shall refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible handicapped children as determined by the state board shall cooperate with other districts to maintain a full range of programs for education and services for handicapped children. This subdivision does not alter the compulsory attendance requirements of section 120.10.

Sec. 3. Minnesota Statutes 1987 Supplement, section 122.91, is amended by adding a subdivision to read:

*Subd. 7. [REVENUE.] An education district may be eligible for revenue under section 10.*

Sec. 4. Minnesota Statutes 1986, section 123.351, is amended by adding a subdivision to read:

*Subd. 10. [REVENUE.] A secondary vocational cooperative may be eligible for revenue under section 11.*

Sec. 5. Minnesota Statutes 1986, section 123.3514, is amended by adding a subdivision to read:

*Subd. 6b. [FINANCIAL ARRANGEMENTS, PUPILS AGE 21 OR OVER.] At the end of each school year, the department of education shall pay the tuition reimbursement amount to the post-secondary institutions for courses taken to fulfill high school graduation requirements by pupils eligible for adult high school graduation aid. The amount of the tuition reimbursement equals the lesser of:*

*(1) the actual costs of tuition, textbooks, materials, and fees directly related to the course or program taken by the pupil; or*

*(2) an amount equal to the difference between the adult high school graduation aid attributable to that pupil and an amount computed by multiplying the adult high school graduation aid by the ratio of 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 of tuition reimbursement paid for each pupil shall be subtracted from the adult high school graduation aid paid to the pupil's resident district. If a pupil is enrolled in a course for post-secondary credit, the school district shall include the pupil in average daily membership as computed under section 120.17, subdivision 1 only for the portion of time during which the pupil is enrolled in courses at the secondary school and enrolled in courses at the post-secondary institution for secondary credit.*

*The department must not pay any tuition reimbursement or other costs of a course taken for post-secondary credit only.*

Sec. 6. Minnesota Statutes 1986, section 124.17, is amended by adding a subdivision to read:

*Subd. 2e. [AVERAGE DAILY MEMBERSHIP, PUPILS AGE 21 OR OVER.] The average daily membership for pupils age 21 or over, is equal to the ratio of the number of yearly hours that the pupil is in membership to the number of instructional hours in the district's regular school year.*

Sec. 7. Minnesota Statutes 1986, section 124.214, subdivision 2, is amended to read:

*Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the mill rate as determined by the county auditor based upon the original assessed valuation is applied upon the changed valuations, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. In August of Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 275.48. The abatement adjustment shall be recognized as*

revenue in the fiscal year in which it is received. The amount of the abatement adjustment shall be the product of:

- (1) the net revenue loss as certified by the county auditor, times
- (2) the ratio of:

(a) the sum of the amounts of the district's certified levy in the preceding October according to the following:

(i) sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, section 124A.23 if the district is entitled to basic foundation receives general education aid according to that section 124A.02;

(ii) section 124A.10, subdivision 3a, if the district is entitled to third tier aid according to section 124A.10, subdivision 4;

(iii) sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a, if the district is eligible for fourth tier aid according to section 124A.12, subdivision 4;

(iv) sections 124A.03, subdivision 4, and 275.125, subdivision 2j, if the district is entitled to summer school aid according to section 124.201; and

(v) (ii) section 275.125, subdivisions 5 and 5c, if the district is entitled to receives transportation aid according to section 124.225, subdivision 8a;

(iii) section 124.244, if the district receives capital expenditure aid according to that section;

(iv) section 275.125, subdivision 11c, if the district receives hazardous substance aid according to section 124.245;

(v) section 275.125, subdivision 8, clauses (a) and (b), if the district receives community education aid according to section 124.271;

(vi) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711; and

(vii) section 275.125, subdivision 6f, if the district receives exceptional need aid according to section 124.217;

(b) to the total amount of the district's certified levy in the preceding October 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, plus or minus auditor's adjustments.

Sec. 8. Minnesota Statutes 1987 Supplement, section 124.214, subdivision 3, is amended to read:

Subd. 3. [EXCESS TAX INCREMENT.] If a return of excess tax increment is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid entitlements and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the school district, times

(2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, section 124A.23 if the school district is entitled to basic foundation receives general education aid according to that section 124A.02;

(ii) sections 124A.10, subdivision 3a, and 124A.20, subdivision 2, if the school district is entitled to third-tier aid according to section 124A.10, subdivision 4;

(iii) sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a, if the school district is eligible for fourth-tier aid according to section 124A.12, subdivision 4;

(iv) section 124A.03, subdivision 4, if the school district is entitled to summer school aid according to section 124.201; and

(v) (ii) section 275.125, subdivisions 5 and 5c, if the school district is entitled to receives transportation aid according to section 124.225, subdivision 8a;

(iii) section 124.244, if the district receives capital expenditure aid according to that section;

(iv) section 275.125, subdivision 11c, if the district receives hazardous substance aid according to section 124.245;

(v) section 275.125, subdivision 8, clauses (a) and (b), if the district receives community education aid according to section 124.271;

(vi) section 275.125, subdivision 8b, if the district receives early childhood family education aid according to section 124.2711; and

(vii) section 275.125, subdivision 6f, if the district receives exceptional need aid according to section 124.217;

(B) to the total amount of the school district's certified levy for the fiscal year pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, 124A.20, subdivision 2, and 275.125, plus or minus auditor's adjustments.

(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

(1) the amount of the distribution of excess increment, and

(2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds \$25,000.

Sec. 9. [124.261] [ADULT HIGH SCHOOL GRADUATION AID.]



*Adult high school graduation aid for eligible pupils age 21 or over, equals an allowance of 65 percent of the general education formula allowance times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Average daily membership of eligible pupils must not be used in the computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of adult high school graduation aid.*

**Sec. 10. [124.2721] [EDUCATION DISTRICT REVENUE.]**

*Subdivision 1. [ELIGIBILITY.] An education district is eligible for education district revenue if the department certifies that it meets the requirements of section 122.91, subdivisions 3 and 4. The pupil units of a district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a district may not be used to obtain revenue under this section and section 11.*

*Subd. 2. [REVENUE.] Education district revenue is \$60 per actual pupil unit in each district that is a member of an education district.*

*Subd. 3. [LEVY.] To obtain education district revenue, an eligible education district may levy the lesser of its education district revenue or the amount raised by 1.3 mills times the adjusted assessed valuation of each participating district for the preceding year. Each year, the education district board shall certify to the county auditor or county auditors the amount of taxes to be levied under this section.*

*Subd. 4. [AID.] The aid for an education district equals its education district revenue minus its education district levy, times the ratio of the actual amount levied to the permitted levy.*

*Subd. 5. [USES OF REVENUE.] Education district revenue must be used by the education district board to provide educational programs according to the agreement adopted by the education district board, as required by section 122.94.*

**Sec. 11. [124.575] [SECONDARY VOCATIONAL COOPERATIVE REVENUE.]**

*Subdivision 1. [ELIGIBILITY.] A secondary vocational cooperative established under section 123.351 is eligible for secondary vocational cooperative revenue if it meets the size requirements specified in section 122.96, subdivision 3, and the cooperative offers programs authorized under section 123.351, subdivision 4, paragraph (b), clause (1), and clause (2) or (3). The pupil units of a district that is a member of intermediate school district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a district may not be used to obtain revenue under this section and section 10.*

*Subd. 2. [REVENUE.] Secondary vocational cooperative revenue is \$20 per actual pupil unit in the participating school districts of a secondary vocational cooperative.*

*Subd. 3. [LEVY.] To obtain secondary vocational cooperative revenue, an eligible secondary vocational cooperative may levy the lesser of its secondary vocational cooperative revenue or the amount raised by .4 mills times the adjusted assessed valuation of each member district for the preceding year. Each year, the secondary vocational cooperative board must certify the amount of taxes to be levied under this section to the*

*county auditor or county auditors.*

*Subd. 4. [AID.] The aid for a secondary vocational cooperative equals its secondary vocational cooperative revenue minus its secondary vocational cooperative levy, times the ratio of the actual amount levied to the permitted levy.*

Sec. 12. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE STUDENTS PUPILS.] The following ~~students~~ *pupils* are eligible to participate in the high school graduation incentives program:

(a) any ~~student~~ *pupil* who is between the ages of 12 and 16 and who:

(1) is at least two grade levels below the performance level for ~~students~~ *pupils* of the same age in a locally determined achievement test; or

(2) is at least one year behind in obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been absent from attendance at school without lawful excuse for ~~one or more class periods on~~ more than 15 *consecutive school days* in the preceding or current school year;

(b) any ~~student~~ *pupil* who is between the ages of 16 and 19 who is attending school, and who is at least two grade levels below the performance level for ~~students~~ *pupils* of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or

(c) any person between 16 and 21 years of age who has not attended a high school program for at least 15 *consecutive school days*, excluding those days when school is not in session, and who is at least two grade levels below the performance level for ~~students~~ *pupils* of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or has been assessed as chemically dependent; or

(d) any person who is at least 21 years of age and who:

(1) has received less than 14 years of public or nonpublic education, beginning at age 5;

(2) has already completed the studies ordinarily required in the 10th grade but has not completed the requirements for a high school diploma or the equivalent; and

(3) at the time of application, (i) is eligible for unemployment compensation benefits or has exhausted the benefits, (ii) is eligible for or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

*Notwithstanding section 127.27, subdivision 7, the provisions of section 127.29, subdivision 1, do not apply to pupils age 17 and older who participate in the high school graduation incentives program.*

Sec. 13. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] ~~Students~~ *Pupils* who are eligible to participate under subdivision 2 may enroll in the following programs:

(a) Any program approved by the state board of education under Minnesota Rules, part 3500.3500, *including area learning centers under sections 129B.52 to 129B.55*, or according to section 121.11, subdivision 12, may enroll ~~students~~ *pupils* who are eligible to participate under subdivision 2, clause (a), (b) ~~or~~, (c), *or* (d);

(b) ~~Students~~ *Pupils* eligible to participate under subdivision 2, clause (b) ~~or~~, (c), *or* (d) may enroll in *secondary school courses upon a resolution passed by a school board approving enrollment, or may enroll in post-secondary courses under section 123.3514*; and

(c) Any public secondary education program may enroll any ~~student~~ *pupil* who is eligible to participate under subdivision 2, clause (a), (b) ~~or~~, (c), *or* (d).

*An eligible institution providing eligible programs as defined in this subdivision may contract with an entity providing adult basic education programs under the community education program contained in section 121.88 for actual program costs.*

Sec. 14. Minnesota Statutes 1986, section 129B.20, subdivision 1, is amended to read:

Subdivision 1. [FUNDING.] Each site shall receive \$1,250 each year for two years. *If fewer than 30 sites are selected, each site shall receive an additional proportionate share of money appropriated and not used.* Before receiving money for the second year, a long-range plan for arts education must be submitted to the department.

Sec. 15. Minnesota Statutes 1987 Supplement, section 129B.53, subdivision 2, is amended to read:

Subd. 2. [PEOPLE TO BE SERVED.] A center shall provide programs for secondary pupils and adults, *giving priority to serving persons between 16 and 21 years of age.* Secondary pupils to be served are those who are chemically dependent, not likely to graduate from high school, need assistance in vocational and basic skills, can benefit from employment experiences, and need assistance in transition from school to employment. Adults to be served are dislocated homemakers and workers and others who need basic educational and social services. In addition to offering programs, the center shall coordinate the use of other available educational services, social services, and post-secondary institutions in the community. The center may also provide programs for elementary and secondary pupils who are not attending the center to assist them in completing high school.

Sec. 16. Minnesota Statutes 1987 Supplement, section 136D.27, is amended to read:

136D.27 [~~TAX STATE AIDS AND LEVIES, CERTIFICATES OF INDEBTEDNESS.~~]

*Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed .6 mills on each dollar of adjusted assessed valuation for special education and .7 mills on each dollar of adjusted*

assessed valuation for expenses for secondary vocational education. Each participating school district shall include ~~such these~~ tax levies in the next tax roll which it shall certify to the county auditor or auditors, and shall remit the collections of such levies to the board promptly when received. ~~Such These~~ levies shall not be included in computing the limitations upon the levy of any participating 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 these~~ levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of such levies, but in aggregate amounts such as will not exceed the portion of the levies which is then not collected and not delinquent.

*Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.24 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.*

*Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized by statute, any state aid, grant, credit, or other money to the joint school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.2137, 124.252, 124.32, 124.573, 124.574, and 124.646, and chapter 273.*

Sec. 17. Minnesota Statutes 1986, section 136D.74, is amended by adding a subdivision to read:

*Subd. 2a. [PROHIBITED LEVIES.] Notwithstanding subdivisions 2 and 4, section 136D.73, subdivision 3, or any other law to the contrary, the intermediate school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the intermediate school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.*

Sec. 18. Minnesota Statutes 1986, section 136D.74, is amended by adding a subdivision to read:

*Subd. 2b. [PROHIBITED STATE AIDS.] Notwithstanding subdivision 4 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the intermediate school board, except the aid, credit, or money authorized by sections 121.201, 123.3514, 124.2137, 124.252, 124.32, 124.573, 124.574, and 124.646, and chapter 273.*

Sec. 19. Minnesota Statutes 1987 Supplement, section 136D.87, is amended to read:

**136D.87 [TAX LEVIES, CERTIFICATES OF INDEBTEDNESS.]**

*Subdivision 1. [LEVIES FOR CERTAIN PROGRAMS.] Each year the joint school board may certify to each participating school district tax levies that shall not in any year exceed .6 mills on each dollar of adjusted assessed*

valuation for expenses for special education and .7 mills on each dollar of adjusted assessed valuation for expenses for secondary vocational education. Each participating school district shall include ~~such~~ *these* tax levies in the next tax roll which it shall certify to the county auditor or auditors and shall remit the collections of ~~such~~ *these* levies to the board promptly when received. ~~Such~~ *These* levies shall not be included in computing the limitations upon the levy of any *participating* 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~~ *these* levies have been certified to the participating school districts, issue and sell certificates of indebtedness in anticipation of the collection of ~~such~~ levies, but in aggregate amounts ~~such as~~ *that* will not exceed the portion of the levies which is then not collected and not delinquent.

*Subd. 2. [PROHIBITED LEVIES.] Notwithstanding section 136D.84 or any other law to the contrary, the joint school board may not certify, either itself, to any participating district, or to any cooperating school district, any levies for any purpose, except the levies authorized by subdivision 1, sections 127.05, 275.125, subdivisions 8c and 14a, 275.48, and 475.61, and for the joint school board's obligations under section 268.06, subdivision 25, for which a levy is authorized by section 275.125, subdivision 4.*

*Subd. 3. [PROHIBITED STATE AIDS.] Notwithstanding section 136D.24 or any law to the contrary, the department of education shall not pay, unless explicitly authorized, any state aid, grant, credit, or other money to the joint school board, except for aid, credit, or money authorized by sections 121.201, 123.3514, 124.2137, 124.252, 124.32, 124.573, 124.574, and 124.646, and chapter 273.*

Sec. 20. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

*Subd. 6i. [RULE COMPLIANCE LEVY.] Each year a district that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, may levy an amount not to exceed one mill times the adjusted assessed valuation of the district. Independent school district No. 625, St. Paul, may levy according to this subdivision and subdivision 6e. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.*

Sec. 21. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

*Subd. 8e. [INTERDISTRICT COOPERATION LEVY.] This subdivision does not apply to special school district No. 1, independent school district No. 11, 625, or 709, or to a district that is a member of intermediate school district No. 287, 916, or 917. A district may levy each year under this subdivision if it:*

*(1) is a member of an education district, under sections 122.91 to 122.96, and the education district of which the district is a member does not receive revenue under section 10; or*

*(2) has a cooperation agreement with other districts to expand curricular offerings in mathematics in grades 10 to 12, science in grades 10 to 12,*

*foreign languages for two years, computer usage, or other programs recommended by the state board.*

*The levy must not exceed the amount raised by one mill times the adjusted assessed valuation of the district for the preceding year. A district that is a member of a secondary vocational cooperative that levies under section 11, may levy the difference between the amount raised by one mill times the adjusted valuation of the district for the preceding year and the amount levied under section 11. The proceeds of the levy may be used only to pay for instructional and administrative costs incurred in providing the curricular offerings under this section. A district may not spend more than five percent of the amount of the levy for administration.*

Sec. 22. Laws 1987, chapter 398, article 3, section 38, is amended to read:

Sec. 38. [~~COMMISSION SPECIAL EDUCATION STUDY STUDIES.~~]

The sum of ~~\$100,000~~ \$250,000 is appropriated for fiscal year 1988 from the general fund to the legislative commission on public education for the commission to conduct: (1) a comprehensive qualitative and quantitative evaluation and analytical study of special education, financing, and related services; (2) a study of education accountability measures; and (3) an education organization study that includes findings about learning opportunities for learners, financial considerations, and alternative patterns of educational organization. The sum is available until June 30, 1989.

Sec. 23. [TASK FORCE ON EDUCATION ORGANIZATION.]

*Subdivision 1. [ESTABLISHED.] There is established a task force on education organization that is composed of 24 members. It shall be an advisory task force to the legislative commission on public education.*

*Subd. 2. [MEMBERSHIP] The legislative commission on public education shall appoint 18 members who represent various sizes of school districts and geographical areas of the state. Each member shall be a person who has knowledge of:*

- (1) *the group selecting the person;*
- (2) *the day-to-day operations of schools; and*
- (3) *the items to be considered by the task force.*

*A person selected by a group is not required to be a member of the group.*

*By June 1, 1988, each group shall submit to the chair of the legislative commission the names of two people and the commission shall select, at random, one of the two people to serve on the task force. Each of the following groups shall be represented on the task force:*

- (1) *state board of education;*
- (2) *state curriculum advisory committee;*
- (3) *Minnesota school boards association;*
- (4) *association of stable or growing school districts;*
- (5) *association of metropolitan school districts;*
- (6) *Minnesota rural education association;*

- (7) *Minnesota community education association;*
- (8) *Minnesota association of school administrators;*
- (9) *Minnesota association of secondary vocational administrators;*
- (10) *Minnesota administrators of special education;*
- (11) *Minnesota association of secondary school principals;*
- (12) *Minnesota elementary school principals' association;*
- (13) *Minnesota education association;*
- (14) *Minnesota federation of teachers;*
- (15) *Minnesota congress of parents, teachers, and students;*
- (16) *independent school district Nos. 11 and 625 and special school district No. 1;*
- (17) *the business community; and*
- (18) *associations representing nonpublic education.*

*In addition, six members of the legislature shall be appointed to the task force. The subcommittee on committees of the committee on rules and administration of the senate shall appoint three members of the senate. The speaker of the house of representatives shall appoint three members of the house.*

*The commissioner of education, or a designee, shall be an ex officio nonvoting member of the task force.*

*The chair of the legislative commission shall convene the first meeting of the task force by July 1, 1988. The task force members shall elect the chair of the task force.*

*Subd. 3. [ITEMS FOR CONSIDERATION.] In considering education organization, the task force shall consider and make findings about the following:*

- (1) *learning opportunities, including, but not limited to:*
  - (i) *minimum and maximum curricular offerings;*
  - (ii) *alternatives to traditional instructional time or learning year;*
  - (iii) *state board of education rules;*
  - (iv) *learning and teaching options; and*
  - (v) *community education and its implications;*
- (2) *financial considerations, including, but not limited to:*
  - (i) *funding and tax equity;*
  - (ii) *the relationship between educational expenditures and student achievement;*
  - (iii) *implications for employees, including salaries, fringe benefits, and collective bargaining;*
  - (iv) *facility needs, uses, and alternatives, including construction of duplicative facilities by adjacent districts; and*
  - (v) *community education and its implications;*

- (3) *alternative patterns of organization, including, but not limited to:*
  - (i) *various management organizational structures;*
  - (ii) *technology use;*
  - (iii) *incentives to reorganize;*
  - (iv) *research on education organization; and*
  - (v) *community education and its implications.*

*Subd. 4. [SUBCOMMITTEES.] The task force shall appoint at least two subcommittees. One subcommittee shall address curriculum and learning opportunities. One subcommittee shall address organizational structures and finance. The members of both subcommittees shall be representative of various sizes of school districts and geographical areas of the state.*

*Subd. 5. [EXPENSES AND EXPIRATION.] The task force shall be governed by Minnesota Statutes, section 15.059, subdivision 6.*

*Subd. 6. [STAFF ASSISTANCE.] The education committees of the legislature and the department of education shall provide staff assistance to the task force and subcommittees.*

*Subd. 7. [FINDINGS.] The task force shall report its findings to the legislative commission by December 1, 1988.*

**Sec. 24. [APPROPRIATIONS.]**

*Subdivision 1. [DEPARTMENT OF EDUCATION.] There is appropriated from the general fund or other named fund to the department of education the sums indicated in this section for fiscal years ending June 30 in the years designated.*

*Subd. 2. [HUTCHINSON SCHOOL DISTRICT.] To reimburse independent school district No. 423, Hutchinson, for expenses actually incurred in participating in the national bicentennial competition on the Constitution and Bill of Rights, there is appropriated:*

*\$12,000 . . . . . 1988.*

*Subd. 3. [ADULT HIGH SCHOOL GRADUATION AID.] For adult high school graduation aid, there is appropriated:*

*\$1,000,000 . . . . . 1989.*

*If the appropriation is insufficient, the aid must be prorated.*

*Subd. 4. [INTEGRATION GRANTS.] For grants for integration expenditures, there is appropriated:*

*\$12,013,600 . . . . . 1989.*

*Grant amounts may not exceed \$981,900 for independent school district No. 709, Duluth, \$5,950,300 for special school district No. 1, Minneapolis, and \$5,081,400 for independent school district No. 625, St. Paul. As a condition of receiving a grant, each district must continue to report its costs according to the uniform financial accounting and reporting system and must provide the information requested for the state board of education study of integration costs. As a further condition of receiving a grant, each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made for integration using the grant money.*



*Subd. 5. [CHISHOLM SCHOOL DISTRICT.] For a grant for a leadership program in independent school district No. 695, Chisholm, there is appropriated:*

*\$20,000 . . . . . 1989.*

*Subd. 6. [NORTHEAST MINNESOTA TECHNOLOGY CONSORTIUM.] For a grant to the northeast Minnesota technology and education consortium to develop a pilot computer technology program, there is appropriated:*

*\$50,000 . . . . . 1989.*

*Subd. 7. [NORTHWEST EDUCATIONAL TECHNOLOGY COOPERATIVE.] For a grant to independent school district Nos. 351, 354, 436, 437, 442, 443, and 446 to develop a cooperative educational technology program, there is appropriated:*

*\$100,000 . . . . . 1988.*

*Any unexpended amount does not cancel and is available until June 30, 1989.*

**Sec. 26. [EFFECTIVE DATE.]**

*Sections 22, 23, and 24 are effective the day following final enactment.*

*Sections 10, subdivision 4, and 11, subdivision 4, are effective for the 1989-1990 school year.*

**ARTICLE 7**

**MISCELLANEOUS**

Section 1. Minnesota Statutes 1986, section 92.06, subdivision 4, is amended to read:

**Subd. 4. [IMPROVEMENTS, WHEN PAYMENT NOT NECESSARY.]**

If a person has made improvements to the land and if the commissioner believes that person settled the land in good faith as homestead land under the laws of the United States before it was certified to the state, or if the improvements were lawfully made by that person as a lessee of the state, then the value of the improvements must be separately appraised and, if the settler or lessee purchases the land, the settler or lessee is not required to pay for the improvements. If another person purchases the land, that person must pay ~~the state at the time of sale~~ *the owner of the improvements*, in addition to all other required payments, the appraised amount for the improvements. ~~The amount received by the state for the improvements must be paid to the settler or lessee or heirs, representatives, or assigns of the settler or lessee.~~ *Payment must be made by warrant drawn by the commissioner of finance upon the state treasurer. Amounts received for the improvements are appropriated for making the payments. Payment for improvements must be made within 15 days of the auction sale, either in cash or upon terms and conditions agreeable to the owner of the improvements. If payment for improvements is not made in cash, and if there is no agreement between the parties within 15 days of the auction sale, the commissioner may:*

*(1) sell the property to the second highest qualified bidder if that bidder submitted to the commissioner's representative, at the auction sale, a written request to buy the property at a specified price; or*

(2) void the sale and reoffer the property at a subsequent sale.

This subdivision does not apply unless the ~~person seeking its benefit~~ owner of the improvements makes a verified application to the commissioner showing entitlement to ~~the improvements~~ before the first state public sale at which the land is offered for sale. The applicant must appear at the sale and offer to purchase the land for at least its appraised value including all timber on it, and make the purchase if no higher bid is received. Actions or other proceedings involving the land in question begun before the sale must have been completed.

Sec. 2. Minnesota Statutes 1986, section 92.14, is amended by adding a subdivision to read:

*Subd. 3. [ADDITIONAL ADVERTISING OF LAND SALES.] In addition to posted notice of land sales required by subdivisions 1 and 2, the commissioner shall publicize land sales in Minnesota and elsewhere to the greatest extent possible, consistent with appropriations available for that purpose.*

Sec. 3. Minnesota Statutes 1987 Supplement, section 92.46, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC CAMPGROUNDS.] (a) The director may designate suitable portions of the state lands withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public campgrounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions the director prescribes, subject to the provisions of this section.

(b) A lease may not be ~~made~~ for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioners of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

- (1) method of appraising the property;
- (2) determination of lease rates; and
- (3) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision shall be deposited into the permanent school trust fund. However, in fiscal years 1987, 1988, 1989, 1990,

1991, and 1992, the money received from the lease of permanent school fund lands that would otherwise be deposited into the permanent school fund is hereby appropriated to survey, appraise, and pay associated selling costs of lots as required in section 92.67, subdivision 3. The money appropriated may not be used to pay the cost of surveying lots not scheduled for sale. Any money designated for deposit in the permanent school fund that is not needed to survey, appraise, and pay associated selling costs of lots, as required in section 92.67, shall be deposited in the permanent school fund. The commissioner shall add to the appraised value of any lot offered for sale the costs of surveying, appraising, and selling the lot, and shall first deposit ~~the costs recovered in~~ into the permanent school fund ~~and an amount equal to the costs of surveying, appraising, and selling any lot paid out of the permanent school fund.~~ Any remaining money shall be deposited into any other contributing funds in proportion to the contribution from each fund. In no case may the commissioner add to the appraised value of any lot offered for sale an amount more than \$700 for the costs of surveying and appraising the lot. ~~Notwithstanding section 92.67, subdivision 4, as to requests for sale of lakeshore lots received before January 1, 1987, the commissioner shall hold the sale before October 31, 1987, if possible, and, if not possible, the lots shall be offered for sale at the next sale in the succeeding year.~~

Sec. 4. Minnesota Statutes 1987 Supplement, section 92.67, subdivision 1, is amended to read:

Subdivision 1. [SALE REQUIREMENT.] Notwithstanding section 92.45 or any other law, at the request of a lessee *or as otherwise provided in this section*, the commissioner of natural resources shall sell state property bordering public waters that is leased for the purpose of a private cabin under section 92.46. Requests for sale must be made prior to ~~July 1, 1991~~ *December 31, 1992*, and the commissioner shall complete all requested sales *and sales arising from those requests* by ~~July 1, 1992~~. ~~The lessee making the request may designate the lesser of \$500 or the lease payment in the year the request is made to be used as part of the down payment~~ *December 31, 1993, subject to section 92.67, subdivision 3, clause (d).* The sale shall be made in accordance with laws providing for the sale of trust fund land except as modified by the provisions of this section.

Sec. 5. Minnesota Statutes 1987 Supplement, section 92.67, subdivision 3, is amended to read:

Subd. 3. [APPRAISERS; ALLOCATION OF APPRAISAL AND SURVEY COSTS.] (a) ~~The~~ *For an appraisal conducted before the effective date of this section*, a lessee requesting the sale may select a person who meets the minimum appraisal standards established by the federal Farmers Home Administration or the federal Veterans Administration 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. If the lessee or lessees do not select an appraiser, the commissioner of natural resources shall select the appraiser. *An appraisal prepared by a person who meets the minimum appraisal standards established by the Farmers Home Administration or the federal Veterans Administration, but who is not included on the list of appraisers approved by the commissioner of administration for the appraisal of state property, must be reviewed by an appraiser selected by the commissioner of natural resources from the*

*commissioner of administration's list of approved appraisers. If, upon conclusion of this review, the commissioner of natural resources determines that the appraisal under review does not meet state appraisal standards, the commissioner shall reject the appraisal and have the property reappraised by an appraiser selected from the list approved by the commissioner of administration.*

*For appraisals conducted on and after the effective date of this section, all appraisals of lots offered for sale shall be performed by persons selected by the commissioner who are included on the list of appraisers approved by the commissioner of administration for the appraisal of state property. A lessee requesting a sale may recommend to the commissioner a person from the approved list to appraise the property to be sold. The commissioner shall supply the approved list to any lessee upon request.*

(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 up to \$700 for each lot appraised. If there are no successful bidders on a lot, the commissioner is responsible for the appraisal cost allocated to that lot.

(c) The commissioner shall survey a lot prior to offering it for sale. The commissioner is responsible for the survey cost.

~~(d) The lessee may stop the sale process after the appraisal but before the sale. The lessee must reimburse the commissioner for the cost of the appraisal if the sale is stopped. If a lessee disagrees with the appraised value of the lessee's improvements, the lessee may select an appraiser from the approved list of appraisers to reappraise the improvements. The lessee is responsible for the cost of this reappraisal. If the commissioner and the lessee fail to agree on the value of the improvements within 180 days of the date an appraisal is performed, the commissioner shall offer the lot for sale at a price that incorporates the county assessor's estimated market value of the improvements adjusted by the assessment/sales ratio as determined by the department of revenue.~~

Sec. 6. Minnesota Statutes 1987 Supplement, section 92.67, subdivision 4, is amended to read:

Subd. 4. [TIMING OF SALES.] (a) The commissioner shall offer lake-shore 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~~ 1988, the sale shall be held not later than by October 31, ~~1987~~ 1988, if possible. However, if a lot is not offered for sale by that date, the lot shall be offered for sale at the next sale in the next year;

(2) as to requests received each calendar year after December 31, ~~1986~~ 1987, the sale shall be held in June, July, or August of the year after the request is received;

(3) notwithstanding clause (2), the commissioner may offer a lot for sale in the year the request is received if the commissioner will offer for sale in that year other lots platted with the late requested lot;

(4) notwithstanding clause (2), if more than 50 percent of the lessees in a platted area request by December 31 of a calendar year that their lots be offered for sale, the commissioner shall offer for sale at one time during June, July, or August of the following year all lots in a platted area. If a

lessee, whose lot is located in a plat where more than 50 percent of the lessees request that their lots be offered for sale, requests in writing that the lessee's lot not be offered for sale, the commissioner may not offer the lot for sale until 1993; and

(5) lots that are unsold for any reason at the end of 1993 shall be offered for sale in increments over a period of five years beginning in 1994. Lots that are unsold for any reason at the end of 1998 shall be offered for sale in 1999 and each year thereafter until sold.

(b) ~~The last sales shall be held in 1992.~~ Lots not sold the first year offered may be reoffered in a succeeding year, following reappraisal if it is determined necessary by the commissioner.

(c) If a person other than the lessee purchases the leased lakeshore cabin site, the purchaser must make payment in full to the lessee ~~at the time of the sale, in the manner provided in section 92.06, subdivision 4,~~ 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 may be reoffered for sale as provided in section 92.06, subdivision 4.~~

Sec. 7. Minnesota Statutes 1986, section 92.67, subdivision 5, is amended to read:

Subd. 5. [TERMS OF SALE.] For the sale of the public lands under this section, the purchaser shall pay the state ten percent of the purchase price at the time of the sale. The balance must be paid in no more than 20 equal annual installments. The interest rate on the remaining balance shall be ~~eight percent per year~~ at the rate in effect at the time of the sale under section 549.09.

Sec. 8. [120.062] [ENROLLMENT OPTIONS PROGRAM.]

Subdivision 1. [CERTAIN DISTRICTS EXCLUDED.] *For the 1989-1990 school year only, this section applies to a district that has more than 1,000 actual pupil units in kindergarten through grade 12.*

Subd. 2. [ESTABLISHMENT.] *An enrollment options program is established to enable any pupil to attend a school or program in a district in which the pupil does not reside, subject to the limitations in this section.*

Subd. 3. [CLOSED DISTRICTS.] *A school board may, by resolution, determine that nonresident pupils may not attend any of its schools or programs according to this section.*

Subd. 4. [PUPIL APPLICATION PROCEDURES.] *In order that a pupil may attend a school or program in a nonresident district, the pupil's parent or guardian must submit an application to the nonresident district. The parent or guardian of a pupil residing in a district that does not have a desegregation plan approved by the state board of education must submit an application by January 1 for enrollment during the following school year. The parent or guardian of a pupil residing in a district that has a desegregation plan approved by the state board of education may apply to a district at any time. The application shall be on a form provided by the department of education. A particular school or program may be requested by the parent.*

Subd. 5. [DESEGREGATION PLANS.] *A district that has a desegregation plan approved by the state board of education may limit the number*

*of pupils who transfer into or out of the district. To remain in compliance with its desegregation plan, the district may establish the number of majority and minority group pupils who may transfer into or out of the district. The district may accept or reject applications in a manner that will enable compliance with the desegregation plan. The district shall notify the parent or guardian and the resident district according to the requirements of subdivision 6.*

*Subd. 6. [NONRESIDENT DISTRICT PROCEDURES.] Within 60 days of receiving an application, a district that does not exclude nonresident pupils, according to subdivision 3, shall notify the parent or guardian and the resident district in writing whether the application has been accepted or rejected. If an application is rejected, the district must state in the notification the reason for rejection.*

*Subd. 7. [BASIS FOR DECISIONS.] The school board must adopt, by resolution, specific standards for acceptance and rejection of applications. Standards may include the capacity of a program, class, grade level, or school building. Standards may not include previous academic achievement, athletic or other extracurricular ability, handicapping conditions, proficiency in the English language, or previous disciplinary proceedings.*

*Subd. 8. [WAIVER OF DEADLINES.] Upon agreement of the resident and nonresident school boards, if applicable, the deadlines in subdivisions 4 and 6 may be waived.*

*Subd. 9. [TRANSPORTATION.] If requested by the parent of a pupil, the nonresident district shall provide transportation within the district. The state shall pay transportation aid to the district according to section 124.225.*

*The resident district is not required to provide or pay for transportation between the pupil's residence and the border of the nonresident district. A parent may be reimbursed by the nonresident district for the costs of transportation from the pupil's residence to the border of the nonresident district if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government.*

*Subd. 10. [CREDITS TOWARD GRADUATION.] A nonresident district shall accept credits toward graduation that were awarded by another district. The nonresident district shall award a diploma to a nonresident pupil if the pupil meets its graduation requirements.*

*Subd. 11. [INFORMATION.] A district that does not exclude nonresident pupils according to subdivision 3 shall make information about the district, schools, programs, policies, and procedures available to all interested people.*

*Subd. 12. [GENERAL EDUCATION AID.] Adjustments to general education aid for the resident and nonresident districts shall be made according to section 124A.036, subdivision 5.*

**Sec. 9. Minnesota Statutes 1986, section 120.075, subdivision 1a, is amended to read:**

**Subd. 1a. Any pupil who, pursuant to section 123.39, subdivision 5, has continuously been enrolled since January 1, 1977 in a school district of which the pupil was not a resident may continue in enrollment in that district, and that district shall be considered the pupil's district of residence.**

Sec. 10. Minnesota Statutes 1986, section 120.075, subdivision 3, is amended to read:

Subd. 3. Any pupil enrolled on either January 1, 1978, or April 5, 1978, in a nonpublic school, as defined in section 123.932, subdivision 3, located in a district of which the pupil was not a resident who would otherwise have qualified for enrollment in that district as a resident pursuant to subdivision 1 may attend the public schools of that district ~~as a resident~~.

Sec. 11. Minnesota Statutes 1986, section 120.075, is amended by adding a subdivision to read:

*Subd. 5. General education aid, capital expenditure aid, and transportation aid attributable to pupils covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.*

Sec. 12. Minnesota Statutes 1986, section 120.0751, subdivision 1, is amended to read:

Subdivision 1. The state board of education may permit a pupil ~~who enrolls to enroll~~ in a school district of which the pupil is not a resident ~~to be deemed a resident pupil of that district pursuant to~~ under this section.

Sec. 13. Minnesota Statutes 1986, section 120.0751, is amended by adding a subdivision to read:

*Subd. 6. [AID.] General education aid, capital expenditure aid, and transportation aid for pupils covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.*

Sec. 14. Minnesota Statutes 1986, section 120.0752, subdivision 1, is amended to read:

Subdivision 1. A pupil may enroll in a school district of which the pupil is not a resident ~~and be deemed a resident pupil of that district pursuant to~~ under this section.

Sec. 15. Minnesota Statutes 1987 Supplement, section 120.0752, subdivision 3, is amended to read:

Subd. 3. [11TH AND 12TH GRADE STUDENTS.] Notwithstanding subdivision 2, an 11th or 12th grade pupil who has been enrolled in a district ~~for at least three consecutive years~~ and whose parent or guardian moves to another district, may continue to enroll in the nonresident district upon the approval of the school board of the nonresident district. The approval of the school board of the pupil's resident district is not required. ~~The pupil shall be considered a resident of the district in which that student is enrolled.~~

Sec. 16. Minnesota Statutes 1986, section 120.0752, is amended by adding a subdivision to read:

*Subd. 4. General education aid, capital expenditure aid, and transportation aid for pupils covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.*

Sec. 17. Minnesota Statutes 1986, section 120.08, subdivision 2, is amended to read:

Subd. 2. A school board ~~in~~ of a district maintaining a secondary school may by a majority vote provide for the instruction of any resident pupil in a school district in an adjoining state ~~nearer to the pupil's place of residence~~

than the school of the resident district, the distances being measured by the usual traveled routes. Any charge for tuition or transportation, by the district so attended or for transportation in the adjoining state, shall be paid by the pupil's resident district provided that such. The pupil shall continue to be considered a pupil of the resident district of residence for the payment purposes of apportionment and other state aids aid.

Sec. 18. [120.105] [EDUCATION STATEMENT.]

*Subdivision 1. [STATEMENT CONTENTS.] Each year every school, as defined in section 120.101, subdivision 4, offering a kindergarten program must ensure that the school principal, kindergarten teacher, or other professional, discusses and distributes the following statement to every parent, guardian, or other person enrolling a child in kindergarten:*

*"The state of Minnesota requires that every child entering kindergarten this school year must graduate from high school or remain in high school or in an alternative program until age 18. Only those who have been accepted in the military or an institution of higher learning can leave school before they are 18 years old."*

*The department of education must make appropriate provisions to accommodate those children who newly enroll in a public school after kindergarten. All other schools must make similar provisions.*

Sec. 19. Minnesota Statutes 1987 Supplement, section 120.101, subdivision 5, is amended to read:

Subd. 5. [AGES AND TERMS.] *For the 1988-1989 school year and the school years thereafter, every child between seven and 16 years of age shall receive instruction for at least 170 days each year. For the 2000-2001 school year and later school years, every child between seven and 18 years of age shall receive instruction for at least 170 days each year. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction at least equivalent to 170 half days. A parent may withdraw a child under the age of seven from enrollment at any time.*

Sec. 20. Minnesota Statutes 1987 Supplement, section 120.101, subdivision 9, is amended to read:

Subd. 9. [LEGITIMATE EXEMPTIONS.] A parent, guardian, or other person having control of a child may apply to a school district to have the child excused from attendance for the whole or any part of the time school is in session during any school year. Application may be made to any member of the board, a truant officer, a principal, or the superintendent. The school board of the district in which the child resides may approve the application upon the following being demonstrated to the satisfaction of that board:

(1) That the child's bodily or mental condition is such as to prevent attendance at school or application to study for the period required; or

(2) That for the school years 1988-1989 through 1999-2000 the child has already completed the studies ordinarily required in the tenth grade and that for the school years beginning with the 2000-2001 school year the child has already completed the studies ordinarily required to graduate from high school; or



(3) That it is the wish of the parent, guardian, or other person having control of the child, that the child attend for a period or periods not exceeding in the aggregate three hours in any week, a school for religious instruction conducted and maintained by some church, or association of churches, or any Sunday school association incorporated under the laws of this state, or any auxiliary thereof. This school for religious instruction shall be conducted and maintained in a place other than a public school building, and in no event, in whole or in part, shall be conducted and maintained at public expense. However, a child may be absent from school on such days as the child attends upon instruction according to the ordinances of some church.

Sec. 21. Minnesota Statutes 1986, section 123.35, subdivision 8, is amended to read:

Subd. 8. The board may establish and maintain public evening schools and adult and continuing education programs and such evening schools and adult and continuing education programs when so maintained shall be available to all persons over 16 years of age *through the 1999-2000 school year and over 18 years of age beginning with the 2000-2001 school year* who, from any cause, are unable to attend the full-time elementary or secondary schools of such district.

Sec. 22. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] (a) An enrollment options program for school districts, in which a school district may voluntarily participate, is established *under this section, and includes those districts not participating in the enrollment options program under section 8.* A participating district must include all grade levels offered by the district. By formal resolution, a participating district must agree to:

- (1) allow its resident pupils to enroll in other participating districts;
- (2) accept nonresident pupils from other participating districts; and
- (3) follow the procedures in this section.

(b) A *nonparticipating* district shall notify the commissioner ~~each year~~ by September 15 ~~whether it will participate~~ *30 of its participation* in the program during the following school year. ~~For the 1987-1988 school year, a district must notify the commissioner by July 1, 1987.~~

Sec. 23. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 2, is amended to read:

Subd. 2. [PUPIL APPLICATION.] A pupil who resides in a participating district may enroll according to this section in a participating nonresident district. The pupil's parent or guardian must apply to the nonresident district on a form provided by the department of education. The application must be submitted to the nonresident district by ~~December~~ *January 1* for enrollment during the following school year. ~~For the 1987-1988 school year, an application must be submitted by August 1, 1987.~~

Sec. 24. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENT DISTRICT PROCEDURES.] Within ten days of receiving an application, a nonresident district shall notify the resident district that it has received the application. The nonresident district shall

notify the parent or guardian and the resident district by February 1 whether the pupil's application has been approved or disapproved. ~~For the 1987-1988 school year, notification must occur by August 10, 1987.~~

Sec. 25. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 5, is amended to read:

Subd. 5. [RACIAL BALANCE.] A school district that has a desegregation plan may limit the number of pupils who transfer into or out of the district. An application to transfer into or out of a desegregation district shall be submitted to that district by ~~November~~ *December* 1 of each year for enrollment during the following school year. ~~For the 1987-1988 school year, an application must be submitted by August 1, 1987.~~ If approval of all of the applications would result in the district being out of compliance with its desegregation plan, the district shall establish the number of majority and minority group pupils who may transfer into or out of the district. The district may approve or disapprove the applications in a manner that will enable compliance with the desegregation plan. The district shall notify the parent or guardian by ~~November~~ *December* 20 whether the pupil's application has been approved or disapproved. ~~For the 1987-1988 school year, notification must occur by August 10, 1987.~~

Sec. 26. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 6, is amended to read:

Subd. 6. [TRANSPORTATION.] ~~The nonresident district shall provide transportation within that district for nonresident pupils enrolled under this section. The state shall pay transportation aid to the district according to section 124.225. The resident district is not required to provide or pay for transportation between a pupil's residence and the border of the nonresident district.~~

A parent or guardian may apply to the nonresident district for reimbursement for transportation costs between the pupil's residence and the border of the nonresident district. The state board shall establish guidelines for reimbursing the transportation costs based on financial need. Chapter 14 does not apply to the guidelines.

Sec. 27. Minnesota Statutes 1987 Supplement, section 123.3515, subdivision 9, is amended to read:

Subd. 9. [AID.] ~~Payment of foundation aid or general education aid for pupils enrolled in a nonresident district must be made according to section 124A.036, subdivision 5 General education aid, capital expenditure aid, and transportation aid attributable to pupils covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.~~

Sec. 28. Minnesota Statutes 1986, section 124.18, subdivision 2, is amended to read:

Subd. 2. [TUITION.] *Except as otherwise provided in law, every district which provides instruction in other districts and which receives foundation program aid shall pay to the district furnishing this elementary and secondary school instruction the actual cost thereof chargeable to maintenance exclusive of transportation costs.*

There shall also be paid for capital outlay and debt service to the district providing such instruction \$10 per pupil unit in average daily membership for each nonresident pupil unit, except that every district educating nonresident pupils may charge and include in its tuition, for capital outlay and

debt service, an amount per pupil unit in average daily membership based on the amount that the average expenditure for capital outlay and debt service determined by dividing such annual expenditure by the total number of pupil units in average daily membership in the district exceeds \$10 per pupil unit. If the district has no capital outlay or debt service the district receiving such funds may use them for any purpose for which it is authorized to spend money. Provided further that if a district provides instruction for nonresident handicapped and trainable children, tuition shall be as specified in section 120.17, subdivision 4.

Sec. 29. Minnesota Statutes 1986, section 124.225, is amended by adding a subdivision to read:

*Subd. 8l. [ALTERNATIVE ATTENDANCE PROGRAMS.] A district that serves nonresident pupils in programs under sections 8, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55 shall provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. The state shall pay transportation aid attributable to the pupil to the serving district according to this section. The district of the pupil's residence need not provide or pay for transportation between the pupil's residence and the district's border.*

Sec. 30. Minnesota Statutes 1986, section 124.245, is amended by adding a subdivision to read:

*Subd. 6. [ALTERNATIVE ATTENDANCE PROGRAMS.] The capital expenditure aid for districts must be adjusted for each pupil, excluding a handicapped pupil as defined in section 120.03, attending a nonresident district under sections 8, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55. The adjustments must be made according to this subdivision.*

*(a) Capital expenditure aid paid to a district of the pupil's residence must be reduced by an amount equal to the revenue amount per actual pupil unit of the resident district times the number of pupil units of pupils enrolled in nonresident districts.*

*(b) Capital expenditure aid paid to a district serving nonresidents in programs listed in subdivision 1 must be increased by an amount equal to the revenue amount per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in the district.*

*(c) If the amount of the reduction to be made from the capital expenditure aid of a district is greater than the amount of capital expenditure aid otherwise due the district, the excess reduction must be made from other state aids due the district.*

Sec. 31. Minnesota Statutes 1987 Supplement, section 124.26, subdivision 1b, is amended to read:

*Subd. 1b. [PROGRAM REQUIREMENTS.] An adult basic and continuing education program is a day or evening program offered by a district that is for people over 16 years of age through the 1999-2000 school year and over 18 years of age beginning with the 2000-2001 school year who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged for instruction subsidized under this section, except for a security deposit to assure return of materials, supplies, and equipment.*

Sec. 32. Minnesota Statutes 1986, section 124A.036, subdivision 2, is amended to read:

Subd. 2. [DISTRICT WITHOUT SCHOOLS.] *Except as otherwise provided in law, any district not maintaining classified elementary or secondary schools shall pay the tuition required in order to enable resident pupils to attend school in another district when necessary, and shall receive foundation aid pursuant to this section on the same basis as other districts. The aid shall be computed as if the pupils were enrolled in the district of residence.*

Sec. 33. Minnesota Statutes 1987 Supplement, section 124A.036, subdivision 5, is amended to read:

Subd. 5. [~~CERTAIN NONRESIDENTS ALTERNATIVE ATTENDANCE PROGRAMS.~~] *The ~~foundation~~ general education aid for districts must be adjusted for each pupil, excluding a handicapped pupil as defined in section 120.03, attending a nonresident district under sections 8, 120.075, 120.0751, 120.0752, 123.3515, 126.22, and 129B.52 to 129B.55. The adjustments must be made according to this subdivision.*

(a) ~~Foundation~~ *General education aid paid to a resident district must be reduced by an amount equal to the ~~formula allowance plus the total tier revenue per actual pupil unit of the resident district times the number of pupil units of pupils enrolled in a nonresident general education revenue exclusive of compensatory revenue attributable to the pupil in the resident district.~~*

(b) ~~Foundation~~ *General education aid paid to a ~~nonresident~~ district ~~serv-~~ing a pupil in programs listed in this subdivision shall be increased by an amount equal to the ~~formula allowance plus the total tier revenue per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in that general education revenue exclusive of compensatory revenue attributable to the pupil in the nonresident district.~~*

(c) *If the amount of the reduction to be made from the ~~foundation~~ general education aid of the resident district is greater than the amount of ~~foundation~~ general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.*

(d) *The district of residence shall pay tuition to a district providing special instruction and services to a handicapped pupil, as defined in section 120.03, who is enrolled in a program listed in this subdivision. The tuition shall be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of special education aid, attributable to that pupil, that is received by the district providing special instruction and services.*

Sec. 34. [124A.31] [EQUITABLE COMPENSATION PENALTY.]

*Subdivision 1. [IMPLEMENTATION.] A school district subject to sections 471.991 to 471.999 shall implement the plan to establish equitable compensation relationships set forth in its report to the commissioner of employee relations. The plan shall be implemented by December 31, 1991, unless a later date is approved by the commissioner. If a report was filed before October 1, 1987, and had an implementation date after December 31, 1991, the date in the report shall be approved by the commissioner.*

*Subd. 2. [AID REDUCTION FOR ADMINISTRATION COSTS.] By October 1, 1992, the commissioner of employee relations shall certify to the commissioner of education the school districts that have not complied with subdivision 1. For each of these school districts, the commissioner of education shall reduce general education aid for fiscal year 1993 by an amount equal to five percent of the district's administration costs for the 1990-1991 school year. If the reduction exceeds the district's general education aid, the reduction shall be made from other aids paid to the district.*

*Subd. 3. [ADJUSTMENT OF YEARS.] The commissioners of employee relations and education shall adjust the years designated in subdivision 2 for school districts with implementation dates after December 31, 1991.*

*Subd. 4. [EXTENSIONS.] The commissioner of employee relations must extend an implementation date upon a finding that failure to implement was attributable to severe hardship or to circumstances beyond the control of the district.*

Sec. 35. Minnesota Statutes 1986, section 125.12, subdivision 3, is amended to read:

**Subd. 3. [PROBATIONARY PERIOD.]** The first three consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be deemed to be a probationary period of employment, and after completion thereof, the probationary period in each school district in which the teacher is thereafter employed shall be one year. The school board shall adopt a plan for written evaluation of teachers during the probationary period. *Effective July 1, 1988, evaluation shall occur not less than at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services.* During the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit; provided, however, that the school board shall give any such teacher whose contract it declines to renew for the following school year written notice to that effect before June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school board shall give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.35, subdivision 5.

Sec. 36. Minnesota Statutes 1986, section 125.17, subdivision 2, is amended to read:

**Subd. 2. [PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.]** All teachers in the public schools in cities of the first class during the first three years of consecutive employment shall be deemed to be in a probationary period of employment during which period any annual contract with any teacher may, or may not, be renewed as the school board shall see fit. The school board shall adopt a plan for a written evaluation of

teachers during the probationary period. *Effective July 1, 1988*, evaluation shall occur ~~not less than~~ *at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services.* The school board may, during such probationary period, discharge or demote a teacher for any of the causes as specified in this code. A written statement of the cause of such discharge or demotion shall be given to the teacher by the school board at least 30 days before such removal or demotion shall become effective, and the teacher so notified shall have no right of appeal therefrom.

Sec. 37. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE STUDENTS PUPILS.] The following ~~students pupils~~ are eligible to participate in the high school graduation incentives program:

(a) any ~~student~~ *pupil* who is between the ages of 12 and 16 and who:

(1) is at least two grade levels below the performance level for ~~students~~ *pupils* of the same age in a locally determined achievement test; or

(2) is at least one year behind in obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been absent from attendance at school without lawful excuse for ~~one or more class periods~~ *on more than 15 consecutive school days* in the preceding or current school year;

(b) any ~~student~~ *pupil* who is between the ages of 16 and 19 who is attending school, and who is at least two grade levels below the performance level for ~~students~~ *pupils* of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent; or

(c) any person between 16 and 21 years of age who has not attended a high school program for at least 15 *consecutive school days*, excluding those days when school is not in session, and who is at least two grade levels below the performance level for ~~students~~ *pupils* of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or has been assessed as chemically dependent.

Sec. 38. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] ~~Students who are eligible to participate under subdivision 2 may enroll in the following programs:~~ (a) *A pupil who is eligible according to subdivision 2, clause (a), (b), or (c), may enroll in any program approved by the state board of education under Minnesota Rules, part 3500.3500 or according to section 121.11, subdivision 12,* ~~may enroll students who are eligible to participate under subdivision 2, clause (a), (b) or (c).~~

(b) ~~Students~~ *A pupil who is eligible to participate under* according to subdivision 2, clause (b) or (c), may enroll in post-secondary courses under section 123.3514; ~~and.~~

(c) ~~Any public secondary education program may enroll any student~~ *A pupil who is eligible to participate under* subdivision 2, clause (a), (b), or (c), *may enroll in any public secondary education program.*

Sec. 39. Minnesota Statutes 1987 Supplement, section 126.22, subdivision 4, is amended to read:

Subd. 4. [STUDENT PUPIL ENROLLMENT.] Any eligible ~~student pupil~~ under subdivision 2 may apply to enroll in an eligible program under subdivision 3, using the form specified in section 120.0752, subdivision 2. Notwithstanding section 120.0752, approval of the resident district is not required for an eligible ~~student pupil~~ under subdivision 2 to enroll in a nonresident district ~~which that~~ has an eligible program under subdivision 3 or an area learning center established under section 129B.52. ~~A student enrolling in a program in a nonresident district under this section shall be considered a resident of that district.~~

Sec. 40. Minnesota Statutes 1987 Supplement, section 126.22, is amended by adding a subdivision to read:

Subd. 7. [AID ADJUSTMENTS.] *General education aid, capital expenditure aid, and transportation aid attributable to a pupil covered by programs under this section must be paid according to sections 33, 30, and 29, respectively.*

Sec. 41. Minnesota Statutes 1987 Supplement, section 126.23, is amended to read:

#### 126.23 [AID FOR PRIVATE ALTERNATIVE PROGRAMS.]

If a pupil enrolls in a nonsectarian alternative program operated by a private organization that has contracted with a school district to provide educational services for high school drop outs or other eligible students under section 126.22, subdivision 2, the resident district must reimburse the provider an amount equal to at least 50 percent of the ~~formula allowance plus the total tier revenue attributable to that~~ *basic revenue of the district for each pupil. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2.*

Sec. 42. [126.235] [EDUCATIONAL PROGRAM FOR PREGNANT MINORS AND MINOR PARENTS.]

*Upon request, a school district must make available to a pregnant minor or a minor custodial parent an educational program to enable the minor to earn a high school diploma. The department of education shall develop program designs and provide districts with technical assistance. A district's educational program must use appropriate community services and must recognize each pupil's individual needs and parental responsibilities. The district shall designate at least one person to review quarterly each pupil's progress in the program.*

*If a pupil receives social services according to section 257.33 or employment and training services according to section 256.736, the district shall develop the pupil's educational program in consultation with the providers of the services and shall provide a liaison when necessary. The pupil may*

*request that an adult, selected by the pupil, assist in developing the educational program.*

Sec. 43. Minnesota Statutes 1986, section 126.56, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE STUDENT.] To be eligible for a scholarship, a student shall:

(1) *be a United States citizen or permanent resident of the United States;*

(2) *be a resident of Minnesota;*

~~(2) (3) attend an eligible program;~~

~~(3) (4) have completed at least one year of secondary school but not have graduated from high school;~~

~~(4) (5) have earned at least a B average during the semester or quarter prior to application, or have earned at least a B average during the semester or quarter prior to application in the academic subject area applicable to the summer program the student wishes to attend; and~~

~~(5) (6) demonstrate need for financial assistance.~~

Sec. 44. Minnesota Statutes 1987 Supplement, section 126.67, subdivision 2b, is amended to read:

Subd. 2b. [DISTRICT ASSESSMENTS.] As part of the PER process, each year a district shall, in at least three grades, conduct assessments among at least a sample of pupils for each subject area in that year of the curriculum review cycle. The district's curriculum review cycle ~~for communication, mathematics, science, and social studies~~ shall not exceed ~~five~~ six years. Assessments may not be conducted in the same curriculum area for two consecutive years. The district may use tests from the assessment item bank, the local assessment program developed by the department, or other tests. As they become available, districts shall use state developed measures to assure state progress toward the state core curriculum. Funds are provided for districts that choose to use the local assessment program or the assessment item bank.

Sec. 45. Minnesota Statutes 1987 Supplement, section 129.121, subdivision 1, is amended to read:

Subdivision 1. The governing board of any 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 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 league. The Minnesota state high school league is hereby empowered to exercise the control, supervision and regulation of interscholastic athletics, musical, dramatic and other contests by and between pupils of the Minnesota high schools, delegated to it pursuant to this section. The Minnesota high school league may establish a policy or guidelines for the guidance of member high schools in the formation or alteration of athletic or other extracurricular conferences. Except as otherwise provided by subdivision 1a, the formation or alteration of conferences is voluntary.



The commissioner of education, or the commissioner's representative, shall be an ex officio *nonvoting* member of the governing body of the Minnesota state high school league, ~~with the same rights and privileges as other members of its governing body.~~ *The governing board must include the following members: four members of the public, at least one of whom must be an American Indian, Asian, Black, or Hispanic, and all of whom must be parents, appointed by the governor under section 15.0597; two members of the Minnesota association of secondary school principals selected by the association; and 14 members selected according to league bylaws. The board shall establish and adopt policies, make decisions on behalf of the league, and establish advisory committees necessary to carry out board functions. The terms, compensation, removal of members, and the filling of membership vacancies are governed by section 15.0575. Members of advisory committees shall be reimbursed only for expenses in the same manner as board members. The rules of ~~said~~ the league shall be exempt from the provisions of sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62.*

*Employees of the league shall be reimbursed only for expenses as authorized by the commissioner's plan for state employees adopted under section 43A.18, subdivision 2.*

*The league is specifically prohibited from having credit cards.*

*The executive director of the league shall have a department head expense account subject to the same limits and guidelines as those provided for the commissioner of education. The executive director shall expend money for entertainment or reimbursement of expenses of guests of the league only from this account.*

*The board shall establish a policy on the use of automobiles by league staff and shall show annually how league policy on the use of automobiles is the most cost-effective alternative available.*

Sec. 46. Minnesota Statutes 1986, section 129.121, subdivision 2, is amended to read:

Subd. 2. Any school board is hereby authorized to expend moneys for and pay dues to the Minnesota state high school league and all moneys paid to such league, as well as moneys derived from any contest or other event sponsored by said league, shall be subject to an annual examination and audit by ~~a certified public accountant of~~ the state auditor.

*Each year by September 1, the state auditor shall provide a financial and compliance audit to the legislature detailing the general financial condition and general status of the league as of July 31 of the year preceding the filing of the audit. Copies of the audit report must be filed with the commissioner of education, the chairs of the house and senate education committees and the director of the legislative reference library. The audit report must include the aggregate totals for all revenues and expenditures for the three preceding years and the current year and the percent and dollar difference in each of these four years. The following items must be audited in each instance: revenues from student activities, membership dues, publications, registration of officials and judges, interest, automobile sales, and other revenues including medals, refunds and reimbursements; and expenditures related to staff, the board of directors, student activities, capital outlay, office and other expenditures including membership services. The league must pay the state auditor for the costs of the audit.*

Sec. 47. Minnesota Statutes 1986, section 129.121, is amended by adding a subdivision to read:

*Subd. 2a. [EMPLOYMENT.] The league must adopt an affirmative action policy to ensure that employment positions within the league are equally accessible to all qualified persons and to eliminate the underutilization of protected groups as defined in section 43A.02, subdivision 33.*

*The league shall actively and publicly recruit qualified people to become employees of the league. It shall give special emphasis to recruiting members of protected groups. The league shall advertise available positions in newspapers of general circulation. The advertisement must contain a deadline for submitting applications that is at least 14 days after the date of the last advertisement. The league shall keep each application for at least six months and shall notify an applicant when a position, for which the applicant is qualified, becomes available.*

Sec. 48. Minnesota Statutes 1986, section 129.121, is amended by adding a subdivision to read:

*Subd. 2b. [EQUITABLE COMPENSATION RELATIONSHIPS.] The league shall be treated as a political subdivision for purposes of sections 471.992 to 471.999, except that the league must report to the commissioner of employee relations by February 1, 1989, on its implementation plan. No cause of action against the league arises before August 1, 1989, for failure to comply with the requirements of sections 471.992 to 471.999.*

Sec. 49. Minnesota Statutes 1986, section 129.121, is amended by adding a subdivision to read:

*Subd. 2c. [DATA PRACTICES.] The collection, creation, receipt, maintenance, dissemination, or use of information by the league is subject to the provisions of chapter 13.*

Sec. 50. Minnesota Statutes 1987 Supplement, section 129B.11, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] To be eligible for a grant, a group of districts must meet one of the following criteria:

(1) create a consolidated district according to section 122.23, with the consolidated school district having at least 600 pupils in average daily membership;

(2) establish an education district according to section 122.91;

(3) form a group of districts that has an agreement under section 122.535 or 122.541 for discontinuing grades when the districts entering into the agreement have a total of at least 240 pupils in average daily membership in grades ten, 11, and 12; or

(4) enter into a joint powers agreement for a technology cooperative ~~where~~. The school districts in the cooperative ~~are~~ *must be contiguous but are significant distances apart so that other forms of cooperation are not practical* and either of the following:

(i) *there is a significant distance between buildings in the district so that other forms of cooperation are not practical, or*

(ii) *the districts have a combined area of at least 500 square miles.*

Sec. 51. Minnesota Statutes 1987 Supplement, section 129B.11, is amended

by adding a subdivision to read:

*Subd. 2a. [INTENTION TO CONSOLIDATE.] A group of districts is eligible for a grant if each school board has adopted a resolution of intention to consolidate with the other districts in the group. If a grant is awarded to a group of districts under this subdivision, and if the group does not actually consolidate within 24 months of receiving the grant, the department of education shall withhold payment of all state aids until the amount of the grant has been recovered.*

*The state board of education may establish additional conditions to a grant awarded under this subdivision.*

**Sec. 52. [129B.56] [DESIGNATION AS CENTER.]**

*The commissioner of education, in cooperation with the state board of education, shall establish a process for state designation and approval of area learning centers that meet the provisions of Minnesota Statutes, sections 129B.52 to 129B.55.*

*The four area learning centers designated in 1988 as exemplary shall be subject to the state approval process beginning July 1, 1990.*

*Area learning center designation shall begin July 1, 1988.*

Sec. 53. Minnesota Statutes 1986, section 134.351, subdivision 7, is amended to read:

**Subd. 7. [REPORTS.]** Each multicounty, multitype system receiving a grant pursuant to section 134.353 or section 134.354 shall provide an annual progress report to the department of education. The department shall report before November 15 of each *even-numbered* year to the legislature on all projects funded under section 134.353 and section 134.354.

Sec. 54. Minnesota Statutes 1986, section 136D.81, is amended to read:

**136D.81 [DAKOTA AND GOODHUE COUNTY DISTRICTS, JOINT VOCATIONAL SCHOOL.]**

**Subdivision 1. [AGREEMENTS.]** Two or more of the special school district numbered 6 and the independent school districts numbered 191, 192, 194, 195, 196, 197, 199 and, 200, 252, and 256, located wholly or partly in the ~~county~~ *counties* of Dakota or Goodhue, whether or not contiguous, may enter into agreements to accomplish jointly and cooperatively the acquisition, betterment, construction, maintenance, and operation of area vocational technical schools. Each school district which becomes a party to such an agreement is hereinafter referred to as a "participating school district." The agreement may provide for the exercise of such powers by the school board of one of the school districts on behalf of and for the benefit of other school districts, or by a joint school board created as set forth in sections 136D.81 to 136D.92. If the powers are to be carried out by one of the school districts, it shall in doing so have the same powers and duties and be subject to the same limitations as are herein provided for joint school boards.

**Subd. 2. [HECB REVIEW.]** No area vocational technical school shall be constructed pursuant to sections 136D.81 to 136D.92 until the location of such school and its program is first submitted for review and recommendation by the Minnesota higher education coordinating board.

Sec. 55. Minnesota Statutes 1986, section 260.015, subdivision 19, is

amended to read:

Subd. 19. [HABITUAL TRUANT.] "Habitual truant" means a child under the age of 16 years *through the 1999-2000 school year and under the age of 18 beginning with the 2000-2001 school year* who is absent from attendance at school without lawful excuse for seven school days if the child is in elementary school or for one or more class periods on seven school days if the child is in middle school, junior high school, or high school.

Sec. 56. Minnesota Statutes 1987 Supplement, section 422A.101, subdivision 2, is amended to read:

Subd. 2. [CONTRIBUTIONS BY OR FOR CITY-OWNED PUBLIC UTILITIES, IMPROVEMENTS, OR MUNICIPAL ACTIVITIES.] Contributions by or for any city-owned public utility, improvement project and other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, special school district No. 1 or Hennepin county, on account of any employee covered by the fund shall be calculated as follows:

(a) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees of the employing unit covered by the retirement fund which equals the difference between the level normal cost plus administrative cost reported in the annual actuarial valuation prepared by the commission-retained actuary and the employee contributions provided for in section 422A.10;

(b) an additional employer contribution of an amount equal to the percent specified in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees of the employing unit covered by the retirement fund;

(c) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until June 30, 2017, based upon the share of the fund's unfunded actuarial accrued liability attributed to the employer as disclosed in the annual actuarial valuation prepared by the commission-retained actuary.

The city council or any board or commission may, by proper action, provide for the inclusion of the cost of the retirement contributions for employees of any city-owned public utility or for persons employed in any improvement project or other municipal activity supported in whole or in part by revenues other than taxes who are covered by the retirement fund in the cost of operating the utility, improvement project or municipal activity. The cost of retirement contributions for these employees shall be determined by the retirement board and the respective governing bodies having jurisdiction over the financing of these operating costs.

The cost of the employer contributions on behalf of employees of special school district No. 1 who are covered by the retirement fund shall be the obligation of the school district. *Contributions by the school district to the retirement fund or any other public pension or retirement fund of which its employees are members must be remitted to the fund each month. An amount due and not transmitted begins to accrue interest at the rate of six percent compounded annually 15 days after the date due. If the amount due plus interest is not paid 30 days after interest begins to accrue, a penalty equal to ten percent of the amount due is added, and interest then*

*accrues on the penalty as well as the amount originally due.* The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the school district, which shall be submitted prior to September 15. Contributions by the school district shall be made at times designated by the retirement board. The school district may levy for its contribution to the retirement fund only to the extent permitted pursuant to section 275.125, subdivision 6a.

The cost of the employer contributions on behalf of elective officers or other employees of Hennepin county who are covered by the retirement fund pursuant to section 422A.09, subdivision 3, clause (2), 422A.22, subdivision 2, or 488A.115, or Laws 1973, chapter 380, section 3, Laws 1975, chapter 402, section 2, or any other applicable law shall be the obligation of Hennepin county. The retirement board shall prepare an itemized statement of the financial requirements of the fund payable by Hennepin county, which shall be submitted prior to September 15. Contributions by Hennepin county shall be made at times designated by the retirement board. Hennepin county may levy for its contribution to the retirement fund.

Sec. 57. Laws 1959, chapter 462, section 3, subdivision 4, as amended by Laws 1963, chapter 645, section 3, and Laws 1967, chapter 661, section 3, is amended to read:

Subd. 4. Not later than the ~~15th last day of the last month~~ of each fiscal year the board shall adopt and cause to be published two separate budgets, an operating budget and a capital budget for the subsequent fiscal year. The board shall adopt and publish standards governing the content of its budgets and of its annual report.

Sec. 58. [HIGH SCHOOL LEAGUE SALARY REPORT.]

*The commissioner of employee relations shall report by January 15, 1989, to the chairs of the house and senate education committees and to the governing board of the Minnesota state high school league on the appropriate salary rate or range for the league director and the director's staff as if the positions were to be established in the state classified service.*

Sec. 59. [INITIAL APPOINTMENTS TO HIGH SCHOOL LEAGUE BOARD.]

*The governor shall make the initial appointments to the Minnesota state high school league's governing board before August 15, 1988. The governing board shall be fully constituted by August 30, 1988. The governor must begin the process of appointing four public members under Minnesota Statutes, section 15.0597, as soon as practicable after the effective date of this section to ensure that the governor's initial appointees are appointed to the board before August 15, 1988.*

Sec. 60. [BINDING ARBITRATION FOR SCHOOL DISTRICTS.]

*Notwithstanding Minnesota Statutes, section 179A.16, subdivision 1, if five years or more have elapsed since the expiration of the last collective bargaining agreement between a school board and the exclusive representative of the teachers, and if no successor agreement has been ratified by both parties, and if a request for binding interest arbitration is made by either the school board or the exclusive representative of the teachers, the director of the bureau of mediation services shall certify the request for binding interest arbitration within 15 days of the request. For each*

two-year contract term for which there has been no ratified successor agreement, including the contract term covering the date on which the request is made, the director shall certify, according to Minnesota Statutes, section 179A.16, subdivision 3, the matters as to which the parties have not reached agreement. Notwithstanding Minnesota Statutes, section 179A.16, subdivision 7, the arbitration panel shall be restricted to selecting between the final offer of one party or the other party in its entirety. Unless otherwise provided in this section, Minnesota Statutes, section 179A.16, applies to the interest arbitration.

**Sec. 61. [LEARNING YEAR PROGRAM SITES.]**

*Subdivision 1. [PROGRAM ESTABLISHED FOR TWO YEARS.] A program is established to designate learning year program sites for providing instruction throughout the entire year. The learning year programs may begin June 9, 1988, and end June 9, 1990. The programs must permit students in grades 9 through 12 to receive instruction throughout the entire year.*

*Students may participate in the program if they reside in:*

*(1) a district that has been designated a learning year program site under subdivision 2;*

*(2) a district that is a member of the same education district as a program site; or*

*(3) a district that participates in the same area learning center program as a program site.*

*Subd. 2. [STATE BOARD DESIGNATION.] Up to five districts may be designated learning year program sites by the state board of education. To be designated, a district must demonstrate to the commissioner of education that the district will:*

*(1) provide a program of instruction that permits students in grades 9 through 12 to receive instruction throughout the entire year; and*

*(2) maintain a record system that, for purposes of section 124.17, permits identification of membership attributable to students participating in the program. The purpose for identifying this membership is to ensure that a district will not be able to increase the total number of pupil units attributable to an individual student by providing a learning year program. The commissioner of education shall consult with the director of the education aids and levies section of the department of education when determining whether the record system of a participating district is adequate for this purpose.*

*Subd. 3. [HOURS OF INSTRUCTION.] Students participating in a program must be able to receive 4,200 hours of instruction so that they are able to complete the requirements of grades 9 through 12. If a student has not completed the graduation requirements of the district after completing 4,200 hours of instruction, the student may continue to enroll in courses needed for graduation until either the student meets the graduation requirements or the student is 21 years old, whichever occurs first.*

*For the purposes of Minnesota Statutes, section 120.101, subdivision 5, 1,020 hours of instruction shall constitute 170 days of instruction. Hours of instruction that occur between June 9 and June 30 shall be attributed to the fiscal year following the days of actual instruction.*

*Subd. 4. [STUDENT PLANNING.] A district must inform all junior and senior high school students and their parents about the learning year program. A continual learning plan for the 4,200 hours of education must be developed for each student with the participation of the student, parent or guardian, teachers, and other staff. The plan must identify the learning experiences needed for graduation and must specify the learning experiences that will occur each year. The student or district may modify the plan according to district schedule changes. The district may not modify the plan if the modification would result in delaying the student's time of graduation.*

*Subd. 5. [TRANSPORTATION.] Summer transportation expenditures for this program must be included in nonregular transportation according to Minnesota Statutes, sections 124.225, subdivision 8; and 275.125, subdivision 5c.*

*Subd. 6. [CONTRACTS.] A district may contract with a licensed employee to provide services in a learning year program that are in addition to the services provided according to the master contract of employment for teachers, entered into under chapter 179A, or an equivalent contract for licensed employees who are not teachers. These additional services and compensation, if any, for the services shall not become a part of the employee's continuing contract rights under Minnesota Statutes, section 125.12 or 125.17. The duration of a contract is negotiable, but may not extend beyond June 9, 1990.*

*Subd. 7. [REVENUE COMPUTATION AND REPORTING.] Aid and levy revenue computations shall be based on the total number of hours of education programs for pupils in average daily membership for each fiscal year. For purposes of section 124.17, average daily membership shall be computed by dividing the total number of hours of participation for the fiscal year by 1,050. Hours of participation that occur between June 9 and June 30 shall be attributed to the fiscal year following the hours of actual participation. Thirty hours may be used for teacher workshops, staff development, or parent-teacher conferences. As part of each pilot program, the department of education, the commissioner of education, and each district must report and evaluate the changes needed to adjust the dates of the fiscal year for aid and levy computation and fiscal reporting. For revenue computation purposes, the learning year program shall generate revenue based on the formulas for the fiscal year in which the services are provided.*

*State aid and levy revenue computation for the learning year programs begins July 1, 1988, for fiscal year 1989.*

*Subd. 8. [EXEMPTION.] To operate the pilot program, the state board of education may exempt the district from specific rules relating to student and financial accounting, reporting, and revenue computation.*

**Sec. 62. [HIBBING, TOWER, VIRGINIA, GRAND RAPIDS SCHOOL DISTRICT BONDS.]**

*Subdivision 1. [AUTHORIZATION.] Independent school district No. 701, Hibbing, may issue bonds in an aggregate principal amount not exceeding \$3,500,000, and independent school district No. 708, Tower, may issue bonds in an aggregate principal amount not exceeding \$1,000,000, and independent school district No. 706, Virginia, may issue bonds in an aggregate principal amount not exceeding \$2,500,000, and independent school*

district No. 318, Grand Rapids, may issue bonds in an aggregate principal amount not exceeding \$1,000,000, in addition to any bonds already issued or authorized, to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings. They may spend the proceeds of the bond sale for those purposes and any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. 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 chapter 475 with respect to the levying of taxes for their payment.

*Subd. 2. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued pursuant to subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.*

*Subd. 3. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the 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 amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties 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. 4. [DISTRICT LEVY.] The school board shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.*

*Subd. 5. [LEVY LIMITATIONS.] 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. [BONDING 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. [TERMINATION OF APPROPRIATION.] The appropriation*



authorized in subdivision 2 shall terminate upon payment or maturity of the last of those bonds.

**Subd. 8. [LOCAL APPROVAL.]** This section is effective for independent school district No. 701 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 708 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 706 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3, and for independent school district No. 318 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

**Sec. 63. [SCHOOL DISTRICT NO. 710 BONDS.]**

**Subdivision 1. [AUTHORIZATION.]** Independent school district No. 710, St. Louis county, may issue bonds in an aggregate principal amount not exceeding \$1,000,000, in addition to any bonds already issued or authorized, to provide funds to construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings. The district may spend the proceeds of the bond sale for those purposes and any architects', engineers', and legal fees incidental to those purposes or the sale. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. 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 chapter 475 with respect to the levying of taxes for their payment.

**Subd. 2. [APPROPRIATION.]** There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 100 percent of the principal and interest on the bonds issued pursuant to subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

**Subd. 3. [DISTRICT OBLIGATIONS.]** Bonds issued under authority of this section shall be the 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 amount received pursuant to subdivision 2, they shall be made good by general levies, not subject to limit, on all taxable properties 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. 4. [LEVY LIMITATIONS.]** 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. 5. [BONDING 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. 6. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 2 shall terminate upon payment or maturity of the last of those bonds.*

*Subd. 7. [LOCAL APPROVAL.] This section is effective for independent school district No. 710 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.*

#### Sec. 64. [ENVIRONMENTAL LEARNING CENTER.]

*Notwithstanding any law to the contrary, a county in which a facility is located that qualifies for a tax credit pursuant to section 298.24, subdivision 4, is authorized to issue general obligation bonds in a principal amount up to \$1,700,000. The bonds shall be issued pursuant to chapter 475 except the requirements of section 475.58 shall not apply and the amount of the bonds shall not be counted in computing any net debt limitation imposed by chapter 475, or any other law. The proceeds of the bond issue may be expended for the purchase of land and construction of facilities for an environmental learning center. The environmental learning center shall annually make payment in a sum sufficient to repay the annual principal and interest due on the bonds and reimburse the county for any costs incurred in the issuance of the bonds; provided that the county and the environmental learning center may negotiate a payment schedule based on level periodic payments which, in total, would be sufficient to amortize the principal and interest of the bonds over their entire term and compensate the county for the difference in the timing of the payments and the actual amortization requirements of the bonds' repayment schedule. If the environmental learning center fails to make the payments required, there is appropriated from the Northeast Minnesota Economic Protection Trust an amount sufficient to repay any remaining interest and principal due on the bonds. The amount of any payment from the Northeast Minnesota Economic Protection Trust is a lien against the property that is purchased and improved with the proceeds of the bond.*

#### Sec. 65. [REPEALER.]

*Minnesota Statutes 1986, section 121.9121, subdivision 7; Minnesota Statutes 1987 Supplement, sections 123.703, subdivision 3; 129B.74; and 129B.75; and Laws 1984, chapter 463, article 7, section 45, are repealed effective July 1, 1988. Section 60 is repealed July 1, 1989. Section 8, subdivision 1, and Minnesota Statutes 1987 Supplement, section 123.3515, are repealed June 30, 1990.*

#### Sec. 66. [EFFECTIVE DATE.]

*Sections 1, 2, 3, 4, 5, 6, 7, 43, 56, 57, and 59 are effective the day following final enactment.*

*Section 54 is effective the day following final enactment. A district specified in section 54 located wholly or partly in Goodhue county may become a participating district upon adoption of an approving resolution by its school board and the board of intermediate school district No. 917, upon compliance with Minnesota Statutes, section 136D.85, and upon execution of an agreement with the board of intermediate school district*

No. 917.

*Section 8 is effective for the 1989-1990 school year and thereafter.*

*After December 31, 1993, the provisions of Minnesota Statutes, section 92.67, subdivisions 1 and 3, apply only to sales made under section 6, subdivision 4, clause (a)(5).*

## ARTICLE 8

### EDUCATION FACILITIES

#### Section 1. [121.148] [SCHOOL DISTRICT CONSTRUCTION.]

*Subdivision 1. [POSITIVE REVIEW AND COMMENT.] If the commissioner submits a positive review and comment for a proposal according to section 121.15, the school board may proceed with the construction according to the requirements of applicable laws.*

*Subd. 2. [NEGATIVE REVIEW AND COMMENT.] If the commissioner submits a negative review and comment for a proposal according to section 121.15, the school board, by resolution of the board, shall reconsider construction. If, upon reconsideration, the school board decides to proceed with construction, it may initiate proceedings for issuing bonds to finance construction under sections 475.51 to 475.76. Unless 60 percent of the voters at the election approve of issuing the obligations, the board is not authorized to issue the obligations.*

Sec. 2. Minnesota Statutes 1986, section 121.15, is amended to read:

#### 121.15 [REVIEW AND COMMENT FOR SCHOOL DISTRICT CONSTRUCTION.]

*Subdivision 1. [CONSULTATION.] A school district shall consult with the ~~department~~ commissioner of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility, other than an area vocational technical institute, for which the estimated cost exceeds \$100,000. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital funds expenditure facilities revenue according to section ~~275.125~~, subdivision ~~1a~~, clause (c), is initiated section 4, subdivision 6, clause (2).*

*Subd. 2. [PLAN SUBMITTAL.] The ~~department of education~~ commissioner, after the consultation required in subdivision 1, may require a school district engaging in a construction, remodeling, or site improvement project to submit the following for approval:*

- (a) two sets of preliminary plans for each new building or addition, and
- (b) one set of final plans for each construction, remodeling, or site improvement project. The ~~department of education~~ commissioner shall approve or disapprove the plans within 60 days after submission. A school district shall not award contracts before the department approves the plans.

*Final plans shall meet all applicable state laws, rules, and codes concerning public buildings, including sections 16B.59 to 16B.73. The department of education's approval shall be limited to compliance with applicable state laws, rules, and codes and shall reasonably conform to the recommended educational standards established by the department of education. The department may furnish to a school district plans and specifications for temporary school buildings containing two classrooms or less.*

Subd. 3. [FINAL PLANS.] If ~~no~~ a construction contract has *not* been awarded within two years of approval, the approval shall ~~no longer not~~ be valid. After approval, final plans and the approval shall be filed with the ~~department~~ commissioner of education. If substantial changes are made to *approved plans after final approval*, documents reflecting the changes shall be submitted to the ~~department of education~~ commissioner for approval. Upon completing a project, the school board shall certify to the ~~department~~ commissioner that the project was completed according to the approved plans.

Subd. 4. [CONDEMNATION OF SCHOOL BUILDINGS.] The ~~department of education~~ commissioner may condemn school buildings and sites ~~which that~~ the state board of education determines are unfit or unsafe for that use.

Subd. 5. [RULEMAKING.] The state board of education may adopt rules for public school buildings.

Subd. 6. [REVIEW AND COMMENT.] No referendum for bonds or solicitation of bids for new construction, expansion, or remodeling of an educational facility ~~which that~~ requires a ~~capital~~ expenditure in excess of \$400,000 per school site shall be initiated prior to review and comment by the commissioner. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Subd. 7. [INFORMATION REQUIRED.] A school board proposing to construct a facility described in subdivision 6 shall submit to the commissioner a proposal containing information including at least the following:

(a) the geographic area proposed to be served, whether within or outside the boundaries of the school district;

(b) the ~~population~~ people proposed to be served, including census findings and projections for the next ten years of the number of preschool and school-aged people in the area;

(c) the reasonably anticipated need for the facility or service to be provided;

(d) a description of the construction in reasonable detail, including: the ~~capital~~ expenditures contemplated; the estimated annual operating cost, including the anticipated salary and number of new staff necessitated by the proposal; and an evaluation of the energy efficiency and effectiveness of the construction, including estimated annual energy costs;

(e) ~~so far as is known~~, a description of existing facilities within the area to be served that offer the same or similar service and within school districts adjacent to the area to be served; the extent to which existing facilities or services are used; the extent to which alternate space is available from other sources, including other school districts, post-secondary institutions for higher education, or other public buildings; and the anticipated effect that the ~~proposal~~ facility will have on existing facilities and services;

(f) the anticipated benefit of the facility to the area that will result from the facility;

(g) if known, the relationship of the proposed construction to any priorities ~~which that~~ have been established for the area to be served;

(h) the availability and manner of financing the facility and the estimated date to begin and complete the facility; and

(i) desegregation requirements that cannot be met by any other reasonable means; and

(j) *the relationship of the proposed facility to the cooperative integrated learning needs of the area.*

Subd. 8. [REVIEW OF PROPOSALS.] In reviewing each proposal, the commissioner shall submit to the school board, within 60 days of receiving the proposal, the review and comment about the educational and economic advisability of the project. The review and comment shall be based on information submitted with the proposal and other information the commissioner determines is necessary. *If the commissioner submits a negative review and comment for a portion of a proposal, the review and comment shall clearly specify which portion of the proposal received a negative review and comment and which portion of the proposal received a positive review and comment.*

Subd. 9. [PUBLICATION.] At least 20 days but not more than 60 days before a referendum for bonds or solicitation of bids to construct a facility described in subdivision 6, the school board shall publish the commissioner's review and comment in ~~the legal newspaper of general circulation in the area the district.~~ Supplementary information shall be available to the public.

Subd. 10. [REPORT.] Before January 15 of each year, the commissioner shall report to the legislature about the number and nature of proposals for projects submitted according to this section, the nature of the review and comment on the educational and economic advisability of the project, and any recommendations.

Sec. 3. Minnesota Statutes 1987 Supplement, section 121.912, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] Except as provided in this subdivision, sections 121.9121, 123.36, 4, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, permanent transfers may be made from the fund balance account entitled "pupil transportation fund appropriated for bus purchases" to the capital expenditure fund, with the approval of the commissioner. The levy authorized pursuant to section 275.125, subdivision 1a 4, shall be reduced by an amount equal to the amount transferred. Any school district may transfer any amount from the unappropriated fund balance account in its transportation fund to any other operating fund or to the appropriated fund balance account for bus purchases in its transportation fund.

Sec. 4. [124.243] [CAPITAL EXPENDITURE; FACILITIES.]

*Subdivision 1. A school board shall, by resolution adopted by a two-thirds vote of its governing body and after notice and hearing, adopt a*

*capital expenditure facilities program. The district shall publish notice of the hearing in its official newspaper at least 20 days before the hearing. The program shall include plans for repair and restoration of existing district-owned facilities and plans for new construction. The program shall include specific provisions to correct any existing health and safety hazards. The program must set forth the facilities to be improved, a schedule of work not more than five years from the adoption or amendment of the program, the estimated cost of the improvements to be made, and the proposed methods of financing the program. The program must be reviewed by the district biennially before July 1 of each odd-numbered year, after notice and hearing. After the review, the program may be amended to include the ensuing five-year period.*

*Subd. 2. [CAPITAL EXPENDITURE FACILITIES REVENUE.] Capital expenditure facilities revenue for a district equals the lesser of:*

- (1) \$137 times its actual pupil units for the school year; or*
- (2) the difference between \$400 times the actual pupil units for the school year and the unreserved balance in the capital expenditure facilities account on June 30 of the second prior school year. For the purpose of determining revenue for the 1989-1990 and the 1990-1991 school years, the unreserved balance in the capital expenditure facilities account on June 30 of the second prior school year is zero.*

*Subd. 3. [CAPITAL EXPENDITURE FACILITIES LEVY.] To obtain capital expenditure facilities revenue, a district may levy an amount not to exceed the capital expenditure facilities revenue determined in subdivision 2 multiplied by the lesser of one, or the ratio of:*

- (1) the quotient derived by dividing the adjusted assessed valuation of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to*
- (2) 75 percent of the equalizing factor for the school year to which the levy is attributable.*

*Subd. 4. [ALTERNATE LEVY.] If a district's capital expenditure facilities revenue is less than \$137 times the actual pupil units for the school year, the levy shall be the following amount:*

- (1) the levy determined in subdivision 3, times*
- (2) the ratio of the capital expenditure facilities revenue to an amount equal to \$137 times the actual pupil units.*

*Subd. 5. [CAPITAL EXPENDITURE FACILITIES AID.] A district's capital expenditure facilities aid is the difference between the capital expenditure facilities revenue and the capital expenditure facilities levy. If the district does not levy the entire amount permitted, the aid is reduced in proportion to the actual amount levied. Capital expenditure facilities aid must not be reduced as a result of the reduction in capital expenditure facilities levy under section 3.*

*Subd. 6. [USES OF REVENUE.] Capital expenditure facilities revenue may be used only for the following purposes:*

- (1) to acquire land for school purposes;*
- (2) to acquire or construct buildings for school purposes, if approved*

by the commissioner of education according to applicable statutes and rules;

(3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;

(4) to equip, reequip, improve, and repair school sites, buildings, and permanent attached fixtures;

(5) for a surplus school building that is used substantially for a public nonschool purpose;

(6) to eliminate barriers or increase access to school buildings by handicapped individuals;

(7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;

(8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

(9) to clean up and dispose of polychlorinated biphenyls found in school buildings;

(10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;

(11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;

(12) to improve buildings that are leased according to section 123.36, subdivision 10;

(13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 116J.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and

(15) to purchase or lease interactive telecommunications equipment.

**Subd. 7. [SEPARATE ACCOUNT.]** Capital expenditure facilities revenue must be placed in a separate account within the capital expenditure fund.

**Subd. 8. [FUND TRANSFERS.]** Money in the account for capital expenditure facilities revenue must not be transferred into any other account or fund, except that the school board may, by resolution, transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475.

**Subd. 9. [FUND ALLOCATION.]** Capital expenditure facilities revenue may be allocated to the capital expenditure fund or the debt redemption fund. Each year a district shall notify the department about the amount of the capital expenditure facilities revenue to be allocated to each fund. The department shall calculate the aid and levy for each fund and reduce the debt service levy of the district by the amount of the levy allocated to the debt redemption fund.

*Subd. 10. [INTEREST INCOME.] All interest income attributable to the capital expenditure facilities revenue account must be credited to the account.*

Sec. 5. Minnesota Statutes 1987 Supplement, section 124.244, is amended to read:

**124.244 [CAPITAL EXPENDITURE EQUIPMENT REVENUE.]**

Subdivision 1. [REVENUE AMOUNT.] The capital expenditure *equipment* revenue for each district equals ~~\$153~~ \$70 times its actual pupil units counted according to section 124.17, subdivision 1, for the school year.

Subd. 2. [CAPITAL EXPENDITURE EQUIPMENT LEVY.] To obtain capital expenditure *equipment* revenue, a district may levy an amount not to exceed ~~three mills times the adjusted assessed valuation of the district for the preceding year~~ the district's capital expenditure *equipment* revenue as determined in subdivision 1 multiplied by the lesser of one, or the ratio of:

(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to

(2) 75 percent of the equalizing factor for the school year to which the levy is attributable.

Subd. 3. [CAPITAL EXPENDITURE EQUIPMENT AID.] A district's capital expenditure *equipment* aid is the difference between the capital expenditure *equipment* revenue and the capital expenditure *equipment* levy. If a district does not levy the entire amount permitted, capital expenditure *equipment* aid must be reduced in proportion to the actual amount levied. *Capital expenditure equipment aid must not be reduced as a result of a reduction of its capital expenditure equipment levy under section 6.*

Subd. 4. [USES OF REVENUE.] Capital expenditure *equipment* revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes, if approved by the commissioner of education according to applicable statutes and rules;
- (3) to rent or lease buildings for school purposes;
- (4) to equip, reequip, improve, and repair school sites, buildings and permanent attached fixtures;
- (5) to eliminate barriers or increase access to school buildings by handicapped individuals;
- (6) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;
- (7) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (8) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (9) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and



special fuel, as defined in section 296.01;

(10) for energy audits for school buildings and to make modifications if the audit indicates the costs can be recovered within ten years;

(11) to improve buildings that are leased according to section 123.36, subdivision 10;

(12) to pay special assessments levied against school property but not to pay assessments for service charges;

(13) to pay capital expenditure *equipment related* assessments of an ~~educational cooperative service unit~~ *any entity formed under a cooperative agreement between two or more districts;*

(14) to pay principal and interest on state loans for energy conservation according to section 116J.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298;

(15) (2) to purchase or lease computers and related materials, copying machines, and telecommunications equipment, *and other noninstructional equipment;*

(16) (3) to purchase or lease equipment for ~~secondary vocational education programs or senior secondary industrial arts instructional programs;~~ and

(17) (4) to purchase textbooks;

(5) to purchase library books; and

(6) to purchase vehicles except those for which a levy is authorized under section 275.125, subdivision 5f.

#### Sec. 6. [124.2445] [PURCHASE OF CERTAIN EQUIPMENT.]

*The board of a school district may issue certificates of indebtedness or capital notes subject to the school district debt limits to purchase vehicles other than school buses, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. That tax levy for each year must not exceed the amount of the district's capital expenditure equipment levy under section 124.244 for the year the initial debt service levies are certified. The district's capital expenditure levy under section 124.244 for each year must be reduced by the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61.*

Sec. 7. Minnesota Statutes 1986, section 124.43, subdivision 1, is amended to read:

Subdivision 1. [REVIEW BY COMMISSIONER.] (a) ~~To the extent mon-~~  
~~eys are from time to time available hereunder,~~ The commissioner may, after review and a favorable recommendation by the state board of education, recommend to the legislature capital loans to school districts. Proceeds of the loans shall be used only for sites for school buildings and for

acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted. ~~Applications with the accompanying data specified in subdivision 2 shall be filed between October 1 of any year and the following June 1.~~

(b) Any school board ~~which that~~ intends to submit an application for a capital loan shall submit a proposal to the commissioner for review and comment pursuant to section 121.15 *by September 1 of any year*, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. The state board shall not make a favorable recommendation on an application for a capital loan for any facility unless:

(1) the facility receives a ~~favorable~~ *positive* review and comment pursuant to section 121.15; and

(2) the state board determines that

(A) the facilities are needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist;

(B) the facilities could not be made available through dissolution and attachment of the district to another district or through pairing, interdistrict cooperation, or consolidation with another district, or through the purchase or lease of facilities from existing institutions within the area. The preference of the school district regarding reorganization shall not be a criterion used by the state board in determining whether the facilities could be made available through reorganization;

(C) the facilities are comparable in size and quality to facilities recently constructed in other districts of similar enrollment; and

(D) the district's need for the facilities is comparable to needs ~~which that~~ comparable districts are meeting through local bond issues.

The state board may recommend that the loan be approved in a reduced amount in order to meet the foregoing criteria. If the state board recommends that a loan not be approved, the commissioner shall not recommend approval of the loan. If the state board recommends that the loan be approved in a reduced amount, the commissioner shall not recommend approval of a loan larger than that recommended by the state board.

(c) As part of reviewing an application for a capital loan, the commissioner of education shall prepare estimated yearly repayments by the school district and the estimated amount of principal and interest that may be forgiven after the term of the loan. These estimates shall assume no growth in assessed valuation over the term of the loan, shall assume a ~~16 mill~~ *levy equal to 16 mills times the adjusted assessed value*, and shall be prepared using a methodology approved by the commissioner of finance. The commissioner of education shall use a discount factor provided by the commissioner of finance in determining the present value of the estimated amount of interest and principal which may be forgiven after the term of the loan.

(d) No loan shall be recommended for approval for any district exceeding an amount computed as follows:

(1) The amount ~~voted~~ *requested* by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on ~~the date of approval~~ *June 30 of the year following the year the application was received*, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 24 percent of the adjusted assessed value, whichever is less;

(3) Less the maximum net debt permissible for the district ~~on the date of approval~~ *on December 1 of the year the application is received*, under the limitation in section 475.53, subdivision 4, or 24 percent of the *most recent* adjusted assessed value *available at the time of application*, whichever is less; and

(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause.

Sec. 8. Minnesota Statutes 1986, section 124.43, subdivision 2, is amended to read:

Subd. 2. [DISTRICT PROCEDURES.] The school board of any district desiring a *capital* loan shall adopt a resolution stating the amount proposed to be borrowed, the purpose for which the debt is to be incurred, and an estimate of the dates when the facilities for which the loan is requested will be contracted for and completed. ~~The question of authorizing the borrowing of funds for the facilities shall be submitted to the voters of the district at a regular or special election. The question submitted shall state the total amount to be borrowed from all sources. A majority of those voting on the question shall be sufficient to authorize the district to effect the state loan application and also to issue the bonds on public sale in accordance with chapter 475.~~ Applications for loans shall be accompanied by (a) a copy of the resolution, *and* (b) ~~a certificate by the clerk showing the vote at the election;~~ (c) a certificate by the clerk and treasurer showing the then outstanding indebtedness of the district; ~~and~~ (d) ~~a certificate by the county auditor of each county in which a portion of the district lies showing the information in the auditor's official records which is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.~~ The clerk's and treasurer's certificate shall show, as to each outstanding bond issue, the amount originally issued, the purpose for which issued, the date of issue, the amount remaining unpaid as of the date of the resolution, and the interest rates and due dates and amounts of principal thereon. Applications shall be in the form and accompanied by the additional data which the commissioner and state board of education prescribe. *Applications must be received by the commissioner by December 1 of any year.* When an application is received, the commissioner shall obtain from the commissioner of revenue, and from the public utilities commission when required, the information in their official records which is required to be used in computing the debt limit of the district under section 475.53, subdivision 4.

Sec. 9. Minnesota Statutes 1986, section 124.43, subdivision 3, is amended to read:

Subd. 3. [AWARD OF LOANS RECOMMENDATIONS OF THE COMMISSIONER.] The commissioner shall examine and consider all applications for capital loans which have been recommended by the state board of education, and ~~if any applicant district is promptly notify any district~~

found not qualified it shall be promptly notified thereof by the state board of the state board's decision. The commissioner shall make recommendations concerning each capital loan to the education committees of both houses of the legislature by February 1 of each year. The commissioner shall also report on the funds remaining in the capital loan account, and if necessary, request that another bond issue be authorized. On January 1 and July 1 of each year, the commissioner shall make a determination on all pending applications which have been on file with the commissioner more than one month. If an applicant is qualified in the opinion of the commissioner and the aggregate of the amounts applied for does not exceed the amount available or which can be made available in the capital loan account, all loans so applied for shall be granted, subject to acceptance by the respective districts as specified below. If the aggregate exceeds the amount which is or can be made available, the commissioner shall allot the available amount among the qualified applicant districts, or any of them, according to the commissioner's judgment and discretion based upon their respective needs. The commissioner shall promptly certify to each qualified applicant district the amount, if any, of the capital loan granted to it, subject to adjustment under subdivision 1, clause (4).

Sec. 10. Minnesota Statutes 1986, section 124.43, is amended by adding a subdivision to read:

*Subd. 3a. [LEGISLATIVE ACTION.] Each capital loan must be approved in law.*

*If the aggregate amount of the capital loans exceeds the amount that is or can be made available, the commissioner shall allot the available amount among any number of qualified applicant districts, according to the commissioner's judgment and discretion, based upon the districts' respective needs.*

Sec. 11. Minnesota Statutes 1986, section 124.43, is amended by adding a subdivision to read:

*Subd. 3b. [DISTRICT REFERENDUM.] Upon receipt of the review and comment on the project, the question authorizing the borrowing of funds for the facilities must be submitted by the school board to the voters of the district at a regular or special election. The question submitted shall state the total amount to be borrowed from all sources. Approval of a majority of those voting on the question is sufficient to authorize the issuance of the obligations on public sale in accordance with chapter 475. However, no capital loan is available to the district until the capital loan is approved in law and the question is approved by a majority of the voters of the district at a regular or special election. The district shall mail to the commissioner of education a certificate by the clerk showing the vote at the election.*

Sec. 12. [124.477] [BOND ISSUE; MAXIMUM EFFORT SCHOOL LOANS; 1988.]

*To provide money to be loaned to school districts as agencies and political subdivisions of the state to acquire and to better public land and buildings and other public improvements of a capital nature, in the manner provided by the maximum effort school aid law, the commissioner of finance shall issue and sell school loan bonds of the state of Minnesota in the maximum amount of \$20,000,000, in addition to the bonds already authorized for this purpose. The same amount is appropriated to the maximum*

*effort school loan fund and must be spent under the direction of the commissioner of education to make debt service loans and capital loans to school districts as provided in sections 124.36 to 124.47. The bonds must be issued and sold and provision for their payment must be made according to section 124.46. Enough money to pay interest on the bonds to and including July 1 in the second year after the date of issue must be credited from the bond proceeds to the school loan bond account in the state bond fund. Expenses incidental to the sale, printing, execution, and delivery of the bonds, including, but without limitation, actual and necessary travel and subsistence expenses of state officers and employees for those purposes, must be paid from the maximum effort school loan fund, and the money necessary for the expenses is appropriated from that fund.*

Sec. 13. Minnesota Statutes 1987 Supplement, section 124.494, subdivision 4, is amended to read:

Subd. 4. [AWARD OF GRANTS.] The commissioner shall examine and consider all applications for grants, and if any joint powers district is found not qualified, the commissioner shall promptly notify that joint powers board. On January 1 and July 1 of each year 1988, the commissioner shall make a determination on all pending applications that awards to no more than two qualified applicants whose applications have been on file with the commissioner more than one month. If the applicants are determined to be qualified by the commissioner and the total amount of the grants applied for does not exceed the amount available or that can be made available in the incentive grant account, all grants so applied for shall be approved. A grant award is subject to verification by the joint powers districts as specified in subdivision 6. If the total amount of the approved applications exceeds the amount that is or can be made available, the commissioner shall allot the available amount among equally between the qualified approved applicant districts, according to the commissioner's judgment and discretion based upon their respective needs. The commissioner shall promptly certify to each qualified joint powers district the amount, if any, of the grant awarded to it.

Sec. 14. Minnesota Statutes 1987 Supplement, section 124.494, subdivision 5, is amended to read:

Subd. 5. [REFERENDUM; BOND ISSUE.] Within 90 days after being awarded a grant under subdivision 4, the joint powers board shall submit the question of authorizing the borrowing of funds for the secondary facility to the voters of the joint powers district at a special election, which may be held in conjunction with the annual election of the school board members of the member districts. The question submitted shall state the total amount of funding needed from all sources. A majority of those voting in the affirmative on the question is sufficient to authorize the joint powers board to accept the grant and to issue the bonds on public sale in accordance with chapter 475. The clerk of the joint powers board must certify the vote of the bond election to the commissioner of education. If the bonds are authorized question is approved by the voters, the commissioner shall notify the county auditor of each county in which the joint powers district is located approved applicant districts that the grant amount certified under subdivision 4 is available and appropriated for payment of principal and interest on the bonds issued under this subdivision, and the auditor shall reduce the joint powers district's debt service levies accordingly under this subdivision. If a majority of those voting on the question do not vote in the affirmative, the grant must be canceled.

Sec. 15. Minnesota Statutes 1987 Supplement, section 124.494, subdivision 6, is amended to read:

Subd. 6. [CONTRACT.] Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. ~~† The contract obligates the state to pay to the joint powers board an amount computed according to subdivision 4, upon receipt by the commissioner of a certified resolution of the joint powers board verifying that contracts have been entered into for construction or remodeling of the facilities for which the grant is awarded and that bonds of the joint powers district have been issued and sold in the amount necessary to pay all project costs in excess of the amount of the grant, and estimating the costs and according to a schedule, and terms and conditions acceptable to the commissioner of finance.~~

Sec. 16. [124.4945] [LEVY FOR SEVERANCE PAY.]

*A joint powers board established under section 124.494 may make a levy to provide severance pay and early retirement incentives under section 125.611, for any teacher as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement. A joint powers board making a levy shall certify to each participating district tax levies sufficient to raise the amount necessary to provide the district's portion of severance pay and early retirement incentives. The tax levy certified to each district must be expressed as a mill rate, that, when applied to the adjusted assessed valuation of all of the participating districts raises the amount necessary to provide severance pay and early retirement incentives. Each participating school district shall include the levy in the next tax roll which it shall certify to the county auditor, and shall remit the collections of the levy to the joint powers board.*

Sec. 17. Minnesota Statutes 1987 Supplement, section 124.495, is amended to read:

124.495 [STATE BOND AUTHORIZATION.]

To provide money for the cooperative secondary facilities grant program, the commissioner of finance, upon the request of the commissioner of education, shall issue and sell bonds of the state up to the amount of ~~\$8,000,000~~ \$16,000,000 in the manner, upon the terms and with the effect prescribed by sections 16A.631 to 16A.675 and the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 18. [124.82] [BUILDING CONSTRUCTION DOWN PAYMENT PROGRAM.]

*Subdivision 1. [CREATION OF A DOWN PAYMENT ACCOUNT.] A school district may create a down payment account as a separate account in its construction fund. All proceeds from the down payment levy must be deposited in the capital expenditure fund and transferred to this account. Interest income attributable to the down payment account must be credited to the account.*

*Subd. 2. [USES OF THE ACCOUNT.] Money in the down payment account must be used as a down payment for the future costs of acquisition and betterment for a project that has been reviewed under section 121.15 and has been approved according to subdivision 3.*

*Subd. 3. [FACILITIES DOWN PAYMENT LEVY REFERENDUM.] A*

*district may levy the millage approved by a majority of the electors voting on the question to provide funds for a down payment for an approved project. The election must take place no more than five years before the estimated date of commencement of the project. The referendum must be held on a date set by the school board. A referendum for a project not receiving a positive review and comment by the commissioner under section 121.15 must be approved by at least 60 percent of the voters at the election. The referendum may be called by the school board and may be held:*

*(1) separately, before an election for the issuance of obligations for the project under chapter 475; or*

*(2) in conjunction with an election for the issuance of obligations for the project under chapter 475; or*

*(3) notwithstanding section 475.59, as a conjunctive question authorizing both the down payment levy and the issuance of obligations for the project under chapter 475. Any obligations authorized for a project may be issued within five years of the date of the election.*

*The ballot must provide a general description of the proposed project, state the estimated total cost of the project, state whether the project has received a positive or negative review and comment from the commissioner of education, state the maximum amount of the down payment levy in mills, state the amount that will be raised by that millage in the first year it is to be levied, and state the maximum number of years that the levy authorization will apply.*

*The ballot must contain a textual portion with the information required in this section and a question stating substantially the following:*

*“Shall the down payment levy proposed by the board of . . . . . School District No. . . . . be approved?”*

*If approved, the amount provided by the approved millage applied to each year’s taxable valuation may be certified for the number of years approved.*

*In the event a conjunctive question proposes to authorize both the down payment levy and the issuance of obligations for the project, appropriate language authorizing the issuance of obligations must also be included in the question.*

*The district must notify the commissioner of education of the results of the referendum.*

*Subd. 4. [EXCESS BUILDING CONSTRUCTION FUND LEVY PROCEEDS.] Any funds remaining in the down payment account that are not applied to the payment of the costs of the approved project before its final completion must be transferred to the district’s debt redemption fund.*

**Sec. 19. [124.83] [CAPITAL EXPENDITURE; HEALTH AND SAFETY.]**

*Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue a district must submit to the commissioner of education an application for aid and levy by August 15 in the previous school year. The application may be for hazardous substance removal, fire code compliance, or life safety repairs. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost of the program by fiscal year.*

*Subd. 2. [CONTENTS OF PROGRAM.] A district may adopt a health*

*and safety program. The program may include plans for hazardous substance removal, fire code compliance, or life safety repairs.*

*A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296.01. If a district has already developed a plan for the removal or encapsulation of asbestos, a new plan is not necessary for purposes of this section.*

*A fire safety plan must contain a description of the current fire code violation, a plan for the removal or repair of the fire hazard, and a description of safety preparation and awareness procedures to be followed until the hazard is fully corrected.*

*A life safety plan must contain a description of the life safety hazard and a plan for its removal or repair.*

*Subd. 3. [HEALTH AND SAFETY REVENUE.] A district's health and safety revenue equals the approved cost of the health and safety program for the school year to which the levy is attributable, minus the unexpended portion of levies certified by the district in earlier years under section 275.125, subdivision 11c.*

*Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lessor of one, or the ratio of:*

*(1) the quotient derived by dividing the adjusted assessed valuation of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to*

*(2) 75 percent of the equalizing factor for the school year to which the levy is attributable.*

*Subd. 5. [HEALTH AND SAFETY AID.] A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied.*

*Subd. 6. [USES OF HEALTH AND SAFETY REVENUE.] Health and safety revenue may be used only for expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01.*

*Subd. 7. [PRORATION.] In the event that the health and safety aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.*

*Sec. 20. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:*

*Subd. 4a. [DOWN PAYMENT LEVY.] A school district may levy the*



amount authorized for a down payment levy according to section 18.

Sec. 21. Minnesota Statutes 1986, section 275.125, is amended by adding a subdivision to read:

*Subd. 11e. [EXTRA CAPITAL EXPENDITURE LEVY FOR LEASING BUILDINGS.] When a district finds it economically advantageous to rent or lease a building for a secondary vocational cooperative program and it determines that the capital expenditure facilities revenues authorized under section 4 are insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use. The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building for approved purposes. The proceeds of this levy must not be used for leasing or renting a facility owned by a district or for custodial or other maintenance services.*

Sec. 22. Laws 1987, chapter 400, section 59, is amended to read:

Sec. 59. [REPEALER.]

Sections 33 to ~~38~~ 36 are repealed June 30, 1989.

Sec. 23. [CAPITAL LOANS.]

*Subdivision 1. [LOAN TO MILACA SCHOOL DISTRICT.] A capital loan in an amount not to exceed \$4,791,000 to independent school district No. 912, Milaca, is approved.*

*Subd. 2. [LOAN TO HOLDINGFORD SCHOOL DISTRICT.] A capital loan in an amount not to exceed \$1,087,000 to independent school district No. 738, Holdingford, is approved.*

*Subd. 3. [LOAN TO REDWOOD FALLS SCHOOL DISTRICT.] A capital loan in an amount not to exceed \$5,838,000 to independent school district No. 637, Redwood Falls, is approved.*

Sec. 24. [DEBT SERVICE.]

*The legislature estimates that the amount that will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on state general obligation bonds issued for the cooperative secondary facilities grant program authorized by the amendment to Minnesota Statutes, section 124.495, contained in this article will be \$608,900 for the fiscal year ending June 30, 1989.*

Sec. 25. [1988 LEVY FOR LEASING BUILDINGS.]

*A district may levy in 1988 the amount the district would have been authorized to levy in 1987 for the cost of renting or leasing buildings according to Minnesota Statutes, section 275.125, subdivision 12, had the authority to levy for this purpose not been repealed.*

Sec. 26. [APPROPRIATION.]

*\$8,000,000 is appropriated from the state building fund to the commissioner of education for fiscal year 1988 for grants to districts under the cooperative secondary facilities grant program according to Minnesota Statutes, section 124.494. This appropriation is in addition to the amount appropriated by Laws 1987, chapter 400, section 16, subdivision 4.*

Sec. 27. [REPEALER.]

*Minnesota Statutes 1986, section 124.435; Minnesota Statutes 1987 Supplement, sections 124.245, subdivisions 3, 3a, and 3b; and 275.125, subdivision 11c, are repealed effective for the 1989-1990 school year.*

Sec. 28. [EFFECTIVE DATES.]

*Sections 1 and 2 are effective the day following final enactment for projects that have not been submitted to the department for review and comment under Minnesota Statutes 1986, section 121.15. Sections 6 to 18, 20, 23, 24, and 26, are effective the day following final enactment. Sections 4, 5, and 19 are effective for revenue for the 1989-1990 school year and thereafter."*

Delete the title and insert:

"A bill for an act relating to education; establishing general education revenue; modifying aspects of educational programs for American Indian people; providing for certain levying authority and limitations; modifying certain levies, aid, and grant programs; establishing learning year program sites; providing for revenue for school facilities; authorizing bonding; approving capital loans; offering free admission to secondary school to eligible persons at least 21 years of age; creating education district revenue; providing for the sale of permanent school fund lands; requiring certain changes in the state high school league; creating a task force on education organization; appropriating money; amending Minnesota Statutes 1986, sections 92.06, subdivision 4; 92.14, by adding a subdivision; 92.67, subdivision 5; 120.06, by adding a subdivision; 120.075, subdivision 1a, 3, and by adding a subdivision; 120.0751, subdivision 1, and by adding a subdivision; 120.0752, subdivision 1, and by adding a subdivision; 120.08, subdivision 2; 120.73, subdivision 1; 120.74, subdivision 1; 121.15; 121.88, by adding subdivisions; 123.35, subdivision 8; 123.351, by adding a subdivision; 123.3514, by adding a subdivision; 124.17, by adding a subdivision; 124.18, subdivision 2; 124.214, subdivision 2; 124.225, by adding a subdivision; 124.245, by adding a subdivision; 124.43, subdivisions 1, 2, 3, and by adding subdivisions; 124.48, subdivision 2; 124A.036, subdivision 2; 125.12, subdivision 3; 125.17, subdivision 2; 126.151; 126.45; 126.46; 126.47; 126.49, subdivision 1; 126.51, subdivisions 1, 2, 4, and by adding a subdivision; 126.52; 126.531; 126.56; subdivision 2; 129.121, subdivision 2, and by adding subdivisions; 129B.20, subdivision 1; 134.351, subdivision 7; 136D.74, by adding subdivisions; 136D.81; 260.015, subdivision 19; and 275.125, by adding subdivisions; Minnesota Statutes 1987 Supplement, sections 92.46, subdivision 1; 92.67, subdivisions 1, 3, and 4; 120.0752, subdivision 3; 120.101, subdivisions 5 and 9; 120.17, subdivisions 1 and 3b; 121.912, subdivision 1; 122.91, by adding a subdivision; 123.3515, subdivisions 1, 2, 3, 5, 6, and 9; 123.39, subdivision 1; 124.17, subdivision 1; 124.214, subdivision 3; 124.223; 124.225, subdivision 8a; 124.244; 124.26, subdivision 1b; 124.494, subdivisions 4, 5, and 6; 124.495; 124A.036, subdivision 5; 124A.22, subdivision 2, and by adding subdivisions; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.27, subdivision 1; 124A.28, subdivision 1, and by adding a subdivision; 126.22, subdivisions 2, 3, 4, and by adding a subdivision; 126.23; 126.67, subdivision 2b; 129.121,

subdivision 1; 129B.11, subdivision 2, and by adding a subdivision; 129B.53, subdivision 2; 136D.27; 136D.87; 275.125, subdivision 5; and 422A.101, subdivision 2; Laws 1959, chapter 462, section 3, subdivision 4, as amended; Laws 1987, chapter 398, articles 2, section 13, subdivision 2; 3, sections 38 and 39, subdivisions 7 and 8; 5, section 2, subdivision 12; chapter 400, section 59; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 124; 124A; 126; and 129B; repealing Minnesota Statutes 1986, sections 121.9121, subdivision 7; 124.435; 126.51, subdivision 3; Minnesota Statutes 1987 Supplement, sections 123.3515; 123.703, subdivision 3; 124.245, subdivisions 3, 3a, and 3b; 124A.27, subdivision 10; 129B.74; 129B.75; and 275.125, subdivision 11c; Laws 1984, chapter 463, article 7, section 45.”

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Ken Nelson, Bob McEachern, Kathleen O. Vellenga, Jerry J. Bauerly, Dennis D. Ozment

Senate Conferees: (Signed) Randolph W. Peterson, Donna C. Peterson, Ember D. Reichgott, Gary M. DeCramer, James C. Pehler

Mr. Peterson, R. W. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2245 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2245 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 5, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.J.	Metzen	Ramstad
Anderson	Decker	Jude	Moe, D.M.	Reichgott
Beckman	DeCramer	Knaak	Moe, R.D.	Renneke
Benson	Dicklich	Kroening	Morse	Schmitz
Berg	Diessner	Laidig	Novak	Solon
Berglin	Frederick	Langseth	Olson	Spear
Bernhagen	Frederickson, D.J.	Lantry	Pehler	Storm
Bertram	Frederickson, D.R.	Larson	Peterson, D.C.	Stumpf
Brandl	Freeman	Lessard	Peterson, R.W.	Taylor
Brataas	Gustafson	Luther	Piper	Vickerman
Cohen	Hughes	Marty	Pogemiller	Waldorf
Dahl	Johnson, D.E.	Mehrkens	Purfeerst	Wegscheid

Those who voted in the negative were:

Belanger	Frank	Knutson	McQuaid	Merriam
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So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Stumpf moved that S.F. No. 2235 be taken from the table. The motion prevailed.

S.F. No. 2235: A bill for an act relating to workers' compensation; regulating workers' compensation benefits and administration; regulating workers'

compensation insurance; providing for the appointment of actuaries; abolishing the workers' compensation court of appeals and transferring its jurisdiction to the court of appeals; requiring certain reports relating to workers' compensation; appropriating money; amending Minnesota Statutes 1986, sections 79.095; 79.55, subdivision 2; 79.56, by adding a subdivision; 79.61, subdivision 1; 176.011, subdivisions 11a, 18, and by adding a subdivision; 176.021, subdivision 3; 176.061, subdivision 10; 176.081, subdivisions 1 and 3; 176.101, subdivisions 1, 2, 4, 5, and by adding subdivisions; 176.102, subdivisions 1, 7, and 11; 176.105, subdivision 1; 176.111, subdivisions 6, 7, 8, 12, 14, and 20; 176.131, subdivisions 1a, 2, and by adding a subdivision; 176.132, subdivisions 1, 2, and 3; 176.136, subdivision 1, and by adding a subdivision; 176.421, subdivisions 1 and 6; 176.645, subdivisions 1 and 2; 176.66, subdivision 11; 176A.03, by adding a subdivision; and 480A.06, subdivisions 3 and 4; Minnesota Statutes 1987 Supplement, sections 176.041, subdivision 4; 176.081, subdivision 2; 176.102, subdivisions 2, 3, 3a, 4, and 6; 176.111, subdivisions 15 and 21; 176.131, subdivisions 1 and 8; 176.155, subdivision 1; 176.221, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1986, sections 79.54; 79.57; 79.58; 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07, subdivisions 1, 3, and 4; 175A.08; 175A.09; 175A.10; 176.011, subdivision 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, 3u, and 6; and Minnesota Statutes 1987 Supplement, section 175A.07, subdivision 2.

### RECONSIDERATION

Mr. Stumpf moved that S.F. No. 2235 be now reconsidered and repassed, the objection of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

### CALL OF THE SENATE

Mr. Berg imposed a call of the Senate for the balance of the proceedings on S.F. No. 2235. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the motion of Mr. Stumpf.

The roll was called, and there were yeas 42 and nays 24, as follows:

Those who voted in the affirmative were:

Adkins	Brataas	Jude	Moe, R.D.	Solon
Anderson	Davis	Knaak	Morse	Storm
Beckman	Decker	Knutson	Olson	Stumpf
Belanger	DeCramer	Laidig	Pehler	Taylor
Benson	Frederick	Langseth	Peterson, R.W.	Vickerman
Berg	Frederickson, D.J.	Larson	Purfeerst	Wegscheid
Bernhagen	Frederickson, D.R.	Lessard	Ramstad	
Bertram	Gustafson	McQuaid	Renneke	
Brandl	Johnson, D.E.	Mehrrens	Schmitz	

Those who voted in the negative were:

Berglin	Diessner	Kroening	Metzen	Pogemiller
Chmielewski	Frank	Lantry	Moe, D.M.	Reichgott
Cohen	Freeman	Luther	Novak	Spear
Dahl	Hughes	Marty	Peterson, D.C.	Waldorf
Dicklich	Johnson, D.J.	Merriam	Piper	

The motion did not prevail.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1963 and the Conference Committee Report thereon were reported to the Senate.

#### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1963

A bill for an act relating to public finance; providing requirements for the issuance and use of public debt; amending Minnesota Statutes 1986, sections 123.35, by adding a subdivision; 375.83; 410.32; 475.54, by adding a subdivision; 475.67, subdivision 13; Minnesota Statutes 1987 Supplement, sections 469.012, subdivision 1; 469.015, subdivision 4; 469.071, by adding a subdivision; 469.155, subdivision 12; 475.60, subdivision 2; and 475.66, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 469; repealing Laws 1987, chapter 358, section 31.

April 25, 1988

The Honorable Jerome M. Hughes  
President of the Senate

The Honorable Robert Vanasek  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1963, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1963 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1986, section 375.83, is amended to read:

#### 375.83 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]

A county board may appropriate not more than \$50,000 annually out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county. *The limitation on appropriations in this section does not prohibit accumulation of amounts in excess of \$50,000 in a fund to be used for the purposes of this section. The total amount accumulated in the fund must not exceed \$300,000.*

Sec. 2. Minnesota Statutes 1986, section 410.32, is amended to read:

#### 410.32 [CITIES AUTHORIZED TO ISSUE CAPITAL NOTES FOR CERTAIN EQUIPMENT ACQUISITIONS.]

Notwithstanding any contrary provision of other law or charter, a home rule charter city may, by resolution and without public referendum, issue capital notes subject to the city debt limit to purchase public safety equipment, ambulance and other medical equipment, road construction and maintenance equipment, and other capital equipment having an expected useful life at least as long as the term of the notes. The notes shall be payable in

not more than five years and be issued on terms and in the manner the city determines. The total principal amount of the capital notes issued in a fiscal year shall not exceed one-tenth of one percent of the assessed value of the city for that year. A tax levy shall be made for the payment of the principal and interest on the notes, in accordance with section 475.61, as in the case of bonds. Notes issued under this section shall require an affirmative vote of two-thirds of the governing body of the city. *Unless prohibited by its charter, a home rule charter city may also issue capital notes subject to its debt limit in the manner and subject to the limitations applicable to statutory cities pursuant to section 412.301.*

Sec. 3. Minnesota Statutes 1987 Supplement, section 469.012, subdivision 1, is amended to read:

Subdivision 1. [SCHEDULE OF POWERS.] An authority shall be a public body corporate and politic and shall have all the powers necessary or convenient to carry out the purposes of sections 469.001 to 469.047, except that the power to levy and collect taxes or special assessments is limited to the power provided in sections 469.027 to 469.033. Its powers include the following powers in addition to others granted in sections 469.001 to 469.047:

(1) to sue and be sued; to have a seal, which shall be judicially noticed, and to alter it; to have perpetual succession; and to make, amend, and repeal rules consistent with sections 469.001 to 469.047;

(2) to employ an executive director, technical experts, and officers, agents, and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal services it requires, to call upon the chief law officer of the city or to employ its own counsel and legal staff; so far as practicable, to use the services of local public bodies in its area of operation, provided that those local public bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) within its area of operation, to undertake, prepare, carry out, and operate projects and to provide for the construction, reconstruction, improvement, extension, alteration, or repair of any project or part thereof;

(5) subject to the provisions of section 469.026, to give, sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation, to acquire real or personal property or any interest therein by gifts, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise, and by the exercise of the power of eminent domain, in the manner provided by chapter 117, to acquire real property which it may deem necessary for its purposes, after the adoption by it of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.003 or to provide decent, safe, and sanitary housing for persons of low and moderate income, or is necessary to carry out a redevelopment project. Real property needed or convenient for a project may be acquired by the authority for the project by condemnation pursuant to this section. This includes any property devoted to a public

use, whether or not held in trust, notwithstanding that the property may have been previously acquired by condemnation or is owned by a public utility corporation, because the public use in conformity with the provisions of sections 469.001 to 469.047 shall be deemed a superior public use. Property devoted to a public use may be so acquired only if the governing body of the municipality has approved its acquisition by the authority. An award of compensation shall not be increased by reason of any increase in the value of the real property caused by the assembly, clearance or reconstruction, or proposed assembly, clearance or reconstruction for the purposes of sections 469.001 to 469.047 of the real property in an area;

(7) within its area of operation, and without the adoption of an urban renewal plan, to acquire, by all means as set forth in clause (6) but without the adoption of a resolution provided for in clause (6), real property, and to demolish, remove, rehabilitate, or reconstruct the buildings and improvements or construct new buildings and improvements thereon, or to so provide through other means as set forth in Laws 1974, chapter 228, or to grade, fill, and construct foundations or otherwise prepare the site for improvements. The authority may dispose of the property pursuant to section 469.029, provided that the provisions of section 469.029 requiring conformance to an urban renewal plan shall not apply. The authority may finance these activities by means of the redevelopment project fund or by means of tax increments or tax increment bonds or by the methods of financing provided for in section 469.033 or by means of contributions from the municipality provided for in section 469.041, clause (9), or by any combination of those means. Real property with buildings or improvements thereon shall only be acquired under this clause when the buildings or improvements are substandard. The exercise of the power of eminent domain under this clause shall be limited to real property which contains buildings and improvements which are vacated and substandard. For the purpose of this clause, substandard buildings or improvements mean hazardous buildings as defined in section 463.15, subdivision 3, or buildings or improvements that are dilapidated or obsolescent, faultily designed, lack adequate ventilation, light, or sanitary facilities, or any combination of these or other factors that are detrimental to the safety or health of the community;

(8) within its area of operation, to determine the level of income constituting low or moderate family income. The authority may establish various income levels for various family sizes. In making its determination, the authority may consider income levels that may be established by the federal housing administration or a similar or successor federal agency for the purpose of federal loan guarantees or subsidies for persons of low or moderate income. The authority may use that determination as a basis for the maximum amount of income for admissions to housing development projects or housing projects owned or operated by it;

(9) to provide in federally assisted projects any relocation payments and assistance necessary to comply with the requirements of the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and any amendments or supplements thereto;

(10) to make, or agree to make, payments in lieu of taxes to the city or the county, the state or any political subdivision thereof, that it finds consistent with the purposes of sections 469.001 to 469.047;

(11) to cooperate with or act as agent for the federal government, the

state or any state public body, or any agency or instrumentality of the foregoing, in carrying out any of the provisions of sections 469.001 to 469.047 or of any other related federal, state, or local legislation; and upon the consent of the governing body of the city to purchase, lease, manage, or otherwise take over any housing project already owned and operated by the federal government;

(12) to make plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, and plans for the enforcement of laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements. The authority may develop, test, and report methods and techniques, and carry out demonstrations and other activities for the prevention and elimination of slums and blight;

(13) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal government, the state government, state public bodies, or from any other public or private sources;

(14) to include in any contract for financial assistance with the federal government any conditions that the federal government may attach to its financial aid of a project, not inconsistent with purposes of sections 469.001 to 469.047, including obligating itself (which obligation shall be specifically enforceable and not constitute a mortgage, notwithstanding any other laws) to convey to the federal government the project to which the contract relates upon the occurrence of a substantial default with respect to the covenants or conditions to which the authority is subject; to provide in the contract that, in case of such conveyance, the federal government may complete, operate, manage, lease, convey, or otherwise deal with the project until the defaults are cured if the federal government agrees in the contract to reconvey to the authority the project as then constituted when the defaults have been cured;

(15) to issue bonds for any of its corporate purposes and to secure the bonds by mortgages upon property held or to be held by it or by pledge of its revenues, including grants or contributions;

(16) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control *or in the manner and subject to the conditions provided in section 475.66 for the deposit and investment of debt service funds*;

(17) within its area of operation, to determine where blight exists or where there is unsafe, unsanitary, or overcrowded housing;

(18) to carry out studies of the housing and redevelopment needs within its area of operation and of the meeting of those needs. This includes study of data on population and family groups and their distribution according to income groups, the amount and quality of available housing and its distribution according to rentals and sales prices, employment, wages, desirable patterns for land use and community growth, and other factors affecting the local housing and redevelopment needs and the meeting of those needs; to make the results of those studies and analyses available to the public and to building, housing, and supply industries;

(19) if a local public body does not have a planning agency or the planning



agency has not produced a comprehensive or general community development plan, to make or cause to be made a plan to be used as a guide in the more detailed planning of housing and redevelopment areas;

(20) to lease or rent any dwellings, accommodations, lands, buildings, structures, or facilities included in any project and, subject to the limitations contained in sections 469.001 to 469.047 with respect to the rental of dwellings in housing projects, to establish and revise the rents or charges therefor;

(21) to own, hold, and improve real or personal property and to sell, lease, exchange, transfer, assign, pledge, or dispose of any real or personal property or any interest therein;

(22) to insure or provide for the insurance of any real or personal property or operations of the authority against any risks or hazards;

(23) to procure or agree to the procurement of government insurance or guarantees of the payment of any bonds or parts thereof issued by an authority and to pay premiums on the insurance;

(24) to make expenditures necessary to carry out the purposes of sections 469.001 to 469.047;

(25) to enter into an agreement or agreements with any state public body to provide informational service and relocation assistance to families, individuals, business concerns, and nonprofit organizations displaced or to be displaced by the activities of any state public body;

(26) to compile and maintain a catalog of all vacant, open and undeveloped land, or land which contains substandard buildings and improvements as that term is defined in clause (7), that is owned or controlled by the authority or by the governing body within its area of operation and to compile and maintain a catalog of all authority owned real property that is in excess of the foreseeable needs of the authority, in order to determine and recommend if the real property compiled in either catalog is appropriate for disposal pursuant to the provisions of section 469.029, subdivisions 9 and 10;

(27) to recommend to the city concerning the enforcement of the applicable health, housing, building, fire prevention, and housing maintenance code requirements as they relate to residential dwelling structures that are being rehabilitated by low or moderate income persons pursuant to section 469.029, subdivision 9; for the period of time necessary to complete the rehabilitation, as determined by the authority; and

(28) to recommend to the city the initiation of municipal powers, against certain real properties, relating to repair, closing, condemnation, or demolition of unsafe, unsanitary, hazardous, and unfit buildings, as provided in section 469.041, clause (5).

Sec. 4. Minnesota Statutes 1987 Supplement, section 469.015, subdivision 4, is amended to read:

Subd. 4. [EXCEPTION; CERTAIN PROJECTS.] An authority need not require either competitive bidding or performance bonds in the case of a contract for the acquisition of a low rent housing project for which financial assistance is provided by the federal government, and which does not require any direct loan or grant of money from the municipality as a condition of the federal financial assistance, and where the contract provides for the

construction of such a project upon land not owned by the authority at the time of the contract, or owned by the authority for redevelopment purposes, and provides for the conveyance or lease to the authority of the project or improvements upon completion of construction. *In exercising, pursuant to any general or special law, any power under chapter 469, an authority need not require competitive bidding with respect to a structured parking facility constructed in conjunction with, and directly above or below, a development and financed with the proceeds of tax increment or parking ramp revenue bonds. An authority need not require competitive bidding in the case of a housing development project that (1) is financed with the proceeds of bonds secured by the project and to which the full faith and credit of the authority is not pledged; (2) is located on land owned by the authority; (3) is constructed or rehabilitated under agreements with a developer for the construction of the project, guarantee of the bonds, and management of the property; and (4) is found by the authority to require negotiation rather than use of a competitive bidding procedure to be economical and feasible.*

Sec. 5. Minnesota Statutes 1987 Supplement, section 469.071, is amended by adding a subdivision to read:

*Subd. 5. [EXCEPTION; PARKING FACILITIES.] Notwithstanding section 469.068, the Bloomington port authority need not require competitive bidding with respect to a structured parking facility constructed in conjunction with, and directly above or below, or adjacent and integrally related to, a development and financed with the proceeds of tax increment or revenue bonds.*

Sec. 6. Minnesota Statutes 1987 Supplement, section 469.155, subdivision 12, is amended to read:

*Subd. 12. [REFUNDING.] It may issue revenue bonds to refund, in whole or in part, bonds previously issued by the municipality or redevelopment agency under authority of sections 469.152 to 469.165, and interest on them. The municipality may issue revenue bonds to refund, in whole or in part, bonds previously issued by any other municipality or redevelopment agency on behalf of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, under authority of sections 474.01 to 474.13, and interest on them, but only with the consent of the original issuer of such bonds. The municipality may issue and sell warrants which give to their holders the right to purchase refunding bonds issuable under this subdivision prior to a stipulated date. The warrants are not required to be sold at public sale and all or any agreed portion of the proceeds of the warrants may be paid to the contracting party under the revenue agreement required by subdivision 5 or to its designee under the conditions the municipality shall agree upon. Warrants shall not be issued which obligate a municipality to issue refunding bonds that are or will be subject to federal tax law as defined in section 474A.02, subdivision 8. The warrants may provide a stipulated exercise price or a price that depends on the tax exempt status of interest on the refunding bonds at the time of issuance. The average interest rate on refunding bonds issued to refund fixed rate bonds shall not exceed the average interest rate on fixed rate bonds to be refunded. The municipality may appoint a bank or trust company to serve as agent for the warrant holders and enter into agreements deemed necessary or incidental to the issuance of the warrants.*

Sec. 7. [469.1651] [REVENUE ANTICIPATION NOTES FOR HOSPITALS.]

*Subdivision 1. [AUTHORIZATION.] Prior to August 1, 1990, a municipality may issue and sell, at public or private sale, negotiable notes or certificates of indebtedness, as provided in this section and lend the proceeds to nonprofit hospitals in anticipation of revenues or state and federal aids payable to the hospitals within one year after the date of issue of the notes or certificates of indebtedness. The principal amount of the notes or certificates shall not exceed 75 percent of the accounts receivable and third-party reimbursement payments payable to the hospital as of a date within 45 days of the date of issuance. While notes or certificates issued under this section on behalf of a hospital are outstanding, additional notes or certificates shall not be issued unless, for the period of 30 consecutive days immediately preceding the date of issuance, the amount of outstanding notes and certificates was less than six percent of the hospital's gross revenues for the preceding fiscal year.*

*The municipality need not comply with the procedures set forth in sections 469.152 to 469.165 in the issuance of notes or certificates of indebtedness pursuant to this section, but the municipality shall comply with sections 469.152 to 469.165 at the time of issuance of the refunding obligations if long-term obligations are issued to refund notes or certificates of indebtedness issued pursuant to this section.*

*Subd. 2. [REVENUE AGREEMENT.] No notes or certificates of indebtedness shall be issued pursuant to this section unless the municipality has entered into a revenue agreement with a qualifying hospital providing for payment by the hospital of all principal of and interest on the notes or certificates of indebtedness when they become due and payable, together with any expenses and fees of the municipality incurred in connection with the notes or their issuance. Notes and certificates of indebtedness issued under authority of this section do not, and shall state that they do not, represent or constitute a debt or pledge of the faith and credit of the municipality or the state of Minnesota, or grant to their owners or holders any right to have the municipality or state levy any taxes or appropriate any funds for the payment of their principal or interest on them. The notes or certificates are payable and shall state that they are payable solely from the revenues and other property, income, accounts, charges, and money that are pledged for their payment in accordance with the proceedings authorizing their issuance.*

*Subd. 3. [ENABLING RESOLUTION; FORM OF CERTIFICATES.] The municipality may authorize and effect the borrowing and issue the notes or certificates of indebtedness authorized by this section upon passage of a resolution specifying the amount and purposes of the borrowing. The municipality shall fix the amount, date, maturity, form, denomination, and other details of the notes or certificates of indebtedness, consistent with this section, and shall fix the date and place for the receipt of bids for their purchase, if the notes or certificates of indebtedness are to be sold by public sale.*

*Subd. 4. [REPAYMENT; MATURITY DATE; INTEREST.] The proceeds of revenues and future state and federal aid and other funds of the hospital which may become available shall be applied to the extent necessary to repay the notes or certificates of indebtedness. The full faith and credit of the hospital, or any other lawfully pledged security of the hospital, as*

*deemed necessary by the municipality, shall be pledged to their payment. Notes or certificates of indebtedness issued pursuant to this section shall mature not later than 13 months after the date of issue. The notes or certificates shall be sold at such price as the municipality may agree. The notes or certificates shall bear interest after maturity until paid at the rate they bore before maturity. Any interest accruing before or after maturity shall be paid from any available funds of the hospital.*

*Any note or certificate of indebtedness issued pursuant to this section may be issued giving its owner the right to tender, or the municipality or the hospital to demand tender of, the obligation to the municipality or the hospital or another person designated by either of them, for purchase at a specified time or times. The note or certificate of indebtedness shall not be deemed to mature on any tender date, and the purchase of a tendered note or certificate shall not be deemed a payment or discharge of the note or certificate. Notes or certificates of indebtedness tendered for purchase may be remarketed by or on behalf of the municipality or any other purchaser. The municipality or the hospital may enter into agreements deemed appropriate to provide for the purchase and remarketing of tendered notes or certificates of indebtedness, including provisions under which undelivered obligations may be deemed tendered for purchase and new obligations may be substituted for them, provisions for the payment of charges of tender agents, remarketing agents, and financial institutions extending lines of credit or letters of credit assuring repurchase, and for reimbursement of advances under letters of credit, which charges and reimbursements shall be paid by the hospital.*

*Any notes or certificates of indebtedness issued pursuant to this section 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.*

*Subd. 5. [TRUST AGREEMENT.] Any notes or certificates of indebtedness issued under this section may be secured by a trust agreement between the municipality and a corporate trustee, which may be any trust company or bank having the powers of a trust company within the state. The trust agreement or the resolution providing for the issuance of the notes or certificates may pledge or assign the revenues to be received, the proceeds of any contracts pledged, and any other property pledged by the hospital or proceeds from it. The trust agreement or resolution providing for the issuance of the notes or certificates may contain reasonable provisions to protect and enforce the rights and remedies of the holders of the notes or certificates. Any bank or trust company incorporated under the laws of the state that may act as depository of the proceeds of notes or certificates or of revenues or other moneys may furnish the indemnifying bonds or pledge the securities that may be required by the municipality. The trust agreement may set forth the rights and remedies of the holders of the notes or certificates and of the trustee and may restrict the individual right of action by holders of the notes or certificates. The trust agreement or resolution may contain any other provisions that the municipality deems reasonable for the security of the holders of the notes or certificates. All expenses incurred in carrying out the provisions of the trust agreement or resolution shall be paid by the hospital.*

*Subd. 6. [REPORT.] Within 30 days after issuance of notes or certificates under this section, a municipality must report to the commissioner of health on the issuance. The report must include the name and location of the*

*institution, the principal amount of the note or certificate, and its maturity date.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 474A.04, subdivision 6, is amended to read:

Subd. 6. [ENTITLEMENT TRANSFERS.] An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to bonding authority allocated to the original entitlement issuer under this section. *An entitlement issuer may enter into an agreement with an issuer which is not an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to \$100,000 of which are issued pursuant to bonding authority allocated to the original entitlement issuer under this section. The agreement may be approved and executed by the mayor of the entitlement issuer with or without approval or review by the city council.*

Sec. 9. Minnesota Statutes 1987 Supplement, section 475.54, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, 5a, 15 or ~~5b~~ 17, or as expressly authorized in another law, all obligations of each issue shall mature or be subject to mandatory sinking fund redemption in installments, the first not later than three years and the last not later than 30 years from the date of the issue. No amount of principal of the issue payable in any calendar year shall exceed five times the amount of the smallest amount payable in any preceding calendar year ending three years or more after the issue date.

Sec. 10. Minnesota Statutes 1986, section 475.54, is amended by adding a subdivision to read:

*Subd. 17. Obligations payable primarily from a source other than ad valorem taxes may mature at any time or times within 30 years after the date of issue, if the governing body estimates that the primary source of payment is sufficient to pay when due the principal of and interest on the obligations and if the primary source of payment is irrevocably appropriated to payment of the obligations.*

Sec. 11. Minnesota Statutes 1986, section 475.60, subdivision 3, is amended to read:

Subd. 3. [PUBLISHED NOTICE.] Published notice, where required, shall specify the maximum principal amount of the obligations, the place of receipt and consideration of bids and such other details as to the obligations and terms of sale as the governing body deems suitable. The published notice shall either specify the date and time for receipt of bids or provide that the bids will be received at a date and time not less than ten nor more than ~~45~~ 60 days after the date of publication. If the published notice does not state the specific date ~~and~~ or amount for the sale, it shall specify the manner in which notice of the date ~~and~~ or amount of the sale will be given to prospective bidders. Notification of prospective bidders shall be given by electronic data transmission or other form of communication common to the municipal bond trade at least four days (omitting Saturdays, Sundays, and legal holidays) before the date for receipt of bids. If within five days after the date of publication a prospective bidder requests in writing to be notified by mail, the municipality shall do so. Failure to give the notice as described in the preceding sentence to a bidder shall not affect the validity of the sale or of the obligations. The governing body

may employ an agent to receive and open the bids at any place within or outside the corporate limits of the municipality, in the presence of an officer of the municipality, but the obligations shall not be sold except by action of the governing body or authorized officers of the municipality after communication of the bids to them. Additional notice may be given for such time and in such manner as the governing body deems suitable. At the time and place so fixed, the bids shall be opened and the offer complying with the terms of sale and deemed most favorable shall be accepted, but the governing body may reject any and all such offers, in which event, or if no offers have been received, it may award the obligations to any person who within 30 days thereafter presents an offer complying with the terms of sale and deemed more favorable than any received previously, or upon like notice the governing body may invite other bids upon the same or different terms and conditions, *except that if the original published notice does not state the specific date or amount for the sale and if the material terms and conditions of the sale remain the same, except for the date and amount, notice of the date or amount may be given in the manner provided above.*

Sec. 12. Minnesota Statutes 1987 Supplement, section 475.66, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of any resolutions or other instruments securing obligations payable from a debt service fund, any balance in the fund may be invested

(a) in governmental bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress,

(b) in shares of an investment company (1) registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and (2) whose only investments are in (i) securities described in the preceding clause ~~and~~, (ii) *general obligation tax-exempt securities rated A or better by a national bond rating service, and (iii) repurchase agreements or reverse repurchase agreements* fully collateralized by those securities, if the repurchase agreements or reverse 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,

(c) in any security which is (1) a general obligation of the state of Minnesota or any of its municipalities or *in general obligations of other state and local governments with taxing powers which are rated A or better by a national bond rating service, or (2) a general obligation of the Minnesota housing finance agency, or (3) a general obligation of a housing finance agency of any state if it includes a moral obligation of the state, provided that investments under this clause clauses (2) and (3) must be in obligations that are rated the highest or next highest rating given by Standard & Poor's Corporation or Moody's Investors Service, Inc., and investments under clause (3) may be made only (i) prior to August 1, 1990 1991, and (ii) for a period of no more than three years from the date of purchase and further provided that investments under clauses (2) and (3) be determined to be expedient to reduce the amount of arbitrage rebate otherwise payable to the United States under section 148 of the Internal Revenue Code of 1986,*

(d) in bankers acceptances of United States banks eligible for purchase by the Federal Reserve System, or

(e) in commercial paper issued by United States corporations or their Canadian subsidiaries that is of the highest quality and matures in 270 days or less, or

(f) in guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their Canadian or United States subsidiaries; provided that the investment contracts rank on a parity with the senior unsecured debt obligations of the issuer or guarantor and, (1) in the case of long-term investment contracts, either (i) the long-term senior unsecured debt of the issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary basis of a rating of such obligations would be rated, in the highest or next highest rating category of Standard & Poor's Corporation, Moody's Investors Service, Inc., or a similar nationally recognized rating agency, or (ii) if the issuer is a bank with headquarters in Minnesota, the long-term senior unsecured debt of the issuer is rated, or obligations backed by letters of credit of the issuer if forming the primary basis of a rating of such obligations would be rated in one of the three highest rating categories of Standard & Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency, or (2) in the case of short-term investment contracts, the short-term unsecured debt of the issuer or guarantor is rated, or obligations backed by letters of credit of the issuer or guarantor if forming the primary basis or a rating of such obligations would be rated, in the highest two rating categories of Standard and Poor's Corporation, Moody's Investors Service, Inc., or similar nationally recognized rating agency.

The fund may also be used to purchase any obligation, whether general or special, of an issue which is payable from the fund, at such price, which may include a premium, as shall be agreed to by the holder, or may be used to redeem any obligation of such an issue prior to maturity in accordance with its terms. The securities representing any such investment may be sold or hypothecated by the municipality at any time, but the money so received remains a part of the fund until used for the purpose for which the fund was created.

Sec. 13. Minnesota Statutes 1987 Supplement, section 475.67, subdivision 12, is amended to read:

Subd. 12. In the refunding of general obligations, for which the full faith and credit of the issuing municipality has been pledged, the following additional conditions shall be observed: each such obligation, if repayable, shall be called for redemption prior to its maturity in accordance with its terms no later than either (i) the earliest date on which it may be redeemed without payment of any premium, or (ii) if the obligation is only prepayable with payment of a premium, on the earliest date on which it may be redeemed with payment of the least premium required by its terms. No refunding obligations

shall be issued and sold more than six months before the refunded obligations mature or are called for redemption in accordance with their terms, unless either (i) as a result of the refunding the average life of the maturities is extended at least three years or (ii) as of the nominal date of the refunding

obligations the present value of the dollar amount of the debt service on the refunding obligations, computed to their stated maturity dates, after deducting any premium ~~or adding any discount~~, is lower by at least three percent than the present value of the dollar amount of debt service, on all general obligations refunded, exclusive of any premium ~~or discount~~, computed to their stated maturity dates; provided that in computing the dollar amount of debt service on the refunding obligations, any expenses of the refunding payable from a source other than the proceeds of the refunding obligations or the interest derived from the investment thereof shall be added to the dollar amount of debt service on the refunding obligations. For purposes of this subdivision, the present value of the dollar amount of debt service means the dollar amount of debt service to be paid, discounted to the nominal date of the refunding obligations at a rate equal to the yield on the refunding obligations. Expenses of the refunding include the amount, if any, in excess of the proceeds of the refunding obligations or the principal amount of obligations to be refunded, whichever is the greater, which is required to be deposited in escrow to provide cash and purchase securities sufficient to retire the refunded obligations and unaccrued interest thereon in accordance with subdivision 6; charges of the escrow agent and of the paying agent for the refunding obligations; and expenses of printing and publications and of fiscal, legal, or other professional service necessarily incurred in the issuance of the refunding obligations.

Sec. 14. Minnesota Statutes 1986, section 475.67, subdivision 13, is amended to read:

Subd. 13. Crossover refunding obligations may be issued by a municipality without regard to the limitations in subdivisions 4 to 10. The proceeds of crossover refunding obligations, less any proceeds applied to payment of the costs of their issuance, shall be deposited in a debt service fund irrevocably appropriated to the payment of principal of and interest on the refunding obligations until the date the proceeds are applied to payment of the obligations to be refunded. The debt service fund shall be maintained as an escrow account with a suitable financial institution within or without the state and amounts in it shall be invested in securities described in subdivision 8 *or in an investment contract or similar agreement with a bank or insurance company meeting the requirements of section 475.66, subdivision 3, clause (f)*. Excess proceeds, if any, of the tax levy pursuant to section 475.61, subdivision 1, made with respect to the obligations to be refunded, and any other available amounts, may be deposited in the escrow account. In the resolution authorizing the issuance of crossover refunding obligations, the governing body may pledge to their payment any source of payment of the obligations to be refunded. *The resolution may provide that the refunding obligations are payable solely from the escrow account prior to the date scheduled for payment of the obligations to be refunded and that the obligations to be refunded shall not be discharged if the amounts on deposit in the escrow account on that date are insufficient.* Subdivisions 11 and 12 shall not apply to any crossover refunding obligations, or the obligations to be refunded. Subject to section 475.61, subdivision 3, in the case of general obligation bonds, taxes shall be levied pursuant to section 475.61 and appropriated to the debt service fund in the amounts needed, together with estimated investment income of the debt service fund and any other revenues available upon discharge of the obligations refunded, to pay when due the principal of and interest on the refunding obligations. The levy so imposed may be reduced by earnings to be received from investments on hand in the debt service fund to the



extent the applicable recording officer certifies to the county auditor that the earnings are expected to be received in amounts and at such times as to be sufficient, together with the remaining levy, to satisfy the purpose of the levy requirements under section 475.61.

**Sec. 15. [COUNTIES AND CITIES; PAY EQUITY COMPLIANCE.]**

*Subdivision 1. [1988 REPORT.] A home rule charter or statutory city or county, referred to in this section as a "governmental subdivision," that employs ten or more people and that did not submit a report according to Minnesota Statutes, section 471.998, shall submit the report by October 1, 1988, to the commissioner of employee relations.*

*The plan for implementing equitable compensation for the employees must provide for complete implementation not later than December 31, 1991, unless a later date has been approved by the commissioner. If a report was filed before October 1, 1987, and had an implementation date after December 31, 1991, the date in the report shall be approved by the commissioner. The plan need not contain a market study.*

*Subd. 2. [PENALTY FOR NONCOMPLIANCE.] Notwithstanding Minnesota Statutes, sections 275.50 to 275.56, for taxes levied in 1988, payable in 1989 only, a governmental subdivision that does not submit the report required in subdivision 1 shall be subject to the levy limits provided in subdivisions 3 to 5.*

*Subd. 3. [CITIES.] For a home rule charter or statutory city, the levy limit base for taxes payable in 1989 is the sum of (1) the city's total levy for taxes payable in 1988, excluding the amount levied in that year for debt service and the amount for unfunded accrued pension liabilities under Laws 1987, chapter 268, article 5, section 12, subdivision 4, clause (2); and (2) the amount received in 1988 as described in Minnesota Statutes, section 275.51, subdivision 3i. This sum shall be increased by a percentage equal to the greater of the percentage increases in population or in number of households, if any, for the most recent 12-month period for which data is available, using figures derived under Minnesota Statutes, section 275.51, subdivision 6. The resulting amount for the home rule charter or statutory city multiplied by 103 percent is the city's levy limit base for taxes payable in 1989. The payable 1989 levy limitation for the city shall be equal to the levy limit base determined under this section reduced by the aids for 1989 enumerated in Minnesota Statutes, section 275.51, subdivision 3i.*

*Subd. 4. [COUNTIES.] For a county, the levy limit base for taxes payable in 1989 is the sum of (1) the county's total levy for taxes payable in 1988, excluding the amount levied in that year for (i) debt service; (ii) levied for unfunded accrued pension liabilities under Laws 1987, chapter 268, article 5, section 12, subdivision 4, clause (2); (iii) income maintenance programs except for the administrative costs associated with those programs; and (iv) social services programs, including the administrative costs associated with those programs, plus (2) the amount received in 1988 as described in Minnesota Statutes, section 275.51, subdivision 3i. This sum shall be increased by a percentage equal to the greater of the percentage increases in population or in number of households, if any, for the most recent 12-month period for which data is available, using figures derived under Minnesota Statutes, section 275.51, subdivision 6. The resulting amount for the county multiplied by 103 percent is the county's levy limit base for taxes payable in 1989. The payable 1989 levy limitation for the county shall be equal to the levy limit base determined under this section reduced*

by the aids for 1989 enumerated in section 275.51, subdivision 3i.

*Subd. 5. [EXCEPTIONS.] For taxes payable in 1989, the amounts levied for the following costs are not subject to the limitation under subdivision 3 or 4:*

*(1) levies for debt service;*

*(2) levies for unfunded accrued pension liabilities as specified in Minnesota Statutes, section 275.50, subdivision 5, clause (o);*

*(3) levies for income maintenance programs, net of any aid payments received under Minnesota Statutes, section 273.1397, and excluding the administrative costs associated with those programs; and*

*(4) levies for social service programs including the administrative costs associated with those programs.*

*The amount levied by the county for taxes payable in 1989 to pay the costs of programs described in clauses (3) and (4) of this subdivision shall be subject to the percentage limitations provided in Minnesota Statutes, section 275.50, subdivision 5, clause (d).*

*Subd. 6. [PENALTY FOR FAILURE TO IMPLEMENT PLAN.] If the commissioner of employee relations finds, after notice and consultation with a governmental subdivision, that it has failed to implement its plan for implementing equitable compensation by December 31, 1991, or the later date approved by the commissioner the aid that would otherwise be payable to that governmental subdivision under Minnesota Statutes, sections 477A.011 to 477A.014 in calendar year 1992 shall be reduced by five percent; provided that the reduction in aid shall apply to the first calendar year beginning after the date for implementation of the plan of a governmental subdivision for which the commissioner of employee relations has approved an implementation date later than December 31, 1991. The commissioner may waive the penalty upon making a finding that the failure to implement was attributable to circumstances beyond the control of the governmental subdivision or to severe hardship.*

**Sec. 16. [RAMSEY-WASHINGTON METRO WATERSHED DISTRICT ADMINISTRATIVE FUND.]**

*The Ramsey-Washington metro watershed district may annually levy an ad valorem tax not to exceed \$200,000 on taxable property within the district for an administrative fund. The district may levy more than \$125,000 only with the approval of the Ramsey and Washington counties boards of commissioners. The board of managers shall, in other respects, make the levy for the administrative fund in accordance with Minnesota Statutes, section 112.611.*

**Sec. 17. [PORT AUTHORITY.]**

*Each of the cities of Cannon Falls and Redwood Falls may, by adoption of an enabling resolution in compliance with the procedural requirements of section 19, establish a port authority commission that, subject to section 18, has the same powers as a port authority established under Minnesota Statutes, section 458.09, or other law, and a housing and redevelopment authority established under Minnesota Statutes, chapter 462, or other law, and is an agency that may administer one or more municipal development districts under Minnesota Statutes, section 472A.10. The port authority commission may exercise any of these powers within industrial development*

*districts or within other property under the jurisdiction of the commission. The port authority commission may enter into agreements with nonprofit organizations or corporations, including, but not limited to, joint venture and limited partnership agreements, in order to carry out its purposes. If a city establishes a port authority commission under this section, the city shall exercise all the powers in dealing with a port authority that are granted to a city by Minnesota Statutes, chapter 458, and all powers in dealing with a housing and redevelopment authority that are granted to a city by Minnesota Statutes, chapter 462, or other law.*

Sec. 18. [LIMITATION OF POWERS.]

*Subdivision 1. [IN THIS SECTION.] An enabling resolution may impose the limits listed in this section on the actions of the port authority of Cannon Falls or Redwood Falls.*

*Subd. 2. [NOT USE SPECIFIED POWERS.] An enabling resolution may require that the port authority must not use specified powers contained in Minnesota Statutes, chapters 458 and 462, or that the port authority must not use powers without the prior approval of the city council.*

*Subd. 3. [TRANSFER RESERVES.] An enabling resolution may require the port authority to transfer a portion of the reserves generated by activities of the port authority that the city council determines is not necessary for the successful operation of the port authority, to the city general fund, to be used for any general purpose of the city. Reserves previously pledged by the port authority must not be transferred.*

*Subd. 4. [BOND APPROVAL.] An enabling resolution may require that the sale of bonds or obligations other than general obligation tax supported bonds or obligations issued by the port authority be approved by the city council before issuance.*

*Subd. 5. [BUDGET PROCESS.] An enabling resolution may require that the port authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor.*

*Subd. 6. [LEVY APPROVAL.] An enabling resolution may require that the port authority must not levy a tax for its benefit without approval of the city council.*

*Subd. 7. [CONSISTENT WITH CITY PLAN.] An enabling resolution may require that all official actions of the port authority must be consistent with the adopted comprehensive plan of the city, and official controls implementing the comprehensive plan.*

*Subd. 8. [PROJECT APPROVAL.] An enabling resolution may require that the port authority submit to the city council for approval by resolution any proposed project as defined in Minnesota Statutes, section 273.73, subdivision 8.*

*Subd. 9. [GOVERNMENTAL RELATIONS.] An enabling resolution may require that the port authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval.*

*Subd. 10. [ADMINISTRATION; MANAGEMENT.] An enabling resolution may require that the port authority submit its administrative structure and management practices to the city council for approval.*

*Subd. 11. [EMPLOYEE APPROVAL.] An enabling resolution may require*

that the port authority must not employ anyone without the approval of the city council.

*Subd. 12. [OTHER LIMITS.] An enabling resolution may impose any other limit or control established by the city council.*

*Subd. 13. [MODIFICATIONS.] An enabling resolution may be modified at any time, subject to subdivision 16. A modification must be made according to the procedural requirements of section 19.*

*Subd. 14. [MODIFICATION PROCEDURE.] Each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the port authority shall submit a report to the city council stating whether and how it wishes the enabling resolution to be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the port authority, and make any modification it considers appropriate. A modification must be made according to the procedural requirements of section 19. The petition requirement does not limit the right of the port authority to petition the city council at any time.*

*Subd. 15. [COUNCIL ACTION CONCLUSIVE.] A determination by the city council that the limits imposed under this section have been complied with by the port authority is conclusive.*

*Subd. 16. [NOT TO IMPAIR BONDS, CONTRACTS.] Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.*

#### Sec. 19. [PROCEDURAL REQUIREMENT.]

*(a) The creation of a port authority by the city of Cannon Falls or Redwood Falls must be by written resolution known as the enabling resolution. Before adoption of the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear within 30 days before the public hearing.*

*(b) A modification to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.*

#### Sec. 20. [GENERAL OBLIGATION BONDS.]

*The port authority of Cannon Falls or Redwood Falls must not proceed with the sale of general obligation tax supported bonds until the city council by resolution approves the proposed issuance. The resolution must be published in the official newspaper. If, within 30 days after the publication, a petition signed by voters equal in number to ten percent of the number of voters at the last regular city election is filed with the city clerk, the city and port authority must not issue the general obligation tax supported bonds until the proposition has been approved by a majority of the votes cast on the question at a regular or special election.*

#### Sec. 21. [NAME.]

*The city of Cannon Falls or Redwood Falls may choose the name of its port authority commission.*

Sec. 22. [REMOVAL OF COMMISSIONERS FOR CAUSE.]

*A commissioner of the port authority of Cannon Falls or Redwood Falls may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner may be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. After the charges have been submitted to a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that the charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, must be filed in the office of the city clerk.*

Sec. 23. [LOCAL APPROVAL.]

*Sections 17 to 22 are effective for the city of Cannon Falls the day after the city complies with Minnesota Statutes, section 645.021, subdivision 3.*

*Sections 17 to 22 are effective for the city of Redwood Falls the day after the city complies with Minnesota Statutes, section 645.021, subdivision 3.*

Sec. 24. [REPEALER.]

*Laws 1987, chapter 358, section 31, is repealed.*

Sec. 25. [EFFECTIVE DATE.]

*Sections 2, 9, 10, and 13 are effective May 15, 1988. Sections 4, 8, 12, and 14 are effective the day following final enactment. Section 16 is effective for taxes levied in 1988, payable in 1989, and thereafter."*

Delete the title and insert:

"A bill for an act relating to public finance; providing requirements for the issuance and use of public debt; amending Minnesota Statutes 1986, sections 375.83; 410.32; 475.54, by adding a subdivision; 475.60, subdivision 3; 475.67, subdivision 13; Minnesota Statutes 1987 Supplement, sections 469.012, subdivision 1; 469.015, subdivision 4; 469.071, by adding a subdivision; 469.155, subdivision 12; 474A.04, subdivision 6; 475.54, subdivision 1; and 475.66, subdivision 3; 475.67, subdivision 12; proposing coding for new law in Minnesota Statutes, chapter 469; repealing Laws 1987, chapter 358, section 31."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Lawrence J. Pogemiller, Ember D. Reichgott, Jim Gustafson

House Conferees: (Signed) Ann H. Rest, Gordon O. Voss, Steve A. Sviggum

Mr. Pogemiller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1963 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1963 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 52 and nays 11, as follows:

Those who voted in the affirmative were:

Anderson	Decker	Johnson, D.E.	Mehrkens	Reichgott
Beckman	DeCramer	Johnson, D.J.	Metzen	Schmitz
Belanger	Dicklich	Jude	Moe, R.D.	Solon
Benson	Diessner	Knaak	Morse	Spear
Berglin	Frank	Laidig	Novak	Storm
Bernhagen	Frederick	Langseth	Pehler	Stumpf
Brandl	Frederickson, D.J.	Lantry	Peterson, D.C.	Taylor
Brataas	Frederickson, D.R.	Lessard	Piper	Wegscheid
Chmielewski	Freeman	Luther	Pogemiller	
Dahl	Gustafson	Marty	Purfeerst	
Davis	Hughes	McQuaid	Ramstad	

Those who voted in the negative were:

Adkins	Larson	Moe, D.M.	Peterson, R.W.	Vickerman
Berg	Merriam	Olson	Renneke	Waldorf
Bertram				

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 21, Mr. Frank moved that the following members be excused for a Conference Committee on H.F. No. 2008 at 6:00 p.m.:

Messrs. Luther, Pogemiller and Frank. The motion prevailed.

### RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 8:30 p.m. The motion prevailed.

The hour of 8:30 p.m. having arrived, the President called the Senate to order.

### CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 1744: A bill for an act relating to animals; regulating dangerous and potentially dangerous dogs; providing penalties; amending Minnesota Statutes 1986, sections 609.226; and 609.227; proposing coding for new law in Minnesota Statutes, chapter 347.

Senate File No. 1744 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

### CONCURRENCE AND REPASSAGE

Mr. Berg moved that the Senate concur in the amendments by the House to S.F. No. 1744 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1744 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 40 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Brandl	Freeman	Luther	Pogemiller
Anderson	Brataas	Gustafson	Marty	Ramstad
Beckman	Dahl	Hughes	McQuaid	Schmitz
Belanger	Decker	Johnson, D.E.	Merriam	Spear
Berg	DeCramer	Jude	Olson	Storm
Berglin	Dicklich	Laidig	Pehler	Stumpf
Bernhagen	Frank	Lantry	Peterson, R.W.	Vickerman
Bertram	Frederick	Larson	Piper	Waldorf

Mr. Chmielewski voted in the negative.

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Laidig moved that his name be stricken as a co-author to S.F. No. 1724. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, 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. Vickerman introduced—

S.F. No. 2584: A bill for an act relating to state parks; regulating the use of metal detectors in state parks; proposing coding for new law in Minnesota Statutes, chapter 85.

Referred to the Committee on Environment and Natural Resources.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Moe, R.D. introduced—

Senate Resolution No. 150: A Senate resolution relating to conduct of Senate business during the interim between Sessions.

Mr. Merriam moved that Senate Resolution No. 150 be laid on the table. The motion prevailed.

Mr. Jude introduced—

Senate Resolution No. 151: A Senate resolution honoring Grace Sandness of Maple Grove, Minnesota, for her contributions to the role of contemporary motherhood.

Referred to the Committee on Rules and Administration.

Mr. Wegscheid introduced—

Senate Resolution No. 152: A Senate resolution congratulating Kristina Koznick of Apple Valley, Minnesota, for winning First Place Overall in the Junior Olympics.

Referred to the Committee on Rules and Administration.

Mr. Merriam introduced—

Senate Resolution No. 153: A Senate resolution recognizing Minnesota Correctional Officers Week, May 8-14.

Referred to the Committee on Rules and Administration.

Mr. Moe, R.D. introduced—

Senate Resolution No. 154: A Senate resolution commemorating the lives and work of deceased Senators:

The Honorable Bjarne E. Grottum  
The Honorable Norman W. Hanson  
The Honorable Ralph W. Johnson  
The Honorable John H. McKee  
The Honorable Benjamin B. Patterson  
The Honorable Paul A. Thuet, Jr.

Mr. Moe, R.D. moved that Senate Resolution No. 154 be laid on the table. The motion prevailed.

**SPECIAL ORDER**

H.F. No. 464: A bill for an act relating to insurance; accident and health; increasing the maximum lifetime benefit for major medical coverage; amending Minnesota Statutes 1986, sections 62E.04, subdivision 4; and 62E.06, subdivision 1.

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	Chmielewski	Johnson, D.J.	McQuaid	Pogemiller
Anderson	Dahl	Jude	Merriam	Ramstad
Beckman	Decker	Kroening	Moe, R.D.	Schmitz
Belanger	DeCramer	Laidig	Novak	Spear
Berglin	Dicklich	Langseth	Olson	Storm
Bernhagen	Diessner	Lantry	Peehler	Stumpf
Bertram	Frederickson, D.J.	Larson	Peterson, D.C.	Vickerman
Brandl	Freeman	Luther	Peterson, R.W.	Waldorf
Brataas	Hughes	Marty	Piper	Wegscheid

So the bill passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

## MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 2079: A bill for an act relating to natural resources; providing for a statement of need and reasonableness before designating muskellunge waters; amending Minnesota Statutes 1986, section 97C.011.

Senate File No. 2079 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

## CONCURRENCE AND REPASSAGE

Mr. Lessard moved that the Senate concur in the amendments by the House to S.F. No. 2079 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2079 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 35 and nays 26, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Johnson, D.J.	Metzen	Renneke
Beckman	Frederick	Knutson	Moe, R.D.	Schmitz
Bernhagen	Frederickson, D.J.	Kroening	Morse	Solon
Bertram	Frederickson, D.R.	Langseth	Peterson, D.C.	Stumpf
Chmielewski	Freeman	Larson	Piper	Taylor
Decker	Gustafson	Lessard	Pogemiller	Vickerman
Dicklich	Hughes	Luther	Purfeerst	Wegscheid

Those who voted in the negative were:

Anderson	Brataas	Knaak	Novak	Storm
Belanger	Dahl	Lantry	Olson	Waldorf
Benson	DeCramer	McQuaid	Peterson, R. W.	
Berg	Frank	Mehrkens	Ramstad	
Berglin	Johnson, D.E.	Merriam	Reichgott	
Brandl	Jude	Moe, D.M.	Spear	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 2452: A bill for an act relating to public safety; providing that bomb disposal workers are state employees when disposing of bombs outside the jurisdiction of their municipal employer, for purposes of tort claims and workers' compensation; amending Minnesota Statutes 1987 Supplement, section 3.732, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 176.

Senate File No. 2452 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

### CONCURRENCE AND REPASSAGE

Mr. Metzen moved that the Senate concur in the amendments by the House to S.F. No. 2452 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2452: A bill for an act relating to public safety; providing that bomb disposal workers are state employees when disposing of bombs outside the jurisdiction of their municipal employer, for purposes of tort claims and workers' compensation; establishing a presumption of causation for workers' compensation purposes in the case of firefighters exposed to certain hazards; amending Minnesota Statutes 1986, section 176.011, subdivision 15; and Minnesota Statutes 1987 Supplement, section 3.732, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 176.

Was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	Mehrkens	Purfeerst
Anderson	Davis	Jude	Merriam	Ramstad
Beckman	Decker	Knaak	Metzen	Reichgott
Belanger	DeCramer	Knutson	Moe, R. D.	Renneke
Benson	Diessner	Kroening	Morse	Solon
Berg	Frank	Langseth	Novak	Spear
Berglin	Frederick	Lantry	Olson	Storm
Bernhagen	Frederickson, D.J.	Larson	Pehler	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, D.C.	Vickerman
Brandl	Freeman	Luther	Peterson, R.W.	Waldorf
Brataas	Gustafson	Marty	Piper	Wegscheid
Chmielewski	Hughes	McQuaid	Pogemiller	

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

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

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

S.F. No. 1987: A bill for an act relating to state government; requiring the commissioner of employee relations to study the use of part-time employees in the executive branch work force; requiring a report.

Senate File No. 1987 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

### CONCURRENCE AND REPASSAGE

Mr. Marty moved that the Senate concur in the amendments by the House to S.F. No. 1987 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1987 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 59 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	Merriam	Purfeerst
Anderson	Davis	Jude	Metzen	Ramstad
Beckman	Decker	Knutson	Moe, D.M.	Reichgott
Belanger	DeCramer	Kroening	Moe, R. D.	Renneke
Benson	Dicklich	Langseth	Morse	Solon
Berg	Diessner	Lantry	Novak	Spear
Berglin	Frank	Larson	Olson	Storm
Bernhagen	Frederick	Lessard	Pehler	Taylor
Bertram	Frederickson, D.J.	Luther	Peterson, D.C.	Vickerman
Brandl	Frederickson, D.R.	Marty	Peterson, R.W.	Waldorf
Brataas	Freeman	McQuaid	Piper	Wegscheid
Chmielewski	Hughes	Mehrkens	Pogemiller	

Mr. Knaak voted in the negative.

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

**MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

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

S.F. No. 2292: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in Pine county.

Senate File No. 2292 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

Mr. Chmielewski moved that the Senate do not concur in the amendments by the House to S.F. No. 2292, 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 that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1963, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1963: A bill for an act relating to public finance; providing requirements for the issuance and use of public debt; amending Minnesota Statutes 1986, sections 123.35, by adding a subdivision; 375.83; 410.32; 475.54, by adding a subdivision; 475.67, subdivision 13; Minnesota Statutes 1987 Supplement, sections 469.012, subdivision 1; 469.015, subdivision 4; 469.071, by adding a subdivision; 469.155, subdivision 12; 475.60, subdivision 2; and 475.66, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 469; repealing Laws 1987, chapter 358, section 31.

Senate File No. 1963 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2008, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2008 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1988

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 2008**

A bill for an act relating to elections; clarifying certain public campaign financing limits; amending Minnesota Statutes 1986, section 10A.25, subdivision 10; Minnesota Statutes 1987 Supplement, sections 10A.255, subdivision 1; 10A.32, subdivision 3; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b.

April 25, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2008, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H.F. No. 2008 be further amended as follows:

Delete everything after the enacting clause and insert:

“Section 1. Minnesota Statutes 1986, section 10A.15, is amended by adding a subdivision to read:

*Subd. 3b. [BY INDIVIDUAL MEMBERS OF POLITICAL FUND OR COMMITTEE.] Contributions made to a candidate or principal campaign committee by individual members of a political fund or committee that are solicited by the political fund or committee must be reported as attributable to the political fund or committee and count toward the contribution limits of that fund or committee specified in section 10A.27, if the political fund or committee was organized primarily to solicit or direct the contributions of its members and to influence the nomination or election of a candidate. The term “individual members” as used in this subdivision means a person or entity who in any manner participates in or in any manner contributes financially or otherwise to the activities of the political fund or committee.*

Sec. 2. Minnesota Statutes 1986, section 10A.25, subdivision 10, is amended to read:

Subd. 10. The expenditure limits imposed by this section apply only to candidates whose opponents agree to be bound by the limits and who themselves agree to be bound by the limits as a condition of receiving a public subsidy for their campaigns in the form of:

- (a) An allocation of money from the state elections campaign fund; or
- (b) ~~Credits against the tax due of individuals who contribute to that candidate.~~

*A candidate who agrees to be bound by the limits and receives a public subsidy, who has an opponent who does not agree to be bound by the limits but is otherwise eligible to receive a public subsidy, is no longer bound by the limits but is still eligible to receive a public subsidy.*

Sec. 3. Minnesota Statutes 1987 Supplement, section 10A.255, subdivision 1, is amended to read:

Subdivision 1. [METHOD OF CALCULATION.] The dollar amounts provided in section 10A.25, subdivision 2, must be adjusted for general election years as provided in this section. By June 1 of the general election

year, the executive director of the board shall determine the percentage increase in the consumer price index from December of the year preceding the *last* general election year to December of the year preceding the year in which the determination is made. The dollar amounts used for the preceding general election year must be multiplied by that percentage. The product of the calculation must be added to each dollar amount to produce the dollar limitations to be in effect for the next general election. The product must be rounded up to the next highest whole dollar. The index used must be the revised consumer price index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor with ~~1967~~ 1982 as a base year.

Sec. 4. Minnesota Statutes 1987 Supplement, section 10A.32, subdivision 3, is amended to read:

Subd. 3. As a condition of receiving any money from the state elections campaign fund, a candidate shall agree by stating in writing to the board that (a) the candidate's expenditures and approved expenditures shall not exceed the expenditure limits as set forth in section 10A.25 and that (b) *except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding \$15,000*, the candidate shall not accept contributions or allow approved expenditures to be made on the candidate's behalf for the period beginning with January 1 of the election year or with the registration of the candidate's principal campaign committee, whichever occurs later, and ending December 31 of the election year, which aggregate contributions and approved expenditures exceed the difference between the amount in excess of 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding \$15,000, which may legally be expended by or for the candidate, and the amount which the candidate receives from the state elections campaign fund. The agreement, insofar as it relates to the expenditure limits set forth in section 10A.25, remains effective until the dissolution of the principal campaign committee of the candidate or the opening of filings for the next succeeding election to the office held or sought at the time of agreement, whichever occurs first. Money in the account of the principal campaign committee of a candidate on January 1 of the election year for the office held or sought shall be considered contributions accepted by that candidate in that year for the purposes of this subdivision. That amount of all contributions accepted by a candidate in an election year which equals the amount of noncampaign disbursements and contributions and expenditures to promote or defeat a ballot question which are made by that candidate in that year shall not count toward the aggregate contributions and approved expenditure limit imposed by this subdivision. *Except for an amount equal to 25 percent of the expenditure limits set forth in section 10A.25, but not exceeding \$15,000*, any amount by which the aggregate contributions and approved expenditures agreed to under clause (b) exceed the difference shall be returned to the state treasurer in the manner provided in subdivision 2. In no case shall the amount returned exceed the amount received from the state elections campaign fund.

The candidate may submit the signed agreement to the filing officer on the day of filing the affidavit of candidacy or petition to appear on the ballot, or to the board no later than September 1.

The board prior to the first day of filing for office shall forward forms for the agreement to all filing officers. The filing officer shall without delay forward signed agreements to the board. An agreement may not be rescinded

after September 1.

*Before the first day of filing for office, the board shall also forward a copy of section 2 to all filing officers. Before September 1, the filing officer shall provide a copy of section 2 to each candidate who files an affidavit of candidacy or whose name is to appear on the ballot by petition.*

For the purposes of this subdivision only, the total amount to be distributed to each candidate is calculated to be the candidate's share of the total estimated funds in the candidate's party account as provided in subdivision 3a, plus the total amount estimated as provided in subdivision 3a to be in the general account of the state elections campaign fund and set aside for that office divided by the number of candidates whose names are to appear on the general election ballot for that office. If for any reason the amount actually received by the candidate is greater than the candidate's share of the estimate, and the contributions thereby exceed the difference, the agreement shall not be considered violated.

Sec. 5. [REPEALER.]

*Minnesota Statutes 1986, section 10A.32, subdivision 3b, is repealed.*

Sec. 6. [EFFECTIVE DATE.]

*Sections 1 to 5 are effective the day following final enactment."*

Delete the title and insert:

"A bill for an act relating to elections; clarifying certain public campaign financing limits; amending Minnesota Statutes 1986, sections 10A.15, by adding a subdivision; and 10A.25, subdivision 10; Minnesota Statutes 1987 Supplement, sections 10A.255, subdivision 1; and 10A.32, subdivision 3; repealing Minnesota Statutes 1986, section 10A.32, subdivision 3b."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Alice M. Johnson, Paul Anders Ogren, Joseph Quinn

Senate Conferees: (Signed) Don Frank, William P. Luther

Mr. Frank moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2008 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Mr. Benson moved that the recommendations and Conference Committee Report on H.F. No. 2008 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

### CALL OF THE SENATE

Mr. Frank imposed a call of the Senate for the balance of the proceedings on H.F. No. 2008. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the motion of Mr. Benson.

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Anderson	Brataas	Johnson, D.E.	Merriam	Renneke
Belanger	Dahl	Knaak	Moe, D.M.	Storm
Benson	Decker	Knutson	Olson	Taylor
Berg	Frederick	Larson	Peterson, R.W.	Waldorf
Bernhagen	Frederickson, D.R.	McQuaid	Pogemiller	
Bertram	Gustafson	Mehrrens	Ramstad	

Those who voted in the negative were:

Adkins	Dicklich	Jude	Metzen	Reichgott
Beckman	Diessner	Kroening	Moe, R.D.	Schmitz
Berglin	Frank	Langseth	Morse	Solon
Brandl	Frederickson, D.J.	Lantry	Novak	Spear
Chmielewski	Freeman	Lessard	Peterson, D.C.	Stumpf
Davis	Hughes	Luther	Piper	Vickerman
DeCramer	Johnson, D.J.	Marty	Purfeerst	Wegscheid

The motion did not prevail.

The question recurred on the motion of Mr. Frank. The motion prevailed.

H.F. No. 2008 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 34 and nays 30, as follows:

Those who voted in the affirmative were:

Adkins	Diessner	Kroening	Moe, R.D.	Reichgott
Beckman	Frank	Langseth	Morse	Schmitz
Berglin	Frederickson, D.J.	Lantry	Novak	Solon
Bertram	Freeman	Lessard	Pehler	Spear
Brandl	Hughes	Luther	Peterson, D.C.	Stumpf
Davis	Johnson, D.J.	Marty	Piper	Vickerman
Dicklich	Jude	Merriam	Purfeerst	

Those who voted in the negative were:

Anderson	Chmielewski	Gustafson	McQuaid	Ramstad
Belanger	Dahl	Johnson, D.E.	Mehrrens	Renneke
Benson	Decker	Knaak	Moe, D.M.	Storm
Berg	DeCramer	Knutson	Olson	Taylor
Bernhagen	Frederick	Laidig	Peterson, R.W.	Waldorf
Brataas	Frederickson, D.R.	Larson	Pogemiller	Wegscheid

So the bill, as amended by the Conference Committee, was repassed 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.

## 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. 2292: Messrs. Chmielewski, Lessard and Peterson, R.W.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.



**MOTIONS AND RESOLUTIONS - CONTINUED**

Mr. Metzen moved that the name of Mr. Merriam be added as a co-author to S.F. No. 2452. The motion prevailed.

Mr. Bertram introduced—

Senate Resolution No. 155: A Senate resolution commending Roger Holm for being selected 1988 Teacher of the Year in the Holdingford School District.

Referred to the Committee on Rules and Administration.

**RECESS**

Mr. Moe, R.D. moved that the Senate do now recess until 1:15 a.m. The motion prevailed.

The hour of 1:15 a.m. having arrived, the President called the Senate to order.

**CALL OF THE SENATE**

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on S.F. No. 1304. The Sergeant at Arms was instructed to bring in the absent members.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

**MESSAGES FROM THE HOUSE**

Mr. President:

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

S.F. No. 1304: A bill for an act relating to workers' compensation; providing a presumption for finding an occupational disease in the case of firefighters having a disabling cancer; amending Minnesota Statutes 1986, section 176.011, subdivision 15.

Senate File No. 1304 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

**CONCURRENCE AND REPASSAGE**

Mr. Merriam moved that the Senate concur in the amendments by the House to S.F. No. 1304 and that the bill be placed on its repassage as amended.

Mr. Berg moved that the Senate do not concur in the amendments by

the House to S.F. No. 1304, 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 to be appointed on the part of the House.

The question was taken on the adoption of the motion of Mr. Berg.

The roll was called, and there were yeas 38 and nays 27, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	McQuaid	Solon
Anderson	Decker	Jude	Mehrrens	Storm
Belanger	DeCramer	Knaak	Morse	Stumpf
Benson	Diessner	Knutson	Olson	Taylor
Berg	Frederick	Laidig	Purfeerst	Vickerman
Bernhagen	Frederickson, D.J.	Langseth	Ramstad	Wegscheid
Bertram	Frederickson, D.R.	Larson	Renneke	
Brataas	Gustafson	Lessard	Schmitz	

Those who voted in the negative were:

Beckman	Frank	Luther	Novak	Reichgott
Berglin	Freeman	Marty	Pehler	Spear
Brandl	Hughes	Merriam	Peterson, D.C.	Waldorf
Chmielewski	Johnson, D.J.	Metzen	Peterson, R.W.	
Dahl	Kroening	Moe, D.M.	Piper	
Dicklich	Lantry	Moe, R.D.	Pogemiller	

The motion prevailed.

## MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2590, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2590 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 25, 1988

## CONFERENCE COMMITTEE REPORT ON H.F. NO. 2590

A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; changing the computation, administration, and payment of aids, credits, and refunds; limiting taxing powers; transferring and imposing governmental powers and duties; making technical corrections and clarifications; providing bonding authority to Hennepin County; imposing penalties; appropriating money and reducing appropriations; amending Minnesota Statutes 1986, sections 69.031, subdivision 3; 168.011, subdivision 8; 168.012, subdivision 9; 237.075, subdivision 8; 240.01, by adding a subdivision; 240.13, subdivisions 4 and 6; 240.15, subdivisions 1, 3, and 6; 240.18; 270.075, subdivision 2; 270.41; 270.70, subdivision 1; 271.01, subdivision 5; 273.05, subdivision 1; 273.061,

subdivision 2; 273.112, subdivisions 3 and 6; 273.121; 273.124, subdivisions 1 and 6; 273.13, by adding a subdivision; 273.40; 279.01, subdivision 3; 287.21, by adding a subdivision; 290.01, by adding a subdivision; 290.06, by adding subdivisions; 290.39, by adding a subdivision; 290.50, subdivision 3; 290.92, subdivisions 2a and 21; 290.931, subdivision 1; 290.934, subdivisions 1, 3, and by adding a subdivision; 290A.03, subdivision 7; 297.01, by adding a subdivision; 297.03, subdivision 12, and by adding a subdivision; 297.041, subdivision 1; 297.06, subdivisions 1, 2, 3, and by adding a subdivision; 297.08, subdivision 1; 297.12, subdivision 1; 297.35, by adding a subdivision; 297A.02, subdivision 4; 297A.15, subdivisions 1 and 5; 297A.16; 297A.17; 297A.21; 297A.25, subdivisions 5, 8, 27, and by adding subdivisions; 297A.256; 297C.02, subdivisions 3 and 4; 297C.03, by adding a subdivision; 297C.07; 297D.08; 298.223; 303.03; 329.11; 349.12, subdivision 18, and by adding subdivisions; 349.2121, subdivisions 1, 2, 5, and by adding a subdivision; 349.22, subdivision 1, and by adding subdivisions; 375.192, subdivision 1; 375.83; 473.167, subdivisions 2, 3, and by adding subdivisions; 473.249, subdivision 1, and by adding a subdivision; 473.446, subdivision 3, and by adding a subdivision; 473.711, subdivision 2, and by adding a subdivision; 473.843, subdivision 2; 477A.011, subdivision 11, and by adding a subdivision; and 477A.015; Minnesota Statutes 1987 Supplement, sections 16A.1541; 60A.15, subdivision 1; 60E.04, subdivision 4; 69.021, subdivision 5; 69.54; 124.155, subdivision 2; 124A.02, subdivisions 3a and 11; 240.13, subdivision 5; 270.485; 272.02, subdivision 1; 272.115, subdivision 4; 272.121; 273.061, subdivision 1; 273.1195; 273.123, subdivisions 4 and 5; 273.124, subdivisions 11 and 13; 273.13, subdivisions 23, 24, and 25; 273.135, subdivision 2; 273.1391, subdivision 2; 273.1392; 273.1393; 273.1397, subdivision 2; 273.165, subdivision 2; 273.42, subdivision 2; 274.01, subdivision 1; 274.19, subdivisions 1, 2, 3, 4, 6, 7, and 8; 275.07, subdivision 1; 275.50, subdivision 2; 275.51, subdivision 3h; 276.04; 279.01, subdivision 1; 290.01, subdivisions 3a, 4, 7, 19, 19a, 19b, 19c, 19d, 19e, and 20; 290.015, subdivisions 1, 2, 3, and 4; 290.06, subdivisions 1, 2c, and 21; 290.081; 290.092, subdivisions 3, 4, 5, and by adding a subdivision; 290.095, subdivisions 1, 3, and by adding a subdivision; 290.10; 290.17, subdivision 2; 290.191, subdivisions 6 and 11; 290.21, subdivisions 3 and 4; 290.35, subdivision 2; 290.371, subdivisions 1, 3, 4, and 5; 290.38; 290.41, subdivision 2; 290.92, subdivisions 7 and 15; 290.934, subdivision 2; 290.9725; 290A.03, subdivisions 3, 13, 14, and 15; 290A.04, subdivision 2; 290A.06; 295.32; 295.34, subdivision 1; 297.01, subdivisions 7 and 14; 297.03, subdivision 6; 297.11, subdivision 5; 297A.01, subdivision 3; 297A.212; 297A.25, subdivisions 3 and 11; 297B.03; 297C.04; 298.2213, subdivision 3; 299.01, subdivision 1; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4a and 10; 349.2122; 349.2123; 469.174, subdivision 10; 469.175, subdivisions 1, 2, 3, 4, and by adding a subdivision; 469.176, subdivisions 1, 4, and 6; 469.177, subdivisions 1, 3, 4, and by adding subdivisions; 473.446, subdivision 1; 475.53, subdivision 4; 475.61, subdivision 3; 477A.012, subdivision 1; and 508.25; Laws 1987, chapter 268, article 6, sections 19, 53, and 54; and article 8, section 9; proposing coding for new law in Minnesota Statutes, chapters 270; 273; 275; 290; 290A; 297; 297C; 298; 349; and 424A; repealing Minnesota Statutes 1986, sections 272.64; 273.13, subdivisions 7a and 30; 275.035; 275.49; 290.07, subdivisions 3 and 6; 290.11; 290.12, as amended; 290.131, as amended; 290.132, as amended; 290.133, as amended; 290.134, as amended; 290.135, as amended; 290.136, as amended; 290.138, as amended; 290.934, subdivision 4; 297A.15; subdivision 2; 297C.03,

subdivision 5; 298.401; and 299.013; Minnesota Statutes 1987 Supplement, sections 273.1195; 273.13, subdivision 15a; 273.1394; 273.1395; 273.1396; 273.1397; 275.081; 275.082; 275.125, subdivision 22; 290.06, subdivision 20; 290.077, subdivision 1; 290.14; 290.371, subdivision 2; 290A.04, subdivisions 2a and 2b; 296.02, subdivisions 2a and 2b; and 296.025, subdivisions 2a and 2b; Laws 1987, chapter 268, article 3, section 11; and article 5, section 4.

April 25, 1988

The Honorable Robert Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

We, the undersigned conferees for H.F. No. 2590, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 2590 be further amended as follows:

Delete everything after the enacting clause and insert:

#### “ARTICLE 1

#### INDIVIDUAL INCOME TAX

Section 1. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 3a, is amended to read:

Subd. 3a. [TRUST.] The term “trust” has the meaning ~~given in~~ *provided under* the Internal Revenue Code of 1986, as amended through December 31, ~~1986~~ 1987.

Sec. 2. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 7, is amended to read:

Subd. 7. [RESIDENT.] The term “resident” means (1) any individual domiciled in Minnesota, except that an individual is not a “resident” for the period of time that the individual is a “qualified individual” as defined in section 911(d)(1) of the Internal Revenue Code of 1986, as amended through December 31, 1986, unless, during that period, a Minnesota homestead application is filed for property in which the individual has an interest; and (2) any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless the individual *or the spouse of the individual* is in the armed forces of the United States, *or the individual is covered under the reciprocity provisions in section 290.081.*

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

Sec. 3. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental

agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute, and

(ii) exempt-interest dividends as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1986, except the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends that are paid by the ~~fund or series of funds~~ *regulated investment company as defined in section 851(a) of the Internal Revenue Code of 1986, or the fund of the regulated investment company as defined in section 851(q) of the Internal Revenue Code of 1986*, making the payment; and

(2) the amount of income taxes paid or accrued within the taxable year under this chapter and income taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code; and

(3) *the capital gain amount of a lump sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law Number 99-514, applies.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

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

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability; and

(3) the amount paid to others not to exceed \$650 for each dependent in grades kindergarten to six and \$1,000 for each dependent in grades seven to 12, for tuition, textbooks, and transportation of each dependent in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials

for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. In order to qualify for the subtraction under this clause the taxpayer must elect to itemize deductions under section 63(e) of the Internal Revenue Code of 1986, as amended through December 31, 1986;

(4) to the extent included in federal taxable income, distributions from a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that represent a return of contributions that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income. The distribution shall be allocated first to return of contributions until the contributions included in Minnesota gross income have been exhausted. This subtraction applies only to contributions made in a taxable year prior to 1985;

(5) income as provided under section 10; and

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under section 5.

Sec. 5. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

*Subd. 20g. [ACRS MODIFICATION FOR INDIVIDUALS.] (a) An individual is allowed a subtraction from federal taxable income for the amount of accelerated cost recovery system deductions that were added to federal adjusted gross income in computing Minnesota gross income for taxable year 1981, 1982, 1983, or 1984 and that were not deducted in a later taxable year. The deduction is allowed beginning in the first taxable year after the entire allowable deduction for the property has been allowed under federal law or the first taxable year beginning after December 31, 1987, whichever is later. The amount of the deduction is computed by deducting the amount added to federal adjusted gross income in computing Minnesota gross income (less any deduction allowed under Minnesota Statutes 1986, section 290.01, subdivision 20f) in equal annual amounts over five years.*

*(b) In the event of a sale or exchange of the property, a deduction is allowed equal to the lesser of (1) the remaining amount that would be allowed as a deduction under paragraph (a) or (2) the amount of capital gain recognized and the amount of cost recovery deductions that were subject to recapture under sections 1245 and 1250 of the Internal Revenue Code of 1986 for the taxable year.*

*(c) In the case of a corporation electing S corporation status under section 1362 of the Internal Revenue Code, the amount of the corporation's cost recovery allowances that have been deducted in computing federal tax, but have been added to federal taxable income or not deducted in computing tax under this chapter as a result of the application of subdivision 19e, paragraphs (a) and (c) or Minnesota Statutes 1986, section 290.09, subdivision 7 is allowed as a deduction to the shareholders under the provisions of paragraph (a).*

Sec. 6. Minnesota Statutes 1987 Supplement, section 290.032, subdivision 2, is amended to read:

Subd. 2. The amount of tax imposed by subdivision 1 shall be computed

in the same way as the tax imposed under section 402(e) of the Internal Revenue Code of 1986, as amended through December 31, 1986, except that the initial separate tax shall be an amount equal to five times the tax which would be imposed by section 290.06, subdivision 2c, if the recipient was an unmarried individual, and the taxable net income was an amount equal to one-fifth of the excess of

(i) the total taxable amount of the lump sum distribution for the year, over

(ii) the minimum distribution allowance, and except that references in section 402(e) of the Internal Revenue Code of 1986, as amended through December 31, 1986, to paragraph (1)(A) thereof shall instead be references to subdivision 1, *and the excess, if any, of the subtraction base amount over federal taxable income for a qualified individual as provided under section 290.0802, subdivision 2.*

Sec. 7. Minnesota Statutes 1987 Supplement, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns *and surviving spouses as defined in section 2(a) of the Internal Revenue Code of 1986 as amended through December 31, 1987,* must be computed by applying to their taxable net income the following schedule of rates:

(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

if taxable income is:	the tax is:
not over \$4,000	4 percent
over \$4,000, but not over \$11,000	\$160 plus 6 percent of the excess over \$4,000
over \$11,000, but not over \$21,000	\$580 plus 8 percent of the excess over \$11,000
over \$21,000	\$1,380 plus 9 percent of the excess over \$21,000

(2) For taxable years beginning after December 31, 1987

if taxable income is:	the tax is:
not over \$19,000	6 percent
over \$19,000	\$1,140 plus 8 percent of the excess over \$19,000;

plus an amount equal to ten percent of the tax paid by the taxpayer under section 1(g) of the Internal Revenue Code of 1986, as amended through December 31, 1986 computed using the following schedule of rates:

if taxable income is:	the tax is:
over \$75,500, but not over \$165,000	0.5 percent of the excess over \$75,500
over \$165,000	\$447.50.

*Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.*

(b) The income taxes imposed by this chapter upon unmarried individuals, married individuals filing separate returns, estates, and trusts must be computed by applying to taxable net income the following schedule of rates:

(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

if taxable income is:	the tax is:
not over \$3,000	4 percent
over \$3,000, but not over \$9,000	\$120 plus 6 percent of the excess over \$3,000
over \$9,000, but not over \$16,000	\$480 plus 8 percent of the excess over \$9,000
over \$16,000	\$1,040 plus 9 percent of the excess over \$16,000

(2) For taxable years beginning after December 31, 1987

if taxable income is:	the tax is:
not over \$13,000	6 percent
over \$13,000	\$780 plus 8 percent of the excess over \$13,000;

plus an amount equal to ten percent of the tax paid by the taxpayer under section 1(g) of the Internal Revenue Code of 1986, as amended through December 31, 1986 computed using the following schedule of rates:

if taxable income is:	the tax is:
over \$42,700, but not over \$93,000	0.5 percent of the excess over \$42,700
over \$93,000	\$251.50.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986 1987, must be computed by applying to taxable net income the following schedule of rates:

(1) For taxable years beginning after December 31, 1986, and before January 1, 1988

if taxable income is:	the tax is:
not over \$3,500	4 percent
over \$3,500, but not over \$10,000	\$140 plus 6 percent of the excess over \$3,500
over \$10,000, but not over \$18,500	\$530 plus 8 percent of the excess over \$10,000
over \$18,500	\$1,210 plus 9 percent of the excess over \$18,500

(2) For taxable years beginning after December 31, 1987

if taxable income is:	the tax is:
not over \$16,000	6 percent
over \$16,000	\$960 plus 8 percent of the excess over \$16,000;

plus an amount equal to ten percent of the tax paid by the taxpayer under section 1(g) of the Internal Revenue Code of 1986, as amended through December 31, 1986 computed using the following schedule of rates:

if taxable income is:	the tax is:
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over \$64,300, but not  
over \$135,000  
over \$135,000

0.5 percent of the  
excess over \$64,300  
\$353.50.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) The numerator is the individual's Minnesota ~~source~~ *source* federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1986, after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, as amended through December 31, ~~1986~~ 1987, *increased by the addition required for interest income from non-Minnesota state and municipal bonds under section 290.01, subdivision 19a, clause (1).*

(f) *Any individual who has income which is included in the computation of federal adjusted gross income but is not subject to tax by Minnesota other than income specifically allowed as a subtraction under section 290.01, subdivision 19b, shall compute the tax in the same manner described in paragraph (e). The numerator of the fraction under paragraph (e) is the individual's Minnesota source federal adjusted gross income reduced by the income not subject to Minnesota tax and the denominator is the federal adjusted gross income.*

Sec. 8. Minnesota Statutes 1986, section 290.06, is amended by adding a subdivision to read:

*Subd. 22. [CREDIT FOR TAXES PAID TO ANOTHER STATE.] (a) A taxpayer who is liable for taxes on or measured by net income to another state or province or territory of Canada, as provided in paragraphs (b) through (f), upon income allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state or province or territory of Canada if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7a, clause (b) and who is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.*

*(b) For an individual, estate, or trust, the credit is determined by multiplying the tax payable under this chapter by the ratio derived by dividing the income subject to tax in the other state or province or territory of Canada that is also subject to tax in Minnesota while a resident of Minnesota by the taxpayer's federal adjusted gross income, as defined in section*

62 of the Internal Revenue Code of 1986, as amended through December 31, 1987, to the extent the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

(c) If the taxpayer is an athletic team that apportions all of its income under section 290.17, subdivision 5, paragraph (a), the credit is determined by multiplying the tax payable under this chapter by the ratio derived from dividing the total net income subject to tax in the other state or province or territory of Canada by the taxpayer's Minnesota taxable income.

(d) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state or province or territory of Canada on the gross income earned within the other state or province or territory of Canada subject to tax under this chapter, nor shall the allowance of the credit reduce the taxes paid under this chapter to an amount less than what would be assessed if such income amount was excluded from taxable net income.

(e) In the case of the tax assessed on a lump sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state or province or territory of Canada on the lump sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032.

(f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax in such other state or province or territory of Canada on that same income after the Minnesota statute of limitations has expired, the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the other state or province or territory of Canada. The taxpayer must submit sufficient proof to show entitlement to a credit.

Sec. 9. Minnesota Statutes 1986, section 290.067, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2.

*In the case of nonresident or part-year resident, the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.*

Sec. 10. [290.0802] [SUBTRACTION FOR THE ELDERLY AND DISABLED.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Adjusted gross income" means federal adjusted gross income as used in section 22(d) of the Internal Revenue Code for the taxable year plus the ordinary income portion of a lump sum distribution as defined in section 407(e) of the Internal Revenue code.

(b) "Disability income" means disability income as defined in section

22(c)(2)(B)(iii) of the Internal Revenue Code.

(c) "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1987.

(d) "Nontaxable retirement and disability benefits" means the amount of pension, annuity, or disability benefits that would be included in the reduction under section 22(c)(3) of the Internal Revenue Code, but excluding tier one railroad retirement benefits.

(e) "Qualified individual" means a qualified individual as defined in section 22(b) of the Internal Revenue Code.

Subd. 2. [SUBTRACTION.] (a) A qualified individual is allowed a subtraction from federal taxable income equal to the lesser of federal taxable income or the individual's subtraction base amount. The excess of the subtraction base amount over federal taxable income may be used to reduce the amount of a lump sum distribution subject to tax under section 290.032.

(b)(1) The initial subtraction base amount equals

(i) \$10,000 for a married taxpayer filing a joint return if a spouse is a qualified individual,

(ii) \$8,000 for a single taxpayer, and

(iii) \$5,000 for a married taxpayer filing a separate federal return.

(2) The qualified individual's initial subtraction base amount, then, must be reduced by the sum of nontaxable retirement and disability benefits and one-half of the amount of adjusted gross income in excess of the following thresholds:

(i) \$15,000 for a married taxpayer filing a joint return if both spouses are qualified individuals,

(ii) \$12,000 for a single taxpayer or for a married couple filing a joint return if only one spouse is a qualified individual, and

(iii) \$7,500 for a married taxpayer filing a separate federal return.

(3) In the case of a qualified individual who is under the age of 65, the maximum amount of the subtraction base may not exceed the taxpayer's disability income.

(4) The resulting amount is the subtraction base amount.

Subd. 3. [RESTRICTIONS; MARRIED COUPLES.] Except in the case of a husband and wife who live apart at all times during the taxable year, if the taxpayer is married at the close of the taxable year, the subtraction under subdivision 2 is allowable only if the taxpayers file joint federal and state income tax returns for the taxable year.

Sec. 11. Minnesota Statutes 1987 Supplement, section 290.081, is amended to read:

290.081 [INCOME OF NONRESIDENTS, RECIPROCITY; CREDIT FOR TAXES PAID TO ANOTHER STATE.]

(a) The compensation received for the performance of personal or professional services within this state by an individual whose residence, place of abode, and place customarily returned to at least once a month is in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of residence; provided that

such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein; or.

(b) If any taxpayer who is a resident of this state, or a domestic corporation or corporation commercially domiciled therein, has become liable for taxes on or measured by net income to another state or a province or territory of Canada upon, if the taxpayer is an individual, or if the taxpayer is an athletic team and all of the team's income is apportioned to Minnesota, any income, or if it is a corporation, estate, or trust, upon income derived from the performance of personal or professional services within such other state or province or territory of Canada and subject to taxation under this chapter the taxpayer shall be entitled to a credit against the amount of taxes payable under this chapter, of such proportion thereof, as such gross income subject to taxation in such state or province or territory of Canada bears to the taxpayer's entire gross income subject to taxation under this chapter; provided (1) that such credit shall in no event exceed the amount of tax so paid to such other state or province or territory of Canada on the gross income earned within such other state or province or territory of Canada and subject to taxation under this chapter; and (2) the allowance of such credit shall not operate to reduce the taxes payable under this chapter to an amount less than would have been payable if the gross income earned in such other state or province or territory of Canada had been excluded in computing net income under this chapter. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7a, clause (2), and is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(c) The commissioner shall by rule determine with respect to gross income earned in any other state the applicable clause of this section. When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of clause (a) shall not apply. As long as the provisions of clause (a) apply between Minnesota and Wisconsin, the provisions of clause (a) shall apply to any individual who is domiciled in Wisconsin.

(d) "Tax So Paid" as used in this section means taxes on or measured by net income payable to another state or province or territory of Canada on income earned within the taxable year for which the credit is claimed; provided that such tax is actually paid in that taxable year, or subsequent taxable years.

For purposes of clause (b), where a Minnesota resident reported an item of income to Minnesota and is assessed tax in another state or a province or territory of Canada on that same item of income after the Minnesota statute of limitations has expired, the taxpayer shall be allowed to receive a credit for that year based on clause (b), notwithstanding the provisions of sections 290.49, 290.50, and 290.56. For purposes of the preceding sentence, the burden of proof shall be on the taxpayer to show entitlement to a credit.

(e) (c) For the purposes of clause (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without clause (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, then the state with the net revenue loss resulting from clause (a) shall receive from the other state the amount of such loss. This provision shall be effective for all years

beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

Interest shall be payable on all delinquent balances relating to taxable years beginning after December 31, 1977. The commissioner of revenue is authorized to enter into agreements with the state of Wisconsin specifying the reciprocity payment due date, conditions constituting delinquency, interest rates, and a method for computing interest due on any delinquent amounts.

If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chair. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

Notwithstanding the provisions of section 290.61, the commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that the person will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

Sec. 12. Minnesota Statutes 1987 Supplement, section 290.17, subdivision 2, is amended to read:

Subd. 2. [INCOME NOT DERIVED FROM CONDUCT OF A TRADE OR BUSINESS.] The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from labor or personal or professional services is assigned to this state if, and to the extent that, the labor or services are performed within it; all other income from such sources is treated as income from sources without this state.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota; and

(ii) The amount of income to be assigned to Minnesota for an individual

who is a nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident from the United States, its agencies or instrumentalities, the Federal Reserve Bank, the state of Minnesota or any of its political or governmental subdivisions, or a Minnesota volunteer firefighters' relief association, by way of payment as a pension, public employee retirement benefit, or any combination of these, or as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 408, or 409, or as defined in section 403(b) or 457 of the Internal Revenue Code of 1986, as amended through December 31, 1986, are not considered income derived from carrying on a trade or business or from performing personal or professional services in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Except upon the sale of a partnership interest *or the sale of stock of an "S" corporation*, income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

*Gain on the sale of stock held in an "S" corporation is allocable to this state in the ratio of the original cost of tangible property of the "S" corporation within this state to the original cost of tangible property of the "S" corporation everywhere.*

(d) Income from the operation of a farm shall be assigned to this state if the farm is located within this state and to other states only if the farm is not located in this state.

(e) Income from winnings on Minnesota pari-mutuel betting tickets *and lawful gambling as defined in section 349.12, subdivision 2, conducted within the boundaries of the state of Minnesota* shall be assigned to this state.

(f) All items of gross income not covered in paragraphs (a) to (e) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

Sec. 13. Minnesota Statutes 1987 Supplement, section 290.38, is amended to read:

290.38 [RETURNS OF MARRIED PERSONS.]

A husband and wife must file a joint Minnesota income tax return if they filed a joint federal income tax return. If a joint return is made the tax shall be computed on the aggregate income and the liability with respect to the tax shall be joint and several; *provided that a spouse who is relieved of a liability attributable to a substantial underpayment under section 6013(e) of the Internal Revenue Code of 1986, as amended through December 31, 1987, shall also be relieved of the state tax liability on the substantial underpayment.* If the husband and wife have elected to file separate federal income tax returns they must file separate Minnesota income tax returns. This election to file a joint or separate returns must be changed if they change their election for federal purposes. In the event taxpayers desire to change their election, such change shall be done in the manner and on such form as the commissioner shall prescribe by rule.

The determination of whether an individual is married shall be made under provisions of section 7703 of the Internal Revenue Code of 1986, as amended through December 31, 1986.

Sec. 14. Minnesota Statutes 1986, section 290.39, is amended by adding a subdivision to read:

*Subd. 5. [PARTNERSHIPS; NONRESIDENT PARTNERS.] (a) The commissioner may allow a partnership with five or more nonresident partners to file a composite return on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, social security numbers, income allocation, and tax liability for all nonresident partners electing to be covered by the composite return.*

*(b) The computation of each partner's tax liability will be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.*

*(c) The partnership must submit a request to use this composite return filing method for nonresident partners on or before the due date for filing the individual income tax return. The request may be made a part of the return filed.*

*(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The penalty for failure to file a return as provided in section 290.53, subdivision 2, is assessed from the due date for filing a return until a non-composite return is filed. The tax paid for such an individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return constitutes a return for purposes of subdivision 1 of this section.*

*(e) This subdivision does not preclude the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 290.93. However, a composite estimate may be filed in a manner similar to and containing the same information required under*

paragraph (a).

(f) *If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under section 290.37, subdivision 1, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.*

(g) *The election provided in this subdivision is not available to any partner other than a full-year nonresident individual who has no other Minnesota source income.*

(h) *A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this subdivision. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to each shareholder.*

(i) *Estates and trusts distributing current income only and the nonresident individual beneficiaries of such estates or trusts may make an election under this subdivision. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to each beneficiary.*

Sec. 15. Minnesota Statutes 1987 Supplement, section 290.41, subdivision 2, is amended to read:

Subd. 2. [BY PERSONS, CORPORATIONS, COOPERATIVES, GOVERNMENTAL ENTITIES OR SCHOOL DISTRICTS.] To the extent required by section 6041 of the Internal Revenue Code of 1986, as amended through December 31, ~~1986~~ 1987, every person, corporation, or cooperative, the state of Minnesota and its political subdivisions, and every city, county and school district in Minnesota, making payments in the regular course of a trade or business during the taxable year to any person or corporation of \$600 or more on account of rents or royalties, or of \$10 or more on account of interest, or \$10 or more on account of dividends or patronage dividends, or \$600 or more on account of either wages, salaries, commissions, fees, prizes, awards, pensions, annuities, or any other fixed or determinable gains, profits or income, not otherwise reportable under section 290.92, subdivision 7, or on account of earnings of \$10 or more distributed to its members by savings, building and loan associations or credit unions chartered under the laws of this state or the United States, (a) shall make a return (except in cases where a valid agreement to participate in the combined federal and state information reporting system has been entered into, and such return is therefore filed only with the commissioner of internal revenue pursuant to the applicable filing and informational reporting requirements of the Internal Revenue Code of 1986, as amended through December 31, ~~1986~~ 1987) in respect to such payments in excess of the amounts specified, giving the names and addresses of the persons to whom such payments were made, the amounts paid to each, and (b) shall make a return in respect to the total number of such payments and total amount of such payments, for each category of income specified, which were in excess of the amounts specified. This subdivision shall not apply to the payment of interest or dividends to a person who was a nonresident of Minnesota for the entire year.

A person, corporation, or cooperative required to file returns under this subdivision ~~on interest, dividends, or patronage dividend payments with respect to more than 50 payees for any calendar year~~ must file all of these



returns on magnetic media *if the media were used to satisfy the federal reporting requirement under section 6011(e) of the Internal Revenue Code of 1986, as amended through December 31, 1987, unless the person establishes to the satisfaction of the commissioner that compliance with this requirement would be an undue hardship.*

Sec. 16. Minnesota Statutes 1987 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.

(b) *Income realized on a sale or exchange of agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be exempt from taxation under this chapter, if the taxpayer was insolvent at the time of the sale and the proceeds of the sale were used solely to discharge indebtedness secured by a mortgage, lien, or other security interest on the property sold. For purposes of this section, "insolvent" means insolvent as defined in section 108(d)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985. This paragraph applies only to the extent that the gain is includable in federal taxable 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 1986, as amended through December 31, 1987, 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. 17. Minnesota Statutes 1987 Supplement, section 290.92, subdivision 7, is amended to read:

Subd. 7. [WITHHOLDING STATEMENT TO EMPLOYEE OR PAYEE AND TO COMMISSIONER.] (1) Every person required to deduct and withhold from an employee a tax under subdivision 2a or 3, or section 290.923, subdivision 2, or who would have been required to deduct and withhold a tax under subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined without regard to subdivision 19, if the employee or payee had claimed no more than one withholding exemption, or who paid wages or made payments not subject to withholding under subdivision 2a or 3, or section 290.923, subdivision 2, to an employee or person receiving royalty payments in excess of \$600, or who has entered into a voluntary withholding agreement with a payee pursuant to subdivision 20, shall furnish to each such employee or person receiving royalty payments in respect to the remuneration paid by such person to such employee or person receiving royalty payments during the

calendar year, on or before January 31 of the succeeding year, or, if employment is terminated before the close of such calendar year, within 30 days after the date of receipt of a written request from the employee if the 30-day period ends before January 31, a written statement showing the following:

(a) Name of such person,

(b) The name of the employee or payee and the employee's or payee's social security account number,

(c) The total amount of wages as that term is defined in subdivision 1(1), and/or the total amount of remuneration subject to withholding pursuant to subdivision 20, and the amount of sick pay as required under section 6051(f) of the Internal Revenue Code of 1954 1986, as amended through December 31, 1985 1987,

(d) The total amount deducted and withheld as tax under subdivision 2a or 3, or section 290.923, subdivision 2.

(2) The statement required to be furnished by this subdivision in respect of any remuneration shall be furnished at such other times, shall contain such other information, and shall be in such form as the commissioner may prescribe.

(3) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to furnish such statements to their employees or payees under this subdivision.

(4) A duplicate of any statement made pursuant to this subdivision and in accordance with rules prescribed by the commissioner, along with a reconciliation in such form as the commissioner may prescribe of all such statements for the calendar year (including a reconciliation of the quarterly returns required to be filed pursuant to subdivision 6), shall be filed with the commissioner on or before February 28 of the year after the payments were made.

(5) *The employer must submit the statements required to be sent to the commissioner on magnetic media, if the media were required to satisfy the federal reporting requirements pursuant to section 6011(e) of the Internal Revenue Code of 1986, as amended through December 31, 1987, and the regulations issued under it.*

Sec. 18. Minnesota Statutes 1987 Supplement, section 290.92, subdivision 15, is amended to read:

Subd. 15. [PENALTIES; FAILURE TO PAY TAX.] (1) In the case of any failure to withhold a tax on wages, or make payments to or deposits with the commissioner of amounts withheld, as required by this section, within the time prescribed by law, there shall be added to the tax a penalty equal to three percent of the amount of tax that should have been properly withheld and paid over to or deposited with the commissioner if the failure is for not more than 30 days with an additional three percent for each additional 30 days or fraction thereof during which the failure continues, not exceeding 24 percent in the aggregate. The amount of the tax together with this amount shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid. The amount added to the tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the negligence, in which case the amount added shall be collected in the same manner as the tax.

(1a) In the case of a failure to make and file quarterly returns with the commissioner as required by this section, there shall be added to the tax a penalty equal to three percent of the amount of tax not properly withheld and paid over to or deposited with the commissioner if the failure is for not more than 30 days with an additional five percent of the amount of tax remaining unpaid during each additional 30 days or fraction thereof during which the failure continues, not exceeding 23 percent in the aggregate. The amount of the tax together with this amount shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid. The amount added to the tax shall be collected at the same time and in the same manner and as a part of the tax unless the tax has been paid before the discovery of the negligence, in which case the amount added shall be collected in the same manner as the tax.

(1b) 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 extension of time for filing), the addition to tax under paragraph (1a) shall not be less than the lesser of (i) \$200; or (ii) the greater of (a) 25 percent of the amount required to be shown as tax on the return without reduction for any payments made or refundable credits allowable against the tax or (b) \$50.

(1c) Where penalties are imposed under paragraphs (1) and (1a), except for the minimum penalty under paragraph (1b), the combined penalty percentage shall not exceed 38 percent in the aggregate.

(2) If any employer required to withhold a tax on wages, make deposits, make and file quarterly returns and make payments to the commissioner of amounts withheld, as required by sections 290.92 to 290.97, willfully fails to withhold the tax or make the deposits, files a false or fraudulent return, willfully fails to make the payment or deposit, or willfully attempts in any manner to evade or defeat the tax or the payment or deposit of it, there shall also be imposed on the employer as a penalty an amount equal to 50 percent of the amount of tax, less any amount paid or deposited by the employer on the basis of the false or fraudulent return or deposit, that should have been properly withheld and paid over or deposited with the commissioner. The amount of the tax together with this amount shall bear interest at the rate specified in section 270.75 from the time the tax should have been paid until paid. The penalty imposed by this paragraph shall be collected as a part of the tax, and shall be in addition to any other penalties civil and criminal, prescribed by this subdivision.

(3) If any person required under the provisions of subdivision 7 to furnish a statement to an employee or payee and a duplicate statement to the commissioner, or to furnish a reconciliation of the statements, and quarterly returns, to the commissioner, willfully furnishes a false or fraudulent statement to an employee or payee or a false or fraudulent duplicate statement or reconciliation of statements, and quarterly returns, to the commissioner, or willfully fails to furnish a statement or the reconciliation in the manner, at the time, and showing the information required by the provisions of subdivision 7, or rules prescribed by the commissioner thereunder, there shall be imposed on the person a penalty of \$50 for each act or failure to act, but the total amount imposed on the delinquent person for all such failures during any calendar year shall not exceed \$25,000. The penalty imposed by this paragraph is due and payable within ten days after the mailing of a written demand therefor, and may be collected in the manner prescribed in subdivision 6, paragraph (8).

(4) In addition to any other penalties prescribed, any person required to withhold a tax on wages, file quarterly returns, and make payments or deposits to the commissioner of amounts withheld, as required by this section, who attempts to evade the tax by (i) willfully failing to withhold the tax, file the return, or make the payment or deposit, or (ii) willfully preparing or filing a false return, is guilty of a gross misdemeanor unless the tax involved exceeds \$300, in which event the person is guilty of a felony.

(5) In lieu of any other penalty provided by law, except the penalty provided by paragraph (3), any person required under the provisions of subdivision 7 to furnish a statement of wages to an employee and a duplicate statement to the commissioner, who willfully furnishes a false or fraudulent statement of wages to an employee or a false or fraudulent duplicate statement of wages to the commissioner, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required by the provisions of subdivision 7, or rules prescribed by the commissioner thereunder, is guilty of a gross misdemeanor.

(6) Any employee required to supply information to an employer under the provisions of ~~subdivision~~ subdivisions 4a and 5, who willfully fails to supply information or willfully supplies false or fraudulent information thereunder which would require an increase in the tax to be deducted and withheld under subdivision 2a or 3, is guilty of a gross misdemeanor.

(7) The term "person," as used in this section, includes an officer or employee of a corporation, or a member or employee of a partnership, who as an officer, employee, or member is under a duty to perform the act in respect of which the violation occurs.

(8) All payments received may, in the discretion of the commissioner of revenue, be credited first to the oldest liability not secured by a judgment or lien, but in all cases shall be credited first to penalties, next to interest, and then to the tax due.

(9) In addition to any other penalty provided by law, any employee who furnishes a withholding exemption certificate or a residency affidavit to an employer which the employee has reason to know contains a materially incorrect statement is liable to the commissioner of revenue for a penalty of \$500 for each instance. The penalty is immediately due and payable and may be collected in the same manner as any delinquent income tax.

(10) In addition to any other penalty provided by law, any employer who fails to submit a copy of a withholding exemption certificate or a residency affidavit required by subdivision 5a, clause (1)(a), (1)(b), or (2) is liable to the commissioner of revenue for a penalty of \$50 for each instance. The penalty is immediately due and payable and may be collected in the manner provided in subdivision 6, paragraph (8).

(11) Any person who willfully aids or assists in, or procures, counsels, or advises the preparation or presentation under, or in connection with any matter arising under this section, of a return, affidavit, claim, or other document, which is fraudulent or false as to any material matter, whether or not the falsity or fraud is with the knowledge or consent of the person authorized or required to present the return, affidavit, claim, or document, is guilty of a gross misdemeanor, unless the tax involved exceeds \$300, in which event the actor is guilty of a felony.

(12) Notwithstanding the provisions of section 628.26, or any other

provision of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon any criminal offense specified in this subdivision, in the proper court within six years after the commission of the offense.

Sec. 19. Minnesota Statutes 1986, section 290.92, subdivision 21, is amended to read:

Subd. 21. [EXTENSION OF WITHHOLDING TO UNEMPLOYMENT COMPENSATION BENEFITS.] *(a) At the time an individual makes a claim for unemployment compensation benefits, the commissioner of jobs and training must notify the individual that the individual's unemployment compensation may be subject to state income taxes depending on the individual's other income and that the individual may elect to have the payments subject to withholding under this section. If the individual so requests, unemployment compensation benefits paid to the individual shall be treated as if it were a payment of wages by an employer to an employee for a payroll period.*

*(b) For purposes of this section, any supplemental unemployment compensation benefit paid to an individual to the extent includable in such individual's Minnesota gross income, shall be treated as if it were a payment of wages by an employer to an employee for a payroll period.*

Sec. 20. [ESTIMATED TAX EXCEPTION FOR 1987.]

*For taxable years beginning after December 31, 1986, but beginning before January 1, 1988, the required amount of the annual payment of the current year's tax in determining the underpayment in Minnesota Statutes, section 290.93, subdivision 10, paragraph (4), clause (a), shall be 80 percent instead of 90 percent and the penalty shall also be reduced by the ratio by which the salary income subject to withholding bears to the federal adjusted gross income for 1987 as determined under section 62 of the Internal Revenue Code of 1986, as amended through December 31, 1987.*

Sec. 21. [REPEALER.]

*Minnesota Statutes 1987 Supplement, sections 290.06, subdivision 20; and 290.077, subdivision 1, are repealed.*

Sec. 22. [EFFECTIVE DATES.]

*Except as otherwise provided, sections 1 to 3 and 16 are effective for taxable years beginning after December 31, 1986. Sections 5, 7 to 12, 14, 15, 17, and 21 are effective for taxable years beginning after December 31, 1987. The deduction allowed under section 4, clause (4) and the ability of surviving spouses to use the married filing joint rates in section 7 are effective for taxable years beginning after December 31, 1986. The rest of sections 4 and 7 are effective for taxable years beginning after December 31, 1987. Section 13 is effective for taxable years beginning after December 31, 1984. Section 18 is effective the day following final enactment.*

## ARTICLE 2

### BUSINESS TAXES

Section 1. Minnesota Statutes 1987 Supplement, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] *(a) On or before April 15, June 15, and December 15 of each year, every domestic*

and foreign company, including town and farmers' mutual insurance companies and domestic mutual insurance companies, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. *For insurers other than town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) principally writing workers' compensation insurance, (ii) writing life insurance, or (iii) whose total assets at the end of the preceding calendar year exceed \$1,600,000,000, installments must be based on a sum equal to two percent of the premiums described in paragraph (b). For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) principally writing workers' compensation insurance, (ii) writing life insurance, or (iii) whose total assets at the end of the preceding calendar year exceed \$1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (b):*

*(1) for premiums paid after December 31, 1987, and before January 1, 1989, 1.5 percent;*

*(2) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and*

*(3) for premiums paid after December 31, 1991, one-half of one percent.*

*(b) Installments under paragraph (a) are percentages of gross premiums less return premiums on all direct business received by ~~the~~ the insurer in this state, or by its agents for it, in cash or otherwise, during such year, excepting premiums written for marine insurance as specified in subdivision 6.*

*(c) Failure of a company to make payments of at least one-third of either ~~(a)~~ (1) the total tax paid during the previous calendar year or ~~(b)~~ (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 60E.04, subdivision 4, is amended to read:

Subd. 4. [TAXATION.] (a) All premiums paid for coverages within this state to risk retention groups are subject to taxation at the same rate and subject to the same interest, fines, and penalties for nonpayment as that applicable to ~~foreign admitted~~ other insurers.

(b) To the extent agents or brokers are utilized, they shall report and pay the taxes for the premiums for risks which they have placed with or on behalf of a risk retention group not chartered in this state. *The agents or brokers are subject to the provisions of sections 60A.195 to 60A.209.*

(c) To the extent agents or brokers are not utilized or fail to pay the tax, each risk retention group shall pay the tax for risks insured within the state. Each risk retention group shall report all premiums paid to it for risks insured within the state *and shall be subject to the same interest, fines, and penalties for nonpayment as that applicable to foreign admitted insurers.*

Sec. 3. Minnesota Statutes 1986, section 62E.13, is amended by adding a subdivision to read:

*Subd. 10. Premiums received by the writing carrier for the comprehensive health insurance plan are exempt from the provisions of section 60A.15.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 69.021, subdivision 5, is amended to read:

Subd. 5. [CALCULATION OF STATE AID.] The amount of state aid available for apportionment shall be two percent of the fire, lightning, sprinkler leakage, and extended coverage premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report and two percent of the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report. ~~The amount for apportionment in respect to firefighter's state aid shall not be greater or lesser than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Firetown Premium Report after subtracting~~ *This amount shall be reduced by the amount required to pay the state auditor's costs and expenses of the audits or exams of the firefighters relief associations. The total amount for apportionment in respect to police state aid shall not be greater or lesser than the amount of premium taxes paid to the state upon the premiums reported to the commissioner by insurers on the Minnesota Aid to Police Premium Report after subtracting the amount required to pay the state auditor's costs and expenses of the audits or exams of the police relief associations. The amount for apportionment in respect to police state aid shall be distributed to the municipalities maintaining police departments and to the county on the basis of the number of active peace officers, as certified pursuant to section 69.011, subdivision 2, clause (b). The commissioner shall calculate the percentage of increase or decrease reflected in the apportionment over or under the previous year's available state aid using the same premiums as a basis for comparison.*

Sec. 5. Minnesota Statutes 1986, section 69.031, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATIONS.] There is hereby appropriated annually from the state general fund to the commissioner of revenue an amount sufficient to make the payments specified in this section and section 69.021 ~~not exceeding the tax collected.~~

Sec. 6. Minnesota Statutes 1986, section 237.075, subdivision 8, is amended to read:

Subd. 8. [CHARITABLE CONTRIBUTIONS.] The commission shall allow as operating expenses only those charitable contributions which the commission deems prudent and which qualify under section 290.21, subdivision 3, clause (b) *or (e)*. Only 50 percent of the qualified contributions shall be allowed as operating expenses.

Sec. 7. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 5, is amended to read:

Subd. 5. [DOMESTIC CORPORATIONS.] The term "domestic" when applied to a corporation means a corporation:

*(1) created or organized in Minnesota or under its laws; and the term "foreign" when thus applied means a corporation other than a domestic corporation the United States, or under the laws of the United States or of any state, the District of Columbia, or any political subdivision of any of the foregoing but not including the commonwealth of Puerto Rico, or any possession of the United States;*

*(2) which qualifies as a DISC, as defined in section 992(a) of the Internal*

*Revenue Code of 1954, as amended through December 31, 1985; or*

*(3) which qualifies as a FSC, as defined in section 922 of the Internal Revenue Code of 1986, as amended through December 31, 1987.*

Sec. 8. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

*Subd. 5a. [FOREIGN CORPORATION.] The term "foreign," when applied to a corporation, means a corporation other than a domestic corporation.*

Sec. 9. Minnesota Statutes 1986, section 290.01, is amended by adding a subdivision to read:

*Subd. 6b. [FOREIGN OPERATING CORPORATION.] The term "foreign operating corporation," when applied to a corporation, means a domestic corporation with the following characteristics:*

*(1) it is part of a unitary business at least one member of which is taxable in this state; and*

*(2) either (i) the average of the percentages of its property and payrolls assigned to locations inside the United States and the District of Columbia, excluding the commonwealth of Puerto Rico and possessions of the United States, as determined under section 290.191 or 290.20, is 20 percent or less; or (ii) it has in effect a valid election under section 936 of the Internal Revenue Code of 1986, as amended through December 31, 1987.*

Sec. 10. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 19, is amended to read:

**Subd. 19. [NET INCOME.]** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

*In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(q) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:*

*(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and*

*(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.*

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19f mean the code in effect for purposes of determining net income for the applicable year.

Sec. 11. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 19c, is amended to read:

**Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE**



INCOME.] For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest *not subject to federal tax* upon obligations of: the United States, its possessions, its agencies, or its instrumentalities ~~to the extent the obligations are not subject to federal tax~~; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; or the District of Columbia;

(3) ~~exempt interest~~ *exempt-interest* dividends received as defined in section 852(b)(5) of the Internal Revenue Code of 1986, as amended through December 31, 1986;

(4) the amount of any windfall profits tax deducted under section 164 or 471 of the Internal Revenue Code of 1986, as amended through December 31, 1986;

(5) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 of the Internal Revenue Code of 1986, as amended through December 31, 1986;

(6) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code of 1986, as amended through December 31, 1986;

(7) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(8) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code of 1986, as amended through December 31, 1986;

(9) the amount of any charitable contributions deducted for federal income tax purposes under section 170 of the Internal Revenue Code of 1986, as amended through December 31, 1986;

(10) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code of 1986, as amended through December 31, 1986;

(11) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code of 1986, as amended through December 31, 1986; ~~and~~

(12) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities; *and*

(13) *the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g).*

Sec. 12. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. [CORPORATIONS; MODIFICATIONS DECREASING FEDERAL TAXABLE INCOME.] For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the decrease in salary expense for federal income tax purposes due to claiming the federal jobs credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code of 1986, as amended through December 31, 1986, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed; and

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code of 1986, as amended through December 31, 1986, in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (11), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) the amount included in federal taxable income attributable to the credits provided in Minnesota Statutes 1986, section 273.1314, subdivision 9, or Minnesota Statutes, section 469.171, subdivision 6;

(10) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year; and

(11) the following percentage of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation:

<i>Taxable Year</i>	<i>Beginning After . . . . . Percentage</i>
<i>December 31, 1988 . . . . .</i>	<i>50 percent</i>
<i>December 31, 1990 . . . . .</i>	<i>80 percent.</i>

Sec. 13. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 19e, is amended to read:

Subd. 19e. [DEPRECIATION MODIFICATIONS FOR CORPORATIONS.] In the case of corporations, a modification shall be made for the accelerated cost recovery system. The allowable deduction for the accelerated cost recovery system is the same amount as provided in section 168 of the Internal Revenue Code with the following modifications. The modifications apply to taxable years beginning after December 31, 1986, and to property for which deductions under the Tax Reform Act of 1986, Public Law Number 99-514, are elected or apply.

(a) For property placed in service after December 31, 1980, and before January 1, 1987, 40 percent of the allowance pursuant to section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1985, for 15-, 18-, or 19-year real property shall not be allowed and for all other property 20 percent shall not be allowed.

(b) For property placed in service after December 31, 1987, no modification shall be made.

(c) For property placed in service after July 31, 1986, and before January 1, 1987, for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law Number 99-514, and for property placed in service after December 31, 1986, and before January 1, 1988, 15 percent of the allowance pursuant to section 168 of the Internal Revenue Code of 1986 shall not be allowed.

(d) For property placed in service after December 31, 1980, and before January 1, 1987, for which the taxpayer elects to use the straight line method provided in section 168(b)(3), (f)(12), or (j)(1) or a method provided in section 168(e)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1986, but excluding property for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law Number 99-514, the modifications provided in paragraph (a) do not apply.

(e) For property subject to the modifications contained in paragraphs (a) and ~~(b)~~ (c) and Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), the following modification shall be made after the entire amount of the allowable deduction has been allowed for federal tax purposes for that property under the provisions of section 168 of the Internal Revenue Code of 1986, as amended through December 31, 1986. The remaining depreciable basis in those assets for Minnesota purposes, including the amount of any basis reduction to reflect the investment tax credit for federal purposes under sections 48(q) and 49(d) of the Internal Revenue Code of 1986, as amended through December 31, 1986, shall be a depreciation allowance computed using the straight line method over the following number of years:

- (1) three-year property, one year;
- (2) five-year and seven-year property, two years;
- (3) ten-year property, five years; and
- (4) all other property, seven years.

(f) For property placed in service after December 31, 1987, the remaining depreciable basis for Minnesota purposes that is attributable to the basis reduction for federal purposes to reflect the investment tax credit under sections 48(q) and 49(d) of the Internal Revenue Code of 1986, as amended through December 31, 1986, shall be allowed as a deduction in the first taxable year after the entire amount of the allowable deduction for that property under the provisions of section 168 of the Internal Revenue Code of 1986, has been allowed, except that where the straight line method provided in section 168(b)(3) is used, the deduction provided in this clause shall be allowed in the last taxable year in which an allowance for depreciation is allowed for that property.

(g) For qualified timber property for which the taxpayer made an election under section 194 of the Internal Revenue Code of 1986, the remaining depreciable basis for Minnesota purposes is allowed as a deduction in the first taxable year after the entire allowable deduction has been allowed for federal tax purposes.

(h) The basis of property to which section 168 of the Internal Revenue Code applies is its basis as provided in this chapter including the modifications provided in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c). The recapture tax provisions provided in sections 1245 and 1250 of the Internal Revenue Code of 1986, as amended through December 31, 1986, apply but must be calculated using the basis

provided in the preceding sentence.

(i) The basis of an asset acquired in an exchange of assets, including an involuntary conversion, is the same as its federal basis under the provisions of the Internal Revenue Code of 1986, except that the difference in basis due to the modifications in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), is a

Sec. 14. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 29, is amended to read:

Subd. 29. [TAXABLE INCOME.] For tax years beginning after December 31, 1986, the term "taxable income" means:

(1) for individuals, estates, and trusts, the same as taxable net income;

(2) for corporations, the taxable net income less

(i) the net operating loss deduction under section 290.095;

(ii) the dividends received deduction under section 290.21, subdivision 4; and

(iii) the charitable contribution deduction under section 290.21, subdivision 3; and

(iv) the foreign royalty deduction under section 290.21, subdivision 8-deduction as provided in paragraph (e).

Sec. 15. Minnesota Statutes 1987 Supplement, section 290.015, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] A person, other than a resident individual, that conducts a trade or business with its principal place of business outside of Minnesota is subject to the taxes imposed by this chapter with respect to that trade or business if the trade or business makes sales or receives other income that is assignable or apportionable to this state under section 290.17, 290.191, 290.20, 290.35 or 290.36 without regard to physical presence in this state, except as provided in subdivision 3. Activities that create jurisdiction to tax under this chapter include, but are not limited to:

(1) having a place of business in this state;

(2) having employees, representatives, or independent contractors conducting business activities in this state;

(3) regularly selling products or services of any kind or nature to customers in this state who receive the product or service in this state;

(4) regularly soliciting business from potential customers in this state;

(5) regularly performing services from outside this state which are consumed within this state;

(6) regularly engaging in transactions with customers in this state that involve intangible property, including loans but not property described in subdivision 3, paragraph (b); and result in income flowing to the person from within this state;

(7) owning or leasing tangible personal or real property located in this state; or

(8) if a financial institution, regularly soliciting and receiving deposits

from customers in this state.

(a) Except as provided in subdivision 3, a person that conducts a trade or business that has a place of business in this state, regularly has employees or independent contractors conducting business activities on its behalf in this state, or owns or leases real property located in this state or tangible personal property located in this state as defined in section 290.191, subdivision 6, paragraph (e), is subject to the taxes imposed by this chapter.

(b) Except as provided in subdivision 3, a person that conducts a trade or business not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade or business obtains or regularly solicits business from within this state, without regard to physical presence in this state.

(c) For purposes of paragraph (b), business from within this state includes, but is not limited to:

(1) sales of products or services of any kind or nature to customers in this state who receive the product or service in this state;

(2) sales of services which are performed from outside this state but the benefits of which are consumed in this state;

(3) transactions with customers in this state that involve intangible property and result in income flowing to the person from within this state as provided in section 290.191;

(4) leases of tangible personal property that is located in this state as defined in section 290.191, subdivision 6, paragraph (e);

(5) sales and leases of real property located in this state; and

(6) if a financial institution, deposits received from customers in this state.

(d) For purposes of paragraph (b), solicitation includes, but is not limited to:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals, the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition of which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota, but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

(7) advertisements broadcast on a radio or television station located in Minnesota; or

(8) any other solicitation by telegraph, telephone, computer data base, cable, optic, microwave, or other communication system.

Sec. 16. Minnesota Statutes 1987 Supplement, section 290.015, subdivision 2, is amended to read:

Subd. 2. [PRESUMPTION.] (a) A person is presumed, subject to rebuttal, to be engaged in regular solicitation within this state if it conducts transactions described in any of subdivision 1, clauses (3) to (6); with 20 or more residents of this state during any tax period or, if a financial institution, if the sum of its assets and the absolute value of its deposits attributable to sources within this state equals or exceeds \$5,000,000. Assets and deposits must be attributed to sources within this state by applying the principles established under section 290.191 obtaining or regularly soliciting business from within this state if:

(1) it is a financial institution and it conducts activities described in subdivision 1, paragraph (b), without regard to transactions described in subdivision 3, with 20 or more persons within this state during any tax period; or

(2) it is a financial institution as defined in section 290.01, subdivision 4a, and the sum of its assets and the absolute value of its deposits attributable to sources within this state equals or exceeds \$5,000,000, with assets and deposits attributed to sources within this state by applying the principles established under section 290.191, except as provided in subdivision 3.

(b) A financial institution that (i) is not engaged in activities within this state under subdivision 1, paragraph (a), and (ii) does not satisfy the requirements of paragraph (a) is not subject to taxes imposed by this chapter.

Sec. 17. Minnesota Statutes 1987 Supplement, section 290.015, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] (a) A person is not subject to tax under this chapter if the person is engaged in the business of selling tangible personal property and taxation of that person under this chapter is precluded by Public Law Number 86-272, United States Code, title 15, sections 381 to 384 or would be so precluded except for the fact that the person stored tangible personal property in a state licensed facility under chapter 231.

(b) Ownership of an interest in the following types of property (including those contacts with this state reasonably required to evaluate and complete the acquisition or disposition of the property, the servicing of the property or the income from it, the collection of income from the property, or the acquisition or liquidation of collateral relating to the property) shall not be a factor in determining whether the owner is subject to tax under this chapter:

(1) an interest in a real estate mortgage investment conduit, a real estate investment trust, or a regulated investment company, as those terms are defined in the Internal Revenue Code of 1986, as amended through December 31, 1986; and

(2) an interest in a loan-backed, mortgage-backed, or receivable-backed security representing either: (i) ownership in a pool of promissory notes, mortgages, or receivables or certificates of interest or participation in such notes, mortgages, or receivables, or (ii) debt obligations or equity interests which provide for payments in relation to payments or reasonable projections of payments on the notes, mortgages, or receivables, and which are issued by a financial institution or by an entity substantially all of whose assets consist of promissory notes, mortgages, receivables, or interests in

them;

(3) an interest in any assets described in section 290.191, subdivision 11, paragraphs (e) to (l), and in which the payment obligations embodied in such assets were solicited and entered into by persons independent and not acting on behalf of the owner;

(4) an interest in the right to service, or collect income from any assets described in section 290.191, subdivision 11, paragraphs (e) to (l), and in which the payment obligations embodied in such assets were solicited and entered into by persons independent and not acting on behalf of the owner;

(5) an interest of a person other than an individual, estate, or trust, in any intangible, tangible, real, or personal property acquired in satisfaction, whether in whole or in part, of any asset embodying a payment obligation which is in default, whether secured or unsecured, the ownership of an interest in which would be exempt under the preceding provisions of this subdivision, provided the property is disposed of within a reasonable period of time; or

(6) amounts held in escrow or trust accounts, pursuant to and in accordance with the terms of property described in this subdivision.

If the person is a member of the unitary group, paragraph (b) does not apply to an interest acquired from another member of the unitary group.

Sec. 18. Minnesota Statutes 1987 Supplement, section 290.015, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS.] (a) This section does not ~~(1)~~ subject a trade or business to any regulation, including any tax, of any local unit of government or subdivision of this state if the trade or business does not own or lease tangible or real property located within this state and has no employees or independent contractors present in this state to assist in the carrying on of the business; ~~or (2) exclude a trade or business from the filing requirements of the notice of business activities report under section 290.371.~~

(b) The purchase of tangible personal property or intangible property or services by a person that conducts a trade or business with the principal place of business outside of Minnesota (the "non-Minnesota person") from a person within Minnesota shall not be taken into account in determining whether the non-Minnesota person is subject to the taxes imposed by this chapter, except for services involving either the direct solicitation of Minnesota customers or relationships with Minnesota customers after sales are made.

(c) No contact with any Minnesota financial institution by any financial institution with its principal place of business outside Minnesota with respect to transactions described in subdivision 3, or with respect to deposits received from or by a Minnesota financial institution, shall be taken into account in determining whether such a financial institution is subject to the taxes imposed by this chapter. The fact of participation by a Minnesota financial institution in a transaction which also involves a borrower and a financial institution that conducts a trade or business with its principal place of business outside of Minnesota shall not be a factor in determining whether such financial institution is subject to the taxes imposed by this chapter. This paragraph does not apply to transactions between or among members of the same unitary group.



Sec. 19. Minnesota Statutes 1987 Supplement, section 290.06, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION, CORPORATIONS.] (a) The franchise tax imposed by this chapter upon corporations shall be computed by applying to their taxable income the rate of 9.5 percent adjusted as provided in paragraph (b).

(b) For taxable years beginning after December 31, 1989, the commissioner of revenue must adjust the rate provided in paragraph (a) as provided in this paragraph. By December 15, 1989, the commissioner shall prepare a forecast of revenues predicted to be raised for taxable years beginning in 1990 by the franchise tax on corporations under this chapter for taxable years beginning in 1990, including the tax under section 290.092, computed as if the tax were imposed under section 290.092, subdivisions 1 to 4, and the rate in effect in this subdivision were 9.5 percent. The commissioner shall adjust the rate provided in paragraph (a) so that the amount forecast to be raised by the franchise tax on corporations under this chapter, including the tax under section 290.092, subdivision 5, is equal to the amount of the forecast computed as if the tax under section 290.092, subdivisions 1 to 4, were in effect. *The adjustment of the tax rate by the commissioner under this subdivision shall not be considered a "rule" and shall not be subject to the administrative procedure act contained in chapter 14.*

Sec. 20. Minnesota Statutes 1987 Supplement, section 290.06, subdivision 21, is amended to read:

Subd. 21. [ALTERNATIVE MINIMUM TAX.] (a) A corporation is allowed a credit for alternative minimum tax previously paid for any taxable year in which the corporation has no tax liability under section 290.092, *subdivision 1*, and has an alternative minimum tax credit carryover from a previous year. The credit allowable in any taxable year shall be equal to the lesser of (1) the excess of the tax under section 290.06 for the taxable year over the amount computed under section 290.092, subdivision 1, clause ~~(a)~~ (1), for the taxable year, or (2) the alternative minimum tax credit carryover to the taxable year.

(b) ~~The tax imposed under section 290.092, subdivision 1, for any taxable year is a credit for an alternative minimum tax previously paid which is a credit carryover to each of the five taxable years succeeding the taxable year. The entire amount of the alternative minimum tax credit must be carried to the earliest of the taxable years year to which such amount may be carried. The portion of the alternative minimum tax credit which is carried to each of the other taxable years to which the credit may be carried is the excess, if any, of the credit over the amount allowable under paragraph (a) for each of the taxable years to which the credit may be carried. In each taxable year in which a credit is allowable under paragraph (a), the credit for alternative minimum tax previously paid must be used beginning with the earliest taxable year from which the credit may be carried. Any unused portion of the credit must be carried to the following taxable year. No credit may be carried to a taxable year more than five years after the taxable year in which the alternative minimum tax was paid.~~

Sec. 21. Minnesota Statutes 1987 Supplement, section 290.092, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE MINIMUM TAX BASE.] The alternative minimum tax base equals the sum of:

- (1) the total amount of Minnesota sales ~~and~~ *or* receipts;
- (2) the amount of the taxpayer's total Minnesota property; and
- (3) the taxpayer's total Minnesota payrolls;

less the exemption amount, if any.

Sec. 22. Minnesota Statutes 1987 Supplement, section 290.092, subdivision 4, is amended to read:

Subd. 4. [DEFINITIONS.] (a) "Minnesota sales ~~and~~ *or* receipts" means the total sales apportioned to Minnesota pursuant to section 290.191, subdivision 5, the total receipts attributed to Minnesota pursuant to section 290.191, subdivisions 6 to 8, and/or the total sales or receipts apportioned or attributed to Minnesota pursuant to any other apportionment formula applicable to the taxpayer.

(b) "Minnesota property" means total Minnesota tangible property as provided in section 290.191, subdivisions 9 to 11, and any other tangible property located in Minnesota *except as provided in subdivision 4a*. Intangible property shall not be included in Minnesota property for purposes of this section. Taxpayers who do not utilize tangible property to apportion income shall nevertheless include Minnesota property for purposes of this section. ~~For the first five taxable years during which a corporation is subject to taxation under this chapter, the amount of its Minnesota property and payrolls shall be deemed to be zero for purposes of this section~~ *On a return for a short taxable year, the amount of Minnesota property owned, as determined under section 290.191, shall be included in Minnesota property based on a fraction in which the numerator is the number of days in the short taxable year and the denominator is 365.*

(c) "Minnesota payrolls" means total Minnesota payrolls as provided in section 290.191, subdivision 12, *except as provided in subdivision 4a*. Taxpayers who do not utilize payrolls to apportion income shall nevertheless include Minnesota payrolls for purposes of this section.

(d) The "exemption amount" equals the lesser of (1) the sum of the taxpayer's Minnesota sales ~~and~~ *or* receipts, property, and payrolls, *as defined in this section*, or (2) \$5,000,000 reduced by one-half of the amount of the taxpayer's total sales and receipts, property, and payrolls, *as defined in this section*, in excess of \$10,000,000. *In the case of a unitary group, the exemption amount equals the lesser of (1) the sum of the unitary group's Minnesota sales or receipts, property, and payrolls or (2) \$5,000,000 reduced by one-half of the unitary group's total sales or receipts, property, and payrolls in excess of \$10,000,000. Each member of a unitary group may use a portion of the unitary group's exemption amount based on a fraction, the numerator of which is the sum of the taxpayer's Minnesota sales or receipts, property, and payrolls and the denominator is the sum of the Minnesota sales or receipts, property, and payrolls of all unitary members subject to the taxes imposed by this chapter. Total sales and receipts, property, and payroll means the total determined under section 290.191 as the denominator of the apportionment formula. For purposes of this section, taxpayers who use an apportionment formula that does not include sales or receipts, property, and payrolls shall, nevertheless, use those amounts as defined in section 290.191, subdivisions 5 to 12. On a return for a short taxable year, the amount of total property owned, as determined under section 290.191, shall be included in Minnesota property*

based on a fraction in which the numerator is the number of days in the short taxable year and the denominator is 365. In the case of a unitary business, the exemption amount must reflect the factors of ~~the entire all businesses included in the unitary business group as reported on the combined report~~ defined in section 290.17, subdivision 4. A corporation that has as its sole or primary business activity (1) the providing of professional services, as defined in section 319A.02; (2) operation as a financial institution, as defined in section 290.01, subdivision 4a; (3) sales or management of real estate; or (4) operation as an insurance agency, as defined in section 60A.02, does not have an exemption amount.

Sec. 23. Minnesota Statutes 1987 Supplement, section 290.092, is amended by adding a subdivision to read:

*Subd. 4a. [NEW BUSINESS EXCLUSION.] For the first five taxable years during which a corporation is subject to taxation under this chapter, the amount of its Minnesota property and payrolls must be excluded from the alternative minimum tax base unless it is disqualified in this subdivision. A corporation is considered subject to taxation under this chapter if it would be subject to Minnesota's jurisdiction to tax as provided in section 290.015, before claiming this exclusion. The following does not qualify for this exclusion:*

*(1) a corporation that is a member of a unitary group that includes at least one business that does not qualify for this exclusion;*

*(2) any corporation organized under the laws of this state or certified to do business within this state at least five taxable years before the taxable year in which this exclusion is claimed;*

*(3) corporations created by: reorganizations, as defined in section 368 of the Internal Revenue Code of 1986, as amended through December 31, 1987; or split-ups, split-offs, or spin-offs, as described in section 355 of the Internal Revenue Code of 1986, as amended through December 31, 1987; or the transfer or acquisition, whether directly or indirectly, of assets which constitute a trade or business, including stock purchases under section 338 of the Internal Revenue Code of 1986, as amended through December 31, 1987, where the surviving, newly formed, or acquiring corporation conducts substantially the same activities as the predecessor corporation, regardless of whether or not the survivor corporation also conducts additional activities, and the predecessor corporation would not otherwise qualify for this exclusion if it had continued to conduct those activities;*

*(4) any change in identity or form of business where the original business entity would have been subject to Minnesota's taxing jurisdiction, as provided in section 290.015, at least five taxable years before the taxable year in which this exclusion is claimed;*

*(5) a corporation, the primary business activity of which is the providing of professional services as defined in section 319A.02, operation as a financial institution, as defined in section 290.01, subdivision 4a; sales or management of real estate; or operation as an insurance agency, as defined in section 60A.03; or*

*(6) a corporation the affairs of which the commissioner finds were arranged as they were primarily to reduce taxes by qualifying as a new business under this subdivision.*

Sec. 24. Minnesota Statutes 1987 Supplement, section 290.092, subdivision 5, is amended to read:

Subd. 5. [IMPOSITION OF TAX AFTER 1989.] For taxable years beginning after December 31, 1989, in addition to the taxes computed under this chapter ~~without regard to this section~~, the franchise tax imposed on corporations includes a tax equal to ~~the excess, if any, of:~~

(1) 40 percent of the tax imposed upon the corporation under section 55(a) of the Internal Revenue Code of 1986, as amended through December 31, 1986, apportioned to Minnesota under section 290.191. In computing the amount of the liability under section 55(a) of the Internal Revenue Code of 1986, the regular federal tax liability under section 55(a)(2) of the Internal Revenue Code of 1986, must be determined using federal taxable income as modified by sections 290.01, subdivisions 19c and 19d, 290.095, and 290.21, and alternative minimum taxable income under section 56 of the Internal Revenue Code of 1986 must be computed as if the section 290.095 restrictions on net operating losses applied.

~~(2) the amount of tax computed under this chapter without regard to this section.~~

Sec. 25. Minnesota Statutes 1987 Supplement, section 290.095, subdivision 1, is amended to read:

Subdivision 1. [ALLOWANCE OF DEDUCTION.] (a) There shall be allowed as a deduction for the taxable year the amount of any net operating loss deduction as provided in section 172 of the Internal Revenue Code of 1986, as amended through December 31, 1986, subject to the limitations and modifications provided in this section.

(b) A net operating loss deduction shall be available under this section only to corporate taxpayers except that subdivisions 7, 9, and 11 hereof apply only to individuals, estates, and trusts.

*(c) In the case of a regulated investment company or fund thereof, as defined in section 851(a) or 851(q) of the Internal Revenue code of 1986, as amended through December 31, 1987, the deduction provided by this section shall not be allowed.*

Sec. 26. Minnesota Statutes 1987 Supplement, section 290.095, subdivision 2, is amended to read:

Subd. 2. [DEFINED AND LIMITED.] (a) The term "net operating loss" as used in this section shall mean a net operating loss as defined in section 172(c) of the Internal Revenue Code of 1986, as amended through December 31, 1986, with the modifications specified in subdivision 4. The deductions provided in section 290.21 *and the modification provided in section 290.01, subdivision 19d, clause (11)*, cannot be used in the determination of a net operating loss.

(b) The term "net operating loss deduction" as used in this section means the aggregate of the net operating loss carryovers to the taxable year, computed in accordance with subdivision 3. The provisions of section 172(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986, relating to the carryback of net operating losses, do not apply.

Sec. 27. Minnesota Statutes 1987 Supplement, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER.] (a) A net operating loss ~~for any taxable year~~

*incurred in a taxable year: (i) beginning after December 31, 1986, shall be a net operating loss carryover to each of the 15 taxable years following the taxable year of such loss; (ii) beginning before January 1, 1987, shall be a net operating loss carryover to each of the five taxable years following the taxable year of such loss subject to the provisions of Minnesota Statutes 1986, section 290.095; and (iii) beginning before January 1, 1987, shall be a net operating loss carryback to each of the three taxable years preceding the loss year subject to the provisions of Minnesota Statutes 1986, section 290.095.*

(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 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 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 290.191, the net operating loss deduction *incurred in any taxable year* shall be allowed to the extent of the apportionment ratio of the loss year.

(d) No additional net operating loss deduction is allowed in a subsequent taxable year for the portion of a net operating loss deduction *incurred in any taxable year* used to offset Minnesota income in a year in which the taxpayer is subject to the alternative minimum tax in section 290.092.

Sec. 28. Minnesota Statutes 1987 Supplement, section 290.095, is amended by adding a subdivision to read:

*Subd. 12. [UNITARY GROUP; CARRYBACK; CARRYFORWARD.] A taxpayer may elect a net operating loss carryback to each of the three taxable years preceding the taxable year of the loss and a net operating loss carryover to each of the five taxable years following the taxable year of the loss, notwithstanding subdivision 3, clause (a). The net operating loss carryback and carryover allowed under this subdivision is limited to the part of the net operating loss attributable to the deduction allowed for bad debts under section 166(a) of the Internal Revenue Code of 1986, as amended through December 31, 1987. The part of the net operating loss for any taxable year that is attributable to the deduction allowed for bad debts is the excess of the net operating loss for the taxable year, over the net operating loss for the taxable year determined without regard to the amount allowed as a deduction for bad debts for the taxable year. In applying the provisions of subdivision 3, clause (b), the part of the net operating loss for the loss year that is attributable to the deduction allowed for bad debts is considered a separate net operating loss for the year to be applied before the other part of the net operating loss. This subdivision applies only to taxpayers where a member of the unitary group meets the definition found in section 585(c)(2)(A) of the Internal Revenue Code of 1986, as amended through December 31, 1987, and includes all corporations included in the unitary group and required to be included on a combined report. A refund of tax that is the result of a net operating loss carryback under this section must be paid after two years but before two years and 30 days after the claim for refund was filed.*

Sec. 29. Minnesota Statutes 1987 Supplement, section 290.10, is amended to read:

## 290.10 [NONDEDUCTIBLE ITEMS.]

~~Notwithstanding any other provision of law~~ Except as provided in section 290.17, subdivision 4, paragraph (i), in computing the net income of a corporation no deduction shall in any case be allowed for 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 corporations 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, and the provisions of section 298.031, this shall not prevent the deduction of expenses and other items to the extent that the expenses and other items are allowable under this chapter 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.

Sec. 30. Minnesota Statutes 1987 Supplement, section 290.17, subdivision 4, is amended to read:

Subd. 4. [UNITARY BUSINESS PRINCIPLE.] (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to farm income subject to subdivision 5, paragraph (a), business income subject to subdivision 5, paragraph (b) or (c), income of an insurance company determined under section 290.35, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which are of mutual benefit, dependent upon, or contributory to one another, individually or as a group. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership is not deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more business entities and more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more

of the member corporations of the group.

(f) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of corporations or other entities created or organized in the United States or under the laws of the United States or of any state, the District of Columbia, the commonwealth of Puerto Rico, any possession of the United States, or any political subdivision of any the foregoing and of any FSC as defined in section 922 of the Internal Revenue Code of 1986, as amended through December 31, 1986, that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that other corporations or other entities organized in foreign countries might be included in the unitary business. The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business. A foreign corporation or other foreign entity which is required to file a return under this chapter shall file on a separate return basis. The net income and apportionment factors under section 290.191 or 290.20 of foreign operating corporations shall not be included in the net income or the apportionment factors of the unitary business except as provided in paragraph (g).

(g) The adjusted net income of a foreign operating corporation shall be deemed to be paid as a dividend on the last day of its taxable year to each shareholder thereof, in proportion to each shareholder's ownership, with which such corporation is engaged in a unitary business. Such deemed dividend shall be treated as a dividend under section 290.21, subdivision 4.

Dividends actually paid by a foreign operating corporation to a corporate shareholder which is a member of the same unitary business as the foreign operating corporation shall be eliminated from the net income of the unitary business in preparing a combined report for the unitary business. The adjusted net income of a foreign operating corporation shall be its net income adjusted as follows:

(1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto Rico, or a United States possession or political subdivision of any of the foregoing shall be a deduction; and

(2) the subtraction from federal taxable income for payments received from foreign corporations or foreign operating corporations under section 290.01, subdivision 19d, clause (11), shall not be allowed.

If a foreign operating corporation incurs a net loss, neither income nor deduction from that corporation shall be included in determining the net income of the unitary business.

(h) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities other than foreign operating corporations that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business.

(i) *Deductions for expenses, interest, or taxes otherwise allowable under this chapter that are connected with or allocable against dividends, deemed dividends described in paragraph (g) or royalties, fees, or other like income described in section 290.01, subdivision 19d, clause (11), shall not be disallowed.*

~~(g)~~ (j) Each corporation or other entity that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph ~~(f)~~ (h) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph ~~(f)~~ (h) in the denominators of the apportionment formula.

(k) *If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:*

(1) *its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and*

(2) *its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.*

Sec. 31. Minnesota Statutes 1987 Supplement, section 290.191, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] Except as otherwise provided in section 290.17, subdivision 5, the net income from a trade or business carried on partly within and partly without this state must be apportioned to this state as provided in this section. *For purposes of this section, state means a state of the United States, the District of Columbia, the commonwealth of Puerto Rico, or any territory or possession of the United States or any foreign country.*

Sec. 32. Minnesota Statutes 1987 Supplement, section 290.191, subdivision 4, is amended to read:

Subd. 4. [APPORTIONMENT FORMULA FOR CERTAIN MAIL ORDER BUSINESSES.] If the business consists exclusively of the selling of tangible personal property and services in response to orders received by United States mail or telephone, and ~~100~~ 99 percent of the taxpayer's property and payroll is within Minnesota, then the taxpayer may apportion net income to Minnesota based solely upon the percentage that the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period. Property and payroll factors are disregarded. In determining eligibility for this subdivision, the sale not in the ordinary course of business of tangible or intangible assets used in conducting business activities must be disregarded. ~~This subdivision is repealed effective for taxable years beginning after December 31, 1988.~~

Sec. 33. Minnesota Statutes 1987 Supplement, section 290.191, subdivision 5, is amended to read:

Subd. 5. [DETERMINATION OF SALES FACTOR.] ~~(a)~~ For purposes of this section, the following rules apply in determining the sales factor.



~~(b)~~ (a) *The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:*

(1) *interest;*

(2) *dividends;*

(3) *sales of capital assets as defined in section 1221 of the Internal Revenue Code of 1986, as amended through December 31, 1987;*

(4) *sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased;*

(5) *sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code of 1986, as amended through December 31, 1987, or sales of stock; and*

(6) *royalties, fees, or other like income of a type which qualify for a subtraction from federal taxable income under section 290.01, subdivision 19(d)(11).*

(b) *Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, and the taxpayer is taxable in this state, regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.*

(c) *Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.*

(d) *Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.*

(e) *Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.*

~~(f) Sales, other than sales of tangible personal property, are made in this state if the property is used, or the benefits of the services are consumed, in this state. If the property is used or the benefits of the services are consumed in more than one state, the sales must be apportioned pro rata according to the portion of use or consumption of benefits in this state. Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.~~

(g) *Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment is located in this state if:*

(1) *the operation of the property is entirely within this state; or*

(2) *the operation of the property is in two or more states and the principal base of operations from which the property is sent out is in this state.*

(h) *Royalties and other income not described in paragraph (a), clause (6), received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.*

(i) *Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the regular course of its business operations in this state.*

(j) *Receipts from the performance of services must be attributed to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion of the benefits consumed in this state. If the extent to which the benefits of services are consumed in this state is not readily determinable, the benefits of the services shall be deemed to be consumed at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the benefits of the services shall be deemed to be consumed at the office of the customer to which the services are billed.*

Sec. 34. Minnesota Statutes 1987 Supplement, section 290.191, subdivision 6, is amended to read:

Subd. 6. [DETERMINATION OF RECEIPTS FACTOR FOR FINANCIAL INSTITUTIONS.] (a) For purposes of this section, the rules in this subdivision and subdivisions 7 and 8 apply in determining the receipts factor for financial institutions.

(b) "Receipts" for this purpose means gross income, including net taxable gain on disposition of assets, including securities and money market ~~transac-~~  
~~actions~~ instruments, when derived from transactions and activities in the regular course of the taxpayer's trade or business.

(c) "Money market instruments" means federal funds sold and securities purchased under agreements to resell, commercial paper, banker's acceptances, and purchased certificates of deposit and similar instruments to the extent that the instruments are reflected as assets under generally accepted accounting principles.

(d) "Securities" means United States Treasury securities, obligations of United States government agencies and corporations, obligations of state and political subdivisions, corporate stock and other securities, participations in securities backed by mortgages held by United States or state

government agencies, loan-backed securities and similar investments to the extent the investments are reflected as assets under generally accepted accounting principles.

(e) Receipts from the lease or rental of real or tangible personal property, including both finance leases and true leases, must be attributed to this state if the property is located in this state. Tangible personal property that is characteristically moving property, such as motor vehicles, rolling stock, aircraft, vessels, mobile equipment, and the like, is considered to be located in a state if:

(1) the operation of the property is entirely within the state; or

(2) the operation of the property is in two or more states, but the principal base of operations from which the property is sent out is in the state.

(f) Interest income and other receipts from assets in the nature of loans that are secured primarily by real estate or tangible personal property must be attributed to this state if the security property is located in this state under the principles stated in paragraph (e).

(g) Interest income and other receipts from consumer loans not secured by real or tangible personal property that are made to residents of this state, whether at a place of business, by traveling loan officer, by mail, by telephone or other electronic means, must be attributed to this state.

(h) Interest income and other receipts from commercial loans and installment obligations not secured by real or tangible personal property must be attributed to this state if the proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the income and receipts are attributed to the state in which ~~the business applied for the loan.~~ *“Applied for” means initial inquiry (including customer assistance in preparing the loan application) or submission of a completed loan application, whichever occurs first the office of the borrower from which the application would be made in the regular course of business is located. If this cannot be determined, the transaction is disregarded in the apportionment formula.*

(i) Interest income and other receipts from a participating financial institution's portion of participation loans must be attributed under paragraphs (e) to (h). A participation loan is a loan in which more than one lender is a creditor to a common borrower.

(j) Interest income and other receipts including service charges from financial institution credit card and travel and entertainment credit card receivables and credit card holders' fees must be attributed to the state to which the card charges and fees are regularly billed.

(k) Merchant discount income derived from financial institution credit card holder transactions with a merchant must be attributed to the state in which the merchant is located. In the case of merchants located within and outside the state, only receipts from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Receipts from the performance of fiduciary and other services must be attributed to the state in which the benefits of the services are consumed. If the benefits are consumed in more than one state, the receipts from those benefits must be apportioned to this state pro rata according to the portion

of the benefits consumed in this state. *If the extent to which the benefits of services are consumed in this state is not readily determinable, the benefits of the services shall be deemed to be consumed at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the benefits of the services shall be deemed to be consumed at the office of the customer to which the services are billed.*

(m) Receipts from the issuance of travelers checks and money orders must be attributed to the state in which the checks and money orders are purchased.

(n) Receipts from investments of a financial institution in securities of this state, its political subdivisions, agencies, and instrumentalities must be attributed to this state.

*(o) Receipts from a financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), is not included in the numerator or the denominator of the receipts factor provided the financial institution's activities within this state with respect to any interest in the property are limited in the manner provided in section 290.015, subdivision 3, paragraph (b). If a financial institution is subject to tax under this chapter, its interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the receipts factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (n) and subdivision 7.*

Sec. 35. Minnesota Statutes 1987 Supplement, section 290.191, subdivision 11, is amended to read:

Subd. 11. [FINANCIAL INSTITUTIONS; PROPERTY FACTOR.] (a) For financial institutions, the property factor includes, as well as tangible property, intangible property as set forth in this subdivision.

(b) Intangible personal property must be included at its tax basis for federal income tax purposes.

(c) Goodwill must not be included in the property factor.

(d) Coin and currency located in this state must be attributed to this state.

(e) Lease financing receivables must be attributed to this state if and to the extent that the property is located within this state.

(f) Assets in the nature of loans that are secured by real or tangible personal property must be attributed to this state if and to the extent that the security property is located within this state.

(g) Assets in the nature of consumer loans and installment obligations that are unsecured or secured by intangible property must be attributed to this state if the loan was made to a resident of this state.

(h) Assets in the nature of commercial loan and installment obligations that are unsecured or secured by intangible property must be attributed to this state if the loan proceeds of the loan are to be applied in this state. If it cannot be determined where the funds are to be applied, the assets must be attributed to the state in which the business applied for the loan. "Applied for" means initial inquiry (including customer assistance in preparing the loan application) or submission of a completed loan application, whichever occurs first there is located the office of the borrower from which the

*application would be made in the regular course of business. If this cannot be determined, the transaction is disregarded in the apportionment formula.*

(i) A participating financial institution's portion of a participation loan must be attributed under paragraphs (e) to (h).

(j) Financial institution credit card and travel and entertainment credit card receivables must be attributed to the state to which the credit card charges and fees are regularly billed.

(k) Receivables arising from merchant discount income derived from financial institution credit card holder transactions with a merchant are attributed to the state in which the merchant is located. In the case of merchants located within and without the state, only receipts from merchant discounts attributable to sales made from locations within the state are attributed to this state. It is presumed, subject to rebuttal, that the location of a merchant is the address shown on the invoice submitted by the merchant to the taxpayer.

(l) Assets in the nature of securities and money market instruments are apportioned to this state based upon the ratio that total deposits from this state, its residents, its political subdivisions, agencies and instrumentalities bear to the total deposits from all states, their residents, their political subdivisions, agencies and instrumentalities. In the case of an unregulated financial institution ~~subject to this regulation~~, the ~~receipts~~ assets are apportioned to this state based upon the ratio that its gross business income earned from sources within this state bears to gross business income earned from sources within all states. For purposes of this subsection, deposits made by this state, its residents, its political subdivisions, agencies, and instrumentalities are attributed to this state, whether or not the deposits are accepted or maintained by the taxpayer at locations within this state.

*(m) A financial institution's interest in any property described in section 290.015, subdivision 3, paragraph (b), is not included in the numerator or the denominator of the property factor provided the financial institution's activities within this state with respect to any interest in such property are limited in the manner provided in section 290.015, subdivision 3, paragraph (b). If a financial institution is subject to tax under this chapter, its interest in property described in section 290.015, subdivision 3, paragraph (b), is included in the property factor in the same manner as assets in the nature of securities or money market instruments are included under paragraph (1).*

Sec. 36. Minnesota Statutes 1987 Supplement, section 290.21, subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in clause (b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual,

(d) to or for the use of the United States of America for exclusively public purposes if the contribution or gift consists of real property located in Minnesota,

(e) *to or for the use of a foundation if the foundation is organized and operated exclusively for a purpose in clause (b), and has no part of its net earnings inuring to the benefit of a private shareholder or individual, but does not carry on substantially all of its activities within this state. The deduction under this clause equals the amount of the corporation's contributions or gifts to the foundation within the taxable year multiplied by a fraction equal to the ratio of the foundation's total expenditures during the taxable year for the benefit of organizations described in clause (b) to the foundation's total expenditures during the taxable year.*

(f) the total deduction hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the deductions allowable under this section other than those for contributions or gifts,

(~~f~~) (g) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by rules prescribe.

Sec. 37. Minnesota Statutes 1987 Supplement, section 290.21, subdivision 4, is amended to read:

Subd. 4. (a) Eighty percent of dividends received by a corporation during the taxable year from another corporation, *in which the recipient owns 20 percent or more of the stock, by vote and value, not including stock described in section 1504(a)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1987,* when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom. ~~The remaining 20 percent shall be allowed if the recipient owns 80 percent or more of all the voting stock of the other corporation and the dividends were paid from income arising out of business done in this state by the corporation paying the dividends. If the dividends were declared from income arising out of business done within and without this state, then a proportion of the remainder shall be allowed as a deduction. The proportion must be that which the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income~~

of the corporation. The amounts must be determined by the returns under this chapter of the corporation paying the dividends for the taxable year preceding their distribution. The burden is on the taxpayer to show that the amount of remainder claimed as a deduction has been received from income arising out of business done in this state.

(b) If the trade or business of the taxpayer consists principally of the holding of the stocks and the collection of the income and gains therefrom, dividends received by a corporation during the taxable year from another corporation, if the recipient owns 80 percent or more of all the voting stock of the other corporation, from income arising out of business done in this state by the corporation paying the dividends. If the dividends were declared from income arising out of business done within and without this state, then a proportion of the dividends shall be allowed as a deduction. The proportion must be that which the amount of the taxable net income of the corporation paying the dividends assignable or allocable to this state bears to the entire net income of the corporation. The amounts must be determined by the returns under this chapter of the corporation paying the dividends for the taxable year preceding their distribution. The burden is on the taxpayer to show that the amount of dividends claimed as a deduction has been received from income arising out of business done in this state.

*(b) Seventy percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code of 1986 as amended through December 31, 1987, when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.*

(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 1986, as amended through December 31, 1986.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code of 1986, as amended through December 31, 1986.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code of 1986, as amended through December 31, 1986.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law Number 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.34, subdivision 2, then for

purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code of 1986, as amended through December 31, 1986.

*(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) 80 percent or 70 percent, pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.*

Sec. 38. Minnesota Statutes 1987 Supplement, section 290.34, subdivision 2, is amended to read:

Subd. 2. [AFFILIATED OR RELATED CORPORATIONS, COMBINED REPORT.] (a) When a corporation which is required to file an income tax return is affiliated with or related to any other corporation through stock ownership by the same interests or as parent or subsidiary corporations, or has its income regulated through contract or other arrangement, the commissioner of revenue may permit or require such combined report as, in the commissioner's opinion, is necessary in order to determine the taxable net income of any one of the affiliated or related corporations.

(b) If a corporation has been divested from the unitary group and is included in a combined report for a fractional part of the common accounting period that the report is based on, then the sales, property, and payroll attributed to the corporation in the apportionment formula must be prorated or separately accounted and must show for what part of the accounting period the corporation is included in the report.

(c) The combined report shall reflect the income of the entire unitary business as provided in section 290.17, subdivision 4. If a corporation has been divested from the unitary group and is included in the combined report for a fractional part of the common accounting period that the combined report is based on, its income includable in the combined report is its income for that part of the year.

Sec. 39. Minnesota Statutes 1987 Supplement, section 290.35, subdivision 2, is amended to read:

Subd. 2. [APPORTIONMENT OF TAXABLE NET INCOME.] The commissioner shall compute therefrom the taxable net income of such companies by assigning to this state that proportion thereof which the gross premiums collected by them during the taxable year from old and new business within this state bears to the total gross premiums collected by them during that year from their entire old and new business, including reinsurance premiums; provided, the commissioner shall add to the taxable net income so apportioned to this state the amount of any taxes on premiums paid by the company by virtue of any law of this state (other than the surcharge on premiums imposed by sections 69.54 to 69.56) which shall have been deducted from gross income by the company in arriving at its



total net income under the provisions of such act of congress.

(a) For purposes of determining the Minnesota apportionment percentage, premiums from reinsurance contracts ~~assumed from companies domiciled in Minnesota and premiums~~ in connection with property in or liability arising out of activity in, or in connection with the lives or health of Minnesota residents shall be assigned to Minnesota and premiums from reinsurance contracts ~~assumed from companies domiciled outside of Minnesota and premiums~~ in connection with property in or liability arising out of activity in, or in connection with the lives or health of non-Minnesota residents shall be assigned outside of Minnesota. *Reinsurance premiums are presumed to be received for a Minnesota risk and are assigned to Minnesota, if:*

*(1) the reinsurance contract is assumed for a company domiciled in Minnesota; and*

*(2) the taxpayer, upon request of the commissioner, fails to provide reliable records indicating the reinsured contract covered non-Minnesota risks.*

*For purposes of this paragraph, "Minnesota risk" means coverage in connection with property in or liability arising out of activity in Minnesota, or in connection with the lives or health of Minnesota residents.*

(b) The apportionment method prescribed by paragraph (a) shall be presumed to fairly and correctly determine the taxpayer's taxable net income. If the method prescribed in paragraph (a) does not fairly reflect all or any part of taxable net income, the taxpayer may petition for or the commissioner may require the determination of taxable net income by use of another method if that method fairly reflects taxable net income. A petition within the meaning of this section must be filed by the taxpayer on such form as the commissioner shall require.

Sec. 40. Minnesota Statutes 1987 Supplement, section 290.37, subdivision 1, is amended to read:

Subdivision 1. [PERSONS MAKING RETURNS.] (a) A taxpayer shall file a return for each taxable year the taxpayer is required to file a return under section 6012 of the Internal Revenue Code of 1986, as amended through December 31, 1986, except that an individual who is not a Minnesota resident for any part of the year is not required to file a Minnesota income tax return if the individual's gross income derived from Minnesota sources under sections 290.081, paragraph (a), and 290.17, is less than the filing requirements for a single individual who is a full year resident of Minnesota.

The decedent's final income tax return, and all other income tax returns for prior years where the decedent had gross income in excess of the minimum amount at which an individual is required to file and did not file, shall be filed by the decedent's personal representative, if any. If there is no personal representative, the return or returns shall be filed by the transferees as defined in section 290.29, subdivision 3, who receive any property of the decedent.

The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount determined by the commissioner if such trust belongs to the class of taxable persons.

Every corporation shall file a return, if the corporation is subject to the state's jurisdiction to tax under section 290.014, subdivision 5, *except that a foreign operating corporation as defined in section 290.01, subdivision 6b, is not required to file a return.* The return in the case of a corporation must be signed by a person designated by the corporation. The commissioner may adopt rules for the filing of one return on behalf of the members of an affiliated group of corporations that are required to file a combined report if the affiliated group includes a bank subject to tax under this chapter. Members of an affiliated group that elect to file one return on behalf of the members of the group under rules adopted by the commissioner may modify or rescind the election by filing the form required by the commissioner.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if a return is required.

(b) Such return shall (1) contain a written declaration that it is correct and complete, and (2) shall contain language prescribed by the commissioner providing a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

Sec. 41. Minnesota Statutes 1987 Supplement, section 290.371, subdivision 1, is amended to read:

Subdivision 1. [REPORT REQUIRED.] Every corporation that, during any calendar year or fiscal accounting year ~~ending~~ *beginning* after December 31, 1986, ~~carried on any activity or owned or maintained any property in this state, unless specifically exempted under subdivision 3 obtained any business from within this state as described in section 290.015, subdivision 1, with the exception of:~~

(1) *activity levels lower than those set forth in section 290.015, subdivision 2, paragraph (a), if the corporation is a financial institution; or*

(2) *activities described in section 290.015, subdivision 3, paragraph (b); or*

(3) *corporations specifically exempted under subdivision 3, must file a notice of business activities report, as provided in this section. Filing of the report is not a factor in determining whether a corporation is subject to taxation under this chapter.*

Sec. 42. Minnesota Statutes 1987 Supplement, section 290.371, subdivision 3, is amended to read:

Subd. 3. [EXEMPTIONS.] A corporation is not required to file a notice of business activities report if:

(1) by the end of an accounting period for which it was otherwise required to file a notice of business activities report under this section, it had received a certificate of authority to do business in this state;

(2) a timely return or report has been filed under section 290.05, subdivision 4; or 290.37; ~~or~~

(3) the corporation is exempt from taxation under this chapter pursuant to section 290.05, subdivision 1; *or*

(4) *the corporation's activities in Minnesota, or the interests in property*

*which it owns, consist solely of activities or property exempted from jurisdiction to tax under section 290.015, subdivision 3, paragraph (b).*

Sec. 43. Minnesota Statutes 1987 Supplement, section 290.371, subdivision 4, is amended to read:

Subd. 4. [ANNUAL FILING.] Every corporation not exempt under subdivision 3 must file annually a notice of business activities report, including such forms as the commissioner may require, with respect to ~~all or any part~~ of each of its calendar or fiscal accounting years beginning after December 31, 1986, on or before the 15th day of the fourth month after the close of the calendar or fiscal accounting year.

Sec. 44. Minnesota Statutes 1987 Supplement, section 290.371, subdivision 5, is amended to read:

Subd. 5. [FAILURE TO FILE TIMELY REPORT.] (a) Any corporation required to file a notice of business activities report does not have any cause of action upon which it may bring suit under Minnesota law unless the corporation has filed a notice of business activities report.

(b) The failure of a corporation to file a timely report prevents the use of the courts in this state, *except regarding activities and property described in section 290.015, subdivision 3, paragraph (b)*, for all contracts executed and all causes of action that arose at any time before the end of the last accounting period for which the corporation failed to file a required report.

(c) The court in which the issues arise has the power to excuse the corporation for its failure to file a report when due, and restore the corporation's cause of action under the laws of this state, if the corporation has paid all taxes, interest, and civil penalties due the state for all periods, or provided for payment of them by adequate security or bond approved by the commissioner.

*(d) Notwithstanding the provisions of section 290.61, the commissioner may acknowledge whether or not a particular corporation has filed with the commissioner reports or returns required by this chapter if the acknowledgment:*

*(1) is to a party in a civil action;*

*(2) relates to the filing status of another party in the same civil action; and*

*(3) is in response to a written request accompanied by a copy of the summons and complaint in the civil action.*

Sec. 45. Minnesota Statutes 1986, 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, 1985, 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 *Minnesota Statutes 1986*, 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. 46. Minnesota Statutes 1987 Supplement, section 290.9725, is amended to read:

**290.9725 [ELECTION BY SMALL BUSINESS CORPORATION S CORPORATIONS.]**

*For purposes of this chapter, the term "S corporation" means any corporation having a valid election in effect for the taxable year under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1986, 1987. An S corporation shall not be subject to the taxes imposed by this chapter, except:*

(1) ~~the corporation is subject to the tax imposed under section 290.92; and~~

(2) ~~the corporation is subject to the tax imposed under section 290.02 in any tax period in which it recognizes income for federal income tax purposes under Internal Revenue Code, section 1363(d), 1374, or 1375; the total amount of income recognized is the federal taxable income for the corporation within the meaning of section 290.01, subdivision 19; the provisions of sections 290.01, subdivisions 19a to 19f, and 290.17 to 290.20, must be employed to determine the taxable net income of the corporation; and the taxable net income of the corporation is its taxable income, except that any net operating loss carryforward that arose in a year when there was no election in effect under Section 1362 of the Internal Revenue Code is allowed as a deduction the taxes imposed under sections 290.92, 290.9727, 290.9728, and 290.9729.~~

**Sec. 47. [290.9727] [TAX ON CERTAIN BUILT-IN GAINS.]**

*Subdivision 1. [TAX IMPOSED.] For a corporation electing S corporation status pursuant to section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1987, after December 31, 1986, and having a recognized built-in gain as defined in section 1374 of the Internal Revenue Code of 1986, as amended through December 31, 1987, there is imposed a tax on the taxable income of such S corporation, as defined in this section, at the rate prescribed by section 290.06, subdivision 1. This section does not apply to any corporation having an S election in effect for each of its taxable years. An S corporation and any predecessor corporation must be treated as one corporation for purposes of the preceding sentence.*

*Subd. 2. [TAXABLE INCOME.] For purposes of this section, taxable income means taxable net income less the deduction for net operating loss carryforwards as provided by this section.*

*Subd. 3. [TAXABLE NET INCOME.] For purposes of this section, taxable net income means the lesser of:*

(1) *the recognized built-in gains of the S corporation for the taxable year, as determined under section 1374 of the Internal Revenue Code of 1986, as amended through December 31, 1987, subject to the modifications provided in section 290.01, subdivisions 19e and 19f, that are allocable to this state under section 290.17, 290.191, or 290.20; or*

(2) the amount of the S corporation's federal taxable income, as determined under section 1374(d)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1987, subject to the provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under section 290.17, 290.191, or 290.20, less the deduction for charitable contributions in section 290.21, subdivision 3.

*Subd. 4. [NET OPERATING LOSS CARRYFORWARD.] A net operating loss carryforward, as determined under section 290.095, arising in a taxable year before the corporation elected S corporation status, shall be allowed as a deduction against the lesser of the amounts referred to in subdivision 3, clauses (1) and (2). For purposes of determining the amount of any such loss that may be carried to later taxable years, the lesser of the amounts referred to in subdivision 3, clauses (1) and (2) shall be treated as taxable income.*

Sec. 48. [290.9728] [TAX ON CAPITAL GAINS.]

*Subdivision 1. [TAX IMPOSED.] There is imposed a tax on the taxable income of a corporation that has:*

(1) elected S corporation status pursuant to section 1362 of the Internal Revenue Code of 1954, as amended through December 31, 1985, before January 1, 1987;

(2) a net capital gain for the taxable year (i) in excess of \$25,000 and (ii) exceeding 50 percent of the corporation's federal taxable income for the taxable year; and

(3) federal taxable income for the taxable year exceeding \$25,000.

*The tax is imposed at the rate prescribed by section 290.06, subdivision 1. For purposes of this section, "federal taxable income" means federal taxable income determined under section 1374(4)(d) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This section does not apply to an S corporation which has had an election under section 1362 of the Internal Revenue Code of 1954, in effect for the three immediately preceding taxable years. This section does not apply to an S corporation that has been in existence for less than four taxable years and has had an election in effect under section 1362 of the Internal Revenue Code of 1954 for each of the corporation's taxable years. For purposes of this section, an S corporation and any predecessor corporation are treated as one corporation.*

*Subd. 2. [TAXABLE INCOME.] For purposes of this section, taxable income means the lesser of:*

(1) the amount of the net capital gain of the S corporation for the taxable year, as determined under sections 1222 and 1374 of the Internal Revenue Code of 1986, as amended through December 31, 1987, and subject to the modifications provided in section 290.01, subdivisions 19e and 19f, in excess of \$25,000 that is allocable to this state under section 290.17, 290.191, or 290.20; or

(2) the amount of the S corporation's federal taxable income, subject to the provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under section 290.17, 290.191, or 290.20, less the deduction for charitable contributions in section 290.21, subdivision 3.

Sec. 49. [290.9729] [TAX ON PASSIVE INVESTMENT INCOME.]

*Subdivision 1. [TAX IMPOSED.] There is imposed a tax for the taxable year on the taxable income of an S corporation, if for the taxable year an S corporation has:*

*(1) subchapter C earnings and profits at the close of such taxable year; and*

*(2) gross receipts more than 25 percent of which are passive investment income.*

*The tax is imposed at the rate prescribed by section 290.06, subdivision 1. The terms "subchapter C earnings and profits," "passive investment income," and "gross receipts" have the same meanings as when used in sections 1362(d)(3) and 1375 of the Internal Revenue Code of 1986, as amended through December 31, 1987.*

*Subd. 2. [TAXABLE INCOME.] For the purposes of this section, taxable income means the lesser of:*

*(1) the amount of the S corporation's excess net passive income, as determined under section 1375 of the Internal Revenue Code of 1986, as amended through December 31, 1986, subject to the provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under section 290.17, 290.191, or 290.20; or*

*(2) the amount of the S corporation's federal taxable income, as determined under section 1374(d)(4) of the Internal Revenue Code of 1986, as amended through December 31, 1987, subject to the provisions of section 290.01, subdivisions 19c to 19f, that is allocable to this state under section 290.17, 290.191, or 290.20, less the deduction for charitable contributions in section 290.21, subdivision 3.*

*Subd. 3. [WAIVER OF TAX.] The tax imposed by this section shall be waived if the taxpayer receives a waiver for federal income tax purposes under section 1375(d) of the Internal Revenue Code of 1986, as amended through December 31, 1987.*

*Sec. 50. Minnesota Statutes 1987 Supplement, section 295.34, subdivision 1, is amended to read:*

*Subdivision 1. Except as provided in subdivision 2 every telephone company shall file a return with the commissioner of revenue on or before April 15 of each year, and submit payment therewith, of the following percentages of its gross earnings, including long distance access charges, of the preceding calendar year derived from business within this state:*

*(a) for gross earnings from service to rural subscribers and from exchange business of all cities of the fourth class and statutory cities having a population of 10,000 or less*

*for calendar years beginning before December 31, 1988, 4 percent,*

*for calendar year 1989, 3 percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of four percent,*

*for calendar year 1990, 1.5 percent,*

*for calendar year 1991, 1 percent, and*

*for calendar years beginning after December 31, 1991, exempt; and*

*(b) for gross earnings derived from all other business*

for calendar years beginning before December 31, 1988, 7 percent,

for calendar year 1989, 5.5 percent, provided that the estimated tax payments made on March 15 and June 15, 1989, pursuant to section 295.365, must be made as if the tax were imposed at a rate of seven percent,

for calendar year 1990, 3 percent,

for calendar year 1991, 2.5 percent, and

for calendar years beginning after December 31, 1991, exempt.

A tax shall not be imposed on the gross earnings of a telephone company from business originating or terminating outside of Minnesota, except that the gross earnings tax is imposed on all long distance access charges allocated to interstate service received in payment from a telephone company before December 31, 1989.

The tax imposed is in lieu of all other taxes, except the taxes imposed by chapter 290, property taxes assessed beginning in 1989, payable in 1990, and sales and use taxes imposed as a result of chapter 297A. All money paid by a company for connecting fees and switching charges to any other company shall be reported as earnings by the company to which they are paid. For the purposes of this section, the population of any statutory city shall be considered as that stated in the latest federal census.

*(c) For the period January 1, 1984 through December 31, 1986, all money paid by a company for connecting fees and switching charges, including carriers access charges except that portion paid for directory assistance and billing and collection services, to any other company must be reported as earnings by the company to which they are paid, but are not deemed to be earnings of the collecting and paying company.*

Sec. 51. Minnesota Statutes 1987 Supplement, section 298.01, subdivision 3, is amended to read:

Subd. 3. [OCCUPATION TAX; OTHER ORES.] Every person engaged in the business of mining or producing ores, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. The tax is measured by the person's taxable income for the year for which the tax is imposed, and computed in the manner and at the rates provided in chapter 290, except that ~~section sections~~ 290.01, subdivisions 19c, clause (11), 19d, clause (7), and 290.05, subdivision 1, clause (a), ~~does do not~~ apply. Corporations and individuals shall be subject to the alternative minimum taxes imposed under chapter 290. The tax is in addition to all other taxes and is due and payable on or before June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 52. Minnesota Statutes 1987 Supplement, section 298.01 subdivision 4, is amended to read:

Subd. 4. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] A person engaged in the business of mining or producing of iron ore or taconite concentrates shall pay an occupation tax to the state of Minnesota. The tax is measured by the person's taxable income for the year for which the tax is imposed, and computed in the manner and at the rates provided for in chapter 290, except that ~~section sections~~ 290.01, subdivisions 19c, clause (11), 19d, clause (7), and 290.05, subdivision 1, clause (a), ~~does do not~~ apply. Corporations and individuals shall be subject

to the alternative minimum taxes imposed under chapter 290. The tax is in addition to all other taxes and is due and payable on or before June 15 of the year succeeding the calendar year covered by the report required by section 298.05.

Sec. 53. [298.402] [NET OPERATING LOSSES.]

*For purposes of the computation under section 298.40, subdivision 1, clause (b), a net operating loss incurred in a taxable year beginning after December 31, 1986, is a net operating loss carryover to each of the 15 taxable years following the taxable year of the loss, in accordance with section 290.095. A net operating loss incurred in a taxable year beginning after December 31, 1981, and before January 1, 1987, is a net operating loss carryover to taxable years beginning after December 31, 1986, not to exceed the five taxable years following the taxable year of the loss, in accordance with section 290.095. No net operating loss carryback is allowed for a net operating loss incurred in a taxable year beginning after December 31, 1986.*

Sec. 54. Minnesota Statutes 1986, section 299.01, subdivision 1, is amended to read:

Subdivision 1. There shall be levied and collected upon all royalty received during each calendar year for permission to explore, mine, take out and remove *iron ore or taconites* from land in this state, a tax of 15 percent before January 1, 1986, a tax of 14.5 percent after December 31, 1985, and before January 1, 1987, and a tax of 14 percent after December 31, 1986.

Sec. 55. Minnesota Statutes 1986, section 303.03, is amended to read:

303.03 [FOREIGN CORPORATIONS MUST HAVE CERTIFICATE OF AUTHORITY.]

No foreign corporation shall transact business in this state unless it holds a certificate of authority so to do; and no foreign corporation whose certificate of authority has been revoked or canceled pursuant to the provisions of this chapter shall be entitled to obtain a certificate of authority except in accordance with the provisions of section 303.19. *This section does not establish standards for those activities that may subject a foreign corporation to taxation under section 290.015 and to the reporting requirements of section 290.371.* Without excluding other activities which may not constitute transacting business in this state, and subject to the provisions of sections 303.13 and 543.19, a foreign corporation shall not be considered to be transacting business in this state for the purposes of this chapter solely by reason of carrying on in this state any one or more of the following activities:

(a) Maintaining or defending any action or suit or any administrative or arbitration proceeding, or effecting the settlement thereof or the settlement of claims or disputes;

(b) Holding meetings of its directors or shareholders or carrying on other activities concerning its internal affairs;

(c) Maintaining bank accounts;

(d) Maintaining offices or agencies for the transfer, exchange and registration of its securities, or appointing and maintaining trustees or depositaries with relation to its securities;



(e) Holding title to and managing real or personal property, or any interest therein, situated in this state, as executor of the will or administrator of the estate of any decedent, as trustee of any trust, or as guardian or conservator of the person or estate, or both, of any person;

(f) Making, participating in, or investing in loans or creating, as borrower or lender, or otherwise acquiring indebtedness or mortgages or other security interests in real or personal property;

(g) Securing or collecting its debts or enforcing any rights in property securing them; or

(h) Conducting an isolated transaction completed within a period of 30 days and not in the course of a number of repeated transactions of like nature.

Sec. 56. [REPEALER.]

(a) *Minnesota Statutes 1986, section 298.401, is repealed.*

(b) *Minnesota Statutes 1986, section 299.013, is repealed.*

(c) *Minnesota Statutes 1987 Supplement, section 290.21, subdivision 8, is repealed.*

(d) *Minnesota Statutes 1987 Supplement, section 290.371, subdivision 2, is repealed.*

Sec. 57. [EFFECTIVE DATE.]

*Sections 1, 4, and 5 are effective January 1, 1988. Sections 7, 8, 9, 11, clause (13), 31, and 40 are effective for taxable years beginning after December 31, 1990, except that sections 9, 11, clause (13), and 40 are effective for taxable years beginning after December 31, 1989, insofar as they apply to 936 corporations. In this section, "936 corporations" are corporations referred to in section 9, clause (2)(ii). Sections 12, clause (11), 14, 26, 33, and 56, paragraph (c), are effective for taxable years beginning after December 31, 1988. Sections 2, 3, 32, 36, 37, and 38 are effective for taxable years beginning after December 31, 1987. Section 30, paragraphs (f), (g), (h), and (j) are effective for taxable years beginning after December 31, 1990, except that insofar as they apply to 936 corporations, they are effective for taxable years beginning after December 31, 1989. Sections 29, in its reference to section 290.17, subdivision 4, paragraph (i), and 30, paragraph (i), are effective for taxable years beginning after December 31, 1988, in its application to income described in section 290.01, subdivision 19d, clause (11), for taxable years beginning after December 31, 1989, in its application to other income of 936 corporations, and for taxable years beginning after December 31, 1990, in its application to other income of foreign operating corporations. Section 30, paragraph (k) is effective for taxable years beginning after December 31, 1987.*

*Sections 10, 11, clauses (2) and (3), 12, except for clause (11), 13, 15 to 18, 20, 21, 23, 25, 29 insofar as it refers to companies subject to the occupation tax, 34, 35, 39, 41 to 49, and 56, paragraph (d), are effective for taxable years beginning after December 31, 1986. Section 22 is effective for taxable years beginning after December 31, 1986, except that the part relating to the apportionment of the exemption amount among members of a unitary group is effective for taxable years beginning after December 31, 1987. Section 27 is effective for taxable years beginning after*

*December 31, 1986, except that the part relating to the allowance of a net operating loss incurred in any taxable year to the extent of the apportionment ratio of the loss year is effective for taxable years beginning after December 31, 1987. Section 28 is effective for losses incurred in taxable years beginning after December 31, 1986, and is repealed effective for taxable years beginning after December 31, 1993. Sections 6, 50, and 55 are effective the day following final enactment. Sections 51 and 52 are effective for ores mined after December 31, 1989. Section 53 is effective for ores mined after December 31, 1986, and before January 1, 1990. Section 54 is effective for ore mined after December 31, 1986. Section 56, paragraph (a), is effective for ores mined after December 31, 1989. Section 56, paragraph (b), is effective for ores mined after December 31, 1986, and supersedes the repealer in Laws 1987, chapter 268, article 9, section 43.*

### ARTICLE 3

#### FEDERAL UPDATE

Section 1. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 4, is amended to read:

Subd. 4. [CORPORATIONS.] The term "corporation" shall include every entity which is a corporation under section 7701(a)(3) or is treated as a corporation under section 851(q) or 7704 of the Internal Revenue Code of 1986, as amended through December 31, 1986 1987, and financial institutions. A corporation's franchise is its authorization to exist and conduct business, whether created by legislation, by executive order, by a governmental agency, by contract or other private action, or by some combination thereof. Every corporation is deemed to have a corporate franchise. An entity described in section 646(b) of the Tax Reform Act of 1986, Public Law Number 99-514, shall be classified in the same manner for purposes of this chapter as it is for federal income tax purposes.

Sec. 2. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. *The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, shall be effective at the time they become effective for federal income tax purposes.*

*The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987.*

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19f mean the code in effect for purposes of determining net income for the applicable year.

Sec. 3. Minnesota Statutes 1987 Supplement, section 290.01, subdivision 20, is amended to read:

Subd. 20. [GROSS INCOME.] For tax years beginning after December 31, 1986, The term "gross income" means the gross income as defined in section 61 of the Internal Revenue Code of 1986, as amended through the date named in subdivision 19 for the applicable taxable year, plus any additional items of income taxable under this chapter but not taxable under the Internal Revenue Code, less any items included in federal gross income but of a character exempt from state income tax under the laws of the United States. For tax years beginning before January 1, 1987, except as otherwise provided in this chapter, the term "gross income," as applied to corporations includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, position or services; income derived from the ownership or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source.

For tax years beginning before January 1, 1987, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in Minnesota Statutes 1986, section 290.01, subdivisions 20a to 20f. For estates and trusts the adjusted gross income for purposes of the preceding sentence shall be their federal taxable income as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this subdivision and in Minnesota Statutes 1986, section 290.01, subdivisions 20a to 20f.

(i) The Internal Revenue Code of 1954, as amended through December 31, 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(e) and (d), 102(a), (aa), (f)(4), (g), (j), (l), 103(e), 104(b)(3), 105, 305(d), 306(a)(9) of Public Law Number 97-448, sections 101 and 102 of Public Law Number 97-473, and section 243 of the Tax Reform Act of 1986, Public Law Number 99-514, shall be effective at the same time that they become effective for federal income tax purposes. The Payment-in-Kind Tax Treatment Act of 1983, Public Law Number 98-4, shall be effective at the same time that it becomes effective for federal income tax purposes.

(ii) The Internal Revenue Code of 1954, as amended through January 15, 1983, shall be in effect for taxable years beginning after December 31, 1982. The provisions of sections 905, 1708, and 1879(m) of the Tax Reform Act of 1986, Public Law Number 99-514, shall be effective at the same time that they become effective for federal income tax purposes.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1983, shall be in effect for taxable years beginning after December 31, 1983. The provisions of sections 13, 17, 25(b), 31, 32, 41 to 43, 52, 55, 56, 71 to 74, 77, 81, 82, 91, 92, 94, 101 to 103, 105 to 108, 111 to 113, 147(e), 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(e), 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, section 1 of Public Law Number 98-611, and sections 1801, 1802, 1805 to 1809, 1812, 1842, 1853 to 1855, 1866, 1869 to 1873, 1875, and 1878(g) and (h) of the Tax Reform Act of 1986, Public Law Number 99-514, shall be effective at the same time that they become effective for federal income tax purposes.

(iv) The Internal Revenue Code of 1954, as amended through May 25, 1985, shall be in effect for taxable years beginning after December 31, 1984. The provisions of sections 101, 102, 103, 201, and 202 of Public Law Number 99-121 and sections 402, 403, 1803, 1804, 1852, and 1861 of the Tax Reform Act of 1986, Public Law Number 99-514, shall be effective at the same time that they become effective for federal income tax purposes.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1985, shall be in effect for taxable years beginning after December 31, 1985.

The provisions of sections 121 to 123, 201, 202, 241, 401, 405, 411 to 413, 653, 654, 804, 811, 822, 1001, 1003, 1122, 1162, 1164, 1166, 1301, 1401, 1402, 1707, 1826, 1827, 1843, 1867, 1868, 1879(f), and 1895 of the Tax Reform Act of 1986, Public Law Number 99-514, shall be effective at the same time that they become effective for federal income tax purposes.

References to the Internal Revenue Code of 1954 in subdivisions 20a, 20b, 20c, and 20f mean the code in effect for the purpose of defining gross income for the applicable taxable year.

Sec. 4. Minnesota Statutes 1987 Supplement, section 290.095, subdivision 3, is amended to read:

Subd. 3. [CARRYOVER.] (a) A net operating loss for any taxable year shall be a net operating loss carryover to each of the 15 taxable years following the taxable year of such loss.

(b) The entire amount of the net operating loss for any taxable year shall be carried to the earliest of the taxable years to which 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 taxable years to which such loss may be carried.

(c) Where a corporation does business both within and without Minnesota, and apportions its income under the provisions of section 290.191, the net operating loss deduction shall be allowed to the extent of the apportionment ratio of the loss year.

(d) No additional net operating loss deduction is allowed in a subsequent taxable year for the portion of a net operating loss deduction used to offset Minnesota income in a year in which the taxpayer is subject to the alternative minimum tax in section 290.092.

(e) *The provisions of sections 381, 382, and 384 of the Internal Revenue Code of 1986, as amended through December 31, 1987, apply to carryovers in certain corporate acquisitions and special limitations on net*

*operating loss carryovers.*

Sec. 5. Minnesota Statutes 1986, section 290.931, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS OF DECLARATION.] Every corporation subject to taxation under this chapter (excluding section 290.92) shall make a declaration of estimated tax for the taxable year if its tax liability so computed can reasonably be expected to exceed ~~\$1,000~~ \$500, or in accordance with rules prescribed by the commissioner for an affiliated group of corporations electing to file one return as permitted by rules prescribed under section 290.37, subdivision 1.

Sec. 6. Minnesota Statutes 1986, section 290.934, subdivision 1, is amended to read:

Subdivision 1. [ADDITION TO THE TAX.] In case of any underpayment of estimated tax by a corporation, ~~except as provided in subdivision 4,~~ there shall be added to the tax for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of the underpayment (determined under subdivision 2) for the period of the underpayment (determined under subdivision 3).

Sec. 7. Minnesota Statutes 1987 Supplement, section 290.934, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF UNDERPAYMENT.] For purposes of subdivision 1, the amount of the underpayment shall be the excess of

(1) ~~the amount of tax shown on the return for the tax year or, if no return is filed, the tax for the tax year required installment,~~ over

(2) the amount, if any, of the installment paid on or before the last date prescribed for payment.

Sec. 8. Minnesota Statutes 1986, section 290.934, subdivision 3, is amended to read:

Subd. 3. [PERIOD OF UNDERPAYMENT.] 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

(1) The 15th day of the third month following the close of the taxable year.

(2) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this paragraph, a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under subdivision 2(1) for such installment date credited against unpaid required installments in the order in which such installments are required to be paid.

Sec. 9. Minnesota Statutes 1986, section 290.934, is amended by adding a subdivision to read:

Subd. 3a. [REQUIRED INSTALLMENTS.] (1) Except as otherwise provided in this subdivision, the amount of a required installment is 25 percent of the required annual payment.

(2) Except as otherwise provided in this subdivision, the term "required annual payment" means the lesser of:

(a) 90 percent of the tax shown on the return for the taxable year, or if no return is filed 90 percent of the tax for such year; or

(b) 100 percent of the tax shown on the return of the corporation for the preceding taxable year providing such return was for a full 12-month period, did show a liability, and was filed by the corporation.

(3) Except for determining the first required installment for any taxable year, paragraph (2), clause (b) does not apply in the case of a large corporation. The term "large corporation" means a corporation or any predecessor corporation that had taxable net income of \$1,000,000 or more for any taxable year during the testing period. The term "testing period" means the three taxable years immediately preceding the taxable year involved. A reduction allowed to a large corporation for the first installment that is allowed by applying paragraph (2), clause (b) must be recaptured by increasing the next required installment by the amount of the reduction.

(4) In the case of a required installment, if the corporation establishes that the annualized income installment is less than the amount determined in paragraph (1), the amount of the required installment is the annualized income installment and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing subsequent required installments to the extent the reductions have not previously been recovered. A reduction shall be treated as recaptured for purposes of this paragraph if 90 percent of the reduction is recaptured.

(5) The "annualized income installment" is the excess, if any, of:

(a) an amount equal to the applicable percentage of the tax for the taxable year computed by placing on an annualized basis the taxable income:

(i) for the first two months of the taxable year, in the case of the first required installment;

(ii) for the first two months or for the first five months of the taxable year, in the case of the second required installment;

(iii) for the first six months or for the first eight months of the taxable year, in the case of the third required installment; and

(iv) for the first nine months or for the first 11 months of the taxable year, in the case of the fourth required installment, over;

(b) the aggregate amount of any prior required installments for the taxable year.

(c) For the purpose of this paragraph, the annualized income shall be computed by placing on an annualized basis the taxable income for the year up to the end of the month preceding the due date for the quarterly payment multiplied by 12 and dividing the resulting amount by the number of months in the taxable year (2, 5, 6, 8, 9, or 11 as the case may be) referred to in clause (a).

(d) The "applicable percentage" used in clause (a) is:

In the case of the following  
required installments:

1st

The applicable  
percentage is:

22.5

2nd	45
3rd	67.5
4th	90

(6)(a) If this paragraph applies, the amount determined for any installment must be determined in the following manner:

(i) take the taxable income for all months during the taxable year preceding the filing month;

(ii) divide that amount by the base period percentage for all months during the taxable year preceding the filing month;

(iii) determine the tax on the amount determined under item (ii); and

(iv) multiply the tax computed under item (iii) by the base period percentage for the filing month and all months during the taxable year preceding the filing month.

(b) For purposes of this paragraph:

(i) the "base period percentage" for any period of months is the average percent which the taxable income for the corresponding months in each of the three preceding taxable years bears to the taxable income for the three preceding taxable years;

(ii) the term "filing month" means the month in which the installment is required to be paid;

(iii) this paragraph shall only apply if the base period percentage for any six consecutive months of the taxable year equals or exceeds 70 percent; and

(iv) the commissioner may provide by rule for the determination of the base period percentage in the case of reorganizations, new corporations, and other similar circumstances.

(c) In the case of a required installment, determined under this paragraph, if the corporation determines that the installment is less than the amount determined in paragraph (1), the amount of the required installment is the amount determined under this paragraph and the recapture of previous quarters' reductions allowed by this paragraph must be recovered by increasing subsequent required installments to the extent the reductions have not previously been recovered. A reduction shall be treated as recaptured for purposes of this paragraph if 90 percent of the reduction is recaptured.

Sec. 10. Minnesota Statutes 1987 Supplement, section 290A.03, subdivision 15, is amended to read:

Subd. 15. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1986~~ 1987.

Sec. 11. [REPEALER.]

Minnesota Statutes 1986, sections 290.07, subdivisions 3 and 6; 290.11; 290.12, as amended by Laws 1987, chapter 268, article 1, section 64; 290.131, as amended by Laws 1987, chapter 268, article 1, section 65; 290.132, as amended by Laws 1987, chapter 268, article 1, section 66; 290.133, as amended by Laws 1987, chapter 268, article 1, section 67;

290.134, as amended by Laws 1987, chapter 268, article 1, section 68; 290.135, as amended by Laws 1987, chapter 268, article 1, section 69; 290.136, as amended by Laws 1987, chapter 268, article 1, section 70; 290.138, as amended by Laws 1987, chapter 268, article 1, section 71; and 290.934, subdivision 4; and Minnesota Statutes 1987 Supplement, section 290.14, is repealed.

Sec. 12. [INSTRUCTION TO REVISOR.]

*In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through December 31, 1987" for the phrase "Internal Revenue Code of 1986, as amended through December 31, 1986" whenever that phrase occurs in chapter 290, except section 290.01, subdivision 19, and chapter 291.*

Sec. 13. [EFFECTIVE DATES.]

*Section 4 is effective for taxable years beginning after December 31, 1986. The repeal in section 11 of Minnesota Statutes 1986, section 290.07, subdivisions 3 and 6, are effective for taxable years beginning after December 31, 1986. The remainder of section 11 is effective for taxable years beginning after December 31, 1987. Except as provided in section 2, all other sections of this article are effective for taxable years beginning after December 31, 1987.*

## ARTICLE 4

### PROPERTY TAX REFUND

Section 1. Minnesota Statutes 1987 Supplement, section 290A.03, subdivision 3, is amended to read:

Subd. 3. [INCOME.] (1) "Income" means the sum of the following:

(a) the greater of federal adjusted gross income as defined in the Internal Revenue Code or zero; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (1) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;



- (vii) workers' compensation;
- (viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) ~~the ordinary income portion of a lump sum distribution under section 402(e)(3) of the Internal Revenue Code; and~~

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; *and*

(xii) *nontaxable scholarship or fellowship grants.*

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" 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; or

(e) child support payments received under a temporary or final decree of dissolution or legal separation.

(3) *The sum of the following amounts shall be subtracted from income:*

(a) *for the claimant's first dependent, the exemption amount multiplied by 1.4;*

(b) *for the claimant's second dependent, the exemption amount multiplied by 1.3;*

(c) *for the claimant's third dependent, the exemption amount multiplied by 1.2;*

(d) *for the claimant's fourth dependent, the exemption amount multiplied by 1.1;*

(e) *for the claimant's fifth dependent, the exemption amount; and*

(f) *if the claimant or claimant's spouse was disabled or attained the age of 65 prior to June 1 of the year for which the taxes were levied or rent paid, the exemption amount.*

*For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code of 1986, as amended through December 31, 1987, for the taxable year for*

*which the income is reported.*

Sec. 2. Minnesota Statutes 1986, section 290A.03, subdivision 7, is amended to read:

Subd. 7. [DEPENDENT.] "Dependent" means any person who is ~~under 18 years of age at the end of the calendar year who receives more than 50 percent of support from the claimant, or who is between 18 and 21 years of age and is a full time student who receives more than 50 percent of support from the claimant~~ considered a dependent under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1987. *In the case of a son, stepson, daughter, or stepdaughter of the claimant, amounts received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the claimant.* "Dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead. ~~"Dependent" includes a person over 18 years of age who lives in the claimant's homestead and who receives more than 50 percent of support from the claimant.~~

Sec. 3. Minnesota Statutes 1987 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 under section 273.13 but after deductions made pursuant to under sections 273.132, 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 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 whose 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. 4. Minnesota Statutes 1987 Supplement, section 290A.03, subdivision 14, is amended to read:

Subd. 14. [NET TAX.] "Net tax" means

(a) the property tax, exclusive of special assessments, interest, and penalties, and after reduction for any state paid property tax credits as required in subdivision 13 *except for the reduction under section 273.13, subdivisions 22 and 23*, or

(b) the payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes,

for the calendar year in which the rent was paid. If a portion of the property is occupied as a homestead or is used for other than rental purposes, the net tax shall be the amount of tax reduced by the percentage that the nonrental use comprises of the total square footage of the building. If a portion of the property is used for purposes other than for residential rental and none of the property is occupied as a homestead, the net tax shall be the amount of the tax of the parcel multiplied by a fraction, the numerator of which is the assessed value of the residential rental portion and the denominator of which is the total assessed value of the parcel. If a portion of the property is used for other than rental residential purposes, the county treasurer shall list on the property tax statement the amount of net tax pertaining to the rental residential portion of the property.

The amount of the net tax shall not be reduced by an abatement or a court ordered reduction in the property tax on the property made after the certificate of rent constituting property tax has been provided to the renter.

Sec. 5. Minnesota Statutes 1987 Supplement, section 290A.04, subdivision 2, is amended to read:

Subd. 2. A claimant ~~who is disabled or has attained the age of 65 by June 1 of the year in which a refund is payable or who, on the federal tax return filed for the prior year, claimed a personal exemption for a dependent pursuant to section 151 of the Internal Revenue Code, and~~ whose property taxes payable or rent constituting property taxes are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable or rent constituting property taxes. The state refund will be equal to the amount of property taxes payable or rent constituting property taxes that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 999	1.0 percent	10 percent	\$1,100
1,000 to 1,999	<del>1.0</del> 1.1 percent	<del>10</del> 11 percent	\$1,100
2,000 to 2,999	<del>1.0</del> 1.2 percent	<del>10</del> 12 percent	\$1,100
3,000 to 3,499	<del>1.0</del> 1.3 percent	<del>11</del> 13 percent	\$1,100
3,500 to 3,999	<del>1.0</del> 1.3 percent	<del>11</del> 13 percent	\$1,100
4,000 to 4,499	<del>1.0</del> 1.4 percent	<del>11</del> 14 percent	\$1,100

4,500 to 4,999	1-0 1.4 percent	12 14 percent	\$1,100
5,000 to 5,999	1-0 1.5 percent	12 15 percent	\$1,100
6,000 to 6,999	1-1 1.5 percent	12 16 percent	\$1,100
7,000 to 7,999	1-1 1.6 percent	13 17 percent	\$1,100
8,000 to 8,999	1-2 1.6 percent	13 18 percent	\$1,100
9,000 to 9,999	1-2 1.7 percent	13 19 percent	\$1,100
10,000 to 10,999	1-3 1.7 percent	14 20 percent	\$1,075
11,000 to 11,999	1-4 1.8 percent	14 22 percent	\$1,075
12,000 to 12,999	1-5 1.8 percent	14 24 percent	\$1,075
13,000 to 13,999	1-5 1.9 percent	15 26 percent	\$1,075
14,000 to 14,999	1-5 2.0 percent	16 28 percent	\$1,075
15,000 to 15,999	1-6 2.1 percent	17 30 percent	\$1,075
16,000 to 16,999	1-7 2.2 percent	18 32 percent	\$1,075
17,000 to 17,999	1-8 2.3 percent	19 34 percent	\$1,050
18,000 to 18,999	1-9 2.4 percent	20 36 percent	\$1,050
19,000 to 19,999	2-0 2.6 percent	22 38 percent	\$1,050
20,000 to 20,999	2-1 2.8 percent	24 40 percent	\$1,050
21,000 to 21,999	2-2 3.0 percent	26 42 percent	\$1,050
22,000 to 22,999	2-2 3.2 percent	28 44 percent	\$1,050
23,000 to 23,999	2-2 3.3 percent	30 46 percent	\$1,025
24,000 to 24,999	2-3 3.4 percent	32 48 percent	\$1,025
25,000 to 25,999	2-3 3.5 percent	34 50 percent	\$1,025
26,000 to 26,999	2-3 3.6 percent	36 52 percent	\$1,025
27,000 to 27,999	2-4 3.7 percent	38 54 percent	\$1,000
28,000 to 28,999	2-4 3.8 percent	40 56 percent	\$ 900
29,000 to 29,999	2-4 3.9 percent	42 58 percent	\$ 800
30,000 to 30,999	2-4 4.0 percent	44 60 percent	\$ 700
31,000 to 31,999	2-5 4.0 percent	46 60 percent	\$ 600
32,000 to 32,999	2-5 4.0 percent	48 60 percent	\$ 500
33,000 to 33,999	2-5 4.0 percent	50 60 percent	\$ 300
34,000 to 34,999	2-5 4.0 percent	50 60 percent	\$ 100

The payment made to a claimant shall be the amount of the state refund calculated pursuant to this subdivision. *For taxes payable in 1989, the amount of the refund must be reduced by the homestead credit.* No payment is allowed if the claimant's household income is \$35,000 or more.

Sec. 6. Minnesota Statutes 1987 Supplement, section 290A.04, subdivision 2b, is amended to read:

Subd. 2b. The commissioner may reconstruct the tables in ~~subdivisions subdivision 2 and 2a~~ *for homeowners* to reflect the elimination of the homestead credit beginning for claims based on taxes payable in ~~1989~~ *1990*.

Sec. 7. Minnesota Statutes 1986, section 290A.04, is amended by adding a subdivision to read:

*Subd. 2h. If the net property taxes payable in 1989 on a homestead increase more than ten percent over the net property taxes payable in 1988 on the same property, and the amount of that increase is \$40 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 75 percent of the amount by which the increase exceeds ten percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead.*

*A refund under this subdivision shall not exceed \$250.*

*For purposes of this subdivision, "net property taxes payable" means*

*property taxes payable after reductions made pursuant to sections 273.13, subdivisions 22 and 23; 273.132; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivision 2.*

*In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 290A.06, is amended to read:

290A.06 [FILING TIME LIMIT, LATE FILING; INCOME TAX RETURN.]

Any claim for a refund based on property taxes payable shall be filed with the department of revenue on or before August 15 of the year in which the property taxes are due and payable. ~~A copy of the claimant's federal income tax return for the taxable year preceding the year in which the property taxes are payable must be filed with the claim if the claimant filed a federal income tax return for that year.~~

Any claim for rent constituting property taxes shall be filed with the department of revenue on or before August 15 of the year following the year in which the rent was paid. A copy of the claimant's federal income tax return for the taxable year in which the rent was paid must be filed with the claim if the claimant filed a federal income tax return for that year.

The commissioner may extend the time for filing these claims for a period not to exceed six months in the case of sickness, absence, or other disability, or when in the commissioner's judgment other good cause exists.

A claim filed after the original or extended due date shall be allowed, but the amount of credit shall be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent which may be canceled or reduced by the commissioner in the case of sickness, absence, or other disability, or when in the commissioner's judgment other good cause exists. In any event no claim shall be allowed if the initial claim is filed one year after the original due date for filing the claim.

The time limit on redetermination of claims for refund and examination of records shall be governed by sections 290.49, 290.50, and 290.56 and for purposes of computing the time limit as provided in these sections the due date of the property tax refund return shall be the same as the due date contained in section 290.42 for an income tax return covering the year in which the rent was paid or the year preceding the year in which the property taxes are payable.

Sec. 9. [290A.24] [FINANCIAL REPORTING.]

*For financial reporting and accounting purposes and for purposes of the state budget, the refunds paid under this chapter must be recognized and accounted for as an adjustment in the total amount of withholding tax paid under section 290.92 and declarations of estimated tax under section 290.93.*

Sec. 10. [TRANSITION RULE.]

*For purposes of claims based on rent paid in 1987 and property taxes payable in 1988, a claimant who has a dependent under the revised definition in section 2 shall be treated as having claimed a personal exemption for a dependent under federal law in order to qualify for a refund under Minnesota Statutes 1987 Supplement, section 290A.04, subdivision 2.*

Sec. 11. Laws 1987, chapter 268, article 3, section 12, is amended to read:

Sec. 12. [LIMITATIONS ON PROPERTY TAX REFUNDS.]

(a) For claims filed based on rent paid in 1986 and property taxes payable in 1987, the commissioner shall pay ~~67~~ 100 percent of the payments allowable under section 290A.04, subdivisions 1 and 2. ~~The commissioner shall include with each reduced refund a statement that the reduction is required by this section.~~

(b) ~~Minnesota Statutes 1986, section 290A.23 does not apply to claims based on property taxes payable in 1988 and rent paid in 1987 under section 290A.04, subdivisions 1 and 2. \$125,000,000 is appropriated to the commissioner of revenue for fiscal year 1989 to pay the claims. The commissioner shall estimate the amount of payments allowable under section 290A.04, subdivisions 1 and 2, by August 25, 1988. If the estimate exceeds the \$125,000,000 limitation, the commissioner shall proportionally reduce the refunds paid so that the refunds paid equal \$125,000,000. All refunds for claims based on property taxes payable in 1988 and rent paid in 1987 must be reduced by the same percentage. If reduced, the commissioner shall include with each refund a statement that the reduction is required by this section.~~

Sec. 12. [PAYMENT.]

*By June 15, 1988, the commissioner of revenue shall pay claimants for claims paid before the date of final enactment based on rent paid in 1986 and property taxes payable in 1987 the difference between the payments allowable under Minnesota Statutes, section 290A.04, subdivisions 1 and 2, and the amounts paid under Laws 1987, chapter 268, article 3, section 12, paragraph (a). The amounts paid shall be reduced for claims filed after the original or extended due date as provided in Minnesota Statutes, section 290A.06. Interest shall not be paid on payments made by June 15, 1988. Thereafter, interest shall be added at the rate specified in Minnesota Statutes, section 270.76, from June 15, 1988, until the claim is paid.*

*The commissioner of revenue shall include with each payment a statement explaining that the payment is the balance of the claim filed based on rent paid in 1986 or property taxes payable in 1987 and that the payment is required by this act. The statement must read substantially as follows:*

*"Here is the rest of your 1986 property tax refund.*

*As you recall, a state law reduced all 1986 property tax refund checks by 33 percent.*

*The amount of this check, together with the amount of the property tax refund check you received last fall, should equal the amount of the refund you listed on your 1986 property tax refund application."*

Sec 13. [REPEALER.]

*Minnesota Statutes 1987 Supplement, section 290A.04, subdivision 2a, is repealed.*

**Sec. 14. [APPROPRIATION.]**

*The amount necessary to pay the refunds required in section 12 is appropriated for fiscal year 1988 from the general fund to the commissioner of revenue.*

**Sec. 15. [EFFECTIVE DATES.]**

*Sections 1 to 5 and 13 are effective for claims based on rent paid in 1988 and subsequent years and claims based on property taxes payable in 1989 and subsequent years. Section 6 is effective for claims based on property taxes paid in 1990. Section 7 is effective for property taxes payable in 1989. Section 8 is effective for claims based on rent paid in 1987 and subsequent years and claims based on property taxes payable in 1988 and subsequent years. Sections 10, 11, 12, and 14 are effective the day following final enactment.*

**ARTICLE 5**

**PROPERTY TAX REFORM**

Section 1. Minnesota Statutes 1987 Supplement, section 124.155, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

- (a) foundation aid as defined in section 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;
- (j) transportation aid authorized in section 124.225;
- (k) community education programs aid authorized in section 124.271;
- (l) adult education aid authorized in section 124.26;
- (m) early childhood family education aid authorized in section 124.2711;
- (n) capital expenditure equalization aid authorized in section 124.245;
- (o) homestead credit ~~replacement aid authorized in section 273.1394~~ under section 273.13 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter;
- (p) agricultural credit ~~replacement aid authorized in under section 273.1395~~ 273.132 for taxes payable in 1989 and under section 273.1398 for taxes

payable in 1990 and thereafter;

(q) transition aid and disparity reduction aid authorized in section 273.1398;

(r) attached machinery aid authorized in section 273.138, subdivision 3; and

(s) 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 adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 2. Minnesota Statutes 1987 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~~ gross tax capacity of iron ore property, as defined in section 273.13, subdivision 31 in any district is less than the ~~assessed value~~ gross tax capacity of such property in the preceding year, the commissioner of revenue shall redetermine for all purposes the adjusted ~~assessed value~~ gross tax capacity of the preceding year taking into account only the decrease in ~~assessed value~~ gross tax capacity of iron ore property as defined in section 273.13, subdivision 31. If subdivision 2, clause (a), is applicable to the district, the decrease in iron ore property shall be applied to the adjusted assessed value as limited therein. In all other respects, the provisions of clause (1) shall apply.

Sec. 3. Minnesota Statutes 1987 Supplement, section 124.2139, is amended to read:

124.2139 [REDUCTION OF HOMESTEAD CREDIT PAYMENTS TO SCHOOL DISTRICTS.]

The commissioner of revenue shall reduce the homestead credit ~~replacement aid payments under section 273.13 for fiscal year 1990, the sum of the homestead credit, and transition aid and disparity reduction aid payments under section 273.1398 for fiscal years 1991 and thereafter made to school districts pursuant to section 273.1394~~ by the product of:

(1) the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association, times

(2) the difference between the employer contribution rate in effect prior to July 1, 1984, and the total employer contribution rate in effect after June 30, 1984.

Sec. 4. Minnesota Statutes 1987 Supplement, section 124A.02, subdivision 3a, is amended to read:

Subd. 3a. [ADJUSTED ASSESSED VALUATION.] "Adjusted assessed valuation" means the assessed valuation of the taxable property ~~notwithstanding the provisions of section 275.49~~ of the school district as adjusted by the commissioner of revenue under section 124.2131. The adjusted assessed valuation for any given calendar year shall be used to compute levy limitations for levies certified in the succeeding calendar year and aid for the school year beginning in the second succeeding calendar year.

Sec. 5. Minnesota Statutes 1987 Supplement, section 124A.02, subdivision 11, is amended to read:



Subd. 11. [MINIMUM AID.] A qualifying district's minimum aid for each school year shall equal its minimum guarantee for that school year, minus the sum of:

(1) the amount of the district's homestead credit ~~replacement aid paid~~ under section ~~273.1394 and its 273.13~~, for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter, agricultural credit ~~replacement aid~~ under section ~~273.1395 273.132~~, for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter, and transition aid and disparity reduction aid paid under section 273.1398 for that school year; ~~after any positive tax base adjustment but prior to any negative tax base adjustment under section 273.1396;~~

(2) the amount by which property taxes of the district for use in that school year are reduced by the attached machinery provisions in section 273.138, subdivision 6;

(3) the amount by which property taxes of the district for use in that school year are reduced by the state reimbursed disaster or emergency reassessment provisions in section 273.123; and

(4) the amount by which property taxes of the district for use in that school year are reduced by the metropolitan agricultural preserve provisions in section 473H.10.

Sec. 6. Minnesota Statutes 1987 Supplement, section 272.115, subdivision 4, is amended to read:

Subd. 4. No real estate sold on or after January 1, 1978, for which a certificate of value is required pursuant to subdivision 1 shall ~~receive the homestead value exemption amount or the agricultural exemption amount computed in section 275.081; or the taconite homestead credit provided in sections 273.134 to 273.136~~ be classified as a homestead, unless a certificate of value has been filed with the county auditor in accordance with this section.

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

Sec. 7. Minnesota Statutes 1987 Supplement, section 273.1102, is amended by adding a subdivision to read:

*Subd. 3. [1988 ADJUSTMENT.] For school districts levy limitations or authorities expressed in terms of mills and adjusted assessed value, their levy limitations shall be converted by the department of education to "equalized tax capacity rates." For purposes of this calculation, the 1987 adjusted assessed values of the district shall be converted to "adjusted gross tax capacities" by multiplying the equalized market values by class of property by the gross tax capacity rates provided in section 273.13. Each county assessor and the city assessors of Minneapolis, Duluth, and St. Cloud shall furnish the commissioner of revenue the 1987 market value for taxes payable in 1988 for any new classes of property established in this article. The commissioner shall use those values, and estimate values where needed, in developing the 1987 tax capacity for each school district under this section. The requirements of section 124.2131, subdivision 1, paragraph (c), and subdivisions 2 and 3, shall remain in effect.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 273.123, subdivision 4, is amended to read:

Subd. 4. [STATE REIMBURSEMENT.] The county auditor shall calculate the tax on the property described in subdivision 2 based on the assessment made on January 2 of the year in which the disaster or emergency occurred. The difference between the tax determined on the January 2 assessed value and the tax actually payable based on the reassessed value determined under subdivision 2 shall be reimbursed to each taxing jurisdiction in which the damaged property is located. The amount shall be certified by the county auditor and reported to the commissioner of revenue. The commissioner shall make the payments to the taxing jurisdictions containing the property at the time distributions are made pursuant to section ~~273.1394~~ 273.13 for taxes payable in 1989, and pursuant to section 273.1398 for taxes payable in 1990 and thereafter, in the same proportion that the ad valorem tax is distributed.

Sec. 9. Minnesota Statutes 1987 Supplement, section 273.123, subdivision 5, is amended to read:

Subd. 5. [COMPUTATION OF CREDITS.] The amounts of any credits or tax relief which reduce the gross tax shall be computed upon the reassessed value determined under subdivision 2. Payment shall be made pursuant to section ~~273.1394~~ 273.13 for taxes payable in 1989, and pursuant to section 273.1398 for taxes payable in 1990 and thereafter. For purposes of the property tax refund, property taxes payable, as defined in section 290A.03, subdivision 13, and net property taxes payable, as defined in section 290A.04, subdivision 2d, shall be computed upon the reassessed value determined under subdivision 2.

Sec. 10. Minnesota Statutes 1987 Supplement, section 273.124, subdivision 8, is amended to read:

Subd. 8. [HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP] (a) Each family farm corporation and each partnership operating a family farm is entitled to *class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a* assessment for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Homestead treatment applies even if legal title to the property is in the name of the corporation or partnership and not in the name of the person residing on it. "Family farm corporation" and "family farm" have the meanings given in section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership must also be assessed as *class 2a property or as class 1b property under section 273.13, subdivision 22, paragraph (b)*, but the property eligible is limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and does not include any other structures that may be located on it.

Sec. 11. Minnesota Statutes 1987 Supplement, section 273.124, subdivision 11, is amended to read:

Subd. 11. [LIMITATION ON HOMESTEAD CLASSIFICATION.] If the assessor has classified a property as both homestead and nonhomestead, the greater of the value attributable to the portion of the property classified

as class 1 or class 2a or the value of the first tier of ~~assessment~~ *gross tax capacity* percentages provided under section 273.13, subdivision 22, or 23, paragraph (a) is entitled to assessment as a homestead under section 273.13, subdivision 22 or 23; ~~and the homestead exemption under section 275.081, subdivision 2.~~ The limitation in this subdivision does not apply to buildings containing fewer than four residential units or to a single rented or leased dwelling unit located within or attached to a private garage or similar structure owned by the owner of a homestead and located on the premises of that homestead.

If the assessor has classified a property as both homestead and non-homestead, *the homestead credit provided in section 273.13, subdivisions 22 and 23 and the reductions in tax provided under sections 273.135 and 273.1391* apply to the value of both the homestead and the nonhomestead portions of the property.

Sec. 12. Minnesota Statutes 1987 Supplement, section 273.124, subdivision 13, is amended 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~~ *list* 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 benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the ~~homestead exemption amount provided under section 275.081~~ *classification as a homestead under section 273.13, the homestead credit under section 273.13 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter, the taconite homestead credit, and the supplemental homestead credit, and the tax reduction resulting from the agricultural exemption amount provided in section 275.081* *credit under section 273.132 for taxes payable in 1989 and under section 273.1398 for taxes payable in 1990 and thereafter.* The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 25 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county.

If the amount of homestead benefits and penalty is not paid within 60

days, and if no appeal has been filed, the county auditor shall certify the amount to the succeeding year's tax list to be collected as part of the property taxes.

Any amount of homestead benefits recovered from the property owner must be transmitted to the commissioner by the end of each calendar quarter. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The amount of penalty collected must be deposited in the county general fund.

The commissioner will provide suggested homestead applications to each county. If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 13. Minnesota Statutes 1987 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 ~~subdivision~~ *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 ~~subdivision~~ *subdivisions 22 and 23* in the auditor's 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. The commissioner may make such changes in the certification as are deemed 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 and December 15 of each year.

Sec. 14. Minnesota Statutes 1986, section 273.13, is amended by adding a subdivision to read:

*Subd. 21a. [TAX CAPACITY.] In this section, wherever the "tax capacity" of a class of property is specified without qualification as to whether it is the property's "net tax capacity" or its "gross tax capacity," the "net tax capacity" and "gross tax capacity" of that property are the same as its "tax capacity."*

Sec. 15. Minnesota Statutes 1987 Supplement, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real

estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$68,000 of market value of class 1a property ~~must be assessed at 17~~ has a net tax capacity of one percent of its market value and a gross tax capacity of 2.17 percent of its market value. The ~~homestead~~ market value of class 1a property that exceeds \$68,000 ~~must be assessed at 27~~ but does not exceed \$100,000 has a tax capacity of 2.5 percent of its market value. The market value of class 1a property that exceeds \$100,000 has a tax capacity of 3.3 percent of its market value.

(b) Class 1b property includes real estate or manufactured homes used for the purposes of a homestead by

(1) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(iii) whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed pursuant to clause (1) only if the commissioner of jobs and training certifies to the assessor that the owner

of the property satisfies the requirements of this subdivision. The commissioner of jobs and training shall provide a copy of the certification to the commissioner of revenue.

Class 1b property is valued and assessed as follows: in the case of agricultural land, including a manufactured home, used for a homestead, the first \$33,000 of market value shall be valued and assessed at five percent; the next \$33,000 of market value shall be valued and assessed at 14 percent; and the remaining market value shall be valued and assessed at 18 percent; and in the case of all other real estate and manufactured homes, the first \$34,000 of market value shall be valued and assessed at five percent; the next \$34,000 of market value shall be valued and assessed at 17 percent; and the remaining market value shall be valued and assessed at 27 percent. In the case of agricultural land including a manufactured home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 18 percent rates; and for all other real estate and manufactured homes, the commissioner of revenue shall adjust, as provided in section 273.1311, the maximum amount of the market value of the homestead brackets subject to the five percent and 17 percent rates. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. *The first \$32,000 market value of class 1b property has a net tax capacity of .4 percent of its market value and a gross tax capacity of .87 percent of its market value. The remaining market value of class 1b property has a gross or net tax capacity using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.*

(c) Class 1c property is commercial use real property that abuts a lake-shore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner. ~~It must be assessed at 12~~ *Class 1c property has a tax capacity of .9 percent of market value with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore.*

(d) *For taxes levied in 1988, payable in 1989 only, the tax to be paid on class 1a or class 1b property, less any reduction received pursuant to sections 273.123 and 473H.10, shall be reduced by 54 percent of the tax imposed on the first \$68,000 of market value. The amount of the reduction shall not exceed \$700 \$725.*

Sec. 16. Minnesota Statutes 1987 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land *including any improvements* that is homesteaded; ~~together with the house and garage.~~ *The first \$66,000 of market value of an agricultural homestead is valued at 30 percent. The market value of the house and garage and immediately surrounding one acre of land that does not exceed \$65,000 has a net tax capacity of .805 percent of market value and a gross tax capacity of 1.75 percent of market value. The excess market value over \$65,000 has a tax*

capacity of 2.2 percent. If the market value of the house, garage, and surrounding one acre of land is less than \$65,000, the value of the remaining land including improvements equal to the difference between \$65,000 and the market value of the house, garage, and surrounding one acre of land has a net tax capacity of 1.12 percent of market value and a gross tax capacity of 1.75 percent of market value for the first 320 acres of land and the remaining value over 320 acres has a net tax capacity of 1.295 percent of market value and a gross tax capacity of 1.75 percent of market value. The remaining value of class 2a property is assessed at 40 over the \$65,000 market value that does not exceed 320 acres has a net tax capacity of 1.44 percent of market value and a gross tax capacity of 2.25 percent of market value. The remaining property over the \$65,000 market value in excess of 320 acres has a net tax capacity of 1.665 percent of market value and a gross tax capacity of 2.25 percent of market value.

Noncontiguous land shall constitute class 2a only if the homestead is classified as class 2a and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead.

Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified class 2a. If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a and is entitled to the homestead credit.

For taxes levied in 1988, payable in 1989 only, the tax to be paid on class 2a property, ~~less any reduction received pursuant to sections 273.123 and 473H.10~~ and class 1b property under section 273.13, subdivision 22, paragraph (b), used for agricultural purposes shall be reduced by ~~52~~ 54 percent of the tax. The amount of the reduction shall not exceed \$700 \$725.

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property is assessed at 40 has a net tax capacity of 1.665 percent of market value and a gross tax capacity of 2.25 percent of market value.

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

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, including the breeding of fish for sale and consumption provided that it is located on land zoned for agricultural use, shall be considered as agricultural land, if it is not used primarily for residential purposes.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 17. Minnesota Statutes 1987 Supplement, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial ~~and~~, industrial, *and utility* property is class 3a. It ~~is assessed at 60~~ *has a tax capacity of 3.3 percent of the first \$80,000 \$100,000 of market value and 96 5.25 percent of the market value over \$80,000 \$100,000. For taxes payable in 1991, the 5.25 percent rate shall be 5.2 percent and for taxes payable in 1992 and subsequent years the rate shall be 5.15 percent.* In the case of state-assessed commercial ~~or~~, industrial, *and utility* property owned by one person or entity, only one parcel ~~may qualify for the 60~~ *has a tax capacity 3.3 percent assessment.* In the case of other commercial ~~or~~, industrial, *and utility* property owned by one person or entity, only one parcel in each county ~~may qualify for the 60~~ *has a tax capacity of 3.3 percent assessment.*

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b and ~~shall be valued and assessed at 45~~ *has a tax capacity of 2.5 percent of the first \$50,000 of market value and 50 3.5 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the tax capacity of the first \$80,000 \$100,000 of market value shall be valued and assessed at 60 is 3.3 percent and the tax capacity of the remainder shall be assessed and valued at 86 is 4.8 percent, unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.*

Sec. 18. Minnesota Statutes 1987 Supplement, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property is ~~assessed at 70~~ *has a tax capacity of 4.1 percent of market value.*

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, recreational, and ~~homesteads~~ *a structure having five or more stories that is constructed with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more of which is used or is to be used as apartment housing for a period of 40 years from the date of completion of original construction, or the date of initial though partial use, whichever is the earlier date;*

(2) 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;

(3) manufactured homes not classified under any other provision; ~~and~~



(4) a dwelling, garage, and surrounding one acre of property on a non-homestead farm classified under subdivision 23, paragraph (b), *which has a tax capacity of 2.7 percent of market value.*

Class 4b property is assessed at 60 percent for taxes levied in 1988, payable in 1989 and thereafter has a tax capacity of 3.5 percent of market value, except as provided in clause (4).

(c) Class 4c property includes:

(1) a structure that is situated on real property that is used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant thereto and financed by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency pursuant to the provisions of either of those acts and acts amendatory thereof. This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan;

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1987; or (ii) meets the requirements of that section. Classification pursuant to this clause is limited to buildings the construction or rehabilitation of which began after May 1, 1988 and to a term of 15 years.

For all properties described in clauses (1) and (2), (2), and (3) and in paragraph (d), ~~clause (2)~~, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents. *The land on which these structures are situated has a tax capacity of 3.5 percent of market value if the structure contains fewer than four units, and 4.1 percent of market value if the structure contains four or more units.*

~~(3)~~ (4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a

lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics: (a) it is a nonprofit corporation organized under chapter 317; (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws; (c) it limits membership with voting rights to residents of the designated community; and (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

~~(4)~~ (5) except as provided in *subdivision 22*, paragraph ~~(d)~~ (c), ~~clause (1)~~, real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for the use. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 200 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property *classified in clauses (5) and (6)* also includes the remainder of class ~~4d~~ 1c resorts and has a tax capacity of 2.6 percent of market value, except that noncommercial seasonal recreational property has a tax capacity of 2.3 percent of market value; and

~~(5)~~ (6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1986. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or nonintoxicating malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity; and

Class 4c property is assessed at 50 classified under clauses (1), (2), (3), and (4) has a tax capacity of 2.5 percent of market value.

(d) Class 4d property includes:

(1) commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment; and that includes a portion used as a homestead by the owner. The area of the property that is classified as class 4d must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore;

(2) any structure:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the farmers home administration. Property must be assessed *is classified* under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The 30 percent and 50 percent assessment ratios 1.5 percent and 2.5 percent tax capacity assignments apply to the properties described in paragraph (c), clauses (1) and (2), (2), and (3) and this clause, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. Classification under this clause is only available to property of a nonprofit or limited dividend entity; and

(3) the first \$34,000 of market value of real estate or manufactured homes used for the purposes of a homestead by

(i) any blind person, if the blind person is the owner thereof or if the blind person and the blind person's spouse are the sole owners thereof; or

(ii) any person, hereinafter referred to as "veteran," who:

(A) served in the active military or naval service of the United States; and

(B) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(C) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the

special housing unit as a homestead; or

(iii) any person who:

(A) is permanently and totally disabled and

(B) receives 90 percent or more of total income from

(1) aid from any state as a result of that disability; or

(2) supplemental security income for the disabled; or

(3) workers' compensation based on a finding of total and permanent disability; or

(4) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(5) aid under the Federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(6) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability.

Property is classified and assessed pursuant to this clause only if the commissioner of human services certifies to the assessor that the owner of the property satisfies the requirements of this subdivision. The commissioner of human services shall provide a copy of the certification to the commissioner of revenue.

The remaining value of class 4(d)(3) property in excess of \$34,000 shall be valued and assessed under subdivision 22 or 23, as appropriate, provided that only the value in excess of \$34,000 but not in excess of \$68,000 is assessed at the rate provided for the first tier of value in subdivision 22 or only the value in excess of \$34,000 but not in excess of \$66,000 is assessed at the rate provided for the first tier of value in subdivision 23.

Class 4d property is assessed at 30 percent of market value has a tax capacity of 1.5 percent of market value.

Sec. 19. Minnesota Statutes 1987 Supplement, section 273.13, subdivision 31, is amended to read:

Subd. 31. [CLASS 5.] All property not included in any other class is class 5 property and is assessed at 96 percent of market value.

(a) Tools, implements, and machinery of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, have a tax capacity of 4.6 percent of market value.

(b) Unmined iron ore and low-grade iron-bearing formations as defined in section 273.14 have a tax capacity of 5.25 percent of market value.

(c) Vacant land has a tax capacity of 5.25 percent of market value.

(d) All other property not otherwise classified has a tax capacity of 5.25 percent of market value.

Sec. 20. Minnesota Statutes 1986, section 273.1315, is amended to read:

273.1315 [CERTIFICATION OF 1B PROPERTY.]

Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), clause (2) or (3), shall file with the commissioner of revenue for each assessment year a 1b homestead declaration, on a form prescribed by the commissioner. The declaration shall contain the following information:

(a) the information necessary to verify that the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, *paragraph (b), clause (2) or (3)*, for 1b classification;

(b) the property owner's household income, as defined in section 290A.03, for the previous calendar year; and

(c) any additional information prescribed by the commissioner.

The declaration shall be filed on or before March 1 of each year to be effective for property taxes payable during the succeeding calendar year. The declaration and any supplementary information received from the property owner pursuant to this section shall be subject to section 290A.17.

The commissioner shall provide to the assessor on or before April 1 a listing of the parcels of property qualifying for 1b classification.

#### Sec. 21. [273.132] [STATE AGRICULTURAL CREDIT.]

*Subdivision 1. [AGRICULTURAL HOMESTEAD PROPERTY.] For taxes levied in 1988, payable in 1989 only, the county auditor shall reduce the tax for all purposes on all property receiving the homestead credit under section 273.13, subdivision 23, by an amount equal to 36 percent of the tax levy imposed on up to 320 acres of land including the buildings and structures thereon but excluding all dwellings and an acre of land for each dwelling.*

*Subd. 2. [OTHER AGRICULTURAL PROPERTY.] For taxes levied in 1988, payable in 1989 only, the county auditor shall reduce the tax for all purposes on all other agricultural lands classified under section 273.13, subdivision 23, including buildings and structures thereon but excluding all dwellings and an acre of land for each dwelling, and on timber land classified under section 273.13, subdivision 23, paragraph (b) by an amount equal to 26 percent of the tax levy imposed on the property.*

*Subd. 3. [ADMINISTRATION.] The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy and may make changes in the certification as deemed necessary or return a certification to the county auditor for corrections.*

*Subd. 4. [PAYMENT TO TAXING JURISDICTIONS.] Payment from the general fund must be made to each taxing jurisdiction to replace the revenue lost as a result of the credit provided in this section. Payment to taxing jurisdictions other than school districts must be made by the commissioner in equal installments on or before July 20 and December 15 each year. Payment to school districts must be made to the commissioner of education as provided in section 273.1392.*

*Subd. 5. [APPROPRIATION.] The amount necessary to make the payments required under this section is appropriated from the general fund in the state treasury to the commissioners of revenue and education for property taxes payable in 1989.*

Sec. 22. Minnesota Statutes 1987 Supplement, section 273.135, subdivision 2, is amended to read:

*Subd. 2. For taxes payable in 1989 only, the amount of the reduction authorized by subdivision 1 shall be:*

*(a) In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction resulting from this credit be less than \$10.*

*(b) In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, provided that the reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction resulting from this credit be less than \$10.*

*(c) (1) The maximum reduction of the net tax up to the taconite breakpoint is \$225.40 on property described in clause (a) and \$200.10 on property described in clause (b), for taxes payable in 1985. These maximum amounts shall increase by \$15 times the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.*

*(2) The total maximum reduction of the net tax on property described in clause (a) is \$490 for taxes payable in 1985. The total maximum reduction for the net tax on property described in clause (b) is \$435 for taxes payable in 1985. These maximum amounts shall increase by \$15 per year for taxes payable in 1986 and thereafter.*

*For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 22 or 23, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum reduction pursuant to section 273.13, subdivision 22, rounded to the nearest whole dollar, "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 22, "effective tax rate" means tax divided by the market value of the property, and the "base year effective tax rate" means the tax on the property after the application of the credits payable under section 273.13, subdivisions 22 and 23, and this section for taxes payable in 1988, divided by the market value of the property. A new parcel of property or a parcel with a current year classification that is different from its base year classification has the same*

*base year effective tax rate as an equivalent homesteaded parcel.*

*Subd. 2a. For taxes payable in 1990 and thereafter, the amount of the reduction authorized by subdivision 1 shall be*

(a) *In the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c) and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction resulting from this credit be less than \$10.*

(b) *In the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the tax, provided that the reduction shall not exceed the maximum amounts specified in clause (c) and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction resulting from this credit be less than \$10.*

(c) *The total maximum reduction of the net tax on property described in clause (a) is \$490 for taxes payable in 1985. The total maximum reduction for the net tax on property described in clause (b) is \$435 for taxes payable in 1985. These maximum amounts shall increase by \$15 per year for taxes payable in 1986 and thereafter.*

*For the purposes of this subdivision, "tax" means the tax on the property before application of the credit payable under this section and "effective tax rate" means tax divided by the market value of the property, and "base year effective tax rate" means the tax on the property after the application of the credits payable under section 273.13, subdivisions 22 and 23, and this section for taxes payable in 1988, divided by the market value of the property. A new parcel of property or a parcel with a current year classification that is different from its base year classification has the same base year effective tax rate as an equivalent homesteaded parcel.*

*Sec. 23. Minnesota Statutes 1987 Supplement, section 273.1391, subdivision 2, is amended to read:*

*Subd. 2. For taxes payable in 1989 only, the amount of the reduction authorized by subdivision 1 shall be:*

(a) *In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amounts specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction resulting from this credit*

be less than \$10. The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the net tax up to the taconite breakpoint plus a percentage equal to the homestead credit equivalency percentage of the net tax in excess of the taconite breakpoint, but not to exceed the maximums specified in clause (c), and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction resulting from this credit be less than \$10.

(c)(1) The maximum reduction of the net tax up to the taconite breakpoint is \$200.10 for taxes payable in 1985. This maximum amount shall increase by \$15 multiplied by the quantity one minus the homestead credit equivalency percentage per year for taxes payable in 1986 and subsequent years.

(2) The total maximum reduction of the net tax is \$435 for taxes payable in 1985. This total maximum amount shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "net tax" means the tax on the property after deduction of any credit under section 273.13, subdivision 22 or 23, "taconite breakpoint" means the lowest possible net tax for a homestead qualifying for the maximum reduction pursuant to section 273.13, subdivision 22, rounded to the nearest whole dollar, "homestead credit equivalency percentage" means a percentage equal to the percentage reduction authorized in section 273.13, subdivision 22 and "effective tax rate" means tax divided by the market value of the property, and the "base year effective tax rate" means the tax on the property after application of the credits payable under section 273.13, subdivisions 22 and 23 and this section for taxes payable in 1988, divided by the market value of the property. A new parcel with a current year classification that is different from its base year classification has the same base year effective tax rate as an equivalent homesteaded parcel.

Subd. 2a. For taxes payable in 1990 and thereafter, the amount of the reduction authorized by subdivision 1 shall be:

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of section 273.134 lies within such county, 57 percent of the tax, provided that the amount of ~~said~~ the reduction shall not exceed the maximum amounts specified in clause (c) and shall not exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction resulting from this credit be less than \$10. The reduction provided by this clause shall only be applicable to property located within the boundaries



of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the tax, but not to exceed the maximums specified in clause (c) *and not to exceed an amount sufficient to reduce the effective tax rate on each parcel of property to 95 percent of the base year effective tax rate. In no case will the reduction resulting from this credit be less than \$10.*

(c) The total maximum reduction of the tax is \$435 for taxes payable in 1985. This total maximum amount shall increase by \$15 per year for taxes payable in 1986 and thereafter.

For the purposes of this subdivision, "tax" means the tax on the property before application of the credit under this section, "effective tax rate" means tax divided by the market value of the property, and "base year effective tax rate" means the tax on the property after the application of the credits payable under section 273.13, subdivisions 22 and 23, and this section for taxes payable in 1988, divided by the market value of the property. A new parcel of property or a parcel with a current year classification that is different from its base year classification has the same base year effective tax rate as an equivalent homesteaded parcel.

Sec. 24. Minnesota Statutes 1987 Supplement, section 273.1392, is amended to read:

The amounts of ~~small business transition credit under section 273.1195;~~ disaster or emergency reimbursement under section 273.123; attached machinery aid under section 273.138; homestead credit ~~replacement aid~~ under section ~~273.1394~~ 273.13; agricultural credit ~~replacement aid~~ under section ~~273.1395~~ 273.132; ~~aids and credits under section 273.1398;~~ and metropolitan agricultural preserve reduction under section 473H.10, shall be certified to the department of education by the department of revenue. The amounts so certified shall be paid according to section 124.195, subdivisions 6 and 10.

Sec. 25. Minnesota Statutes 1987 Supplement, section 273.1393, is amended to read:

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

(1) ~~small business property tax transition credit as provided in section 273.1195;~~

(2) disaster credit as provided in section 273.123;

(3) (2) powerline credit as provided in section 273.42;

(4) (3) agricultural preserves credit as provided in section 473H.10;

(5) (4) enterprise zone credit as provided in section 469.171;

(5) state agricultural credit as provided in section 273.132;

(6) state paid homestead credit as provided in section 273.13- ~~subdivision~~

23;

(7) taconite homestead credit as provided in section 273.135;

(8) supplemental homestead credit as provided in section 273.1391.

The combination of all property tax credits must not exceed the gross tax amount.

Sec. 26. [273.1398] [TRANSITION AND DISPARITY REDUCTION AID; CREDIT GUARANTEE.]

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

*(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of mill rates.*

*(c) "Gross tax capacity" means the product of the appropriate percentages of market value listed as gross tax capacities in section 273.13 and equalized market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F02, subdivision 3, multiplied by the ratio determined pursuant to section 473F08, subdivision 6, for the municipality, as defined in section 473F02, subdivision 8, in which the unique taxing jurisdiction is located and (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2. For purposes of determining the gross tax capacity of property referred to in clauses (1) and (2) for disparity reduction aid payable in 1989, the gross tax capacity before equalization shall equal the property's 1987 assessed value multiplied by 12 percent. Gross tax capacity cannot be less than zero.*

*(d) "Net tax capacity" means the product of the appropriate percentages of market value listed as net tax capacities in section 273.13 and equalized market values. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F02, subdivision 3, multiplied by the ratio determined pursuant to section 473F08, subdivision 6, for the municipality, as defined in section 473F02, subdivision 8, in which the unique taxing jurisdiction is located and (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity before equalization shall equal the property's 1987 assessed value multiplied by 12 percent. Net tax capacity cannot be less than zero.*

*(e) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. For computation of aids payable in 1989 only, if the aggregate assessment sales ratio is less than or equal to 92 percent, the assessment sales ratios by class shall be adjusted proportionally so that the aggregate ratio of the unequalized market values*

to the equalized market values equals 92 percent; otherwise the equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(f) "Homestead effective rate" means the product of (i) 46 percent; (ii) 2.17 percent; and (iii) the total tax capacity rate for taxes payable in 1989 within a unique taxing jurisdiction multiplied by the 1988 aggregate assessment sales ratio. A sales ratio of .92 is used if the actual sales ratio is less than .92.

(g) For purposes of calculating the transition aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's homestead effective rate; (ii) its net tax capacity; and (iii) 103.

(h) For purposes of calculating and allocating transition aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties" or "gross taxes" means the total gross taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value, as defined in section 473F02, subdivision 3, subject to the areawide tax as provided in section 473F08, subdivision 6, in a unique taxing jurisdiction before reduction by any credits for taxes payable in the year prior to that in which the aids are payable. For purposes of disparity reduction aid only, total gross taxes shall be reduced by the taxes levied for any school district referendum levies authorized pursuant to section 124A.03, subdivision 2, and any school district debt levies authorized pursuant to section 475.61. Gross taxes levied cannot be less than zero.

(i) "Income maintenance aids" means:

(1) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;

(2) preadmission screening and alternative care grants under section 256B.091, subdivision 8;

(3) general assistance, and work readiness under section 256D.03, subdivision 2;

(4) general assistance medical care under section 256D.03, subdivision 6;

(5) aid to families with dependent children under section 256.82, subdivision 1, including emergency assistance under section 256.871, subdivision 6; and funeral expense payments under section 256.935, subdivision 1; and

(6) supplemental aid under section 256D.36, subdivision 1.

Subd. 2. [TRANSITION AID.] (a) Transition aid for each unique taxing jurisdiction for taxes payable in 1990 equals the total gross taxes levied on all properties, minus the unique taxing jurisdiction's subtraction factor. Transition aid cannot be less than zero. The transition aid so determined for school districts for purposes of general education and transportation levies shall be multiplied by the ratio of the adjusted gross tax capacity based upon the 1988 adjusted gross tax capacity to the estimated 1987 adjusted gross tax capacity based upon the 1987 adjusted assessed value.

Each county assessor and the city assessors of Minneapolis, Duluth, and St. Cloud shall furnish the commissioner of revenue with the 1988 market values for taxes payable in 1989 for any new classes of property established in this article. The commissioner shall use those values, and estimate values where needed, in developing the 1988 tax capacity for each unique taxing jurisdiction under this section.

(b)(1) The transition aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's gross taxes bears to the total gross taxes levied within the unique taxing jurisdiction.

(2) If a local government's total tax capacity rate for all funds for taxes payable in 1989 varies within the area in which it exercises taxing authority, the local government's allocated transition aid must be further allocated between the part of its levy in respect to which the tax capacity rate is constant throughout the area in which it exercises taxing authority and the part of its levy in respect to which the tax capacity rate varies throughout the area in which it exercises taxing authority.

(c) In 1991 and subsequent years, a local government shall receive transition aid equal to that it received in 1990 subject to the requirement of the last sentence of subdivision 6.

(d) The difference between (1) the income maintenance aids payable to a county and (2) the income maintenance aids that would be payable to the county pursuant to the rates in effect for calendar year 1989 shall be reduced by the sum of the amount of transition aid a county receives under this subdivision for all unique taxing jurisdictions located within its borders. The reduction must not reduce the difference to less than zero. The reduction shall be prorated among all payments of the increased income maintenance aids so that each payment is reduced by an equal percentage amount. The commissioner of revenue shall certify each county's transition aid to the commissioner of human services for purposes of this adjustment.

Subd. 3. [DISPARITY REDUCTION AID.] (a) For taxes payable in 1989, a disparity reduction aid shall be calculated for each unique taxing jurisdiction. The aid is the greater of:

(1) the difference between (i) the total 1988 gross tax payable on all taxable property within the unique taxing jurisdiction, and (ii) the gross tax capacity of the unique taxing jurisdiction; or

(2) 20 percent of the difference between (i) the 1988 gross tax of the city or township, and (ii) 23 percent of the city's or township's gross tax capacity.

In no case can the aid be less than \$0.

(b) The disparity reduction aid is allocated to each local government levying taxes in the unique taxing jurisdiction in the proportion that the local government's payable gross taxes bears to the total payable gross taxes levied within the unique taxing jurisdiction.

(c) In 1990 and subsequent years, a local government shall receive disparity reduction aid equal to that it received in 1989.

Subd. 4. [DISPARITY REDUCTION CREDIT.] (a) Beginning with taxes payable in 1989, class 4a, class 3a, and class 3b property located in a

border city enterprise zone designated pursuant to section 469.168, subdivision 4, located in cities with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census which are adjacent to cities in another state or immediately adjacent to a city adjacent to a city in another state qualify for disparity reduction credits, if the adjacent city in the other state has a population of greater than 5,000 and less than 75,000. The credit is an amount sufficient to reduce (i) the taxes levied on class 4a property to three percent of the property's market value and (ii) the tax on class 3a and class 3b property to 3.3 percent of market value.

(b) The county auditor shall annually certify the costs of the credits to the department of revenue. The department shall reimburse local governments for the property taxes foregone as the result of the credits in proportion to their total levies.

**Subd. 5. [HOMESTEAD AND AGRICULTURAL CREDIT GUARANTEE.]** Beginning with taxes payable in 1990, each unique taxing jurisdiction may receive additional homestead and agricultural credit payments.

(1) Each year, the commissioner shall certify to the county auditor the total education aids paid under chapters 124 and 124A, transition aid and disparity reduction aid paid under section 273.1398, local government aid to cities, counties, and towns paid under chapter 477A, and income maintenance aid paid to counties for each taxing jurisdiction. The county auditor shall apportion each local government's aids to the unique taxing jurisdiction based upon the proportion that the unique taxing jurisdiction's tax capacity bears to the total tax capacity of the local government.

(2) Each year, the county auditor will compute a gross tax capacity rate for each taxing jurisdiction equal to its total levy divided by its gross tax capacity. For each unique taxing jurisdiction, a total gross tax capacity rate will be determined. This total gross tax capacity rate will be applied against the gross tax capacity of each property that would have been eligible for the homestead credit or the agricultural credit for taxes payable in 1989. A credit amount will be determined for each parcel based upon the credit rate structure in effect for taxes payable in 1989. The resulting credit amounts will be summed for all parcels in the unique taxing jurisdiction.

If the amount determined in clause (2) is greater than the amount determined in clause (1), the difference will be additional homestead and agricultural credit payments for the unique taxing jurisdiction. The additional credit amount shall proportionately reduce the tax capacity rates of all local governments levying taxes within the unique taxing jurisdiction. The county auditor shall certify the amounts of all additional credits determined under this section in a form prescribed by the commissioner.

**Subd. 6. [PAYMENT.]** The commissioner shall certify the aids provided in subdivisions 2 and 3 before September 30 of the year preceding the distribution year to the county auditor of the affected local government and pay them and the credit reimbursements to local governments other than school districts at the times provided in section 477A.015 for payment of local government aid to taxing jurisdictions. Aids and credit reimbursements to school districts must be certified to the commissioner of education and paid under section 273.1392. Payment shall not be made to any taxing jurisdiction that has ceased to levy a property tax nor shall transition aid be payable on the part of a levy to which transition aid was separately allocated under subdivision 2, paragraph (b), clause (2) which is no longer

levied.

*Subd. 7. [APPROPRIATION.] An amount sufficient to pay the aids and credits provided under this section is annually appropriated from the general fund to the commissioner of revenue.*

Sec. 27. Minnesota Statutes 1987 Supplement, section 273.165, subdivision 2, is amended to read:

*Subd. 2. [IRON ORE.] Unmined iron ore included in class 5, paragraph (b), must be assessed with and as a part of the real estate in which it is located, but at the rate its gross tax capacity would be as established in section 273.13, subdivision ~~30~~ 31. The real estate in which iron ore is located, other than the ore, must be classified and assessed in accordance with the provisions of the appropriate classes. In assessing any tract or lot of real estate in which iron ore is known to exist, the assessable value of the ore exclusive of the land in which it is located, and the assessable value of the land exclusive of the ore must be determined and set down separately and the aggregate of the two must be assessed against the tract or lot.*

Sec. 28. Minnesota Statutes 1987 Supplement, section 273.37, subdivision 2, is amended to read:

*Subd. 2. Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized township, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before the 15th day of November, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property.*

Sec. 29. Minnesota Statutes 1986, section 273.40, is amended to read:  
273.40 [ANNUAL TAX ON COOPERATIVE ASSOCIATIONS.]

*Cooperative associations organized under the provisions of Laws 1923, chapter 326, and laws amendatory thereof and laws supplemental thereto, and engaged in electrical heat, light or power business upon a mutual, nonprofit, and cooperative plan in rural areas, as hereinafter defined, are hereby recognized as quasi-public in their nature and purposes; but such cooperative associations, which operate within the corporate limits of any city shall be assessed on the basis of ~~43 percent~~ have a tax capacity of the market value of that portion of its property located within the corporate limits of any city as provided for in section 273.13, subdivisions 24 and 31.*

Sec. 30. [275.065] [PROPOSED PROPERTY TAXES; NOTICE.]

*Subdivision 1. [PROPOSED LEVY.] On or before August 1, each taxing authority shall adopt a proposed budget and certify to the county auditor the proposed property tax levy for taxes payable in the following year. For purposes of this section, "taxing authority" shall include all home rule and statutory cities with a population of over 2,500, counties, school districts, the metropolitan council, and the metropolitan regional transit commission.*

*Subd. 2. [TAX RATE COMPUTATIONS.] (a) The county auditor shall*

compute each taxing authority's tax capacity rate that when applied to the net tax capacity of the taxing district as of January 2 of the current year, excluding new construction, additions to structures, or property added to or deleted from the assessment rolls since the previous year's assessment, yields the taxing authority the same levy as the taxing authority levied the previous year. This tax capacity rate is the "no-increase tax rate."

(b) The county auditor shall compute a tax capacity rate that when applied to the net tax capacity of the taxing authority as of January 2 of the current year, including new construction, additions to structures, or property added to or deleted from the assessment rolls since the previous year's assessment, yields the authority's proposed levy for taxes levied in the current year. This tax capacity rate is the "proposed tax rate."

(c) The county auditor shall notify the taxing authority of its no-increase tax capacity rate and its proposed tax capacity rate on or before August 8. The taxing authority may amend its proposed levy but must certify to the county auditor by August 15 its final proposed levy and the date the taxing authority will hold a public hearing to adopt its budget and property tax levy.

(d) The county auditor shall recompute the taxing authority's proposed tax capacity rate to reflect any adjustments made by the taxing authority under paragraph (c), and notify the taxing authority of the proposed tax capacity rate and the percent, if any, by which the recomputed proposed tax capacity rate exceeds the no-increase tax capacity rate. That percent is the percentage increase in property taxes proposed by the taxing authority.

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) If there is a percentage increase in property taxes proposed by the taxing authority, on or before September 15, the county auditor shall compute for each parcel of property on the assessment rolls within the taxing authority the proposed property tax for taxes levied in the current year. In the case of cities under 2,500 population, and all special taxing districts except the metropolitan council and the metropolitan regional transit commission, the auditor shall use the taxing district's previous year tax capacity rate for use in computing the total property tax. The county auditor shall prepare and deliver by first class mail to each taxpayer at the address listed on the city's current year's assessment roll, a notice of the taxpayer's proposed property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) A notice in substantially the following form shall be sufficient.

#### NOTICE OF PROPOSED PROPERTY TAXES

##### DO NOT PAY - THIS IS NOT A BILL

This notice shows the amount your next property tax bill will be if proposed budgets are approved by the local government districts you live in. It also shows the amount of your next property tax bill if the local government districts you live in do not change their budgets from this year.

Name of property owner	Description of property	Market value of property	Class of property
John Q. and Mary	Lot 1, Block 1	\$65,000	residential homestead

*W. Smith*  
*Pleasant*  
*Acres sub-*  
*division*  
*Middletown,*  
*Minnesota*

*Based on their proposed budgets, next year the governing bodies of the county, city, school district, and special tax districts you live in are proposing to collect from you the amount of property tax shown below. At the meetings listed below, the governing bodies will discuss and vote on the amount of their budgets for next year. The larger the amount of the budget, the more property tax you will pay. You can attend the meetings and express your opinions about the amount of the budget before the budget is voted on.*

<i>These local governments collect property tax from you</i>	<i>Amount of your tax next year if they do not change their budgets from this year</i>	<i>Amount of your tax next year if they adopt their proposed budgets</i>	<i>Time and place of meetings on proposed budgets</i>
<i>County: Spruce</i>	<i>\$218.55</i>	<i>\$257.75</i>	<i>September 1, 1988, 7:30 pm Room 123, Spruce Co. Courthouse</i>
<i>City or Town: Middletown</i>	<i>\$168.63</i>	<i>\$184.09</i>	<i>October 1, 1988, 8:00 pm Middletown Town Hall</i>
<i>Public School: Ind. Dist. 123 set by school board</i>	<i>\$47.56</i>	<i>\$146.88</i>	<i>September 25, 1988,</i>
<i>set by state law</i>	<i>\$300.00</i>	<i>\$300.00</i>	<i>Cafeteria, Middletown Town Hall</i>
<i>Special Tax Districts</i>			
<i>Metropolitan Council</i>	<i>\$25.00</i>	<i>\$50.00</i>	<i>October 5, 1988, 3:00 pm Board Room, Tri-County Hospital</i>
<i>Metropolitan Regional Transit Board</i>	<i>\$10.00</i>	<i>\$12.00</i>	<i>October 12, 1988, 6:00 pm Common Room, Tri-County Library</i>



Tax before State payments:	\$769.74	\$950.72
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Payments by State: (subtract: \$215.00)	(subtract: \$235.00)	
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Your tax if budget is not changed: \$554.74

Your tax if proposed budget is adopted: \$715.72

Subd. 4. [COSTS.] *The taxing authority shall pay the county for the reasonable cost of the county auditor's services and for the costs of preparing and mailing the notice required in this section.*

Subd. 5. [PUBLIC ADVERTISEMENT.] (a) *On or before September 15, the taxing authority shall advertise in a qualified newspaper a notice of its intent to adopt a budget and property tax levy at a public hearing.*

*The advertisement must be no less than one-quarter page in size of a standard-size or a tabloid-size newspaper, and the headline in the advertisement shall be in a type no smaller than 18 point. The advertisement must not be placed in the part of the newspaper where legal notices and classified advertisements appear. The advertisement must be published in a newspaper of general paid circulation in the city. Whenever possible, the advertisement must appear in a newspaper that is published at least five days a week, unless the only newspaper in the city is published less than five days a week. The newspaper selected must be one of general interest and readership in the community, and not one of limited subject matter.*

(b) *If the taxing authority proposes a percentage increase in property taxes, the advertisement must be in the following form:*

**"NOTICE OF TAX INCREASE**

*The . . . . . (name of taxing authority) . . . . . has tentatively adopted a measure to increase its property tax levy by . . . . . (percentage of increase over no-increase rate) . . . . . percent.*

*All concerned citizens are invited to attend a public hearing on the tax increase to be held on . . . . . (date and time) . . . . . at . . . . . (meeting place) . . . . .*

*A FINAL DECISION on the proposed tax increase and the budget will be made at this hearing."*

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] *Prior to October 25, the governing body of the city shall hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year. The hearing must be held not less than two days or more than five days after the day the notice is first published.*

*At the hearing the taxing authority may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy. The property tax levy adopted may not exceed the final proposed levy determined under subdivision 2, paragraph (c).*

*At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. During the discussion, the governing body shall hear comments regarding a proposed increase and*

*explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body shall adopt its final property tax levy prior to adopting its final budget.*

*The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The school board and county board shall not schedule public meetings on days scheduled for the hearing by the governing body of the city.*

*If the hearing is recessed, the taxing authority shall publish a notice in a qualified newspaper of general paid circulation in the city. The notice must state the time and place for the continuation of the hearing and must be published at least two days but not more than five days prior to the date the hearing will be continued.*

*Subd. 7. [CERTIFICATION OF COMPLIANCE.] At the time the taxing authority certifies its tax levy under section 275.07, it shall certify to the commissioner of revenue its compliance with this section. The certification must contain copies of the advertisement required under subdivision 5, the resolution adopting the final property tax levy under subdivision 6, and any other information required by the commissioner of revenue. If the commissioner determines that the taxing authority has failed to substantially comply with the requirements of this section, the commissioner of revenue shall notify the county auditor. When fixing rates under section 275.08 for a taxing authority that has not complied with this section, the county auditor must use the no-increase tax rate.*

Sec. 31. Minnesota Statutes 1987 Supplement, section 275.07, subdivision 1, is amended to read:

*Subdivision 1. The taxes voted by cities and, towns, counties, school districts, and special districts shall be certified by the proper authorities to the county auditor on or before October 10 25 in each year. The taxes of a school district must be certified to the commissioner of education by October 10 in each year certified shall not be adjusted by the aid received under section 273.1398, subdivisions 2 and 3. If a city, town, county, school district, or special district fails to certify its levy by that date, its levy shall be the amount levied by it for the preceding year. If the local unit notifies the commissioner of revenue, or the commissioner of education in the case of a school district, before October 10 25 of its inability to certify its levy by that date, and the commissioner is satisfied that the delay is unavoidable and is not due to the negligence of the local unit's officials or staff, the commissioner shall extend the time within which the local unit shall certify its levy up to 15 calendar days beyond the date of request for extension. For 1988 only, the commissioner may extend the certification time to November 7 if the requirements of this subdivision are met.*

Sec. 32. Minnesota Statutes 1986, section 275.07, is amended by adding a subdivision to read:

*Subd. 3. The county auditor shall adjust each local government's levy certified under subdivision 1 by the amount of transition aid certified by section 273.1398, subdivision 2. If a local government's transition aid was further allocated between portions of its levy pursuant to section 273.1398, subdivision 2, paragraph (b)(2), the levy or fund to which the transition aid was allocated is the levy or fund which must be adjusted.*

Sec. 33. Minnesota Statutes 1986, section 275.08, is amended by adding

a subdivision to read:

*Subd. 1a. For taxes payable in 1989, the county auditor shall compute the gross tax capacity for each parcel according to the rates specified in section 273.13. The gross tax capacity will be the appropriate rate multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years, the county auditor shall compute the net tax capacity for each parcel according to the rates specified in section 273.13. The net tax capacity will be the appropriate rate multiplied by the parcel's market value.*

Sec. 34. Minnesota Statutes 1986, section 275.08, is amended by adding a subdivision to read:

*Subd. 1b. The amounts certified under section 275.07 after adjustment under section 275.07, subdivision 3 by an individual local government unit shall be divided by the total gross tax capacity of all taxable properties within the local government unit's taxing jurisdiction for tax payable in 1989 and by the total net tax capacity of all taxable properties within the local government unit's taxing jurisdiction, for taxes payable in 1990 and thereafter. The resulting ratio, the local government's tax capacity rate, multiplied by each property's gross tax capacity for taxes payable in 1989 and net tax capacity for taxes payable in 1990 and subsequent years shall be each property's total tax for that local government unit before reduction by any credits.*

Sec. 35. Minnesota Statutes 1986, section 275.08, is amended by adding a subdivision to read:

*Subd. 1c. After the tax capacity rate of a local government has been determined pursuant to subdivision 1b, the auditor shall adjust the local government's tax capacity rate within each unique taxing jurisdiction as defined in section 273.1398, subdivision 1, in which the local government exercises taxing authority. The adjustment shall equal the unique taxing jurisdiction's disparity reduction aids allocated to the local government pursuant to section 273.1398, subdivision 3 divided by the total tax capacity of all taxable property within the unique taxing jurisdiction. The adjustment shall reduce the tax capacity rate of the local government within the unique taxing jurisdiction for which the adjustment was calculated.*

Sec. 36. [275.011] [MILL RATE LEVY LIMITATIONS; CONVERSION FROM MILLS TO DOLLARS.]

*Subdivision 1. The property tax levied for any purpose subject to a mill rate limitation imposed by statute or special law, excluding levies subject to mill rate limitations that use adjusted assessed values determined by the commissioner of revenue under section 124.2131, must not exceed the following amount for the years specified:*

*(a) for taxes payable in 1988, the product of the applicable mill rate limitation imposed by statute or special law multiplied by the total assessed valuation of all taxable property subject to the tax as adjusted by the provisions of Minnesota Statutes 1986, sections 272.64; 273.13, subdivision 7a; and 275.49;*

*(b) for taxes payable in 1989, the product of (1) the property tax levy limitation for the taxes payable year 1988 determined under clause (a) multiplied by (2) an index for market valuation changes equal to the assessment year 1988 total market valuation of all taxable property subject to the tax divided by the assessment year 1987 total market valuation of all taxable property subject to the tax; and*

(c) for taxes payable in 1990 and subsequent years, the product of (1) the property tax levy limitation for the previous year determined pursuant to this subdivision multiplied by (2) an index for market valuation changes equal to the total market valuation of all taxable property subject to the tax for the current assessment year divided by the total market valuation of all taxable property subject to the tax for the previous assessment year.

For the purpose of determining the property tax levy limitation for the taxes payable year 1988 and subsequent years under this subdivision, "total market valuation" means the total market valuation of all taxable property subject to the tax without valuation adjustments for fiscal disparities (chapter 473F), tax increment financing (sections 469.174 to 469.179), and high voltage transmission lines (section 273.425).

Subd. 2. A mill rate levy limitation imposed by statute or special law that is presently in effect, excluding those mill rate levy limitations that use adjusted assessed values determined by the commissioner of revenue under section 124.2131, shall be construed to allow no more and no less property taxes than the amount determined under this section.

Subd. 3. [COUNTY CAPITAL IMPROVEMENT MILL LIMITS.] For purposes of determining the mill rate limits applicable to county capital improvement programs under section 373.40, the mill rate limit applicable to the county must be divided by 0.45 and multiplied by the county's assessed value for taxes payable in 1988. The resulting dollar amount must be used in determining the limitation under the procedures provided by this section.

Sec. 37. Minnesota Statutes 1987 Supplement, section 275.50, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, a home rule charter city, or a statutory city, except a home rule charter or statutory city that has a population of less than 2,500 according to the most recent federal census.

(b) "Governmental subdivision" also includes any home rule charter or statutory city or town that receives a distribution from the taconite municipal aid account in the levy year.

Sec. 38. Minnesota Statutes 1987 Supplement, section 275.50, subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1983 1988 payable in 1984 1989 and subsequent years, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

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

(b) pay the costs of complying with any written lawful order initially issued prior to January 1, 1977, by the state of Minnesota; or the United States; or any agency or subdivision thereof; which is authorized by law, statute, special act or ordinance and is enforceable in a court of competent jurisdiction; or any stipulation agreement or permit for treatment works or

disposal system for pollution abatement in lieu of a lawful order signed by the governmental subdivision and the state of Minnesota, or the United States, or any agency or subdivision thereof which is enforceable in a court of competent jurisdiction. The commissioner of revenue shall in consultation with other state departments and agencies, develop a suggested form for use by the state of Minnesota, its agencies and subdivisions in issuing orders pursuant to this subdivision;

(e) pay the costs to a governmental subdivision for their minimum required share of any program otherwise authorized by law for which matching funds have been appropriated by the state of Minnesota or the United States, excluding the administrative costs of public assistance programs, to the extent of the increase in levy over the amount levied for the local share of the program for the taxes payable year 1971. This clause shall apply only to those programs or projects for which matching funds have been designated by the state of Minnesota or the United States on or before September 1, of the previous year and only when the receipt of these matching funds is contingent upon the initiation or implementation of the project or program during the year in which the taxes are payable or those programs or projects approved by the commissioner;

(d) (a) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law, and the costs of purchase or delivery of social services. Except for the costs of general assistance as defined in section 256D.02, subdivision 4, general assistance medical care under section 256D.03 and the costs of hospital care pursuant to section 261.21, the aggregate amounts levied pursuant to this clause are subject to a maximum increase of 18 percent over the amount levied for these purposes in the previous year. *Effective with taxes levied in 1989, the portion of this special levy for income maintenance programs identified in section 273.1398, subdivision 1, paragraph (i), is eliminated;*

(e) (b) pay the costs of principal and interest on bonded indebtedness except on bonded indebtedness issued under section 471.981, subdivisions 4 to 4c or to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

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

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

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

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

Minnesota Statutes 1969, section 273.13, subdivision 3, in calendar year 1971;

(j) (f) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

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

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

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

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

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

The aggregate of the foregoing amounts, less any costs of extending municipal services to new private industrial and nonresidential commercial development which are paid by bonded indebtedness or special assessments, equals the maximum amount that may be levied as a "special levy"

for the increased costs of municipal services provided to new private industrial and nonresidential commercial development. In the levy year following the levy year in which the special levy made pursuant to this clause is discontinued, one-half of the amount of that special levy made in the preceding year shall be added to the permanent levy base of the governmental subdivision;

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

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

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

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

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

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

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

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

(v) pay the costs of meeting the planning requirements of section 115A.46; the requirements of section 115A.917; the planning requirements of the metropolitan plan adopted under section 473.149 and county master plans adopted under section 473.803; waste reduction and source separation programs and facilities; response actions that are financed in part by service charges under section 400.08 or 115A.15, subdivision 6; closure and postclosure care of a solid waste facility closed by order of the pollution control agency or by expiration of an agency permit before January 1, 1989; and current operating and maintenance costs of a publicly-owned solid waste processing facility financed with general obligation bonds issued after a referendum before March 25, 1986;

(w) pay the annual principal and interest due on a loan made under section 116J.37;

(x) pay the annual principal and interest due on a loan from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations; and

(y) pay the costs of constructing public libraries; and

(j) pay the debt service on tax increment financing revenue bonds to the extent that revenue to pay the bonds or to maintain reserves for the bonds is insufficient as a result of the provisions of this article.

Sec. 39. Minnesota Statutes 1986, section 275.51, subdivision 3f, is amended to read:

Subd. 3f. [LEVY LIMIT BASE.] (a) The property tax levy limit base for governmental subdivisions for taxes levied in ~~1983~~ 1988 shall be ~~calculated by adding the following amounts: equal to the total actual levy for taxes payable in 1988 plus the amount of any payments the governmental subdivision was certified to receive in 1988 under sections 477A.011 to 477A.014 and minus any special levies claimed for taxes payable in 1988 pursuant to Laws 1987, chapter 268, article 5, section 12, subdivision 4, clauses (1), (2), (3), and (4). A county's levy limit base will be increased by the amount of any increase in its levy under section 134.07 over that levied under section 134.07 for taxes payable in 1988 which is required under Laws 1987, chapter 398, article 9, section 2. For governmental subdivisions located in the seven-county metropolitan area, the total actual levy for taxes payable in 1988 shall include the fiscal disparities distribution levy pursuant to Minnesota Statutes 1986, section 473F08, subdivision 7a.~~

(1) the property tax permitted to be levied in 1982 for taxes payable in 1983 pursuant to Minnesota Statutes 1982, section 275.51, subdivision 3e; plus

(2) the amount of any payments the governmental subdivision was certified to receive in 1983 pursuant to Minnesota Statutes 1982, sections 477A.011 to 477A.03; plus

(3) the amount of any payments certified to the governmental subdivision in 1983 pursuant to Minnesota Statutes 1982, sections 298.28 and 298.282; plus

(4) the difference between the amount certified to the governmental subdivision in 1983 and the amount certified in 1984 pursuant to section 273.138; plus

(5) any amount levied as a special assessment to cover the costs of municipal operation and maintenance activities for the taxes payable year 1983; and

(6) the amount of any base adjustment authorized by the commissioner of revenue pursuant to subdivision 3g.

(b) For taxes levied in ~~1984~~ 1989 and subsequent years, a governmental subdivision's levy limit base is equal to its adjusted levy limit base for the preceding year provided that, for taxes levied in 1984, the levy limit base of a county containing a city of the first class shall be increased by the amount paid to the county under section 273.138 in 1984 less the amount that will be paid to it under section 273.138 in 1985 not including the adjustment made under subdivision 3h, paragraph (c), plus for taxes levied in 1989



*the administrative reimbursement aid received in 1988.*

(c) The property tax levy limit base for cities and towns defined as a governmental subdivision only under section 275.50, subdivision 2, paragraph (b), for taxes levied in 1986 shall be calculated by adding the following amounts:

(1) the property tax levied in 1985 for taxes payable in 1986, exclusive of any levies for debt service; plus

(2) the amount of any payments the governmental subdivision was certified to receive in 1986 pursuant to Minnesota Statutes 1985 Supplement, sections 477A.011 to 477A.03; plus

(3) the amount of any payments certified to the governmental subdivision in 1986 pursuant to Minnesota Statutes 1984, section 298.282, and Minnesota Statutes 1985 Supplement, section 298.28; plus

(4) any amount levied as a special assessment to cover the costs of municipal operation and maintenance activities for the taxes payable year 1986.

For taxes levied in 1987 and subsequent years, the levy limit base of a governmental subdivision defined only in section 275.50, subdivision 2, paragraph (b), is equal to its adjusted levy limit base for the preceding year.

Sec. 40. Minnesota Statutes 1987 Supplement, section 275.51, subdivision 3h, is amended to read:

Subd. 3h. [ADJUSTED LEVY LIMIT BASE.] For taxes levied in 1988 and thereafter, the adjusted levy limit base is equal to the levy limit base computed pursuant to Laws 1987, article 5, section 12, or subdivision 3f, increased by:

(a) a percentage equal to the percentage growth in the implicit price deflator, or three four percent, whichever is lesser for taxes levied in 1988 and three percent for taxes levied in 1989 and subsequent years; and

(b) a percentage equal to the greater of the percentage increases in population or in number of households, if any, for the most recent 12-month period for which data is available, using figures derived pursuant to subdivision 6;

(c) one-half of the amount levied as a special levy in the previous year for paying the costs of municipal services provided to new private industrial and nonresidential commercial development pursuant to section 275.50, subdivision 5, clause (m), if the special levy is discontinued;

(d) the amount of any permanent increase in the levy limit base approved at a general or special election held during the 12-month period ending September 30 of the levy year, pursuant to section 275.58, subdivisions 1 and 2; and

(e) the amount, if known, equal to the decrease in federal revenue sharing allotment from the levy year to the year in which the levy is payable; otherwise the amount equal to the decrease in federal revenue sharing allotment in the levy year as compared to the previous year if the levy base for the previous year has not been adjusted for a decrease in federal revenue sharing allotment.

*For taxes levied in 1989 and subsequent years, to the resulting product*

*must be added the estimated reduction in a county's income maintenance aids as defined in section 273.1398, subdivision 1, pursuant to section 273.1398, subdivision 2, paragraph (d). The department of human services shall annually estimate the increase in income maintenance aids referred to in section 273.1398, subdivision 2, paragraph (d) and certify it by county to the department of revenue by July 15 of the levy year preceding that in which the aids are payable. If the actual increase in a county's income maintenance aid referred to in section 273.1398, subdivision 2, paragraph (d) is less than or greater than the amount added to a county's adjusted levy limit base in the prior year, its adjusted levy limit base for the subsequent year will be increased or decreased by the appropriate amount.*

Sec. 41. Minnesota Statutes 1987 Supplement, section 275.51, subdivision 3i, is amended to read:

Subd. 3i. [LEVY LIMITATION.] The levy limitation for a governmental subdivision shall be equal to the adjusted levy limit base determined pursuant to subdivision 3h, reduced by

(a) the total amount of local government aid that the governmental subdivision has been certified to receive pursuant to sections 477A.011 to 477A.014;

(b) taconite aids pursuant to sections 298.28 and 298.282 including any aid received in the levy year which was required to be placed in a special fund for expenditure in the next succeeding year;

(c) state reimbursements for wetlands and native prairie property tax exemptions pursuant to sections 273.115, subdivision 3, and 273.116, subdivision 3; (d) payments in lieu of taxes to a county pursuant to section 477A.12 which are required to be used to provide property tax levy reduction certified to be paid in the calendar year in which property taxes are payable; and (e) payments from the proceeds of the net proceeds tax under section 298.018. If the sum of the taconite aids deducted exceeds the adjusted levy limit base, the excess must be used to reduce the amounts levied as special levies pursuant to section 275.50, subdivisions 5 and 7. The commissioner of revenue shall notify a governmental subdivision of any excess taconite aids to be used to reduce special levies.

As provided in section 298.28, one cent per taxable ton of the amount distributed under section 298.28, subdivision 5, paragraph (d), shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure *This amount* is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

For taxes levied in 1987 and subsequent years, the levy limit for a county as calculated under paragraph (b) shall be decreased by an additional amount equal to the reduction in the distribution to the county under section 298.28, from the 1986 distribution to the 1987 distribution.

Sec. 42. Minnesota Statutes 1986, section 275.51, is amended by adding a subdivision to read:

Subd. 3j. [APPEALS.] A governmental subdivision subject to the limitations in this section may appeal to the commissioner of revenue for an adjustment in its levy limit base under this section. If the governmental subdivision can provide evidence satisfactory to the commissioner that its

*levy for taxes payable in 1988 had been reduced because it had made expenditures from reserve funds, the commissioner may permit the governmental subdivision to increase its levy limit base under this section by the amount determined by the commissioner. The commissioner's decision is final.*

Sec. 43. Minnesota Statutes 1987 Supplement, section 276.04, is amended to read:

276.04 [NOTICE OF RATES; PROPERTY TAX STATEMENTS.]

*Subdivision 1. [AUDITOR TO PUBLISH RATES.]* On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose.

*Subd. 2. [CONTENTS OF TAX STATEMENTS.]* (a) The treasurer shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality and school district shall ~~must~~ be separately stated ~~but~~. The amounts due other taxing districts, if any, may be aggregated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) *For taxes payable in 1990 and thereafter, real and personal property tax statements must contain (1) the property's market value, as defined in section 272.03, subdivision 8, (2) the net tax capacity rate applicable to the property's classification under section 273.13, and the product of (1) and (2), the property's initial tax. The statement must show the difference between a property's gross tax capacity and net tax capacity multiplied by the tax capacity rate as "state paid homestead and agricultural credit." The statement must also show the decrease in tax attributable to that portion of the sum of the following aids attributable to the property as "state paid tax relief": (i) education aids payable under chapters 124 and 124A, (ii) local government aid for cities, towns, and counties under chapter 477A, (iii) disparity reduction aid paid under section 273.1398, and (iv) income maintenance aids as defined in section 273.1398, subdivision 1, paragraph (i). The commissioner of revenue shall certify to the county auditor the actual or estimated aids local governments will receive in the following year.*

(d) *For taxes payable in 1989 only, the statement must show the property's market value, as defined in section 272.03, subdivision 8, and the amount attributable to section 273.13, subdivisions 22 and 23 as "state paid*

*homestead credit" and the amount attributable to section 273.132 as "state paid agricultural credit." The statement must also show the decrease in tax attributable to that portion of the sum of the following aids attributable to the property as "state paid tax relief": (i) education aids under chapters 124 and 124A, (ii) local government aid for cities, towns, and counties under chapter 477A, and (iii) disparity reduction aid under section 273.1398. The commissioner of revenue shall certify to the county auditor the actual or estimated aids local governments will receive in the following year.*

**Subd. 3. [MAILING OF TAX STATEMENTS.]** The county treasurer shall mail to taxpayers statements of their personal property taxes due, ~~such statements to be mailed~~ not later than February 15 ~~€,~~ except in the case of manufactured homes and sectional structures taxed as personal property~~},~~. Statements of the real property taxes due shall be mailed not later than January 31; ~~provided, that.~~ The validity of the tax shall not be affected by failure of the treasurer to mail ~~such~~ the statement. The taxpayer is defined as the owner who is responsible for the payment of the tax. ~~Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. The statement shall show the amount attributable to the decrease in tax under section 275.082 attributable to Minnesota Statutes 1986, section 124.2137 as "state paid agricultural credit amount" and the amount attributable to the decrease in tax under section 275.082 attributable to Minnesota Statutes 1986, section 273.13, subdivisions 22 and 23 as "state paid homestead credit amount." The statement must state the amount deducted under section 273.1195 and identify it as "state paid small business transition credit."~~

**Subd. 4. [COLLECTION SITE.]** If so directed by the county board, the treasurer shall visit places in the county as the treasurer deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists. Failure to mail the tax statement shall not be deemed a material defect to affect the validity of any judgment and sale for delinquent taxes.

Sec. 44. Minnesota Statutes 1987 Supplement, section 276.06, is amended to read:

**276.06 [TAX STATEMENTS TO STATE APPORTIONMENT OF TAXES.]**

The treasurer of each county may cause to be printed, stamped, or written on the back of all current tax statements, or on a separate sheet or card to be furnished with the statements, a statement showing the ~~number of mills~~ *tax capacity rate* of the current tax apportioned to the state, county, city, town, or school district.

Sec. 45. Minnesota Statutes 1986, section 298.28, subdivision 6, is amended to read:

**Subd. 6. [PROPERTY TAX RELIEF]** (a) ~~22~~ 12 cents per taxable ton, less any amount required to be distributed under paragraphs (b) and (c), must be allocated 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, .1875 cent per taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county.

(c) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a school district other than a school district in which the mining and concentrating processes are conducted, .5625 cent per taxable ton of the tax imposed and collected from the taxpayer shall be paid to the school district.

**Sec. 46. [TAX INCREMENT ADJUSTMENT.]**

*The county auditor shall determine a tax increment district's original tax capacity by multiplying the district's market values by class in the year of original certification or year of certification for any modification, as the case may be, by the tax capacity rates in section 273.13. The original tax capacity of an economic development district shall also be inflated to reflect the annual adjustment required by section 469.177 for prior years. The original tax capacities of the districts under this section shall be certified to authorities by July 1, 1988.*

Sec. 47. Minnesota Statutes 1987 Supplement, section 473.446, subdivision 1, is amended to read:

**Subdivision 1. [TAXATION WITHIN TRANSIT TAXING DISTRICT.]** For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, except as otherwise provided in this subdivision the regional transit board shall levy each year upon all taxable property within the metropolitan transit taxing district, defined in subdivision 2, a transit tax consisting of:

(a) an amount up to two mills times the assessed value of all such property, based upon the level of transit service provided for the property, the proceeds of which shall be used for payment of the expenses of operating transit and paratransit service and to provide for payment of obligations issued by the commission under section 473.436, subdivision 6;

(b) an additional amount, if any, as the board determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1985, to which property taxes under this section have been pledged; and

(c) an additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, including refunding bonds or other obligations issued or to be issued under section 473.39 by the council for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the council or board has specifically pledged tax levies under this clause.

The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive full peak service and limited off-peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.5 mills on the property. The county auditor shall reduce the tax levied pursuant to this subdivision on all property within statutory and home rule charter cities and towns that receive limited peak service by an amount equal to the tax levy that would be produced by applying a rate of 0.75 mills on the property. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner shall review the certifications to determine their accuracy and may make changes in the certification as necessary or return a certification to the county auditor for corrections. The commissioner shall

pay to the regional transit board the amounts certified by the county auditors on the dates provided in section ~~273.1394~~ 273.1398. There is annually appropriated from the general fund in the state treasury to the department of revenue the amounts necessary to make these payments in fiscal year 1987 and thereafter.

For the purposes of this subdivision, "full peak and limited off-peak service" means peak period regular route service, plus weekday midday regular route service at intervals longer than 60 minutes on the route with the greatest frequency; and "limited peak period service" means peak period regular route service only.

Sec. 48. Minnesota Statutes 1987 Supplement, section 473F02, subdivision 4, is amended to read:

Subd. 4. "Residential property" means the following categories of property, as defined in section 273.13, excluding that portion of such property exempt from taxation pursuant to section 272.02:

(a) Class 1, 1b, 2a, 4a, 4b, 4c, and 4d property except resorts and property classified under section 273.13, subdivision 25, paragraph (c), clause (6);

(b) and that portion of class 3a, 3b, and 5 property used exclusively for residential occupancy.

Sec. 49. Minnesota Statutes 1986, section 473F02, is amended by adding a subdivision to read:

Subd. 23. "Gross tax capacity" means the market value of real and personal property multiplied by its gross tax capacity rates in section 273.13.

Sec. 50. Minnesota Statutes 1987 Supplement, section 473F05, is amended to read:

473F05 [~~ASSESSED VALUATION~~ GROSS TAX CAPACITY; 1972 1988 AND SUBSEQUENT YEARS.]

On or before November 20 of ~~1972~~ 1988 and each subsequent year, the assessors within each county in the area shall determine and certify to the county auditor the ~~assessed valuation~~ gross tax capacity in that year of commercial-industrial property subject to taxation within each municipality in the county, determined without regard to section 469.177, subdivision 3.

Sec. 51. Minnesota Statutes 1987 Supplement, section 473F06, is amended to read:

473F06 [INCREASE IN ~~ASSESSED VALUATION~~ GROSS TAX CAPACITY.]

On or before September 1 of 1976 and each subsequent year, the auditor of each county in the area shall determine the amount, if any, by which the ~~assessed valuation~~ gross tax capacity determined in the preceding year pursuant to section 473F05, of commercial-industrial property subject to taxation within each municipality in the auditor's county exceeds the ~~assessed valuation~~ gross tax capacity in 1971 of commercial-industrial property subject to taxation within that municipality. If a municipality is located in two or more counties within the area, the auditors of those counties shall certify the data required by section 473F05 to the county auditor who is responsible under other provisions of law for allocating the levies of that

municipality between or among the affected counties. That county auditor shall determine the amount of the net excess, if any, for the municipality under this section, and certify that amount under section 473F07. Notwithstanding any other provision of sections 473F01 to 473F13 to the contrary, in the case of a municipality which is designated on July 24, 1971, as a redevelopment area pursuant to section 401(a)(4) of the Public Works and Economic Development Act of 1965, Public Law Number 89-136, the increase in its ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property for purposes of this section shall be determined in each year subsequent to the termination of such designation by using as a base the ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property in that municipality in the year following that in which such designation is terminated, rather than the ~~assessed valuation~~ *gross tax capacity* of such property in 1971. The increase in ~~assessed valuation~~ *gross tax capacity* determined by this section shall be reduced by the amount of any decreases in the ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property resulting from any court decisions, court related stipulation agreements, or abatements for a prior year, and only in the amount of such decreases made during the 12-month period ending on June 30 of the current assessment year, where such decreases, if originally reflected in the determination of a prior year's ~~valuation~~ *gross tax capacity* under section 473F05, would have resulted in a smaller contribution from the municipality in that year. An adjustment for such decreases shall be made only if the municipality made a contribution in a prior year based on the higher ~~valuation~~ *gross tax capacity* of the commercial-industrial property.

Sec. 52. Minnesota Statutes 1987 Supplement, section 473F07, subdivision 1, is amended to read:

Subdivision 1. Each county auditor shall certify the determinations pursuant to sections 473F05 and 473F06 to the administrative auditor on or before November 20 of each year. The administrative auditor shall determine the sum of the amounts certified pursuant to section 473F06, and divide that sum by 2-1/2. The resulting amount shall be known as the "areawide *gross tax base capacity* for . . . . . (year)."

Sec. 53. Minnesota Statutes 1986, section 473F07, subdivision 4, is amended to read:

Subd. 4. The administrative auditor shall determine the proportion which the index of each municipality bears to the sum of the indices of all municipalities and shall then multiply this proportion in the case of each municipality, by the areawide *gross tax base capacity*.

Sec. 54. Minnesota Statutes 1986, section 473F07, subdivision 5, is amended to read:

Subd. 5. The product of the multiplication prescribed by subdivision 4 shall be known as the "areawide *gross tax base capacity* for . . . . . (year) attributable to . . . . . (municipality)." The administrative auditor shall certify such product to the auditor of the county in which the municipality is located on or before November 25.

Sec. 55. Minnesota Statutes 1986, section 473F08, subdivision 1, is amended to read:

Subdivision 1. The county auditor shall determine the ~~taxable value~~ *gross tax capacity* of each governmental unit within the auditor's county in the manner prescribed by this section.

Sec. 56. Minnesota Statutes 1987 Supplement, section 473F08, subdivision 2, is amended to read:

Subd. 2. The ~~taxable value~~ *gross tax capacity* of a governmental unit is its ~~assessed valuation~~ *gross tax capacity*, as determined in accordance with other provisions of law including section 469.177, subdivision 3, subject to the following adjustments:

(a) There shall be subtracted from its ~~assessed valuation~~ *gross tax capacity*, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to 40 percent of the amount certified in that year pursuant to section 473F06 in respect to that municipality as the total preceding year's ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property which is subject to the taxing jurisdiction of the governmental unit within the municipality, determined without regard to section 469.177, subdivision 3, bears to the total preceding year's ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property within the municipality, determined without regard to section 469.177, subdivision 3;

(b) There shall be added to its ~~assessed valuation~~ *gross tax capacity*, in each municipality in which the governmental unit exercises ad valorem taxing jurisdiction, an amount which bears the same proportion to the areawide ~~base~~ *gross tax capacity* for the year attributable to that municipality as the total preceding year's ~~assessed valuation~~ *gross tax capacity* of residential property which is subject to the taxing jurisdiction of the governmental unit within the municipality bears to the total preceding year's ~~assessed valuation~~ *gross tax capacity* of residential property of the municipality.

Sec. 57. Minnesota Statutes 1986, section 473F08, subdivision 3, is amended to read:

Subd. 3. On or before October 15 of 1976 and each subsequent year, the county auditor shall apportion the levy of each governmental unit in the auditor's county in the manner prescribed by this subdivision. The auditor shall:

(a) Determine the areawide portion of the levy for each governmental unit by multiplying the ~~nonagricultural mill rate~~ *tax capacity rate* of the governmental unit for the preceding levy year times the distribution value set forth in subdivision 2, clause (b); and

(b) Determine the local portion of the current year's levy by subtracting the resulting amount from clause (a) from the governmental unit's current year's levy.

Sec. 58. Minnesota Statutes 1986, section 473F08, subdivision 3a, is amended to read:

Subd. 3a. Beginning in 1987 and each subsequent year through 1998, the city of Bloomington shall determine the interest payments for that year for the bonds which have been sold for the highway improvements pursuant to Laws 1986, chapter 391, section 2, paragraph (g). Effective for property taxes payable in 1988 through property taxes payable in 1999, after the Hennepin county auditor has computed the areawide portion of the levy for the city of Bloomington pursuant to subdivision 3, clause (a), the auditor shall annually add a dollar amount to the city of Bloomington's areawide portion of the levy equal to the amount which has been certified to the auditor by the city of Bloomington for the interest payments for that year for the bonds which were sold for highway improvements. The total areawide portion of the levy for



the city of Bloomington including the additional amount for interest repayment certified pursuant to this subdivision shall be certified by the Hennepin county auditor to the administrative auditor pursuant to subdivision 5. The Hennepin county auditor shall distribute to the city of Bloomington the additional areawide portion of the levy computed pursuant to this subdivision at the same time that payments are made to the other counties pursuant to subdivision 7a. This additional areawide portion of the levy which is distributed to the city of Bloomington shall be exempt from the city's levy limit provisions contained in sections 275.50 to 275.56. For property taxes payable from the year 2000 through 2009, the Hennepin county auditor shall adjust Bloomington's contribution to the areawide *gross tax base capacity* upward each year by a value equal to ten percent of the total additional areawide levy distributed to Bloomington under this subdivision from 1988 to 1999, divided by the areawide ~~mill rate~~ *tax capacity rate* for taxes payable in the previous year.

Sec. 59. Minnesota Statutes 1987 Supplement, section 473F08, subdivision 4, is amended to read:

Subd. 4. In 1972 and subsequent years, the county auditor shall divide that portion of the levy determined pursuant to subdivision 3, clause (b), by the ~~assessed valuation~~ *gross tax capacity* of the governmental unit, taking section 469.177, subdivision 3, into account, less that portion subtracted from ~~assessed valuation~~ *gross tax capacity* pursuant to subdivision 2, clause (a). The resulting rate shall apply to all taxable property except commercial-industrial property, which shall be taxed in accordance with subdivision 6.

Sec. 60. Minnesota Statutes 1986, section 473F08, subdivision 5, is amended to read:

Subd. 5. On or before November 30 of 1972 and each subsequent year, the county auditor shall certify to the administrative auditor that portion of the levy of each governmental unit determined pursuant to subdivision 3, clause (a). The administrative auditor shall then determine the ~~rate of taxation~~ *tax capacity rate* sufficient to yield an amount equal to the sum of such levies from the areawide *gross tax base capacity*. On or before December 5 the administrative auditor shall certify said rate to each of the county auditors.

Sec. 61. Minnesota Statutes 1987 Supplement, section 473F08, subdivision 6, is amended to read:

Subd. 6. The rate of taxation determined in accordance with subdivision 5 shall apply in the taxation of each item of commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 469.174, subdivision 9, to that portion of the ~~assessed valuation~~ *gross tax capacity* of the item which bears the same proportion to its total ~~assessed valuation~~ *gross tax capacity* as 40 percent of the amount determined pursuant to section 473F06 in respect to the municipality in which the property is taxable bears to the amount determined pursuant to section 473F05. The rate of taxation determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the ~~assessed valuation~~ *gross tax capacity* of the item.

Sec. 62. Minnesota Statutes 1986, section 473F08, subdivision 10, is amended to read:

Subd. 10. For the purpose of computing the amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any provision of any law or charter, where such authorization, requirement, or limitation is related in

any manner to any value or valuation of taxable property within any governmental unit, such value or ~~valuation~~ *gross tax capacity* shall be adjusted to reflect the adjustments to ~~valuation~~ *gross tax capacity* effected by subdivision 2, provided that: (1) in determining the market value of commercial-industrial property or any class thereof within a governmental unit for any purpose other than section 473F07, (a) the reduction required by this subdivision shall be that amount which bears the same proportion to the amount subtracted from the governmental unit's ~~assessed valuation~~ *gross tax capacity* pursuant to subdivision 2, clause (a), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property, or such class thereof, located within the governmental unit, and (b) the increase required by this subdivision shall be that amount which bears the same proportion to the amount added to the governmental unit's ~~assessed valuation~~ *gross tax capacity* pursuant to subdivision 2, clause (b), as the market value of commercial-industrial property, or such class thereof, located within the governmental unit bears to the ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property, or such class thereof, located within the governmental unit; and (2) in determining the market value of real property within a municipality for purposes of section 473F07, the adjustment prescribed by clause (1) (a) hereof shall be made and that prescribed by clause (1) (b) hereof shall not be made.

Sec. 63. Minnesota Statutes 1986, section 473F10, is amended to read:

473F10 [REASSESSMENTS AND OMITTED PROPERTY.]

Subdivision 1. If the commissioner of revenue orders a reassessment of all or any portion of the property in a municipality other than in the form of a mathematically prescribed adjustment of valuation, or if omitted property is placed upon the tax rolls, and the reassessment has not been completed or the property placed upon the rolls, as the case may be, by November 15, the ~~assessed valuation~~ *gross tax capacity* of the affected property shall, for purposes of sections 473F03 to 473F08, be determined from the abstracts filed by the county auditor with the commissioner of revenue.

Subd. 2. If the reassessment, when completed and incorporated in the commissioner of revenue's certification of the ~~assessed valuation~~ *gross tax capacity* of the municipality, or the listing of omitted property, when placed on the rolls, results in an increase in the ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property in the municipality which differs from that used, pursuant to subdivision 1, for purposes of sections 473F03 to 473F08, the increase in the ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property in that municipality in the succeeding year, as otherwise computed under section 473F06, shall be adjusted in a like amount, by an increase if the reassessment or listing discloses a larger increase than was used for purposes of sections 473F03 to 473F08, or by a decrease if the reassessment or listing discloses a smaller increase than was used for those purposes, provided that no adjustment shall reduce the amount determined under section 473F06 to an amount less than zero.

Subd. 3. Subdivisions 1 and 2 shall not apply to the determination of the tax rate under section 473F08, subdivision 4, or to the determination of the ~~assessed valuation~~ *gross tax capacity* of commercial-industrial property and each item thereof for purposes of section 473F08, subdivision 6.

Sec. 64. [FISCAL DISPARITIES ADJUSTMENT.]

*For purposes of determining the areawide levy and local levies under section 473F.08, subdivisions 3, 4, 5, and 6, for taxes payable in 1989, the initial computation shall be done based on chapter 473F as codified in Minnesota Statutes 1986 and Minnesota Statutes 1987 Supplement. However, after the dollar amount of the areawide and local levies has been determined under section 473F.08, subdivisions 3, 4, 5, and 6, the dollar amount of the levies shall be spread on the basis of this act. The dollar amount of the areawide tax shall be levied against the portion of commercial-industrial gross tax capacity equal to the portion of commercial-industrial assessed value that would have been subject to the areawide tax under Minnesota Statutes 1986. Prior to November 20, 1988, the county auditors with the assistance of the county assessors shall determine the gross tax capacity of commercial-industrial property in each municipality as of the January 2, 1971, assessment. The gross tax capacity shall be computed by multiplying the municipality's market value of commercial-industrial assessed value by class by the gross tax capacity rates in section 273.13.*

Sec. 65. Minnesota Statutes 1987 Supplement, section 475.53, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] Except as otherwise provided by law, no school district shall be subject to a net debt in excess of ten percent of the actual market value of all taxable property ~~and of exempt property referred to in section 275.49,~~ situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the market value of all such property. ~~The county auditor of each county containing exempt property referred to in section 275.49, situated within any school district, shall certify to the district upon request the total market value of all such property as determined under section 275.49.~~ The commissioner of revenue shall certify to the district upon request the market value of railroad property within the district as most recently determined under section 270.87. Whenever the commissioner of revenue, in accordance with section 124.2131, subdivision 1, has determined that the assessed valuation of any district furnished by county auditors is not based upon the market value of taxable property in the district, the commissioner of revenue shall certify to the district upon request the ratio most recently ascertained to exist between such value and the actual market value of property within the district. The actual market value of property within a district, on which its debt limit under this subdivision is based, is (a) the value certified by the county auditors and, where applicable, by the commissioner of revenue under section 270.87, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value.

Sec. 66. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

Subd. 15. [CITY REVENUE.] "City revenue" equals the sum of (i) the city's aid payable under section 477A.013, in the year prior to that for which aids are being calculated, and (ii) its levy for taxes payable in the year prior to that for which aids are being calculated, and (iii) for aids payable in 1991 and subsequent years, the city's transition aid payable under section 273.1398, subdivision 2, in the year prior to that for which aids are being calculated.

Sec. 67. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

*Subd. 16. [BASE REVENUE GUARANTEE.] "Base revenue guarantee" is the sum of (1) \$160 per household plus (2) \$150 multiplied by each tenfold increase in households, or fraction thereof, above ten rounded to the nearest dollar.*

Sec. 68. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

*Subd. 17. [REVENUE GUARANTEE INCREASE.] "Revenue guarantee increase" is the sum of:*

*(1) \$190 per household for cities of the first class located in the metropolitan area and \$190 per household for cities located outside the metropolitan area; and*

*(2) 15 percent of a city's base revenue guarantee for cities in which the population has declined since the estimate for the third year preceding the most recent estimate.*

Sec. 69. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

*Subd. 18. [CITY REVENUE GUARANTEE.] "City revenue guarantee" is the product of:*

*(1) the sum of a city's base revenue guarantee and the city's revenue guarantee increase;*

*(2) the number of households in the city; and*

*(3) 108 percent for aids payable in 1989 and 104 percent for aids payable in 1990 and subsequent years.*

Sec. 70. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

*Subd. 19. [METROPOLITAN AREA.] "Metropolitan area" is the metropolitan area as defined in section 473.121, subdivision 2.*

Sec. 71. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

*Subd. 20. [CITY TAX CAPACITY.] "City tax capacity" means (1) 23 percent of the net tax capacity computed using the net tax capacity rates listed in section 273.13 for all taxable property within the city based on the assessment two years prior to that for which aids are being calculated, plus (2) a city's levy on the fiscal disparities distribution under section 473F08, subdivision 3, paragraph (a), for taxes payable in the year prior to that for which aids are being calculated. The market value utilized in computing net tax capacity shall be reduced by the sum of (1) a city's market value of commercial industrial property as defined in section 473F02, subdivision 3, multiplied by the ratio determined pursuant to section 473F08, subdivision 2, paragraph (a), and (2) the market value of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2. The net tax capacity will be computed using equalized market values.*

Sec. 72. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

*Subd. 21. [EQUALIZED MARKET VALUES.] Equalized market values*

*are equalized market values as defined in section 273.1398, subdivision 1.*

Sec. 73. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

*Subd. 22. [CITY INITIAL AID.] "Initial aid" for a city is its city revenue guarantee minus the city's tax capacity. Initial aid cannot be less than \$0.*

Sec. 74. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

*Subd. 23. [CITY EXPENDITURE/UNLIMITED AID RATIO.] "Expenditure/unlimited aid ratio" for a city is the ratio of its city revenue to its city revenue guarantee.*

Sec. 75. Minnesota Statutes 1986, section 477A.011, is amended by adding a subdivision to read:

*Subd. 24. [LOCAL GOVERNMENT AID INCREASE.] "Local government aid increase" is aid payable in 1989 pursuant to section 477A.013, subdivision 3, minus the city's 1988 local government aid.*

Sec. 76. Minnesota Statutes 1987 Supplement, section 477A.013, subdivision 1, is amended to read:

Subdivision 1. [TOWNS.] In calendar year 1988 ~~and calendar years thereafter~~, 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) the amount certified in 1987 pursuant to sections 477A.011 to 477A.03. *In calendar year 1989, each town that had levied for taxes payable in 1988 at least one mill on the dollar of the assessed value of the town shall receive a distribution equal to 106 percent of the distribution received under Minnesota Statutes 1987 Supplement, section 477A.013, subdivision 1, in 1988. In calendar year 1990 and subsequent years, each town that had levied for taxes payable in the prior year a tax capacity rate of at least .0125 shall receive a distribution equal to the amount received in 1989 under this subdivision.*

Sec. 77. Minnesota Statutes 1987 Supplement, section 477A.013, subdivision 2, is amended to read:

Subd. 2. [CITIES.] In calendar year 1988 ~~and calendar years thereafter~~, each city shall receive a local government aid distribution equal to the amount that the city was certified to receive for calendar year 1987 under this subdivision.

Sec. 78. Minnesota Statutes 1987 Supplement, section 477A.013, is amended by adding a subdivision to read:

*Subd. 3. [CITY AID DISTRIBUTION.] In 1989, a city whose initial aid is greater than \$0 will receive the following aid increases in addition to an amount equal to the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013:*

*(1) for a city whose expenditure/unlimited aid ratio is at least 1.5, two percent of city revenue;*

*(2) for a city whose expenditure/unlimited aid ratio is at least 1.4 but less than 1.5, 2.5 percent of city revenue;*

(3) for a city whose expenditure/unlimited aid ratio is at least 1.3 but less than 1.4, three percent of city revenue;

(4) for a city whose expenditure/unlimited aid ratio is at least 1.2 but less than 1.3, four percent of city revenue;

(5) for a city whose expenditure/unlimited aid ratio is at least 1.1 but less than 1.2, five percent of city revenue;

(6) for a city whose expenditure/unlimited aid ratio is at least 1.05 but less than 1.1, six percent of city revenue;

(7) for a city whose expenditure/unlimited aid ratio is at least 1.0 but less than 1.05, seven percent of city revenue;

(8) for a city whose expenditure/unlimited aid ratio is at least .95 but less than 1.0, 7.5 percent of city revenue;

(9) for a city whose expenditure/unlimited aid ratio is at least .75 but less than .95, 8.5 percent of city revenue; and

(10) for a city whose expenditure/unlimited aid ratio is less than .75, nine percent of city revenue.

In 1990 and subsequent years, a city whose initial aid is greater than \$0 will receive an amount equal to the aid it received under this subdivision and subdivision 4 in the year prior to that for which aids are being calculated plus an aid increase equal to 50 percent of the rates listed in clauses 1 to 10 multiplied by city revenue.

A city's aid increase under this subdivision is limited to the lesser of (1) 20 percent of its levy for taxes payable in the year prior to that for which aids are being calculated after the adjustments provided in section 273.1398, subdivision 2, or (2) its initial aid amount, provided that no city will receive an increase that is less than two percent of its 1988 local government aid for aids payable in 1989.

A city whose initial aid is \$0 will receive in 1989 an amount equal to 102 percent of the local government aid it received in 1988 under Minnesota Statutes 1987 Supplement, section 477A.013. A city whose initial aid is \$0 will receive in 1990 and subsequent years an amount equal to the aid it received in the previous year under this subdivision and subdivision 4.

Sec. 79. Minnesota Statutes 1987 Supplement, section 477A.013, is amended by adding a subdivision to read:

*Subd. 4. [ADDITIONAL DISTRIBUTION.] A city with a population over 2500 is eligible for additional aid in 1989 only. The amount of additional aid is equal to (1) the product of (i) the lesser of 50 percent of a city's "city revenue guarantee" or 50 percent of a city's "city revenue" and (ii) one minus the ratio of the city's tax capacity per household to 435; less (2) the sum of (i) the disparity reduction aid payable to all unique taxing jurisdictions within a city and (ii) the local government aid increase for the city. The additional aid under this section cannot be less than zero.*

Sec. 80. [NOTIFICATION OF ADMINISTRATIVE DIRECTIVES.]

*The commissioner of revenue shall notify the chairs of the senate committee on taxes and tax laws and the house committee on taxes of administrative directives or interpretations of the provisions of this article. The notice must be given at least five days before a directive or interpretation is released to the public or provided to a local government to allow time for the chairs*

*to provide advice or to comment on the commissioner's directive or interpretation of the law. An administrative directive or interpretation includes an explanation of a provision, a clarification of its application to a particular circumstance, a directive on how to apply or administer a provision, and other similar communications that are intended to direct or guide local government officials in administering the law. This section applies only to written materials that are either released to the public or mailed, sent or provided to a local government or a local government official.*

Sec. 81. [REPEALER.]

*(a) Minnesota Statutes 1986, sections 272.64; 273.13, subdivisions 7a and 30; 275.49; 477A.011, subdivisions 4, 5, 6, 7a, 10, 11, 12, 13, and 14; and Minnesota Statutes 1987 Supplement, sections 273.1102, subdivision 2; 273.1195; 273.13, subdivision 9; 273.1394; 273.1395; 273.1396; 273.1397; 275.081; 275.082; 275.125, subdivision 22; and 477A.011, subdivision 7; and Laws 1987, chapter 268, article 6, section 19, are repealed.*

*(b) Minnesota Statutes 1986, section 275.50, subdivisions 3, 7, and 8 are repealed.*

*(c) Minnesota Statutes 1987 Supplement, section 273.13, subdivision 15a, and section 21 are repealed.*

Sec. 82. Laws 1987, chapter 268, article 6, section 53, is amended to read:

Sec. 53. [REPEALER.]

*Minnesota Statutes 1986, sections 13.58; 124.2131, subdivision 4; 124.2137; ~~124.2139~~; 124A.031, subdivision 4; 273.112, subdivision 9; 273.115; 273.116; 273.13, subdivisions 26, 27, 28, and 29; and 273.1311; ~~273.1315; 273.135, subdivision 5; and 273.1391, subdivision 4~~, are repealed.*

Sec. 83. [REENACTMENT.]

*Notwithstanding Minnesota Statutes, section 645.36, Minnesota Statutes, sections 124.2139; 273.1315; 273.135, subdivision 5; and 273.1391, subdivision 4, are reenacted and are effective as amended in this article for taxes levied in 1988 and thereafter, payable in 1989 and thereafter.*

Sec. 84. [INSTRUCTION TO REVISOR.]

*The revisor of statutes shall change the words "assessed value" or "assessed valuation" wherever they appear in Minnesota Statutes to "gross tax capacity" in Minnesota Statutes 1988 and "net tax capacity" in Minnesota Statutes 1989 Supplement and subsequent editions of the statutes except section 275.011. The revisor of statutes shall change the words "mill rate" wherever they appear in Minnesota Statutes to "tax capacity rate" in Minnesota Statutes 1988 and subsequent editions of the statutes except section 275.011.*

Sec. 85. [APPROPRIATION.]

*\$4,000,000 is appropriated to the commissioner of revenue from the general fund for the biennium ending June 30, 1989. This money is to be used by the commissioner to provide grants and other assistance to all counties for the purpose of developing, upgrading, and maintaining county property tax administrative data collection and processing systems and for the costs of administering this article.*

Sec. 86. [EFFECTIVE DATE.]

*Sections 1 to 29, 31 to 79, 81, paragraphs (a) and (b), 82 and 83 are effective for taxes levied in 1988, payable in 1989, and thereafter, except as otherwise provided. Sections 30 and 81, paragraph (c) are effective for taxes levied in 1989, payable in 1990, and thereafter. Sections 80 and 85 are effective the day following final enactment.*

## ARTICLE 6

### PROPERTY TAX TECHNICAL AND ADMINISTRATION

Section 1. Minnesota Statutes 1986, section 270.075, subdivision 2, is amended to read:

Subd. 2. As soon as practicable and not later than ~~November~~ *December* 1 next following the levy of the tax, the commissioner shall give actual notice to the airline company of the assessed valuation and of the tax. The taxes imposed under sections 270.071 to 270.079 shall become due and payable on January 1 following the levy thereof. If any tax is not paid on the due date or, if an appeal is made pursuant to section 270.076, within 60 days after notice of an increased tax, a late payment penalty of ten percent of the unpaid tax shall be assessed. The unpaid tax and penalty shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. All interest and penalties shall be added to the tax and collected as a part thereof.

Sec. 2. Minnesota Statutes 1987 Supplement, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association, or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fairgrounds, port authority, economic development authority established under chapter 458C, municipal auditorium, *airport owned by a city, town, county, or group thereof but not the airports owned or operated by the metropolitan airports commission or a city of over 50,000 population or an airport authority therein*, municipal museum or municipal stadium or (2) property constituting or used as a public pedestrian ramp or concourse in connection with a public airport or (3) *property constituting or used as a passenger check-in area or ticket sale counter, boarding area, or luggage claim area in connection with a public airport but not the airports owned or operated by the metropolitan airports commission or cities of over 50,000 population or an airport authority therein. Real estate owned by a municipality in connection with the operation of a public airport and leased or used for agricultural purposes shall not be exempt.*

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and



school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

Sec. 3. Minnesota Statutes 1987 Supplement, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) all public burying grounds;
- (2) all public schoolhouses;
- (3) all public hospitals;
- (4) all academies, colleges, and universities, and all seminaries of learning;
- (5) all churches, church property, and houses of worship;
- (6) institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clause (1) or (2), or paragraph (d), clause (2);
- (7) all public property exclusively used for any public purpose;
- (8) except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d) shall be exempt.

The following personal property shall be taxable:

- (a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;
- (b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;
- (c) personal property defined in section 272.03, subdivision 2, clause (3);
- (d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;
- (e) manufactured homes and sectional structures; and
- (f) flight property as defined in section 270.071.

(9) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, other than real property used primarily as a solid waste disposal site.

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules or criteria prescribed by the Minnesota pollution control agency, and must be installed

or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means (1) land described in section 105.37, subdivision 15, or (2) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. "Wetlands" shall not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116. Upon receipt of an application for the exemption and credit provided in this clause and section 273.116 for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property

used or to be used primarily for the production of hydroelectric or hydro-mechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 105.482, subdivisions 1, 8, and 9.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by paragraph (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body, or 30 days has passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, non-profit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) *Transitional housing facilities.* "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to parents and children who are receiving AFDC or parents of children who are temporarily in foster care. (ii) It has the purpose of reuniting families and enabling parents to advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least six months but no longer than one year, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event

*longer than four years. (v) It is sponsored by an organization that has received a grant under section 256.7365 for the biennium ending June 30, 1989, for the purposes of providing the services in items (i) to (iv). (vi) It is sponsored by an organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1987. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 272.121, is amended to read:

272.121 [CURRENT TAX ON DIVIDED PARCELS.]

*Subdivision 1. [CERTIFICATION OF PAYMENT.] Except as provided in subdivision 2, if a deed or other instrument conveys a parcel of land that is less than a whole parcel of land as described in the current tax list, the county auditor shall not transfer or divide the land in the auditor's official records, and the county recorder shall not file and record the instrument, unless the instrument of conveyance contains a certification by the county treasurer that the taxes due in the current tax year for the whole parcel have been paid. This certification is in addition to the certification for delinquent tax required by section 272.12.*

*Subd. 2. [EXCEPTIONS.] No certification of current tax paid is required when the land is being conveyed to the federal government, the state, or a home rule charter or statutory city or any other political subdivision, or for any sheriff's or referee's certificate of sale or other instrument if a certification of delinquent tax for the instrument is not required under section 272.12.*

Sec. 5. Minnesota Statutes 1986, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferral under this section only if it is:

(a) actively and exclusively devoted to golf, skiing or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range;

(c)(1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, provided that the club does not discriminate in membership requirements or selection on the basis of sex; and

(d) made available, in the case of real estate devoted to golf, for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may

be restricted on the basis of sex no more frequently than one, or part of one, weekend each calendar month for each sex and no more than two, or part of two, weekdays each week for each sex.

*If a golf club membership allows use of golf course facilities by more than one adult per membership, the use must be equally available to all adults entitled to use of the golf course under the membership, except that use may be restricted on the basis of sex as permitted in this section. Memberships that permit play during restricted times may be allowed only if the restricted times apply to all adults using the membership.*

*A golf club may have or create an individual membership category which entitles a member for a reduced rate to play during restricted hours as established by the club. The club must have on record a written request by the member for such membership.*

For purposes of this subdivision and subdivision 7a, discrimination means a pattern or course of conduct and not linked to an isolated incident.

Sec. 6. Minnesota Statutes 1986, section 273.112, subdivision 6, is amended to read:

Subd. 6. Application for deferment of taxes and assessment under this section shall be made at least 60 days prior to January 2 of each year. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or other written verification that the property qualifies under subdivision 3. In the case of property operated by private clubs pursuant to subdivision 3, clause (c)(3), in order to qualify for valuation and tax deferment under this section, the taxpayer must submit to the assessor proof by affidavit or other written verification that the bylaws or rules and regulations of the club meet the eligibility requirements provided under this section. The signed affidavit or other written verification shall be sufficient demonstration of eligibility for the assessor unless the county attorney determines otherwise.

The county assessor shall refer any question regarding the eligibility for valuation and deferment under this section to the county attorney for advice and opinion under section 388.051, subdivision 1. Upon request of the county attorney, the taxpayer shall furnish information that the county attorney considers necessary in order to determine eligibility under this section.

*Real estate is not entitled to valuation and deferment under this section unless the county assessor has filed with the assessor's tax records prior to October 16 a statement that the application has been accepted.*

Sec. 7. Minnesota Statutes 1987 Supplement, section 273.1195, is amended to read:

273.1195 [STATE PAID SMALL BUSINESS PROPERTY TAX TRANSITION CREDIT.]

For property taxes payable in 1988 only, class 3a commercial industrial property is eligible for a state paid small business transition property tax credit if the payable 1988 property taxes on the first \$120,000 of market value of the property exceed three percent of the January 2, 1987, market value. The credit is equal to 50 percent of the property tax amount which is in excess of three percent of market value. Only the first \$120,000 of

market value of a qualifying parcel and the taxes attributable to the first \$120,000 of market value are eligible for the computation of this credit. Only a parcel that qualifies for the 28 percent assessment ratio contained in section 273.13, subdivision 24, paragraph (a), qualifies for the credit provided in this section. *Only the market value and property tax attributable to the part of the parcel that is class 3a must be used in computing the credit provided in this section.*

~~In the case of taxes paid in installments pursuant to section 279.01, subdivision 1, the credit under this section must be deducted from the second one-half installment payable October 15.~~ The amount of the reduction must be reported to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29.

There is annually appropriated from the general fund to the commissioners of revenue and education the amount necessary to replace the revenue lost to local units of government and school districts as a result of the reduction in property taxes provided in this section. The payment amounts must be determined and the installments paid under the provisions of sections 273.13, subdivision 15a, and 273.1392.

Sec. 8. Minnesota Statutes 1986, section 273.121, is amended to read:  
273.121 [VALUATION OF REAL PROPERTY, NOTICE.]

Any county assessor or city assessor having the powers of a county assessor, valuing or classifying taxable real property shall in each year notify those persons whose property is to be assessed or reclassified that year if the person's address is known to the assessor, otherwise the occupant of the property. ~~In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor shall not deny homestead treatment in whole or in part if only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility.~~ The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of review or equalization. It shall contain the amount of the valuation in terms of market value, the new classification, the assessor's office address, and the dates, places, and times set for the meetings of the local board of review or equalization and the county board of equalization. If the assessment roll is not complete, the notice shall be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any assessor who is not provided sufficient funds from the assessor's governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and, if satisfied that the assessor does not have the necessary funds, issue a certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Sec. 9. Minnesota Statutes 1986, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a homestead. Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

The assessor shall require proof, by affidavit or otherwise, of the facts upon which classification as a homestead may be determined.

For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

*In the case of property owned by a married couple in joint tenancy or tenancy in common, the assessor must not deny homestead treatment in whole or in part if only one of the spouses is occupying the property and the other spouse is absent due to divorce or separation, or is a resident of a nursing home or a boarding care facility.*

*If an individual is purchasing property with the intent of claiming it as a homestead, and is required by the terms of the financing agreement to have one or both parents shown on the deed as coowners, the assessor shall allow a full homestead classification and extend full homestead credit. This provision only applies to first time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.*

Sec. 10. Minnesota Statutes 1986, 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 by the cooperative association on behalf of the members of the cooperative for each dwelling unit occupied by a member of the cooperative. The cooperative association must provide the assessor with the social security numbers of those members. 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 3, 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. 11. Minnesota Statutes 1986, section 277.05, is amended to read:

277.05 [SHERIFF TO FILE LIST OF UNCOLLECTED TAXES.]

If the sheriff is unable, for want of goods and chattels whereon to levy, to collect by a distress, or otherwise, the taxes, or any part thereof, assessed upon the personal property of any persons, the sheriff shall file with the court administrator of the district court, on September first following, a list of such taxes, with an affidavit of the sheriff, or of the deputy sheriff entrusted with the collection thereof, stating that the affiant has made diligent search and inquiry for goods and chattels from which to collect such taxes, and is unable to collect the same. *The list of such taxes as they apply to manufactured homes shall be filed on December 1. The sheriff shall note on the margin of such list the place to which any delinquent taxpayer may have removed, with the date of removal, if known. At the time of filing the list the sheriff shall also return all the warrants with endorsements thereon showing the doings of the sheriff or deputy in the premises, and the court administrator shall file and preserve the same. On or before September tenth thereafter, the court administrator shall deliver such list and affidavit to the county treasurer, who shall, by comparison of such list with the tax duplicates in the treasurer's office, ascertain whether or not all personal property taxes reported by the treasurer to the court administrator as delinquent, except those included in such list, have been paid into the treasurer's office, and shall attach to the list a certificate stating whether or not all taxes reported by the treasurer to the court administrator as delinquent and not included in the list have been received, and stating the items of such taxes, if any, as have been received. The court administrator shall deliver such list and affidavit as they apply to manufactured homes on or before December 10. The treasurer shall deliver such list and affidavit, with the certificate attached, to the county board at its first session thereafter, which shall cancel such taxes as it is satisfied cannot be collected. A copy of the tax list so revised, and also a separate list of the taxes so canceled, shall be included in the records of the proceedings of the board, and published in full, as a part of the proceedings.*

Sec. 12. Minnesota Statutes 1986, section 277.06, is amended to read:

277.06 [CITATION TO DELINQUENTS; DEFAULT JUDGMENT.]

On October 20, or within ten days after the adjournment of the county board, whichever occurs first, the county auditor shall file a copy of such revised list with the court administrator of the district court; ~~and~~ *The county auditor shall file a copy of the revised list as it applies to manufactured homes on January 20. Within ten days thereafter after the list has been filed, the court administrator shall issue a citation to each delinquent*



named in the list, stating the amount of tax and penalty, and requiring such delinquent to appear on a day to be set by the district court in the county, appointed to be held at a time not less than 30 days after the issuance of such citation, and show cause, if any there be, why the delinquent should not pay the tax and penalty. The citation shall be delivered for service to the sheriff of the county where such person may at the time reside or be. If such person, after service of the citation, fails to pay such tax, penalty, and costs to the sheriff before the first day of the term, or on such day to show cause as aforesaid, the court shall direct judgment against the person for the amount of such tax, penalty, and costs. When unable to serve the citation, the sheriff shall return the same to the court administrator, with a return thereto to that effect, and thereupon, or if the court decides that the service of such citation made or attempted to be made, or the issuance thereof by the court administrator, was illegal, the court administrator shall issue another like citation, requiring such delinquent to appear on the first day of the next general term to be held in the county, and show cause as aforesaid, and if the delinquent fails to pay or to show cause, the court shall direct judgment as aforesaid. Whenever the sheriff has been unable to serve any such citation theretofore issued in any year or years, or whenever the court decides that the service of any such citation theretofore made or attempted to be made, or the issuance thereof by the court administrator, was illegal, the court administrator shall issue another like citation requiring such delinquent to appear, as in the case last provided, and with like effect; provided, that all citations other than the first shall be issued only on the request of the county attorney.

Sec. 13. Minnesota Statutes 1987 Supplement, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3, on May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class 4d or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the 16th first 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 first day of November and December following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property,

on the ~~16th~~ day of each month up to and including December 16 first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16, 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.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$50, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 14. Minnesota Statutes 1986, section 279.01, subdivision 3, is amended to read:

Subd. 3. In the case of class 1b agricultural homestead, class 2a agricultural homestead property, and class 2c 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 1b agricultural homestead and class 2a 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~~ 1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class 2c 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~~ 1 following, an additional four percent shall be charged on all such unpaid taxes.

If the owner of class 1b agricultural homestead, class 2a, or class 2c 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 1b agricultural homestead, class 2a, or class 2c 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 1b agricultural, class 2a, or class 2c agricultural.

Sec. 15. [375.1691] [JUDICIAL ORDER AFTER BUDGET PREPARATION.]

*Notwithstanding any law to the contrary, a judicial order compelling payment out of county funds shall not be paid unless approved by the county board, if a budget request for the item was not submitted to the county board prior to adoption of the budget in effect for the fiscal year. If the county board refuses to approve payment, the order may be paid in the first fiscal year for which a budget is approved after receipt of the order. This section does not apply to a judgment or other award against the county that is a result of litigation to which the county or a county official in an official capacity was a party.*

Sec. 16. Minnesota Statutes 1986, section 375.192, subdivision 1, is amended to read:

Subdivision 1. Notwithstanding section 270.07, upon written application by the owner of the property, the county board may grant a reduction, for the current year, of the assessed valuation of any real property in that county which erroneously has been classified, for tax purposes, as non-homestead property, as is necessary to give it the assessed valuation which it would have received if it had been classified correctly. The application shall be made on a form prescribed by the commissioner of revenue. It shall include the social security number of the applicant and a statement of facts of ownership and occupancy. *The social security number of the property owner is private data on individuals as defined by section 13.02, subdivision 12.* It shall be sworn to by the owner of the property before an officer authorized to take acknowledgments. Before it is acted upon by the county board, the application shall be referred to the county assessor, or if the property is located in a city of the first class having a city assessor, to the city assessor, who shall investigate the facts and attach a report of the investigation to the application.

With respect to abatements relating to the current year's tax processed through June 30, the county auditor shall notify the commissioner of revenue on or before July 31 of that same year of all applications granted pursuant to this subdivision. With respect to abatements relating to the current year's tax processed after June 30 through the balance of the year, the county auditor shall notify the commissioner of revenue on or before the following January 31 of all applications granted pursuant to this subdivision. The form submitted by the county auditor shall be prescribed by the commissioner of revenue and shall contain the information which the commissioner deems necessary.

Sec. 17. Minnesota Statutes 1987 Supplement, section 475.61, subdivision 3, is amended to read:

Subd. 3. [IRREVOCABILITY.] Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

In each year when there is on hand any excess amount in the debt redemption fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the ~~commissioner of education who shall compute the reduced tax levy, after adjustment for the homestead credit replacement aid paid pursuant to section 273.1394, the agricultural credit replacement aid paid pursuant to section 273.1395, and the tax base adjustment pursuant to section 273.1396.~~ The commissioner of education shall certify the adjusted ~~reduced tax levy~~ to the county auditor and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified, unless the school board determines that the excess amount is necessary to ensure the prompt and full payment of the obligations and any call premium on the obligations, or will be used for redemption of the obligations in accordance with their terms. An amount shall be presumed to be excess for a school district in the amount that it, together with the levy required by subdivision 1, will exceed 106 percent of the amount needed to meet when due the principal and interest payments on the obligations due before the second following July 1. This subdivision shall not limit a school board's authority to specify a tax levy in a higher amount if necessary because of anticipated tax delinquency or for cash flow needs

to meet the required payments from the debt redemption fund.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Sec. 18. Minnesota Statutes 1986, section 477A.015, is amended to read:

477A.015 [PAYMENT DATES.]

The commissioner of revenue shall make the payments of local government aid to affected taxing authorities in two installments on July 15 and December 15 annually.

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.

Sec. 19. [ADJUSTMENT FOR CREDITS.]

*Subdivision 1. A county auditor may make a final certification of prior year adjustments not previously claimed for wetlands credit and reimbursement, native prairie credit and reimbursement, and the small business credit in the 1989 abstract of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy and make the changes deemed necessary. After they have been reviewed, the commissioner shall include these prior year adjustments in the 1989 aid payments.*

*Subd. 2. A county auditor may make a final certification of prior year adjustments not previously claimed for homestead credit and agricultural credit in the 1990 abstract of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy and make the changes deemed necessary. After they have been reviewed, the commissioner shall include these prior year adjustments in the 1990 aid payments.*

Sec. 20. Laws 1987, chapter 268, article 6, section 54, is amended to read:

Sec. 54. [EFFECTIVE DATE.]

Except where provided otherwise, sections 1 to 13, and 15 to 53 are effective for taxes levied in 1988, payable in 1989, and thereafter. Section 14 is effective for taxes payable in 1987 and thereafter.

Sec. 21. [REPEALER.]

*Minnesota Statutes 1986, section 275.035, is repealed.*

Sec. 22. [EFFECTIVE DATE.]

*Sections 2, 3, 9, 10, 13, 14, and 17 are effective for taxes levied in 1988 and thereafter, payable in 1989 and thereafter.*

*Sections 4 and 20 are effective the day following final enactment.*

*Sections 5 and 6 are effective for assessment year 1988 and thereafter, taxes payable in 1989 and thereafter. Notwithstanding Minnesota Statutes, section 273.112, subdivision 6, in order to qualify for the valuation and*

*tax deferment for the 1988 assessment, the taxpayer of the property operated by private clubs under Minnesota Statutes, section 273.112, subdivision 3, clause (c)(3), must submit an affidavit or other written verification to the assessor by September 1, 1988, showing that the bylaws or rules and regulations of the private club meet the eligibility requirements of section 5 by September 1, 1988.*

*Section 7 is effective only for taxes payable in 1988.*

## ARTICLE 7

### ASSESSORS

#### Section 1. [270.185] [REASSESSMENT FUND; COMPENSATION.]

*Subdivision 1. A permanent reassessment revolving fund of \$250,000 is created. \$250,000 is appropriated from the general fund to the permanent reassessment revolving fund. The fund is annually appropriated to the commissioner of revenue for the purposes of this section.*

*Subd. 2. Each special assessor or deputy appointed under sections 270.11, subdivision 3, or 270.16 shall be compensated from the revolving fund for costs of assessment in an amount fixed by the commissioner. The commissioner shall certify the amounts to the commissioner of finance who shall make payment from the revolving fund. Each county shall reimburse the revolving fund within two years after the expenses are paid. The commissioner shall notify each county auditor of the reimbursable amount and the auditor shall levy a tax upon all taxable property in the assessment district or districts where the reassessment was made to pay the expenses. The amounts reimbursed shall be deposited in the revolving fund and are annually appropriated for its purposes.*

Sec. 2. Minnesota Statutes 1986, section 270.41, is amended to read:

#### 270.41 [BOARD OF ASSESSORS.]

(a) A board of assessors is hereby created. The board shall be for the purpose of establishing, conducting, reviewing, supervising, coordinating or approving courses in assessment practices, and establishing criteria for determining assessor's qualifications. The board shall also have authority and responsibility to consider other matters relating to assessment administration brought before it by the commissioner of revenue. *The board may grant, renew, suspend, or revoke an assessor's license.* The board shall consist of nine members, who shall be appointed by the commissioner of revenue, in the manner provided herein.

1. Two from the department of revenue,
2. Two county assessors,
3. Two assessors who are not county assessors, one of whom shall be a township assessor, and
4. One from the private appraisal field holding a professional appraisal designation,
5. Two public members as defined by section 214.02.

The appointment provided in 2 and 3 may be made from two lists of not less than three names each, one submitted to the commissioner of revenue by the Minnesota association of assessing officers or its successor organization containing recommendations for the appointment of appointees

described in 2, and one by the Minnesota association of assessors, inc. or its successor organization containing recommendations for the appointees described in 3. The lists must be submitted 30 days before the commencement of the term. In the case of a vacancy, a new list shall be furnished to the commissioner by the respective organization immediately. A member of the board who shall no longer be engaged in the capacity listed above shall automatically be disqualified from membership in the board.

The board shall annually elect a chair and a secretary of the board.

*(b) The board may refuse to grant or renew, or may suspend or revoke, a license of an applicant or licensee for any of the following causes or acts:*

*(1) failure to complete required training;*

*(2) inefficiency or neglect of duty;*

*(3) "unprofessional conduct" which means knowingly neglecting to perform a duty required by law, or violation of the laws of this state relating to the assessment of property or unlawfully exempting property or knowingly and intentionally listing property on the tax list at substantially less than its market value or the level required by law in order to gain favor or benefit, or knowingly and intentionally misclassifying property in order to gain favor or benefit; or*

*(4) conviction of a crime involving moral turpitude; or*

*(5) any other cause or act that in the board's opinion warrants a refusal to issue or suspension or revocation of a license.*

*(c) The board of assessors may adopt rules under chapter 14, defining or interpreting grounds for refusing to grant or renew, and for suspending or revoking a license under this section. An action of the board of assessors in refusing to grant or renew a license or in suspending or revoking a license is subject to review in accordance with chapter 14.*

Sec. 3. Minnesota Statutes 1987 Supplement, section 270.485, is amended to read:

270.485 [SENIOR ACCREDITATION.]

The legislature finds that the property tax system would be enhanced by requiring that every county assessor and senior appraiser in the department of revenue's ~~property tax review~~ *local government services* division obtain senior accreditation from the state board of assessors. By January 1, ~~1989~~ *1990, or in the case of a county assessor within one year of the first appointment under section 273.061, whichever is later*, every county assessor and senior appraiser, including the department's regional representatives, must obtain senior accreditation from the state board of assessors. The board shall provide the necessary courses or training. If a department senior appraiser or regional representative fails to obtain senior accreditation by January 1, ~~1989~~ *1990*, the failure shall be grounds for dismissal, disciplinary action, or corrective action. *Except as provided in section 273.061, subdivision 2, paragraph (c), after December 30, ~~1988~~ 1989*, the commissioner must not approve the appointment of a county assessor who is not senior accredited by the state board of assessors. No employee hired by the commissioner as a senior appraiser or regional representative after June 30, 1987, shall attain permanent status until the employee obtains senior accreditation.

Sec. 4. Minnesota Statutes 1986, section 273.01, is amended to read:  
273.01 [LISTING AND ASSESSMENT, TIME.]

All real property subject to taxation shall be listed and at least one-fourth of the parcels listed shall be appraised each year with reference to their value on January 2 preceding the assessment so that each parcel shall be reappraised at maximum intervals of four years. All real property becoming taxable in any year shall be listed with reference to its value on January 2 of that year. Except for the corrections permitted herein as provided in section 274.01, subdivision 1, all real property assessments shall be completed two weeks prior to the date scheduled for the local board of review or equalization and no valuations entered thereafter shall be of any force and effect. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 shall, in such case, not be applicable, except with respect to real estate which has been constructed since the previous assessment. ~~The county assessor or any assessor in any city of the first class may either before or after the dates specified herein correct any errors in valuation of any parcels of property, that may have been incurred in the assessment; provided, that in the case of such correction it increases the valuation of any parcel of property, the assessor shall notify the owner of record or the person to whom the tax statement is mailed. Not more than two percent of the total number of parcels in the assessor's jurisdiction may be corrected after the dates specified herein and in the event of any corrections in excess of the authorized number of such corrections, all corrections shall be void.~~ Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. Personal property subject to taxation shall be listed and assessed annually with reference to its value on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

Sec. 5. Minnesota Statutes 1986, section 273.05, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT OF TOWN AND CITY ASSESSORS.] Notwithstanding any other provision of law all town assessors shall be appointed by the town board, and notwithstanding any charter provisions to the contrary, all city assessors shall be appointed by the city council or other appointing authority as provided by law or charter. Such assessors shall be residents of the state but need not be a resident of the town or city for which they are appointed. They shall be selected and appointed because of their knowledge and training in the field of property taxation. All town and statutory city assessors shall be appointed for indefinite terms. *The term of the town or city assessors may be terminated at any time by the town board or city council on charges by the commissioner of revenue of inefficiency or neglect of duty.* Vacancies in the office of town or city assessor shall be filled within 90 days by appointment of the respective appointing authority indicated above. If the vacancy is not filled within 90 days, the office shall be terminated. When a vacancy in the office of town or city assessor is not filled by appointment, and it is imperative that the office of assessor be filled, the county auditor shall appoint some resident of the county as assessor for such town or city. The county auditor may

appoint the county assessor as assessor for such town or city, in which case the town or city shall pay to the county treasurer the amount determined by the county auditor to be due for the services performed and expenses incurred by the county assessor in acting as assessor for such town or city. The term of any town or statutory city assessor in a county electing in accordance with section 273.052 shall be terminated as provided in section 273.055.

*The commissioner of revenue may recommend to the state board of assessors the nonrenewal, suspension, or revocation of an assessor's license as provided in sections 270.41 to 270.53.*

Sec. 6. Minnesota Statutes 1987 Supplement, section 273.061, subdivision 1, is amended to read:

Subdivision 1. [OFFICE CREATED; APPOINTMENT, QUALIFICATIONS.] Every county in this state shall have a county assessor. The county assessor shall be appointed by the board of county commissioners and shall be a resident of this state. The assessor shall be selected and appointed because of knowledge and training in the field of property taxation and appointment shall be approved by the commissioner of revenue before the same shall become effective. Upon receipt by the county commissioners of the commissioner of revenue's refusal to approve an appointment, the term of the appointee shall terminate at the end of that day. Notwithstanding any law to the contrary, a county assessor must have senior accreditation from the state board of assessors by January 1, ~~1989~~ 1990, or within one year of the assessor's first appointment under this section, whichever is later.

Sec. 7. Minnesota Statutes 1986, section 273.061, subdivision 2, is amended to read:

Subd. 2. [TERM; VACANCY.] (a) The terms of county assessors appointed under this section shall be four years. A new term shall begin on January 1 of every fourth year after 1973. When any vacancy in the office occurs, the board of county commissioners, within 30 days thereafter, shall fill the same by appointment for the remainder of the term, following the procedure prescribed in subdivision 1. The term of the county assessor may be terminated by the board of county commissioners at any time, on charges of inefficiency or neglect of duty by the commissioner of revenue. If the board of county commissioners does not intend to reappoint a county assessor who has been certified by the state board of assessors, the board shall present written notice to the county assessor not later than 90 days prior to the termination of the assessor's term, that it does not intend to reappoint the assessor. If written notice is not timely made, the county assessor will automatically be reappointed by the board of county commissioners.

*The commissioner of revenue may recommend to the state board of assessors the nonrenewal, suspension, or revocation of an assessor's license as provided in sections 270.41 to 270.53.*

(b) In the event of a vacancy in the office of county assessor, through death, resignation or other reasons, the deputy (or chief deputy, if more than one) shall perform the functions of the office. If there is no deputy, the county auditor shall designate a person to perform the duties of the office until an appointment is made as provided in clause (a). Such person shall perform the duties of the office for a period not exceeding 30 days



during which the county board must appoint a county assessor. Such 30-day period may, however, be extended by written approval of the commissioner of revenue.

*(c) In the case of the first appointment under paragraph (a) of a county assessor who is accredited but who does not have senior accreditation, an approval of the appointment by the commissioner shall be for a term of one year. A county assessor appointed to a one-year term under this paragraph must reapply to the commissioner at the end of the one-year term. The commissioner shall not approve the appointment for the remainder of the four-year term unless the assessor has obtained senior accreditation.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 274.01, subdivision 1, is amended to read:

Subdivision 1. [ORDINARY BOARD; MEETINGS, DEADLINES, GRIEVANCES.] (a) The town board of a town, or the council or other governing body of a city, is the board of review except in cities whose charters provide for a board of equalization. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting. The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. *No changes in valuation may be made by the county assessor after the board of review or the county board of equalization has adjourned. This restriction does not apply to corrections of errors that are merely clerical or administrative in nature.*

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just.

(c) A local board of review may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board of review without regard to the one percent limitation.

(d) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased,

with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(e) If a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board of review meeting.

(f) The board of review or the board of equalization must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board of review file written objections to an assessment or classification with the county assessor. The objections must be presented to the board of review at its meeting by the county assessor for its consideration.

#### Sec. 9. [COUNTY ASSESSORS; SENIOR ACCREDITATION.]

*Notwithstanding Minnesota Statutes, section 273.061, the commissioner of revenue's approval on January 1, 1989, of appointments of assessors who are not senior accredited on January 1, 1989, shall be for a term of one year. A county assessor appointed for a one-year term must reapply to the commissioner by January 1, 1990, to obtain the approval of the commissioner for the remainder of the four-year term.*

#### Sec. 10. [APPROPRIATION.]

*There is appropriated to the state board of assessors from the general fund the amount of \$10,000 to be used in fiscal year 1989 for adopting rules under section 2.*

#### Sec. 11. [EFFECTIVE DATE.]

*Section 1 is effective the day after final enactment.*

### ARTICLE 8

#### HUMAN SERVICES PROGRAMS

Section 1. Minnesota Statutes 1987 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. *Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services*

activities vested by law in the department, the commissioner shall have the authority to:

(a) require local agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations and policies governing human services;

(b) monitor, on an ongoing basis, the performance of local agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require local agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.016; and

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds.

(2) Inform local agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to local agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(3) (4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(4) (5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(5) (6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to

recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

~~(6)~~ (7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

~~(7) Administer and supervise any additional welfare activities and services as are vested by law in the department.~~

(8) The commissioner is designated as guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by local agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the secretary of the senate and chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) In accordance with federal requirements establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and AFDC programs, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$400,000. When the balance in the account exceeds \$400,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children pursuant to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

## Sec. 2. [256.016] [COMPLIANCE SYSTEM.]

*Subdivision 1. [AUTHORITY AND PURPOSE.] The commissioner shall administer a compliance system for aid to families with dependent children, the food stamp program, emergency assistance, general assistance, work readiness, medical assistance, general assistance medical care, emergency general assistance, Minnesota supplemental assistance, preadmission screening, and alternative care grants under the powers and authorities named in section 256.01, subdivision 2. The purpose of the compliance system is to permit the commissioner to supervise the administration of public assistance programs and to enforce timely and accurate distribution*

*of benefits, completeness of service and efficient and effective program management and operations, to increase uniformity and consistency in the administration and delivery of public assistance programs throughout the state, and to reduce the possibility of sanctions and fiscal disallowances for noncompliance with federal regulations and state statutes.*

*The commissioner shall utilize training, technical assistance, and monitoring activities, as specified in section 256.01, subdivision 2, to encourage local agency compliance with written policies and procedures.*

*Subd. 2. [DEFINITIONS.] The following terms have the meanings given for the purpose of this section.*

*(a) "Administrative penalty" means an adjustment against the local agency's state and federal benefit and federal administrative reimbursement when the commissioner determines that the local agency is not in compliance with the policies and procedures established by the commissioner.*

*(b) "Quality control case penalty" means an adjustment against the local agency's federal administrative reimbursement and state and federal benefit reimbursement when the commissioner determines through a quality control review that the local agency has made incorrect payments, terminations, or denials of benefits as determined by state quality control procedures for the aid to families with dependent children, food stamp, or medical assistance programs, or any other programs for which the commissioner has developed a quality control system. Quality control case penalties apply only to agency errors as defined by state quality control procedures.*

*(c) "Quality control" means a review system of a statewide random sample of cases, designed to provide data on the accuracy with which state and federal policies are being applied in issuing benefits and as a fiscal audit to ensure the accuracy of expenditures. The quality control system is administered by the department. For the aid to families with dependent children, food stamp, and medical assistance programs, the quality control system is that required by federal regulation.*

*Subd. 3. [QUALITY CONTROL CASE PENALTY.] The department shall disallow, withhold, or deny state and federal benefit reimbursement and federal administrative reimbursement payment to a county when the commissioner determines that the county has incorrectly issued benefits or incorrectly denied or terminated benefits. These cases shall be identified by state quality control reviews.*

*Subd. 4. [DETERMINING THE AMOUNT OF THE QUALITY CONTROL CASE PENALTY.] (a) The amount of the quality control case penalty is limited to the amount of the dollar error for the quality control sample month in a reviewed case as determined by the state quality control review procedures for the aid to families with dependent children and food stamp programs or for any other income transfer program for which the commissioner develops a quality control program.*

*(b) Payment errors in medical assistance or any other medical services program for which the department develops a quality control program are subject to set rate penalties based on the average cost of the specific quality control error element for a sample review month for that household size and status of institutionalization and as determined from state quality control data in the preceding fiscal year for the corresponding program.*

(c) Errors identified in negative action cases, such as incorrect terminations or denials of assistance are subject to set rate penalties based on the average benefit cost of that household size as determined from state quality control data in the preceding fiscal year for the corresponding program.

*Subd. 5. [ADMINISTRATIVE PENALTIES.] The department shall disallow or withhold state and federal benefit reimbursement and federal administrative reimbursement from local agencies when the actions performed by the local agency are not in compliance with the written policies and procedures established by the commissioner. The policies and procedures must be previously communicated to the local agency. A local agency shall not be penalized for complying with a written policy or procedure, even if the policy or procedure is found to be erroneous and is subsequently rescinded by the commissioner.*

*Subd. 6. [DETERMINING THE AMOUNT OF THE ADMINISTRATIVE PENALTY.] The amount of the penalty imposed on any local agency is based on the numbers of public assistance applicants and recipients that may be affected by the local agency's failure to comply with the policies and procedures established by the commissioner, the fiscal impact of the local agency's action, and the duration of the noncompliance as determined by the commissioner. Administrative penalties shall be imposed independent of any quality control case penalties.*

*Subd. 7. [PROCESS AND EXCEPTION.] (a)(1) The department shall notify the local agency in writing of all proposed quality control case penalties.*

*(2) The local agency may submit a written exception of the quality control error claim and proposed penalty. The exception must be submitted to the commissioner within ten calendar days of the receipt of the penalty notice.*

*(3) Within 20 calendar days of receipt of the written exception, the commissioner shall sustain, dismiss, or amend the quality control findings and case penalty and notify the local agency, in writing, of the decision and the amount of any penalty. The commissioner's decision is not subject to judicial review.*

*(b)(1) The department shall notify the local agency in writing of any proposed administrative penalty, the date by which the local agency must correct the issues noted in the penalty, and the time period within which the local agency must submit a corrective action plan for compliance.*

*(2) If the local agency fails to submit a corrective action plan within the stated time period, or if the corrective action plan does not bring the agency into compliance as determined by the department, or if the local agency fails to meet the commitments in the corrective action plan, the department shall issue the administrative penalty and notify the local agency in writing.*

*(3) The local agency may file written exception to the administrative penalty with the commissioner within 30 days of the receipt of the department's notice of issuing the administrative penalty. The local agency must notify the commissioner of its intent to file a written exception within ten days of the delivery of the department's notice of the administrative penalty. If the local agency does not notify the commissioner of its intent to file and does not file a written exception within the prescribed time periods,*

*the department's initial decision shall be final.*

*(4) The commissioner shall sustain, dismiss, or amend the administrative penalty findings, and shall issue a written order to the local agency within 30 calendar days after receiving the local agency's written exception.*

**Subd. 8. [JUDICIAL REVIEW.]** *A local agency that is aggrieved by the order of the commissioner in an administrative penalty of over \$75,000, or 1.5 percent of the total benefit expenditures for the income maintenance programs listed in subdivision 1, for that county, whichever is the lesser amount, may appeal the order to the court of appeals by serving a written copy of a notice of appeal upon the commissioner within 30 days after the date the commissioner issued the administrative penalty order, and by filing the original notice and proof of service with the court administrator of the court of appeals. Service may be made personally or by mail. Service by mail is complete upon mailing. The record of review shall consist of the advance notice of the administrative penalty to the local agency, the local agency corrective action plan if any, the final notice of the administrative penalty, the local agency's written exception to the administrative penalty order, and any other material submitted for the commissioner's consideration, and the commissioner's final written order. The court may affirm the commissioner's decision or remand the case for further proceedings, or it may reverse or modify the decision if the substantial rights of the local agency have been prejudiced because the decision is: (1) in excess of the statutory authority or jurisdiction of the agency; (2) unsupported by substantial evidence in view of the entire record as submitted; (3) arbitrary or capricious; or (4) in violation of constitutional provisions.*

**Subd. 9. [TIMING AND DISPOSITION OF PENALTY AND CASE DISALLOWANCE FUNDS.]** *Quality control case penalty and administrative penalty amounts shall be disallowed or withheld from the next regular reimbursement made to the county agency for state and federal benefit reimbursements and federal administrative reimbursements for all programs covered in this section, according to procedures established in statute, but shall not be imposed sooner than 30 calendar days from the date of written notice of such penalties. All penalties must be deposited in the county incentive fund provided in section 256.017. All penalties must be imposed according to this provision until a decision is made regarding the status of a written exception. Penalties must be returned to local agencies when a review of a written exception results in a decision in their favor.*

**Subd. 10. [COUNTY OBLIGATION TO MAKE BENEFIT PAYMENTS.]** *Counties subject to fiscal penalties shall not reduce or withhold benefits from eligible recipients of programs listed in subdivision 1 in order to cover the cost of penalties under this section. County funds shall be used to cover the cost of any penalties.*

**Sec. 3. [256.017] [COUNTY PUBLIC ASSISTANCE INCENTIVE FUND.]**

*Beginning in 1990, \$1,000,000 is appropriated from the general fund to the department in each fiscal year for awards to counties: (1) that have not been assessed an administrative penalty under section 256.016 in the corresponding fiscal year; and (2) that perform satisfactorily according to indicators established by the commissioner.*

*After consultation with local agencies, the commissioner shall inform*



*local agencies in writing of the performance indicators that govern the awarding of the incentive fund for each fiscal year by April of the preceding fiscal year.*

*The commissioner may set performance indicators to govern the awarding of the total fund, may allocate portions of the fund to be awarded by unique indicators, or may set a sole indicator to govern the awarding of funds.*

*The funds shall be awarded to qualifying local agencies according to their share of benefits for the programs related to the performance indicators governing the distribution of the fund or part of it as compared to the total benefits of all qualifying local agencies for the programs related to the performance indicators governing the distribution of the fund or part of it.*

Sec. 4. Minnesota Statutes 1986, section 256.72, is amended to read:  
256.72 [DUTIES OF COUNTY AGENCIES.]

The county agencies shall:

(1) Administer the provisions of sections 256.72 to 256.87 in the respective counties subject to the rules prescribed by the state agency pursuant to the provisions of those sections *and to the supervision of the commissioner of human services specified in section 256.01;*

(2) Report to the state agency at such times and in such manner and form as the state agency may from time to time direct; and

(3) Submit quarterly and annually to the county board of commissioners a budget containing an estimate and supporting data setting forth the amount of money needed to carry out the provisions of those sections.

(4) In addition to providing financial assistance, provide such services as will help to maintain and strengthen family life and promote the support and personal independence of parents and relatives insofar as such help is consistent with continuing parental care and protection.

Sec. 5. Minnesota Statutes 1986, section 256.81, is amended to read:  
256.81 [COUNTY AGENCY, DUTIES.]

(1) The county agency shall keep such records, accounts, and statistics in relation to aid to families with dependent children as the state agency shall prescribe.

(2) Each grant of aid to families with dependent children shall be paid to the recipient by the county agency except in those instances in which the county agency subject to the rules of the state agency determines that payments for care shall be made to an individual other than the parent or relative with whom the dependent child is living or to vendors of goods and services for the benefit of the child because such parent or relative is unable to properly manage the funds in the best interests and welfare of the child.

(3) The county shall be paid from state and federal funds available therefor the amount provided for in section 256.82.

(4) Federal funds available for administrative purposes shall be distributed between the state and the counties in the same proportion that expenditures were made *except as provided for in section 256.016.*

Sec. 6. Minnesota Statutes 1986, section 256.82, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY PAYMENTS.] *For the period from January 1 to June 30, based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds equal to 70 85 percent of the difference between the total estimated cost and the federal funds so available for payments made after December 31, 1979 and before January 1, 1981, and 85 percent of the difference for payments made after December 31, 1980 except as provided for in section 256.016. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period except as provided for in section 256.016. For the period from July 1 to December 31 based upon the estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency, payment shall be made monthly in advance by the state to the counties of all state and federal funds available for that purpose for the succeeding month except as provided for in section 256.016. Payment shall be made on the basis of federal and state participation rates described in this subdivision. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month. Effective January 1, 1989, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation.*

Sec. 7. Minnesota Statutes 1986, section 256.863, is amended to read:

256.863 [RECOVERY OF MONEYS; APPORTIONMENT.]

When any amount shall be recovered from any source for assistance furnished under the provisions of sections 256.72 to 256.87, *except as provided in sections 256.018 and 256.98, subdivision 7, there shall be paid to the United States the amount which shall be due under the terms of the Social Security Act and the balance thereof shall be paid into the treasury of the state or county substantially in the proportion in which they have respectively contributed toward the total assistance paid. The amount due the respective participating units of government shall be determined by rule adopted by the commissioner of human services pursuant to a formula of reimbursement prescribed or authorized by the federal Social Security Administration.*

Sec. 8. Minnesota Statutes 1986, section 256.871, subdivision 6, is amended to read:

Subd. 6. [ESTIMATED EXPENDITURES; PAYMENTS.] The county agency shall submit to the state agency an estimate of expenditures for each succeeding month in such form as required by the state agency. *For the period from January 1 to June 30, payment shall be made monthly in advance by the state agency to the counties, of federal funds available for that purpose for each succeeding month, together with an amount of state funds equal to ten percent of the difference between the total estimated*

cost and the federal funds so available, *except as provided for in section 256.016. Subsequent to July 1 of each year the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.016. For the period from July 1 to December 31, payment shall be made monthly in advance by the state agency to the counties, of all state and federal funds available for that purpose for the succeeding month, except as provided for in section 256.016. Payment shall be made on the basis of federal and state participation rates described in this subdivision. Effective January 1, 1989, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.*

Sec. 9. Minnesota Statutes 1986, section 256.935, subdivision 1, is amended to read:

Subdivision 1. On the death of any person receiving public assistance through aid to dependent children, the county agency shall pay an amount for funeral expenses not exceeding \$370 and actual cemetery charges. No funeral expenses shall be paid if the estate of the deceased is sufficient to pay such expenses or if the children, or spouse, who were legally responsible for the support of the deceased while living, are able to pay such expenses; provided, that the additional payment or donation of the cost of cemetery lot, interment, religious service, or for the transportation of the body into or out of the community in which the deceased resided, shall not limit payment by the county agency as herein authorized. Freedom of choice in the selection of a funeral director shall be granted to persons lawfully authorized to make arrangements for the burial of any such deceased recipient. In determining the sufficiency of such estate, due regard shall be had for the nature and marketability of the assets of the estate. The county agency may grant funeral expenses where the sale would cause undue loss to the estate. Any amount paid for funeral expenses shall be a prior claim against the estate, as provided in section 524.3-805, and any amount recovered shall be reimbursed to the agency which paid the expenses. *For the period from January 1 to June 30, the state shall reimburse the county for 50 percent of any payments made for funeral expenses except as provided for in section 256.016. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period. For the period from July 1 to December 31, the state shall reimburse the county for 100 percent of any payments made for funeral expenses except as provided for in section 256.016.*

Sec. 10. Minnesota Statutes 1986, section 256.991, is amended to read:  
256.991 [RULES.]

The commissioner of human services may promulgate emergency and permanent rules as necessary to implement sections 256.01, subdivision 2; 256.82, subdivision 3; 256.966, subdivision 1; 256.968; 256D.03, subdivisions 3, 4, 6, and 7; and 261.23. The commissioner shall promulgate emergency and permanent rules to establish standards and criteria for deciding which medical assistance services require prior authorization and for deciding whether a second medical opinion is required for an elective surgery. The commissioner shall promulgate permanent and emergency rules as necessary to establish the methods and standards for determining

inappropriate utilization of medical assistance services.

The commissioner of human services shall adopt emergency rules which meet the requirements of sections 14.29 to 14.36 for the medical assistance demonstration project. Notwithstanding the provisions of section 14.35, the emergency rules promulgated to implement section 256B.69 shall be effective for 360 days and may be continued in effect for an additional 900 days if the commissioner gives notice by publishing a notice in the state register and mailing notice to all persons registered with the commissioner to receive notice of rulemaking proceedings in connection with the project. The emergency rules shall not be effective beyond December 31, 1986, without meeting the requirements of sections 14.13 to 14.20.

Sec. 11. Minnesota Statutes 1986, section 256B.041, subdivision 5, is amended to read:

Subd. 5. [PAYMENT BY COUNTY TO STATE TREASURER.] If required by federal law or rules promulgated thereunder, or by authorized rule of the state agency, each county shall pay to the state treasurer the portion of medical assistance paid by the state for which it is responsible. ~~The county's share of cost shall be ten percent of that portion not met by federal funds.~~ *Effective January 1, 1989, the state rate of participation shall be determined as a percentage that equals the difference between 100 percent and the percentage rate of federal financial participation.*

*For the period from January 1 to June 30, the county shall advance its ~~portion~~ ten percent of that portion of medical assistance costs not met by federal funds, based upon estimates submitted by the state agency to the county agency, stating the estimated expenditures for the succeeding month. Upon the direction of the county agency, payment shall be made monthly by the county to the state for the estimated expenditures for each month. Adjustment of any overestimate or underestimate based on actual expenditures shall be made by the state agency by adjusting the estimate for any succeeding month. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.016. For the period from July 1 to December 31, payments will be made by the state agency, except as provided for in section 256.016, and the county agency will be advised of the amounts paid monthly.*

Sec. 12. Minnesota Statutes 1986, section 256B.041, subdivision 7, is amended to read:

Subd. 7. Federal funds available for administrative purposes shall be distributed between the state and the county on the same basis that reimbursements are earned, *except as provided for under section 256.016.*

Sec. 13. Minnesota Statutes 1986, section 256B.05, subdivision 1, is amended to read:

Subdivision 1. The county agencies shall administer medical assistance in their respective counties under the supervision of the state agency *and the commissioner of human services as specified in section 256.01*, and shall make such reports, prepare such statistics, and keep such records and accounts in relation to medical assistance as the state agency may require.

Sec. 14. Minnesota Statutes 1987 Supplement, section 256B.091, subdivision 8, is amended to read:

Subd. 8. [ALTERNATIVE CARE GRANTS.] The commissioner shall

provide grants to counties participating in the program to pay costs of providing alternative care to individuals screened under subdivision 4 and nursing home or boarding care home residents who request a screening. Prior to July of each year, the commissioner shall allocate state funds available for alternative care grants to each local agency. This allocation must be made as follows: half of the state funds available for alternative care grants must be allocated to each county according to the total number of adults in that county who are recipients age 65 or older who are reported to the department by March 1 of each state fiscal year and half of the state funds available for alternative care grants must be allocated to a county according to that county's number of Medicare enrollments age 65 or older for the most recent statistical report. Payment is available under this subdivision only for individuals (1) for whom the screening team would recommend nursing home or boarding care home admission, or continued stay if alternative care were not available; (2) who are receiving medical assistance or who would be eligible for medical assistance within 180 days of admission to a nursing home; (3) who need services that are not available at that time in the county through other public assistance; and (4) who are age 65 or older.

The commissioner shall establish by rule, in accordance with chapter 14, procedures for determining grant reallocations, limits on the rates for payment of approved services, including screenings, and submittal and approval of a biennial county plan for the administration of the preadmission screening and alternative care grants program. Grants may be used for payment of costs of providing care-related supplies, equipment, and services such as, but not limited to, foster care for elderly persons, day care whether or not offered through a nursing home, nutritional counseling, or medical social services, which services are provided by a licensed health care provider, a home health service eligible for reimbursement under Titles XVIII and XIX of the federal Social Security Act, or by persons employed by or contracted with by the county board or the local welfare agency. The county agency shall ensure that a plan of care is established for each individual in accordance with subdivision 3, clause (e)(2), and that a client's service needs and eligibility is reassessed at least every six months. The plan shall include any services prescribed by the individual's attending physician as necessary and follow up services as necessary. The county agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program and shall provide documentation in each individual's plan of care and to the commissioner that the most cost-effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private. The county agency shall document to the commissioner that the agency made reasonable efforts to inform potential providers of the anticipated need for services under the alternative care grants program, including a minimum of 14 days written advance notice of the opportunity to be selected as a service provider and an annual public meeting with providers to explain and review the criteria for selection, and that the agency allowed potential providers an opportunity to be selected to contract with the county board. Grants to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

The county must select providers for contracts or agreements using the following criteria and other criteria established by the county:

- (1) the need for the particular services offered by the provider;
- (2) the population to be served, including the number of clients, the length of time services will be provided, and the medical condition of clients;
- (3) the geographic area to be served;
- (4) quality assurance methods, including appropriate licensure, certification, or standards, and supervision of employees when needed;
- (5) rates for each service and unit of service exclusive of county administrative costs;
- (6) evaluation of services previously delivered by the provider; and
- (7) contract or agreement conditions, including billing requirements, cancellation, and indemnification.

The county must evaluate its own agency services under the criteria established for other providers. The county shall provide a written statement of the reasons for not selecting providers.

The commissioner shall establish a sliding fee schedule for requiring payment for the cost of providing services under this subdivision to persons who are eligible for the services but who are not yet eligible for medical assistance. The sliding fee schedule is not subject to chapter 14 but the commissioner shall publish the schedule and any later changes in the State Register and allow a period of 20 working days from the publication date for interested persons to comment before adopting the sliding fee schedule in final forms.

The commissioner shall apply for a waiver for federal financial participation to expand the availability of services under this subdivision. The commissioner shall provide grants to counties from the nonfederal share, unless the commissioner obtains a federal waiver for medical assistance payments, of medical assistance appropriations. A county agency may use grant money to supplement but not supplant services available through other public assistance or service programs and shall not use grant money to establish new programs for which public money is available through sources other than grants provided under this subdivision. A county agency shall not use grant money to provide care under this subdivision to an individual if the anticipated cost of providing this care would exceed the average payment, as determined by the commissioner, for the level of care that the recipient would receive if placed in a nursing home or boarding care home. *For the period from January 1 to June 30, the nonfederal share may be used to pay up to 90 percent of the start-up and service delivery costs of providing care under this subdivision. Each county agency that receives a grant shall pay ten percent of the costs for persons who are eligible for the services but who are not yet eligible for medical assistance. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.016. For the period from July 1 to December 31, the nonfederal share may be used to pay up to 100 percent of the start-up and service delivery costs of providing care under this subdivision.*

The commissioner shall promulgate emergency rules in accordance with sections 14.29 to 14.36, to establish required documentation and reporting of care delivered.

Sec. 15. Minnesota Statutes 1987 Supplement, section 256B.15, is amended to read:

256B.15 [CLAIMS AGAINST ESTATES.]

If a person receives any medical assistance hereunder, on the person's death, if single, or on the death of the survivor of a married couple, either or both of whom received medical assistance, and only when there is no surviving child who is under 21 or is blind or totally disabled, the total amount paid for medical assistance rendered for the person and spouse, after age 65, without interest, shall be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate. A claim against the estate of a surviving spouse who did not receive medical assistance, for medical assistance rendered for the predeceased spouse, is limited to the value of the assets of the estate that were marital property or jointly-owned property at any time during the marriage. The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Counties ~~may retain~~ are entitled to one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort.

Sec. 16. Minnesota Statutes 1987 Supplement, section 256B.19, subdivision 1, is amended to read:

Subdivision 1. [DIVISION OF COST.] The cost of medical assistance paid by each county of financial responsibility shall be borne as follows: *For the period from January 1 to June 30*, payments shall be made by the state to the county for that portion of medical assistance paid by the federal government and the state on or before the 20th day of each month for the succeeding month upon requisition from the county showing the amount required for the succeeding month. Ninety percent of the expense of assistance not paid by federal funds available for that purpose shall be paid by the state and ten percent shall be paid by the county of financial responsibility, *except as provided for in section 256.016.*

*For the period from January 1 to June 30*, for counties that participate in a Medicaid demonstration project under sections 256B.69 and 256B.71, the division of the nonfederal share of medical assistance expenses for payments made to prepaid health plans or for payments made to health maintenance organizations in the form of prepaid capitation payments, this division of medical assistance expenses shall be 95 percent by the state and five percent by the county of financial responsibility. *Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.016.*

*For the period from July 1 to December 31, except as provided for in section 256.016, payments shall be made by the state to the county for that portion of medical assistance paid by the federal government and the state on or before the 20th day of each month for the succeeding month upon requisition from the county showing the amount required for the succeeding month. The expense of assistance not paid by federal funds available for that purpose shall be paid by the state.*

In counties where prepaid health plans are under contract to the commissioner to provide services to medical assistance recipients, the cost of court ordered treatment ordered without consulting the prepaid health plan that does not include diagnostic evaluation, recommendation, and referral for treatment by the prepaid health plan is the responsibility of the county of financial responsibility.

Sec. 17. Minnesota Statutes 1986, section 256B.19, subdivision 2, is amended to read:

Subd. 2. Federal funds available for administrative purposes shall be distributed between the state and the county in the same proportion that expenditures were made, *except as provided for in section 256.016.*

Sec. 18. Minnesota Statutes 1987 Supplement, section 256D.03, subdivision 2, is amended to read:

Subd. 2. ~~After December 31, 1980,~~ *For the period from January 1 to June 30, state aid shall be paid to local agencies for 75 percent of all general assistance and work readiness grants up to the standards of sections 256D.01, subdivision 1a, and 256D.051, and according to procedures established by the commissioner, except as provided for under section 256.016. Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.016.*

*For the period from July 1 to December 31, state aid shall be paid to local agencies for ~~75~~ 100 percent of all general assistance and work readiness grants up to the standards of ~~section~~ sections 256D.01, subdivision 1a, and 256D.051, and according to procedures established by the commissioner, except as provided for under section 256.016 and except that, after December 31, ~~1987~~ 1988, state aid is reduced to 65 percent of all general assistance grants if the local agency does not make occupational or vocational literacy training available and accessible to recipients who are eligible for assistance under section 256D.05, subdivision 1, paragraph (a), clause (15).*

~~After December 31, 1986~~ 1988, state aid must be paid to local agencies for 65 percent of work readiness assistance paid under section 256D.051 if the county does not have an approved and operating community investment program.

Any local agency may, from its own resources, make payments of general assistance: (a) at a standard higher than that established by the commissioner without reference to the standards of section 256D.01, subdivision 1; or, (b) to persons not meeting the eligibility standards set forth in section 256D.05, subdivision 1, but for whom the aid would further the purposes established in the general assistance program in accordance with rules promulgated by the commissioner pursuant to the administrative procedure act.

Sec. 19. Minnesota Statutes 1986, section 256D.03, subdivision 6, is amended to read:

Subd. 6. [DIVISION OF COSTS.] The state shall pay ~~90~~ 100 percent of the cost of general assistance medical care paid ~~by the local agency or county~~ pursuant to this section, *in accordance with sections 256B.041, subdivision 5, and 256B.19, subdivision 1, except as provided for in section 256.016.* In counties where prepaid health plans are under contract to the



commissioner to provide services to general assistance medical care recipients, the cost of court ordered treatment that does not include diagnostic evaluation, recommendation, or referral for treatment by the prepaid health plan is the responsibility of the county of financial responsibility.

Sec. 20. Minnesota Statutes 1986, section 256D.04, is amended to read:  
256D.04 [DUTIES OF THE COMMISSIONER.]

In addition to any other duties imposed by law, the commissioner shall:

(1) Supervise *according to section 256.01* the administration of general assistance and general assistance medical care by local agencies as provided in sections 256D.01 to 256D.21;

(2) Promulgate uniform rules consistent with law for carrying out and enforcing the provisions of sections 256D.01 to 256D.21 to the end that general assistance may be administered as uniformly as possible throughout the state; rules shall be furnished immediately to all local agencies and other interested persons; in promulgating rules, the provisions of sections 14.01 to 14.70, shall apply;

(3) Allocate moneys appropriated for general assistance and general assistance medical care to local agencies as provided in section 256D.03, subdivisions 2 and 3;

(4) Accept and supervise the disbursement of any funds that may be provided by the federal government or from other sources for use in this state for general assistance and general assistance medical care;

(5) Cooperate with other agencies including any agency of the United States or of another state in all matters concerning the powers and duties of the commissioner under sections 256D.01 to 256D.21;

(6) Cooperate to the fullest extent with other public agencies empowered by law to provide vocational training, rehabilitation, or similar services; and

(7) Gather and study current information and report at least annually to the governor and legislature on the nature and need for general assistance and general assistance medical care, the amounts expended under the supervision of each local agency, and the activities of each local agency and publish such reports for the information of the public.

Sec. 21. Minnesota Statutes 1986, section 256D.36, subdivision 1, is amended to read:

Subdivision 1. Commencing January 1, 1974, the commissioner shall certify to each local agency the names of all county residents who were eligible for and did receive aid during December, 1973 pursuant to a categorical aid program of old age assistance, aid to the blind, or aid to the disabled. ~~From and after January 1, 1980, until January 1, 1981, For the period from January 1 to June 30, the state shall pay 70 85 percent and the county shall pay 30 15 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income, except as provided for in section 256.016. After December 31, 1980, the state shall pay 85 percent and the county shall pay 15 percent of the aid.~~ Subsequent to July 1 of each year, the state agency shall reimburse the county agency for the funds expended during the January 1 to June 30 period, except as provided for in section 256.016. For the period from July 1 to December 31, the state agency

*shall pay 100 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income, except as provided for in section 256.016. The amount of supplemental aid for each individual eligible under this section shall be calculated pursuant to the formula prescribed in title II, section 212 (a) (3) of Public Law Number 93-66, as amended.*

Sec. 22. Minnesota Statutes 1987 Supplement, section 256G.01, subdivision 3, is amended to read:

Subd. 3. [PROGRAM COVERAGE.] This chapter applies to all programs administered by the commissioner in which residence is the determining factor in establishing financial responsibility. These include, but are not limited to: ~~aid to families with dependent children; medical assistance; general assistance; general assistance medical care; Minnesota supplemental aid;~~ commitment proceedings, including voluntary admissions; poor relief funded wholly through local agencies; and social services, including title XX, IV-E and other components of the community social services act, sections 256E.01 to 256E.12. *It also applies to service responsibility in the income maintenance and health care programs administered by the commissioner.*

Sec. 23. Minnesota Statutes 1987 Supplement, section 256G.02, subdivision 4, is amended to read:

Subd. 4. [COUNTY OF FINANCIAL RESPONSIBILITY.] (a) "County of financial responsibility" has the meanings in paragraphs (b) to ~~(h)~~ (e).

(b) For an applicant who resides in the state and is not in a facility described in subdivision 5, it means the county in which the applicant resides at the time of application.

(c) For an applicant who resides in a facility described in subdivision 5, it means the county in which the applicant last resided in nonexcluded status immediately before entering the facility.

(d) For an applicant who has not resided in this state for any time other than the excluded time, it means the county in which the applicant resides at the time of making application.

~~(e) For medical assistance purposes only, and for an infant who has resided only in an excluded time facility, it means the county that would have been responsible for the infant if eligibility had been established, based on that of the birth mother, at the time of application.~~

~~(f) Notwithstanding paragraphs (b) to (d), the county of financial responsibility for medical assistance recipients is the county from which a recipient is receiving a maintenance grant or money payment under the program of aid to families with dependent children or Minnesota supplemental aid.~~

~~(g) Notwithstanding paragraphs (b) to (f), the county of financial responsibility for social services for a person receiving aid to families with dependent children, general assistance, general assistance medical care, medical assistance, or Minnesota supplemental aid is the county from which that person is receiving the aid or assistance. If more than one named program is open concurrently, financial responsibility for social services attaches to the program that has the earliest date of application and has been open without interruption.~~

~~(h)~~ (f) Notwithstanding paragraphs (b) to ~~(g)~~ (e), the county of financial

responsibility for semi-independent living services provided under section 252.275, and Minnesota Rules, parts 9525.0500 to 9525.0660, is the county of residence in nonexcluded status immediately before the placement into or request for those services.

Sec. 24. Minnesota Statutes 1987 Supplement, section 256G.04, subdivision 1, is amended to read:

Subdivision 1. [TIME OF DETERMINATION.] For purposes of establishing financial responsibility, residence must be determined as of the date a local agency receives a signed request or signed application *or the date of eligibility, whichever is later*. This subdivision extends to cases in which the applicant may move to another county after the date of application but before the grant or service is actually approved.

Sec. 25. Minnesota Statutes 1987 Supplement, section 256G.05, is amended to read:

256G.05 [~~RESPONSIBILITY FOR EMERGENCIES.~~]

~~Subdivision 1. [RESIDENCE NOT A TEST.] In situations involving emergencies verified by a local agency, financial responsibility for aid to families with dependent children, general assistance, and Minnesota supplemental aid rests with the county in which an otherwise eligible person is physically present when the application is filed. The county of residence is not obligated to reimburse. Financial responsibility is limited to 30 days unless otherwise specified in the context of the affected program.~~

~~Subd. 2. [NON-MINNESOTA RESIDENTS.]~~

State residence is not required for receiving emergency assistance in the general assistance and Minnesota supplemental aid programs only. The receipt of emergency assistance must not be used as a factor in determining county or state residence.

Sec. 26. Minnesota Statutes 1987 Supplement, section 256G.07, is amended to read:

256G.07 [MOVING TO ANOTHER COUNTY.]

Subdivision 1. [EFFECT OF MOVING.] *Except as provided in subdivision 4*, a person who has applied for and is receiving ~~assistance services~~ under a program governed by this chapter, in any county in this state, and who moves to another county in this state, is entitled to continue to receive that assistance from the county from which that person has moved until that person has resided in nonexcluded status for two full calendar months in the county to which that person has moved.

~~For purposes of general assistance and general assistance medical care, this time period is, however, one full calendar month.~~

Subd. 2. [TRANSFER OF RECORDS.] Before the person has resided in nonexcluded status for two calendar months, ~~or one calendar month in the case of general assistance or general assistance medical care~~, in the county to which that person has moved, the local agency of the county from which the person has moved shall transfer all necessary records relating to that person to the local agency of the county to which the person has moved.

Subd. 3. [CONTINUATION OF CASE.] When the case is terminated for 30 days or less before the recipient reapplies, that case remains the financial

responsibility of the county from which the recipient moved until the residence requirement in subdivision 1 is met.

Subd. 4. [~~MULTIPLE FINANCIAL RESPONSIBILITY.~~] ~~When more than one county becomes financially responsible for a case involving a single assistance unit, under a program covered by this chapter, that case must be immediately reconsidered by the affected local agencies. Beginning with the first day of the calendar month after that reconsideration, financial responsibility for the entire assistance unit belongs to the county that was initially responsible for the program with the earliest date of application.~~

Subd. 5. [SOCIAL SERVICE PROVISION.] The types and level of social services to be provided in any case governed by this chapter are those otherwise provided in the county in which the person is physically residing at the time those services are provided.

Sec. 27. Minnesota Statutes 1987 Supplement, section 256G.10, is amended to read:

256G.10 [DERIVATIVE SETTLEMENT ELIMINATED.]

~~Except as described in section 256G.02, subdivision 4, paragraph (d),~~ Residence under this chapter must be determined independently for each applicant. The residence of the parent or guardian does not determine the residence of the child or ward. Physical or legal custody has no bearing on residence determinations. This section does not, however, apply to situations involving another state or limit the application of an interstate compact.

Sec. 28. Minnesota Statutes 1987 Supplement, section 256G.11, is amended to read:

256G.11 [NO RETROACTIVE EFFECT.]

This chapter is ~~not retroactive and~~ does not require *the retroactive* re-determination of financial responsibility for cases existing on January 1, 1988. This chapter applies only to applications and redeterminations of eligibility taken or routinely made after January 1, 1988.

~~Notwithstanding this section, however, existing social service cases tie to cases for those programs outlined in section 256G.02, subdivision 4, paragraph (g), for which an application is taken or a redetermination is made after January 1, 1988.~~

Sec. 29. [256.018] [RECOVERY OF MONEY; APPORTIONMENT.]

*When an amount is recovered from any source for assistance given under the provisions governing public assistance programs including aid to families with dependent children, emergency assistance, general assistance, work readiness, and Minnesota supplemental aid, there shall be paid to the United States the amount due under the terms of the Social Security Act and the balance must be paid into the treasury of the state or county in accordance with current rates of financial participation; except if the recovery is directly attributable to county effort, the county may keep one-half of the nonfederal share of the recovery. This does not apply to recoveries from medical providers or to recoveries begun by the department of human services' surveillance and utilization review division, state hospital collections unit, and the benefit recoveries division or, by the attorney general's office, or child support collections.*

Sec. 30. Minnesota Statutes 1986, section 393.07, subdivision 2, is

amended to read:

Subd. 2. [ADMINISTRATION OF PUBLIC WELFARE.] The county welfare board, subject to the supervision of the commissioner of human services, shall administer all forms of public welfare, both for children and adults, responsibility for which now or hereafter may be imposed on the commissioner of human services by law, including general assistance, aid to dependent children, county supplementation, if any, or state aid to recipients of supplemental security income for aged, blind and disabled, child welfare services, mental health services, and other public assistance or public welfare services, provided that the county welfare board shall not employ public health nursing or home health service personnel other than homemaker-home help aides, but shall contract for or purchase the necessary services from existing community agencies. The duties of the county welfare board shall be performed in accordance with the standards and rules which may be promulgated by the commissioner of human services to achieve the purposes intended by law and in order to comply with the requirements of the federal Social Security Act in respect to public assistance and child welfare services, so that the state may qualify for grants-in-aid available under that act. *To avoid administrative penalties under section 256.016, the county welfare board must comply with (1) policies established by state law and (2) instructions from the commissioner relating (i) to public assistance program policies consistent with federal law and regulation and state law and rule and (ii) to local agency program operations. The commissioner may enforce county welfare board compliance with the instructions, and may delay, withhold, or deny payment of all or part of the state and federal share of benefits and federal administrative reimbursement, according to the provisions under section 256.016.* The county welfare board shall supervise wards of the commissioner and, when so designated, act as agent of the commissioner of human services in the placement of the commissioner's wards in adoptive homes or in other foster care facilities. The county welfare board may contract with a bank or other financial institution to provide services associated with the processing of public assistance checks and pay a service fee for these services, provided the fee charged does not exceed the fee charged to other customers of the institution for similar services.

Sec. 31. Minnesota Statutes 1987 Supplement, section 393.07, subdivision 10, is amended to read:

Subd. 10. [FEDERAL FOOD STAMP PROGRAM.] (a) The county welfare board shall establish and administer the food stamp program pursuant to rules of the commissioner of human services, *the supervision of the commissioner as specified in section 256.01*, and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate. The commissioner shall report on the monitoring activities on a county-by-county basis in a report

presented to the legislature by July 1 each year. This monitoring activity shall be separate from the management evaluation survey sample required under federal regulations.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

~~(c) 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.~~

A person who commits any of the following acts has violated section 256.98 and is subject to both the criminal and civil penalties provided under that section:

(1) Obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, or intentional concealment of a material fact, food stamps to which the person is not entitled or in an amount greater than that to which that person is entitled; or

(2) Presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

(3) Willfully uses or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law.

Sec. 32. [TRANSFER OF COUNTY FOOD STAMP QUALITY CONTROL SYSTEM EMPLOYEES.]

*(a) All positions covered by the Minnesota merit system located in Crow Wing county family social service center and in the Redwood county welfare department classified as food stamp corrective action specialist I and II and as financial assistant supervisor I, if the positions supervise food stamp corrective action specialists, are transferred to the department of human services and become state civil service positions.*

*(b) All incumbent employees affected by this transfer, who choose to transfer to state civil service positions in the department of human services, must be transferred with no reduction in salary. Salaries of individual employees who transfer must be adjusted to the minimum salary or to the nearest equal or higher step on the state compensation plan for their class, whichever is greater.*

*(c) Existing sick leave and vacation accruals for an employee who transfers must be transferred to the department of human services and the employee shall accrue additional vacation and sick leave under the provisions of the appropriate state collective bargaining agreement based on the employee's years of service in either Crow Wing county family service center or in the Redwood county welfare department.*

*(d) If an employee who transfers chooses to retain the county coverage*

for employee and dependent health, dental, and life insurance, the department of human services shall reimburse the employee for one month of continued enrollment in the health, dental, and life insurance plans in an amount equal to what their former county employer would have paid for the coverage had the employee remained a county employee, until the employee is eligible for coverage under the state insurance plans.

(e) Classification seniority for an employee who transfers must be calculated according to the provisions of the appropriate state collective bargaining agreement based upon the employee's years of service in the county merit system.

**Sec. 33. [REPEALER.]**

*Minnesota Statutes 1986, section 256.965; and Minnesota Statutes 1987 Supplement, section 256D.22, are repealed.*

**Sec. 34. [HUMAN SERVICES; APPROPRIATIONS.]**

*\$1,655,500 is appropriated from the general fund to the commissioner of human services for the purposes indicated.*

(a) *\$990,000 is for the county incentive fund, to be available until June 30, 1991.*

(b) *\$110,000 is available beginning June 1, 1989, to convert county food stamp quality control staff to state employment.*

(c) *\$555,500 is available beginning January 1, 1990, to implement state financing of income maintenance benefits as contained in this article by monitoring local agency performance in administering the income maintenance programs, providing technical assistance and program support, and reviewing local agency exceptions to compliance actions.*

**Sec. 35. [HUMAN SERVICES APPROPRIATION REDUCTION.]**

*The appropriation in Laws 1987, chapter 403, article 1, section 2, subdivision 2, for county administrative aid for fiscal year 1989 is reduced by \$1,150,000 because of the changes made by this article.*

**Sec. 36. [POSITIONS.]**

*The following additional positions are approved for the department of human services.*

<i>Appeals and Contracts</i>	<i>1</i>
<i>Financial Management</i>	<i>2</i>
<i>Assistance Payments</i>	<i>22</i>
<i>Food Stamp Quality Control</i>	<i>25</i>

**Sec. 37. [EFFECTIVE DATE.]**

*The part of section 31 that strikes a part of paragraph (c) is effective June 1, 1990. Section 32 is effective June 1, 1989. Except as provided in section 34, the rest of this article is effective January 1, 1990.*

**ARTICLE 9**

**PULL-TAB TAX**

Section 1. Minnesota Statutes 1986, section 349.12, subdivision 18, is amended to read:

Subd. 18. [DEAL.] "Deal" means each separate package, or series of

packages, consisting of one game of pull-tabs *or tipboards* with the same serial number ~~purchased from a distributor.~~

Sec. 2. Minnesota Statutes 1986, section 349.12, is amended by adding a subdivision to read:

*Subd. 19. [IDEAL GROSS.] "Ideal gross" means the total amount of receipts that would be received if every individual ticket in the pull-tab or tipboard deal was sold at its face value.*

Sec. 3. Minnesota Statutes 1986, section 349.12, is amended by adding a subdivision to read:

*Subd. 20. [IDEAL NET.] "Ideal net" means the pull-tab or tipboard deal's ideal gross, as defined under subdivision 19, less the total predetermined prize amounts available to be paid out. When the prize is not a monetary one, the ideal net is 50 percent of the ideal gross.*

Sec. 4. Minnesota Statutes 1987 Supplement, section 349.212, subdivision 1, is amended to read:

Subdivision 1. [RATE.] There is hereby imposed a tax on all lawful gambling, other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, conducted by organizations licensed by the board at the rate specified in this subdivision. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 4.

On all lawful gambling, other than (1) pull-tabs purchased and placed into inventory after January 1, 1987, and (2) tipboards purchased and placed into inventory after June 30, 1988, 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. 5. Minnesota Statutes 1987 Supplement, section 349.212, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) There is imposed a tax on the sale of each deal of pull-tabs *and tipboards* sold by a licensed distributor to a licensed organization, or to an organization holding an exemption identification number. The rate of the tax is ten percent of the ~~face resale value of all the pull-tabs in each deal less the total prizes which may be paid out on all the pull-tabs in that ideal net of the pull-tab and tipboard deal.~~ The tax is payable to the commissioner of revenue in the manner prescribed in section 349.2121 and the rules of the commissioner. The commissioner shall pay the proceeds of the tax to the state treasurer for deposit in the general fund. The sales tax imposed by chapter 297A on the sale of the pull-tabs *and tipboards* by the licensed distributor to an organization is imposed on the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs *or tipboards* by the organization is exempt from taxes imposed by chapter 297A if the tax imposed by this subdivision has been paid and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 4.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs *and tipboards* are delivered by the distributor to the licensed or exempt organization, to a common or contract carrier for delivery to the organization, or when received by the organization's authorized representative at the distributor's place of business, regardless of the distributor's



method of accounting or the terms of the sale.

If a licensed organization or any organization holding an exemption number receives pull-tabs directly from the manufacturer and the manufacturer is not a licensed distributor, the distributor from whom the pull-tabs were purchased is liable for tax when the manufacturer delivers the pull-tabs to the organization, or to a contract or common carrier for delivery to the organization, or when the pull-tabs are received by the organization's authorized representative at the manufacturer's place of business, regardless of the manufacturer's or the distributor's method of accounting or the terms of the sale.

(c) The exemptions contained in section 349.214, subdivision 2, paragraph (b), do not apply to the tax imposed in this subdivision.

Sec. 6. Minnesota Statutes 1986, section 349.2121, subdivision 1, is amended to read:

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

Sec. 7. Minnesota Statutes 1986, section 349.2121, subdivision 2, is amended to read:

Subd. 2. [RECORDS.] ~~The commissioner may by rule require a licensed distributor holding a permit under this section to keep such books, papers, documents, and records as the commissioner deems necessary to the enforcement of this chapter. The commissioner may examine, or cause to be examined, any books, papers, records, or other documents relevant to making a determination, whether they are in the possession of a distributor or another person or corporation. The commissioner may require the attendance of any persons having knowledge or information in the premises, to compel the production of books, papers, records, or memoranda by persons so required to attend, to take testimony on matters material to a determination, and to administer oaths or affirmations. A distributor shall keep at each licensed place of business complete and accurate records for that place of business, including itemized invoices of pull-tabs and tipboards held, purchased, manufactured, or brought in or caused to be brought in from without this state, and of all sales of pull-tabs and tipboards. The records must show the names and addresses of purchasers, the inventory at the close of each period for which a return is required of all pull-tab and tipboard deals on hand, and other pertinent papers and documents relating to the purchase, sale, or disposition of pull-tab and tipboard deals. Books, records, and other papers and documents required by this section must be kept for a period of at least 3-1/2 years after the date of the documents, or the date of the entries appearing in the records, unless the commissioner authorizes in writing their destruction or disposal at an earlier date. At any time during usual business hours, the commissioner, executive secretary of the charitable gambling control board, or any of their duly authorized agents or employees, may enter a place of business of a distributor, charitable organization, or any site from which~~

*pull-tabs or tipboards are being sold and inspect the premises and the records required to be kept under this section to determine whether or not all the provisions of this section are being fully complied with. If the commissioner, executive secretary, or their duly authorized agents or employees are denied free access to or are hindered or interfered with in making an inspection of the distributor's place of business, the permit of the distributor may be revoked by the commissioner, and the license of the distributor may be revoked by the charitable gambling control board.*

Sec. 8. Minnesota Statutes 1986, section 349.2121, is amended by adding a subdivision to read:

*Subd. 2a. A distributor who sells pull-tabs and tipboards to persons other than the ultimate consumer shall give with each sale an itemized invoice showing the distributor's name and address, the purchaser's name and address, the date of the sale, description of the deals including the ideal net amounts, and all prices and discounts, and shall keep legible copies of all the itemized invoices for 3-1/2 years from the date of sale.*

Sec. 9. Minnesota Statutes 1987 Supplement, section 349.2121, subdivision 4a, is amended to read:

Subd. 4a. [REFUND.] If any deal of pull-tabs or tipboards registered with the board and upon which the tax imposed by section 349.212, subdivision 4, has been paid is returned unplayed to the distributor, the commissioner of revenue shall allow a refund of the tax paid.

In the case of a defective deal registered with the board and upon which the taxes have been paid is returned to the manufacturer, the distributor shall submit to the commissioner of revenue certification from the manufacturer that the deal was returned and in what respect it was defective. The certification must be in a form prescribed by the commissioner and must contain additional information the commissioner requires.

The commissioner may require that no refund under this subdivision be made unless the returned pull-tabs or tipboards have been set aside for inspection by the commissioner's employee.

Reductions in previously paid taxes authorized by this subdivision shall be made at the time and in the manner prescribed by the commissioner.

Sec. 10. Minnesota Statutes 1986, section 349.2121, subdivision 5, is amended to read:

Subd. 5. [~~PUBLIC INFORMATION CONFIDENTIAL.~~] Neither the commissioner nor any other public official or employee may divulge or otherwise make known in any manner any particulars disclosed in any report or return required by this section, or any information concerning the affairs of the distributor making the return acquired from its records, officers, or employees while examining or auditing under the authority of this chapter, except in connection with a proceeding involving taxes due under this chapter. Nothing herein prohibits the commissioner from publishing statistics so classified as not to disclose the identity of particular returns or reports and their contents. Any person violating the provisions of this section is guilty of a gross misdemeanor.

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

~~In order to facilitate processing of returns and payments of taxes required by this chapter, the commissioner may contract with outside vendors and may disclose private and nonpublic data to the vendor. The data disclosed must be administered by the vendor consistent with this section. All records concerning the administration of the pull-tab and tipboard taxes are classified as public information.~~

Sec. 11. Minnesota Statutes 1987 Supplement, section 349.2121, subdivision 10, is amended to read:

Subd. 10. [UNTAXED PULL-TABS OR TIPBOARDS.] It is a gross misdemeanor for any person to possess pull-tabs or tipboards for resale in this state that have not been registered with the board, for which a registration stamp has not been affixed to the flare, and upon which the taxes imposed by section 349.212, subdivision 4, or chapter 297A have not been paid. The executive secretary of the charitable gambling control board or the commissioner of revenue or their designated inspectors and employees may seize in the name of the state of Minnesota any unregistered or untaxed pull-tabs or tipboards.

Sec. 12. Minnesota Statutes 1987 Supplement, section 349.2122, is amended to read:

349.2122 [MANUFACTURERS; REPORTS TO THE COMMISSIONER; PENALTY.]

A manufacturer registered with the board who sells pull-tabs and tipboards to a distributor licensed by the board must file with the commissioner of revenue, on a form prescribed by the commissioner, a report of pull-tabs and tipboards sold to licensed distributors. The report must be filed monthly on or before the 25th day of the month succeeding the month in which the sale was made. Any person violating this section shall be guilty of a misdemeanor.

Sec. 13. Minnesota Statutes 1987 Supplement, section 349.2123, is amended to read:

349.2123 [CERTIFIED PHYSICAL INVENTORY.]

The commissioner of revenue may, upon request, require a pull-tab licensed distributor to furnish a certified physical inventory of the pull-tabs and tipboards in stock. The inventory must contain the information required by the commissioner.

Sec. 14. [349.2125] [CONTRABAND.]

*Subdivision 1. [CONTRABAND DEFINED.] The following are contraband:*

*(1) all pull-tab or tipboard deals that do not have stamps affixed to them as provided in section 349.162;*

*(2) all pull-tab or tipboard deals in the possession of any unlicensed organization whether stamped or unstamped;*

*(3) any container used for the storage and display of any contraband pull-tab or tipboard deals as defined in clauses (1) and (2);*

*(4) any cash drawer, cash register, or any other container used for illegal pull-tab or tipboard transactions including its contents; and*

*(5) any device including, but not limited to, motor vehicles, trailers,*

snowmobiles, airplanes, and boats used, with the knowledge of the owner or of a person operating with the consent of the owner, for the storage or transportation of more than five pull-tab or tipboard deals that are contraband under this subdivision. When pull-tabs and tipboards are being transported in the course of interstate commerce, or from one distributor to another, the pull-tab and tipboard deals are not contraband, notwithstanding the provisions of clause (1).

*Subd. 2. [SEIZURE.] Pull-tabs or tipboards or other property made contraband by subdivision 1 may be seized by the commissioner of revenue or the executive secretary of the charitable gambling control board or their authorized agents or by any sheriff or other police officer, hereinafter referred to as the seizing authority, with or without process, and shall be subject to forfeiture as provided in subdivisions 3 and 4.*

*Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.] Within two days after the seizure of any alleged contraband, the person making the seizure shall deliver an inventory of the property seized to the person from whom the property was seized, if known, and file a copy with the commissioner or the executive secretary of the charitable gambling control board. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the seizing authority a demand for judicial determination of whether the property was lawfully subject to seizure and forfeiture. Within 30 days after the date of filing of the demand, the seizing authority must bring an action in the district court of the county where seizure was made to determine the issue of forfeiture. The action must be brought in the name of the state and be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and determine the issues of fact and laws involved. When a judgment of forfeiture is entered, the seizing authority may, unless the judgment is stayed pending an appeal, either (1) cause the forfeited property to be destroyed; or (2) cause it to be sold at a public auction as provided by law.*

*If demand for judicial determination is made and no action is commenced as provided in this subdivision, the property must be released by the seizing authority and delivered to the person entitled to it. If no demand is made, the property seized is considered forfeited to the state by operation of law and may be disposed of by the seizing authority as provided where there has been a judgment of forfeiture. When the seizing authority is satisfied that a person from whom property is seized was acting in good faith and without intent to evade the tax imposed by section 349.2121, subdivision 4, the seizing authority shall release the property seized without further legal proceedings.*

*Subd. 4. [DISPOSAL.] The property described in subdivision 1, clauses (4) and (5), must be confiscated after conviction of the person from whom it was seized, upon compliance with the following procedure: the seizing authority shall file with the court a separate complaint against the property, describing it and charging its use in the specific violation, and specifying substantially the time and place of the unlawful use. A copy of the complaint must be served upon the defendant or person in charge of the property at the time of seizure, if any. If the person arrested is acquitted, the court shall dismiss the complaint against the property and order it returned to the persons legally entitled to it. Upon conviction of the person arrested, the court shall issue an order directed to any person known or*

*believed to have any right, title or interest in, or lien upon, any of the property, and to persons unknown claiming any right, title, interest, or lien in it, describing the property and (1) stating that it was seized and that a complaint against it, charging the specified violation, has been filed with the court, (2) requiring the persons to file with the court administrator their answer to the complaint, setting forth any claim they may have to any right or title to, interest in, or lien upon the property, within 30 days after the service of the order, and (3) notifying them in substance that if they fail to file their answer within the time, the property will be ordered sold by the seizing authority. The court shall cause the order to be served upon any person known or believed to have any right, title, interest, or lien as in the case of a summons in a civil action, and upon unknown persons by publication, as provided for service of summons in a civil action. If no answer is filed within the time prescribed, the court shall, upon affidavit by the court administrator, setting forth the fact, order the property sold by the seizing authority. The proceeds of the sale, after deducting the expense of keeping the property and fees and costs of sale, must be paid into the state treasury and credited to the general fund. If answer is filed within the time provided, the court shall fix a time for a hearing, which shall be not less than ten nor more than 30 days after the time for filing answer expires. At the time fixed for hearing, unless continued for cause, the matter shall be heard and determined by the court, without a jury, as in other civil actions.*

*If the court finds that the property, or any part of it, was used in the violation specified in the complaint, it shall order the property unlawfully used, sold as provided by law, unless the owner shows to the satisfaction of the court that the owner had no notice or knowledge or reason to believe that the property was used or intended to be used in the violation. The officer making a sale, after deducting the expense of keeping the property, the fee for seizure, and the costs of the sale, shall pay all liens according to their priority, which are established at the hearing as being bona fide and as existing without the lienor having any notice or knowledge that the property was being used or was intended to be used for or in connection with the violation specified in the order of the court, and shall pay the balance of the proceeds into the state treasury to be credited to the general fund. A sale under this section shall free the property sold from any and all liens on it. Appeal from the order of the district court will lie as in other civil cases. At any time after seizure of the articles specified in this subdivision, and before the hearing provided for, the property must be returned to the owner or person having a legal right to its possession, upon execution of a good and valid bond to the state, with corporate surety, in the sum of not less than \$100 and not more than double the value of the property seized, to be approved by the court in which the case is triable, or a judge of it, conditioned to abide any order and the judgment of the court, and to pay the full value of the property at the time of the seizure. The seizing authority may dismiss the proceedings outlined in this subdivision when the seizing authority considers it to be in the best interests of the state to do so.*

Sec. 15. [349.2127] [PROHIBITIONS.]

*Subdivision 1. [COUNTERFEITING.] No person shall with intent to defraud the state, make, alter, forge, or counterfeit any license or stamp provided for in this chapter, or have in possession any forged, spurious, or altered stamps, with the intent, or with the result of, depriving the state*

*of the tax imposed by this chapter.*

*Subd. 2. [PROHIBITION AGAINST POSSESSION.] No person, other than a licensed distributor, shall sell, offer for sale, or have in possession with intent to sell or offer for sale, a pull-tab or tipboard deal not stamped in accordance with the provisions of this chapter.*

*Subd. 3. [FALSIFICATION OF RECORDS.] No person required by section 349.2121, subdivision 2, to keep records or to make returns shall falsify or fail to keep the records or falsify or fail to make the returns.*

*Subd. 4. [TRANSPORTING UNSTAMPED DEALS.] No person shall transport into, or receive, carry, or move from place to place in this state, any deals of pull-tabs or tipboards not stamped in accordance with this chapter except in the course of interstate commerce, unless the deals are moving from one distributor to another.*

Sec. 16. Minnesota Statutes 1986, section 349.22, subdivision 1, is amended to read:

*Subdivision 1. [GROSS MISDEMEANOR.] Any other violation of A person who in any manner violates sections 349.11 to 349.214 is to evade the tax imposed by this chapter, or who aids and abets evasion of the tax, or hinders or interferes with a seizing authority when a seizure is made as provided by section 349.2125, is guilty of a gross misdemeanor.*

Sec. 17. Minnesota Statutes 1986, section 349.22, is amended by adding a subdivision to read:

*Subd. 3. [FELONY.] (a) A person violating section 349.2127, subdivision 1 or 3, is guilty of a felony.*

*(b) A person violating section 349.2127, subdivisions 2 and 4, by possessing, receiving, or transporting more than ten pull-tab or tipboard deals not stamped in accordance with this chapter is guilty of a felony.*

Sec. 18. Minnesota Statutes 1986, section 349.22, is amended by adding a subdivision to read:

*Subd. 4. [SALES AFTER REVOCATION.] A person selling pull-tabs or tipboards after the person's license or permit has been revoked is guilty of a felony.*

Sec. 19. [EFFECTIVE DATE.]

*Sections 1 to 4 and 6 to 18 are effective July 1, 1988. Section 5 is effective for deals of tipboards purchased and placed into inventory after June 30, 1988.*

## ARTICLE 10

### SALES TAX

Section 1. Minnesota Statutes 1987 Supplement, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous

period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing or processing;

(c) The furnishing, preparing or serving for a consideration of food, meals or drinks, not including meals or drinks served to patients, inmates, or persons residing at hospitals, sanatoriums, nursing homes or, senior citizens homes, and correctional, detention, and detoxification facilities, meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served, meals and lunches served at public and private schools, universities or colleges. "Sales" also includes meals furnished by employers to employees at less than fair market value, *except meals furnished at no charge to employees of hospitals, nursing homes, boarding care homes, sanatoriums, group homes, and correctional, detention, and detoxification facilities, who are required to eat with the patients, residents, or inmates residing in them.* Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

(vi) gum;

(vii) ice;

(viii) all food sold in vending machines;

(ix) party trays prepared by the retailers; and

(x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;

(d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, massage parlors, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam

for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale;

(g) The furnishing for a consideration of cable television services, including charges for basic monthly service, charges for monthly premium service, and charges for any other similar television services;

(h) Notwithstanding subdivision 4, and section 297A.25, subdivision 9, the sales of horses including claiming sales and fees paid for breeding a stallion to a mare. This clause applies to sales and fees with respect to a horse to be used for racing whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services *not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1*;

(v) pet grooming services; and

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; arborist services; tree, bush, and shrub planting, pruning, bracing, spraying, and surgery; and tree trimming for public utility lines.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a corporation, partnership, or association



for another corporation, partnership, or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. *Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes;*

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1986, for educational and social activities for young people primarily age 18 and under. ~~The provisions of this paragraph do not apply to an association incorporated under section 315.44.~~

Sec. 2. Minnesota Statutes 1986, section 297A.15, subdivision 1, is amended to read:

Subdivision 1. Liability for the payment of the use tax is not extinguished until the tax has been paid to Minnesota. However, a receipt from a retailer ~~maintaining a place of business in Minnesota, or from a retailer who is authorized by the commissioner under such rules as the commissioner may prescribe, to collect the tax,~~ given to the purchaser pursuant to section 297A.16 relieves the purchaser of further liability for the tax to which the receipt refers, *unless the purchaser knows or has reason to know that the retailer did not have a permit to collect the tax.*

Sec. 3. Minnesota Statutes 1986, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of sections 297A.02, subdivision 2, and 297A.257 the tax on sales of capital equipment, and construction materials and supplies under section 297A.257, shall be imposed and collected as if the rate under section 297A.02, subdivision 1, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a

result of the application of the rates under section 297A.02, subdivision 2, or the exemption under section 297A.257 shall be paid to the purchaser. In the case of building materials qualifying under section 297A.257 where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.02, subdivision 2, or capital equipment or construction materials and supplies under section 297A.257. No more than two applications for refunds may be filed under this subdivision in a calendar year. Unless otherwise specifically provided by this subdivision, the provisions of section 297A.34 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

*The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.*

Sec. 4. Minnesota Statutes 1986, section 297A.16, is amended to read:  
297A.16 [COLLECTION OF TAX AT TIME OF SALE.]

~~Any corporation authorized to do business in Minnesota, any retailer as defined in who is required under section 297A.21, or any other retailer as the commissioner shall authorize pursuant to section 297A.15, or authorized by the commissioner to collect the use tax upon making retail sales of any items enumerated in this chapter not exempted under sections 297A.01 to 297A.44; to which the use tax applies shall at the time of making such sales collect the use tax from the purchaser and give to the purchaser a receipt therefor in the form of a notation on the sales slip or receipt for the sales price or in such other form as prescribed by the commissioner. Any such corporation or retailer shall not collect the tax from a purchaser who furnishes to such corporation or retailer a copy of a certificate issued by the commissioner authorizing such purchaser to pay any sales or use tax due on purchases made by such purchaser directly to the commissioner. The tax collected by such corporation or retailer pursuant to the provisions of this section shall be remitted to the commissioner as provided in other sections of this chapter.~~

~~Any corporation or any retailer required to collect the use tax and remit such tax to the commissioner pursuant to this section shall file with the commissioner an application for a permit pursuant to section 297A.04. Every such corporation or retailer shall furnish the commissioner with the name and address of all its agents operating in Minnesota and the location of each of its distribution or sales houses or offices or other places of business in this state.~~

Sec. 5. Minnesota Statutes 1986, section 297A.17, is amended to read:  
297A.17 [TAX TO BE COLLECTED; STATUS AS DEBT.]

The use tax required to be collected by the retailer constitutes a debt owed by the retailer to Minnesota and shall be a debt from the purchaser to the retailer recoverable at law in the same manner as other debts. *A retailer who does not maintain a place of business within this state shall not be indebted to Minnesota for amounts of use tax which it was required to collect but did not collect unless the retailer knew or had been advised*

*by the commissioner of its obligation to collect the use tax.*

Sec. 6. Minnesota Statutes 1986, section 297A.21, is amended to read:

**297A.21 [REGISTRATION; INFORMATION RELATING TO BUSINESS LOCATION TO COLLECT USE TAX.]**

~~Subdivision 1. Every retailer making retail sales for storage, use or other consumption in Minnesota shall register with the commissioner and give the name and address of all agents operating in Minnesota, the location of all distribution or sales houses, offices or other places of business in Minnesota, and such other information as the commissioner may require. When, in the opinion of the commissioner, it is necessary for the efficient administration of sections 297A.14 to 297A.25 to regard any salesperson, representative, trucker, peddler, or canvasser as the agent of the dealer, distributor, supervisor, employer, or other person under whom that person operates or from whom the person obtains the tangible personal property sold, whether making sales personally or in behalf of such dealer, distributor, supervisor, employer, or other person, the commissioner may regard the salesperson, representative, trucker, peddler, or canvasser as such agent, and may regard the dealer, distributor, supervisor, employer, or other person as a retailer for the purposes of sections 297A.14 to 297A.25.~~

~~Subd. 2. [RETAILER MAINTAINING PLACE OF BUSINESS IN MINNESOTA.] "Retailer maintaining a place of business in this state", or any like term, shall mean any retailer having or maintaining within this state, directly or by a subsidiary, an office, distribution house, sales house, warehouse, or other place of business, or any agent operating within this state under the authority of the retailer or its subsidiary, whether such place of business or agent is located in the state permanently or temporarily, or whether or not such retailer or subsidiary is authorized to do business within this state.~~

~~Subd. 2. [DESTINATION.] *The destination of a sale is the location to which the retailer makes delivery of the property sold, or causes the property to be delivered, to the purchaser of the property, or to the agent or designee of the purchaser by any means of delivery, including the United States Postal Service, a common carrier, or a contract carrier.*~~

~~Subd. 3. [OUT-OF-STATE RETAILER MAINTAINING PLACE OF BUSINESS IN MINNESOTA.] *A retailer making retail sales from outside this state to a destination within this state and maintaining a place of business in this state shall file an application for a permit pursuant to section 297A.04 and shall collect and remit the use tax as provided in section 297A.16.*~~

~~Subd. 4. [REQUIRED REGISTRATION BY OUT-OF-STATE RETAILER NOT MAINTAINING PLACE OF BUSINESS IN MINNESOTA.] *(a) A retailer making retail sales from outside this state to a destination within this state and not maintaining a place of business in this state shall file an application for a permit pursuant to section 297A.04 and shall collect and remit the use tax as provided in section 297A.16 if the retailer engages in the regular or systematic soliciting of sales from potential customers in this state by:*~~

~~*(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;*~~

(2) *display of advertisements on billboards or other outdoor advertising in this state;*

(3) *advertisements in newspapers published in this state;*

(4) *advertisements in trade journals or other periodicals the circulation of which is primarily within this state;*

(5) *advertisements in a Minnesota edition of a national or regional publication or a limited regional edition in which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;*

(6) *advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota but which is sold over the counter in Minnesota or by subscription to Minnesota residents;*

(7) *advertisements broadcast on a radio or television station located in Minnesota; or*

(8) *any other solicitation by telegraphy, telephone, computer data base, cable, optic, microwave, or other communication system.*

*(b) The location within or without this state of vendors independent of the retailer which provide products or services to the retailer in connection with its solicitation of customers within this state, including such products and services as creation of copy, printing, distribution, and recording, is not to be taken into account in the determination of whether the retailer is required to collect use tax. Paragraph (a) shall be construed without regard to the state from which distribution of the materials originated or in which they were prepared.*

*(c) A retailer not maintaining a place of business in this state shall be presumed, subject to rebuttal, to be engaged in regular solicitation within this state if it engages in any of the activities in paragraph (a) and makes 100 or more retail sales from outside this state to destinations within this state during a period of 12 consecutive months.*

*(d) A retailer not maintaining a place of business in this state shall not be required to collect use tax imposed by any local governmental unit or subdivision of this state and this section does not subject such a retailer to any regulation of any local unit of government or subdivision of this state.*

*Subd. 5. [VOLUNTARY REGISTRATION BY OUT-OF-STATE RETAILER NOT MAINTAINING PLACE OF BUSINESS IN MINNESOTA.] A retailer making retail sales from outside this state to a destination within this state who is not required to collect and remit use tax may nevertheless voluntarily file an application for a permit pursuant to section 297A.04. If the application is granted, the retailer shall collect and remit the use tax as provided in section 297A.16 until the permit is canceled or revoked.*

*Subd. 6. [COMMISSIONER'S DISCRETION.] (a) The commissioner may decline to issue a permit to any retailer not maintaining a place of business in this state, or may cancel a permit previously issued to the retailer, if the commissioner believes that the use tax can be collected more effectively from the persons using the property in this state. A refusal to issue or cancellation of a permit on such grounds does not affect the retailer's right to make retail sales from outside this state to destinations*

within this state.

*(b) When, in the opinion of the commissioner, it is necessary for the efficient administration of sections 297A.14 to 297A.25 to regard a salesperson, representative, trucker, peddler, or canvasser as the agent of the dealer, distributor, supervisor, employer, or other person under whom that person operates or from whom the person obtains the tangible personal property sold, whether making sales personally or in behalf of that dealer, distributor, supervisor, employer, or other person the commissioner may regard the salesperson, representative, trucker, peddler, or canvasser as such agent, and may regard the dealer, distributor, supervisor, employer, or other person as a retailer for the purposes of sections 297A.14 to 297A.25.*

Sec. 7. Minnesota Statutes 1987 Supplement, section 297A.212, is amended to read:

297A.212 [RAILROAD ROLLING STOCK.]

Railroad rolling stock used by a railroad operating in this state that is licensed as a common carrier by the Interstate Commerce Commission and used to transport persons or property in interstate or foreign commerce is subject to taxation under this chapter only to the extent provided in this section. *The tax must be computed using the ratio of intrastate mileage to interstate or foreign mileage traveled by the carrier during the previous fiscal year of the carrier revenue ton miles of passengers, mail, express, and freight carried by the railroad within this state to the total number of revenue ton miles carried by the railroad within and without this state. This ratio must be determined at the close of the carrier's previous fiscal year. This ratio must be applied each month to the purchase price total amount of purchases of total purchases of rolling stock that are used in within and without this state by the railroad to establish that portion of the total used and consumed in intrastate movement and subject to tax under this chapter. "Railroad rolling stock" means all portable or moving apparatus and machinery of a railroad company and includes engines, cars, tenders, coaches, sleeping cars, and parts necessary for the repair and maintenance of the rolling stock.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 297A.25, subdivision 3, is amended to read:

Subd. 3. [MEDICINES; MEDICAL DEVICES.] *The gross receipts from the sale of prescribed drugs, prescribed medicine and insulin, intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings are exempt, together with prescription glasses, therapeutic, and prosthetic devices. "Prescribed drugs" or "prescribed medicine" includes over-the-counter drugs or medicine prescribed by a licensed physician. Nonprescription analgesics consisting principally (determined by the weight of all ingredients) of acetaminophen, acetylsalicylic acid, ibuprofen, or a combination thereof are exempt.*

Sec. 9. Minnesota Statutes 1986, section 297A.25, subdivision 5, is amended to read:

Subd. 5. [OUTSTATE TRANSPORT OR DELIVERY.] *The gross receipts from the following sales of tangible personal property are exempt:*

(1) *property 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

(2) property 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.

Sec. 10. Minnesota Statutes 1987 Supplement, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, *the University of Minnesota, state universities, community colleges, technical institutes, state academies,* and political subdivisions of the state are exempt. *Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, clause (f).* This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

Sec. 11. Minnesota Statutes 1986, section 297A.25, is amended by adding a subdivision to read:

Subd. 37. [YMCA AND YWCA MEMBERSHIPS.] *The gross receipts from the sale of memberships, including both one-time initiation fees and periodic membership dues, to an association incorporated under section 315.44 are exempt. However, all separate charges made for the privilege of having access to and the use of the association's sports and athletic facilities are taxable.*

Sec. 12. Minnesota Statutes 1986, section 297A.25, is amended by adding a subdivision to read:

*Subd. 38. [USED MOTOR OILS.] The gross receipts from the sale of used motor oils are exempt.*

Sec. 13. Minnesota Statutes 1986, section 297A.25, is amended by adding a subdivision to read:

*Subd. 39. [CROSS COUNTRY SKI PASSES.] The gross receipts from the sale of cross country ski passes issued under sections 85.40 to 85.43 are exempt.*

Sec. 14. Minnesota Statutes 1986, section 297A.25, is amended by adding a subdivision to read:

*Subd. 40. [STATE FAIR ADMISSIONS.] The gross receipts from the sale of tickets to the premises of or events sponsored by the state agricultural society and conducted on the state fairgrounds during the period of the annual state fair are exempt, provided that:*

*(1) the tax foregone under this subdivision is used exclusively for the purpose of making capital improvements to state-owned buildings and facilities on the state fairgrounds; and*

*(2) the tax foregone under this subdivision is matched in equal amount by proceeds from special assessments levied against commercial exhibits, concessions and rentals, and from other special user fees specifically designated for capital improvements.*

Sec. 15. Minnesota Statutes 1986, section 297A.25, is amended by adding a subdivision to read:

*Subd. 41. [BULLET-PROOF VESTS.] The gross receipts from the sale of bullet-resistant soft body armor that is flexible, concealable, and custom-fitted to provide the wearer with ballistic and trauma protection are exempt if purchased by a licensed peace officer, as defined in section 626.84, subdivision 1. The bullet-resistant soft body armor must meet or exceed the requirements of standard 0101.01 of the National Institute of Law Enforcement and Criminal Justice in effect on December 30, 1986, or meet or exceed the requirements of the standard except wet armor conditioning.*

Sec. 16. Minnesota Statutes 1986, section 297A.256, is amended to read:

297A.256 [EXEMPTIONS FOR CERTAIN NONPROFIT GROUPS.]

Notwithstanding the provisions of this chapter, the following sales made by a "nonprofit organization" are exempt from the sales and use tax.

(a) (1) All sales made by an organization for fundraising purposes if that organization exists solely for the purpose of providing educational or social activities for young people primarily age 18 and under. This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed \$10,000.

(2) A club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the \$10,000 limit. This paragraph does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123.38, subdivision 2 or be recorded in the same manner as other revenues or expenditures of the school district

*under section 123.38, subdivision 2b.*

(b) All sales made by an organization for fundraising purposes if that organization is a senior citizen group which qualifies for exemption on its purchases pursuant to section 297A.25, subdivision 16. This exemption shall apply only if the gross annual sales receipts of the organization from fundraising do not exceed \$10,000.

(c) The gross receipts from the sales of tangible personal property at, admission charges for, and sales of food, meals, or drinks at fundraising events sponsored by a nonprofit organization when the entire proceeds, except for the necessary expenses therewith, will be used solely and exclusively for charitable, religious, or educational purposes. This exemption does not apply to admission charges for events involving bingo or other gambling activities or to charges for use of amusement devices involving bingo or other gambling activities. For purposes of this clause, a "nonprofit organization" means any unit of government, corporation, society, association, foundation, or institution organized and operated for charitable, religious, educational, civic, fraternal, senior citizens' or veterans' purposes, no part of the net earnings of which enures to the benefit of a private individual.

If the profits are not used solely and exclusively for charitable, religious, or educational purposes, the entire gross receipts are subject to tax.

Each nonprofit organization shall keep a separate accounting record, including receipts and disbursements from each fundraising event. All deductions from gross receipts must be documented with receipts and other records. If records are not maintained as required, the entire gross receipts are subject to tax.

The exemption provided by this section does not apply to any sale made by or in the name of a nonprofit corporation as the active or passive agent of a person that is not a nonprofit corporation.

The exemption for fundraising events under this section is limited to no more than 24 days a year. Fundraising events conducted on premises leased or occupied for more than four days but less than 30 days do not qualify for this exemption.

Sec. 17. Minnesota Statutes 1986, section 297A.35, subdivision 1, is amended to read:

Subdivision 1. A person who has, pursuant to the provisions of this chapter, paid to the commissioner an amount of tax for any period in excess of the amount legally due for that period, may file with the commissioner a claim for a refund of such excess subject to the conditions specified in subdivision 5. Except as provided in subdivision 4 no such claim shall be entertained unless filed within two years after such tax was paid, or within three years from the filing of the return, whichever period is the longer. The commissioner shall examine the claim and make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to such person at the address stated upon the claim. Any allowance shall include interest on the excess determined at a rate specified in section 270.76 from the date such excess was paid or collected until the date it is refunded or credited, *unless otherwise specified in this chapter*. If such claim is allowed in whole or in part, the commissioner shall credit the amount of the allowance against any taxes under sections 297A.01 to 297A.44 due from the claimant and for the balance



of said allowance, if any, the commissioner shall issue a certificate for the refundment of the excess paid, and the commissioner of finance shall cause such refund to be paid out of the proceeds of the taxes imposed by sections 297A.01 to 297A.44, as other state moneys are expended. So much of the proceeds of such taxes as may be necessary are hereby appropriated for that purpose.

Sec. 18. Minnesota Statutes 1987 Supplement, section 297B.03, is amended to read:

297B.03 [EXEMPTIONS.]

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) Purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.25, subdivision 18.

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota.

(3) Purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.211.

(4) Purchase or use of any motor vehicle previously registered in the state of Minnesota by any corporation or partnership when such transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code of 1954, as amended through December 31, 1974.

(5) Purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota based private or for hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales or motor vehicle excise tax on motor vehicles used in interstate commerce.

*(6) Purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution.*

Sec. 19. Minnesota Statutes 1986, section 329.11, is amended to read:

329.11 [LICENSE; APPLICATION, ISSUANCE, FEE; BOND; AGENT FOR SERVICE OF PROCESS.]

Any transient merchant desiring to engage in, do, or transact business by auction or otherwise, in any county in this state shall file an application for a license for that purpose with the auditor of the county in which the desired business is to be conducted, which application shall state the name of the applicant, the proposed place of business, the kind of business proposed to be conducted, and the length of time desired to do business. Such transient merchant shall pay to the treasurer of such county a license fee of \$150, ~~any personal property taxes payable by the merchant pursuant to Minnesota Statutes 1949, Sections 288.01 to 288.03,~~ and shall give bond to the county in an amount to be determined by the county treasurer,

which shall be not less than \$1,000 nor more than \$3,000 ~~which~~. The bond shall be approved by the treasurer and be conditioned that the merchant will in all things conform to the laws relating to transient merchants and further conditioned on full compliance with all material oral or written statements and representations made by the seller, the seller's agents, representatives, or auctioneers with reference to merchandise sold or offered for sale and on faithful performance under all warranties made with reference thereto. The treasurer of such county shall issue to such person receipts therefor, and such transient merchant shall thereupon file such receipts with the auditor of such county, who shall thereupon issue to such transient merchant a license to do business as such at the place described in the application; and the kind of business to be done shall be described therein. No license shall be good for more than one person unless such person shall be a member of a copartnership, nor for more than one place, and shall not be good outside of the county in which it was issued. Such license shall be good for a period of one year from the date of its issuance. The auditor shall keep a record of such licenses in a book provided for that purpose, which shall at all times be open for public inspection. *No license shall be issued unless the merchant produces evidence that the merchant is the holder of a valid seller's permit issued under section 297A.04, or a written statement from the merchant that the merchant is not offering for sale any item that is taxable under chapter 297A.*

The application shall further contain the applicant's residence and business address for the prior two year period; the type of business engaged in during the previous two years; and the name and address of the auctioneer who will conduct the sale. No such sale shall be conducted in the name of any person other than the bona fide owner of the merchandise.

The applicant shall attach to the application an itemized list of merchandise to be offered for sale reciting as to each item a description thereof including serial number if any, the owner's actual cost thereof, and a designation by number corresponding with a number to be affixed to each item by a tag which shall be kept fastened to the item at all times until sold.

Prior to the issuance of the license and approval of bond, the applicant shall in writing appoint the county auditor as the applicant's agent to accept service of process in any action commenced against the applicant arising out of the sale for which the license is sought. Such action shall be brought in the county where the sale was held.

Sec. 20. [REPEALER.]

*Minnesota Statutes 1986, section 297A.15, subdivision 2, is repealed.*

Sec. 21. [TODD COUNTY.]

*For purposes of the designation of distressed counties under Minnesota Statutes, section 297A.257, the city of Staples is deemed to be located entirely in Todd county.*

Sec. 22. [EFFECTIVE DATE.]

*Section 1, paragraph (c), is effective for all meals furnished on or after October 15, 1987, except the provisions relating to meals furnished to inmates or residents of correctional, detention, and detoxification facilities are effective for sales made after June 30, 1988. Sections 1, paragraphs (j) and (l), 8, 10 to 13, 15, 16 and 18 are effective for retail sales made*

after June 30, 1988, except as otherwise provided. Sections 2, and 4 to 6 and 20 are effective June 1, 1988. Section 19 is effective July 1, 1988. Sections 3 and 17 are effective for all refund claims filed after June 30, 1988. Section 7 and the provisions of section 10 exempting utility services purchased by governmental units and all purchases by the University of Minnesota hospitals are effective for all sales made after May 31, 1987, but do not apply to sales of tangible personal property made pursuant to bona fide written contracts that were enforceable before June 1, 1987, and delivery is made on or before December 31, 1987. Section 9 is effective for all sales made after June 30, 1988, but does not apply to sales of tangible personal property made pursuant to bona fide written contracts that were enforceable before July 1, 1988, and delivery is made on or before December 31, 1988. Section 14 is effective for sales made after December 31, 1988. Section 21 is effective beginning with the designation of distressed counties in calendar year 1987.

## ARTICLE 11

### CIGARETTE AND LIQUOR TAXES

Section 1. Minnesota Statutes 1987 Supplement, section 297.01, subdivision 7, is amended to read:

Subd. 7. "Distributor" means any and each of the following:

(1) any person engaged in the business of selling cigarettes in this state and who manufactures or who brings, or causes to be brought, into this state from without the state any packages of cigarettes for sale to subjobbers or retailers;

(2) any person who makes, manufactures, or fabricates cigarettes in this state for sale in this state;

(3) any person engaged in the business without this state who ships or transports cigarettes to retailers in this state, to be sold by those retailers;

(4)(3) any person who is on direct purchase from a cigarette manufacturer and applies cigarette stamps or indicia on at least 50 percent of cigarettes sold by that person.

A distributor who also sells at retail must maintain a separate inventory, substantiated with invoices for cigarettes that were acquired for retail sale.

A distributor may transfer another state's stamped cigarettes to another distributor for the purpose of resale in the other state.

Sec. 2. Minnesota Statutes 1987 Supplement, section 297.01, subdivision 14, is amended to read:

Subd. 14. "Subjobber" means any person who acquires stamped cigarettes or other state's stamped cigarettes for the primary purpose of resale to retailers, and any licensed distributor who delivers to and sells or distributes stamped cigarettes from a place of business other than that licensed in the distributor's license. The definition of subjobber does not include the occasional sale of stamped cigarettes from one retailer to another. Notwithstanding the foregoing, "subjobber" shall also mean any person who is a vending machine operator. A vending machine operator is any person whose principal business is operating, or owning and leasing to operators, machines for the vending of merchandise or service.

For the purpose of this section, any subjobber that sells at retail must

maintain a separate inventory, substantiated with invoices, that reflect the cigarettes were acquired for retail sale.

Sec. 3. Minnesota Statutes 1986, section 297.01, is amended by adding a subdivision to read:

*Subd. 15. "Prior continuous compliance taxpayer" means a person who is licensed under section 297.04 and who, having been a licensee for a continuous period of five years, the commissioner determines has not been either delinquent or deficient in the payment of tax liability during that period or otherwise in violation of this chapter. Any taxpayer who has, as verified by the commissioner, continuously complied with the condition of a bond or other security under provisions of this chapter for a period of five consecutive years is considered a "prior continuous compliance taxpayer." A continuous period of time of qualifying compliance immediately prior to August 1, 1988, is credited to any licensee who became licensed on or before that date.*

Sec. 4. Minnesota Statutes 1986, section 297.03, is amended by adding a subdivision to read:

*Subd. 5a. [REVOLVING ACCOUNT.] A heat applied cigarette tax stamp revolving account is created. The commissioner shall use the amounts in this fund to purchase heat applied stamps for resale. The commissioner shall charge the purchasers for the costs of the stamps along with the tax value plus shipping costs. The costs recovered along with shipping costs must be deposited into this revolving account and are available to the commissioner for further purchases and shipping costs. The revolving account must be funded by reducing the stamping discounts allowed in subdivision 5 for the first three months of fiscal year 1989. The stamping discounts are 0.75 percent of the face amount of any stamps purchased in the first three months for the first \$1,500,000 of the stamps and 0.50 percent on the remainder of the stamps purchased.*

*At the end of each of the first three months of fiscal year 1989, the commissioner shall notify the commissioner of finance of the amount of reduced stamping discounts that have accrued to the tobacco tax revenue fund. The commissioner of finance shall then transfer the amounts to the heat applied cigarette tax stamp revolving account from the tobacco tax revenue fund.*

Sec. 5. Minnesota Statutes 1987 Supplement, section 297.03, subdivision 6, is amended to read:

*Subd. 6. [TAX METER MACHINES.] (4) (a) Before January 1, 1990, the commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter machine, approved by the commissioner, which shall be provided by the distributor. The commissioner may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5, and in that connection. Except as provided in paragraph (d), the commissioner may require the furnishing of a corporate surety bond, check guarantee bond, or certified check in a suitable amount to guarantee the payment of the tax.*

*(2) (b) Before January 1, 1990, the commissioner may authorize, and after December 31, 1989, the commissioner shall require any person licensed as a distributor whose stamp meter machine is no longer operational to stamp packages with a heat-applied tax stamping machine, approved by the*

commissioner, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-applied stamps on a credit basis under conditions prescribed by the commissioner, ~~and in that connection~~. *Except as provided in paragraph (d), the commissioner may require the furnishing of a corporate surety bond, check guarantee bond, or certified check in an amount suitable to guarantee payment of the tax stamps so purchased by a distributor. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5. The commissioner shall recover the actual costs of the stamps from the distributor.*

(3) (c) If the commissioner finds that a stamping machine is not printing or affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

(d) *Every prior continuous compliance taxpayer is exempt from all requirements under this chapter concerning the furnishing of a bond. This exemption continues for the taxpayer until the commissioner determines that the taxpayer (1) is delinquent in the filing of any return, or (2) is delinquent or deficient in the payment of any uncontested tax liability under this chapter. At that time that taxpayer is subject to the bond requirements of this chapter and, as a condition of being allowed to continue to engage in the business licensed under this chapter, is required to furnish bond to the commissioner as provided in this chapter. The taxpayer shall furnish the bond for a period of two years, after which, if the taxpayer has not been delinquent in the filing of any returns, or delinquent or deficient in the paying of any tax under this chapter, the commissioner may reinstate the person as a prior continuous compliance taxpayer. A taxpayer who fails to pay an uncontested tax liability under this chapter may be required to post bond or other acceptable security with the commissioner guaranteeing the payment of the uncontested tax liability. The commissioner shall annually establish the maximum amount of heat applied stamps or meter units that may be purchased each month. Notwithstanding any other provisions of this chapter, the tax due on the return will be based upon actual heat applied stamps or meter units purchased during the reporting period.*

Sec. 6. Minnesota Statutes 1986, section 297.03, subdivision 12, is amended to read:

Subd. 12. [SETTING OF TAX METERS.] The commissioner may designate the county treasurer of any county or any banking institution as defined by section 48.01, *or any banking institution as defined by any states' statutes* as the representative of the commissioner in the setting of a tax meter machine of any particular distributor and the collection of the cigarette tax upon such setting. The county treasurer or banking institution so designated shall be required to set tax meter machines following the method prescribed by the commissioner of revenue and to transmit the amount of tax collected and to report the setting of each tax meter to the commissioner on or before the next business day. For purposes of this paragraph, a business day shall not include Saturday. Such duties shall be within the coverage of the official bond of the county treasurer. The commissioner shall prescribe the form and amount of a surety bond which shall

be furnished by a banking institution designated pursuant to this subdivision. The commissioner shall have the right to withdraw this designation without cause.

Sec. 7. Minnesota Statutes 1986, section 297.041, subdivision 1, is amended to read:

Subdivision 1. [WHOLESALEERS.] Any wholesaler who furnishes a surety bond in a sum satisfactory to the commissioner shall be permitted to set aside, without affixing the stamps required by this chapter, that part of the wholesaler's stock necessary for the conduct of business in making sales to the established governing body of any Indian tribe recognized by the United States Department of Interior. The unstamped stock shall be kept separate and apart from stamped stock. Every wholesaler shall, at the time of shipping or delivering any of the unstamped stock to an Indian tribal organization, make a true duplicate invoice which shall show the complete details of the sale or delivery and shall transmit the duplicate to the commissioner not later than the ~~fifteenth~~ 18th day of the following calendar month. Failure to comply with the requirements of this section shall cause the commissioner to revoke the permission granted to the wholesaler to maintain a stock of goods which may be unstamped. ~~The commissioner may also revoke this permission to maintain a stock of unstamped goods for sale to a specific Indian tribal organization when it appears that sales of unstamped cigarettes to persons who are not enrolled members of a recognized Indian tribe are taking place, or have taken place, within the exterior boundaries of the reservation occupied by that tribe.~~

Sec. 8. Minnesota Statutes 1986, section 297.06, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTOR TO KEEP RECORDS.] Every distributor shall keep at each licensed place of business complete and accurate records, for that place of business, including itemized invoices, of cigarettes held, purchased, manufactured, or brought in or caused to be brought in from without the state, and of all sales of cigarettes made, except sales to the ultimate consumer. These records shall show the names and addresses of purchasers, the inventory at the close of each period for which a return is required of all cigarettes on hand, and of all stamps, affixed and unaffixed, and other pertinent papers and documents relating to the purchase, sale, or disposition of cigarettes. When a licensed distributor sells cigarettes exclusively to the ultimate consumer at the address given in the license, no invoice of those sales shall be required, but itemized invoices shall be made of all cigarettes transferred to other retail outlets owned or controlled by that licensed distributor. All books, records, and other papers and documents required by sections 297.01 to 297.13 to be kept shall be preserved for a period of at least ~~one year~~ three years after the date of the documents, as aforesaid, or the date of the entries thereof appearing in the records, unless the commissioner, in writing, authorizes their destruction or disposal at an earlier date. At any time during usual business hours the commissioner, or duly authorized agents or employees, may enter any place of business of a distributor, without a search warrant, and inspect the premises, the records required to be kept under sections 297.01 to 297.13, and the packages of cigarettes and the vending devices contained therein, to determine whether or not all the provisions of these sections are being fully complied with. If the commissioner, or any such agent or employee, is denied free access or is hindered or interfered with in making such examination, the license of the distributor at such premises shall be subject to

revocation by the commissioner.

Sec. 9. Minnesota Statutes 1986, section 297.06, subdivision 2, is amended to read:

Subd. 2. [DISTRIBUTOR TO PRESERVE COPIES OF INVOICES.] Every person who sells cigarettes to persons other than the ultimate consumer shall render with each sale itemized invoices showing the seller's name and address, the purchaser's name and address, the date of sale, and all prices and discounts and shall preserve legible copies of all such invoices for ~~one year~~ *three years* from the date of sale.

Sec. 10. Minnesota Statutes 1986, section 297.06, subdivision 3, is amended to read:

Subd. 3. [RETAILER AND SUBJOBBER TO PRESERVE PURCHASE INVOICES.] Every retailer and subjobber shall procure itemized invoices of all cigarettes purchased. The invoices shall show the name and address of the seller and the date of purchase. The retailer and subjobber shall preserve a legible copy of each such invoice for one year from the date of purchase. ~~Invoices shall be available for inspection by the commissioner or authorized agents or employees at the retailer's or subjobber's place of business.~~

*At any time during normal business hours, the commissioner or the commissioner's agents may enter any place of business of a retailer or subjobber and inspect the premises, the records required to be kept for this subdivision, and the packages of cigarettes, tobacco products, and vending devices contained on the premises to determine whether all provisions of chapter 297 and sections 325D.30 to 325D.40 are being fully complied with.*

Sec. 11. Minnesota Statutes 1986, section 297.06, is amended by adding a subdivision to read:

Subd. 4. [PHYSICAL INVENTORY.] *The commissioner of revenue or the commissioner's authorized agents may, upon request but not more than twice annually, require a cigarette or tobacco distributor to furnish a physical inventory of all cigarettes in stock. The inventory must contain the information that the commissioner requests and must be certified by an officer of the corporation.*

Sec. 12. Minnesota Statutes 1986, section 297.08, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are declared to be contraband:

(1) All packages which do not have stamps affixed to them as provided in sections 297.01 to 297.13 and all devices for the vending of cigarettes in which such unstamped packages are found, *including all contents contained within the devices.*

(2) Any device for the vending of cigarettes and all packages of cigarettes contained therein, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp or imprint required by sections 297.01 to 297.13, it shall be presumed that all packages contained in the device are unstamped and contraband.

(3) Any device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents.

In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(4) Any device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(5) Any device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (1).

Sec. 13. Minnesota Statutes 1987 Supplement, section 297.11, subdivision 5, is amended to read:

Subd. 5. [TRANSPORTING UNSTAMPED PACKAGES.] No person shall transport into, or receive, carry, or move from place to place in this state, any packages of cigarettes not stamped in accordance with the provisions of this act except in the course of interstate commerce, unless the cigarettes are moving from a public warehouse to a distributor upon orders from the manufacturer or distributor. This subdivision shall not apply to a person carrying for personal use not more than 200 cigarettes when those cigarettes have had the individual packages or seals thereof broken and are intended for personal use by that person and not to be sold or offered for sale.

Common carriers *and contract carriers* transporting cigarettes into this state shall file with the commissioner reports of all such shipments other than those which are delivered to public warehouses of first destination in this state which are licensed under the provisions of chapter 231. Such reports shall be filed monthly on or before the 10th day of each month and shall show with respect to deliveries made in the preceding month: the date, point of origin, point of delivery, name of consignee, the quantity of cigarettes delivered and such other information as the commissioner may require.

All common carriers *and contract carriers* transporting cigarettes into Minnesota shall permit examination by the commissioner of their records relating to the shipment of cigarettes.

Any person who fails or refuses to transmit to the commissioner the required reports or whoever refuses to permit the examination of the records by the commissioner shall be guilty of a *gross* misdemeanor.

Sec. 14. Minnesota Statutes 1986, section 297.12, subdivision 1, is amended to read:

Subdivision 1. [FELONY.] (a) Any person violating section 297.11, subdivision 1, shall be guilty of a felony.

(b) Any person violating section 297.11, subdivisions 2 or 5 by possessing, receiving, or transporting more than 20,000 cigarettes not stamped in accordance with the provisions of sections 297.01 to 297.13 shall be guilty of a felony.



*(c) A person selling cigarettes after the person's license has been revoked is guilty of a felony.*

Sec. 15. Minnesota Statutes 1986, section 297.35, is amended by adding a subdivision to read:

*Subd. 10. A manufacturer of tobacco products as defined by section 297.31, shall report on a form prescribed by the commissioner all sales of tobacco products to Minnesota-licensed distributors, subjobbers, retailers, or to any locations within the state. The report is due on the 18th of the month following the reporting period.*

*Anyone violating this section is guilty of a gross misdemeanor.*

Sec. 16. [297.44] [TIME LIMITATIONS.]

*Subdivision 1. [TIME FOR ASSESSMENT; NOTICE.] Except as otherwise provided in this chapter, the amount of taxes assessable with respect to a taxable period must be assessed within three years after the return for the period is filed. The taxes are considered assessed within the meaning of this section when the commissioner has prepared a notice of tax assessment and mailed it to the person required to file a return to the post office address given in the return. The record of the mailing is presumptive evidence of the giving of the notice, and the records must be preserved by the commissioner.*

*Subd. 2. [OMISSION OVER 25 PERCENT.] If the person required to file the return omits from the return a dollar amount properly includable in it that is in excess of 25 percent of the dollar amount reported in the return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun, at any time within five years after the return was filed.*

*Subd. 3. [DATE OF FILING.] For purposes of this section and section 297.36, a return filed before the last day prescribed by law for its filing is considered filed on the last day.*

*Subd. 4. [FRAUD; FAILURE TO FILE.] In the case of a false or fraudulent return with intent to evade tax or failure with the same intent to file a return, the tax may be assessed at any time, and a proceeding in court for the collection of the tax must be begun within five years after the assessment.*

*Subd. 5. [COLLECTION.] Where the assessment of any tax is made within the period of limitation properly applicable to it, the tax may be collected by a proceeding in court, but only if begun within five years after the date of assessment.*

*Subd. 6. [SUSPENSION OF TIME; BANKRUPTCY PROCEEDINGS.] The time during which a tax must be assessed or collection proceedings commenced under this chapter is suspended during the period from the date of a filing of a petition in bankruptcy until 30 days after notice to the commissioner of revenue that the bankruptcy proceedings have been closed or dismissed, or that the automatic stay has been terminated or has expired.*

*The suspension of the statute of limitations under this subdivision applies to the person against whom the petition in bankruptcy is filed, and to all other persons who may be wholly or partially liable for the tax under this chapter.*

Sec. 17. Minnesota Statutes 1986, section 297C.02, subdivision 3, is amended to read:

Subd. 3. [TAX CREDIT.] A qualified brewer producing fermented malt beverages is entitled to a tax credit of \$4 ~~\$4.60~~ per barrel on 25,000 barrels sold in any fiscal year beginning July 1, regardless of the alcohol content of the product. Qualified brewers may take the credit on the ~~15th~~ 18th day of each month, but the total credit allowed may not exceed in any fiscal year the lesser of (a) the liability for tax or (b) ~~\$100,000~~ \$115,000.

For purposes of this subdivision, a "qualified brewer" means a brewer, whether or not located in this state, manufacturing less than 100,000 barrels of fermented malt beverages in the calendar year immediately preceding the calendar year for which the credit under this subdivision is claimed. In determining the number of barrels, all brands or labels of a brewer must be combined. All facilities for the manufacture of fermented malt beverages owned or controlled by the same person, corporation, or other entity must be treated as a single brewer.

Sec. 18. Minnesota Statutes 1986, section 297C.02, subdivision 4, is amended 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 *and wines*;
- (2) containers of fermented malt beverage;
- (3) containers of intoxicating liquor or wine holding less than 200 milliliters;
- (4) containers of wine intended exclusively for sacramental purposes;
- (5) containers of alcoholic beverages sold to qualified, approved military clubs;
- (6) containers of alcoholic beverages sold to common carriers engaged in interstate commerce;
- (7) containers of alcoholic beverages sold to authorized food processors or pharmaceutical firms for use exclusively in the manufacturing of food products or medicines;
- (8) containers of alcoholic beverages sold and shipped to dealers, wineries, or distillers in other states; and
- (9) containers of alcoholic beverages sold to other Minnesota wholesalers.

Sec. 19. Minnesota Statutes 1986, section 297C.03, is amended by adding a subdivision to read:

Subd. 6. [INFORMATIONAL RETURNS.] *Manufacturers, wholesalers, and importers licensed to ship distilled spirits or wine into Minnesota shall file with the commissioner a monthly informational report on a form prescribed by the commissioner. No payment of any tax is required to be remitted with this report. The report must be filed on or before the tenth day following the end of each calendar month, regardless of whether or not any shipments were made into Minnesota during the previous month. A person failing to file this monthly report is subject to the provisions of*

section 297C.14, subdivision 8.

Sec. 20. Minnesota Statutes 1987 Supplement, section 297C.04, is amended to read:

297C.04 [PAYMENT OF TAX; MALT LIQUOR.]

The commissioner may by rule provide a reporting method for paying and collecting the excise tax on fermented malt beverages. *The tax is imposed upon the first sale or importation made in this state by a licensed brewer or importer.* The rules must require reports to be filed with and the excise tax to be paid to the commissioner on or before the 18th day of the month following the month in which the importation into or the first sale is made in this state, whichever first occurs. The rules must also require payments in June of 1987 and subsequent years according to the provisions of section 297C.05, subdivision 2.

*A distributor who has title to or possession of fermented malt beverages upon which the excise tax has not been paid and who knows that the tax has not been paid, shall file a return with the commissioner on or before the 18th day of the month following the month in which the distributor obtains title or possession of the fermented malt beverages. The return must be made on a form furnished and prescribed by the commissioner, and must contain all information that the commissioner requires. The return must be accompanied by a remittance for the full unpaid liability shown on it.*

Sec. 21. Minnesota Statutes 1986, section 297C.07, is amended to read:

297C.07 [EXCEPTIONS.]

The following are not subject to the excise tax:

(1) Sales by a manufacturer, brewer, or wholesaler for shipment outside the state in interstate commerce.

(2) Sales of wine for sacramental purposes under section 340A.316.

(3) Fruit juices naturally fermented or beer naturally brewed in the home for family use.

(4) Malt beverages served by a brewery for on-premise consumption at no charge, or distributed to brewery employees for on-premise consumption under a labor contract.

(5) *Alcoholic beverages sold to authorized manufacturers of food products or pharmaceutical firms. The alcoholic beverage must be used exclusively in the manufacture of food products or medicines. For purposes of this part, "manufacturer" means a manufacturer of food products intended for sale to wholesalers or retailers for ultimate sale to the consumer.*

(6) *Sales to common carriers engaged in interstate transportation of passengers and qualified approved military clubs, except as provided in section 297C.17.*

(7) *Alcoholic beverages sold or transferred between Minnesota wholesalers.*

(8) *Sales to a federal agency, that the state of Minnesota is prohibited from taxing under the constitution or laws of the United States or under the constitution of Minnesota.*

Sec. 22. [297C.17] [COMMON CARRIERS.]

*Common carriers engaged in interstate transportation of passengers must file monthly reports together with the tax payment on the sale of alcoholic beverages sold within the state of Minnesota. The report and payment must be filed by the 18th day of the month following the month in which the sale took place. A common carrier is permitted to use a formula for the allocation of the total sales of alcoholic beverages among states on the basis of passenger miles in each state or some other method of allocation if written approval is received from the commissioner.*

Sec. 23. [REPEALER.]

*Minnesota Statutes 1986, section 297C.03, subdivision 5, is repealed.*

Sec. 24. [EFFECTIVE DATE.]

*This article is effective July 1, 1988, except section 17 is effective for barrels sold after June 1, 1987, and sections 3 and 5 are effective January 1, 1989.*

## ARTICLE 12

### TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 1987 Supplement, section 469.174, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] "Authority" means a rural development financing authority created pursuant to sections 469.142 to 469.150; a housing and redevelopment authority created pursuant to sections 469.001 to 469.047; a port authority created pursuant to sections 469.048 to 469.068; an economic development authority created pursuant to sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; a municipality that is administering a development district created pursuant to sections 469.124 to 469.134 or any special law; a municipality that undertakes a project pursuant to sections 469.152 to 469.165, *except a town located outside the metropolitan area or with a population of 5,000 persons or less*; or a municipality that exercises the powers of a port authority pursuant to any general or special law.

Sec. 2. Minnesota Statutes 1987 Supplement, section 469.174, subdivision 7, is amended to read:

Subd. 7. [ORIGINAL ASSESSED VALUE.] (a) *Except as provided in paragraph (b)*, "original assessed value" means the assessed value of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 469.177, subdivisions 1 and 4. In determining the original assessed value the assessed value of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the assessed value of the property shall be the assessed value as most recently determined by the commissioner of revenue.

(b) *The original assessed value of any designated hazardous substance site or hazardous substance subdistrict shall be determined on January 2 following the date the agency or municipality certifies to the county auditor that the agency or municipality has entered a redevelopment or other*

*agreement for the removal actions or remedial actions specified in a development response action plan, or otherwise provided funds to finance the development response action plan. The original assessed value equals (i) the assessed value of the parcel, as most recently determined by the commissioner of revenue, less (ii) the estimated reasonable and necessary costs of the removal actions and remedial actions as specified in a development response action plan to be undertaken with respect to the parcel as certified to the county auditor by the municipality or agency, (iii) but not less than zero.*

*(c) The original assessed value of a hazardous substance site or sub-district shall be increased by the amount by which it was reduced pursuant to paragraph (b), clause (ii), upon certification by the municipality that the removal and remedial actions specified in the development response action plan, except for long-term monitoring and similar activities, have been completed.*

*(d) For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over publicly-owned property.*

Sec. 3. Minnesota Statutes 1987 Supplement, section 469.174, 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 430.01, if any, exceeds its anticipated fair market value after completion of the preparation. No parcel shall be included within a redevelopment district pursuant to this paragraph 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) (4) 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) (5) 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.

Sec. 4. Minnesota Statutes 1987 Supplement, section 469.174, subdivision 11, is amended to read:

Subd. 11. [HOUSING DISTRICT.] "Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts. *A project does not qualify under this subdivision if the fair market value of the improvements which are constructed for commercial uses or for uses other than low and moderate income housing consists of more than one-third of the total fair market value of the planned improvements in the development plan or agreement. The fair market value of the improvements may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value.*

Sec. 5. Minnesota Statutes 1987 Supplement, section 469.174, is amended by adding a subdivision to read:

Subd. 16. [DESIGNATED HAZARDOUS SUBSTANCE SITE.] "*Designated hazardous substance site*" means any parcel or parcels with respect to which the authority or municipality has certified to the county auditor that the authority or municipality has entered into a redevelopment or other agreement providing for the removal actions or remedial actions specified in a development response action plan or the municipality or authority will use other available money, including without limitation tax increments, to finance the removal or remedial actions.

Sec. 6. Minnesota Statutes 1987 Supplement, section 469.174, is amended by adding a subdivision to read:

Subd. 17. [DEVELOPMENT ACTION RESPONSE PLAN.] "*Development action response plan*" means a plan or proposal for removal actions or remedial actions if the plan or proposal is submitted to the pollution control agency and the actions contained in the plan or proposal are approved in writing by the commissioner of the agency as reasonable and

*necessary to protect the public health, welfare, and environment.*

Sec. 7. Minnesota Statutes 1987 Supplement, section 469.174, is amended by adding a subdivision to read:

*Subd. 18. [TERMS DEFINED IN OTHER CHAPTERS.] The terms "removal," "remedy," "remedial action," "response," "hazardous substance," and "pollutant or contaminant" have the meanings given in section 115B.02. The term "petroleum" has the meaning given in section 115C.02.*

Sec. 8. Minnesota Statutes 1987 Supplement, section 469.174, is amended by adding a subdivision to read:

*Subd. 19. [SOILS CONDITION DISTRICTS.] (a) "Soils condition 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 the following conditions exist:*

*(1) less than 70 percent of the parcels in the district are occupied by buildings, streets, utilities, or other improvements;*

*(2) unusual terrain or soil deficiencies for 80 percent of the acreage in the district require substantial filling, grading, or other physical preparation for use;*

*(3) the estimated cost of the physical preparation under clause (2), but 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 430.01, when added to the fair market value of the land upon inclusion in the district exceeds the anticipated fair market value of the land upon completion of the preparation.*

*(b) An area does not qualify as a soils condition district if it contains a wetland, as defined in section 105.37, unless the development agreement prohibits draining, filling, or other alteration of the wetland or other binding legal assurances for preservation of the wetland are provided.*

*(c) If the district is located in the metropolitan area, the proposed development of the district in the tax increment financing plan must be consistent with the municipality's land use plan adopted in accordance with sections 473.851 to 473.872 and reviewed by the metropolitan council under section 473.175. If the district is located outside of the metropolitan area, the proposed development of the district must be consistent with the municipality's comprehensive municipal plan.*

*(d) No parcel shall be included in the district 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. The agreement must provide recourse for the authority if the development is not completed.*

Sec. 9. Minnesota Statutes 1987 Supplement, section 469.175, subdivision 1, is amended to read:

**Subdivision 1. [TAX INCREMENT FINANCING PLAN.]** A tax increment financing plan shall contain:

(1) a statement of objectives of an authority for the improvement of a project;

(2) a statement as to the development program for the project, including the property within the project, if any, that the authority intends to acquire;

(3) a list of any development activities that the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;

(4) identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;

(5) estimates of the following:

(i) cost of the project, including administration expenses;

(ii) amount of bonded indebtedness to be incurred;

(iii) sources of revenue to finance or otherwise pay public costs;

(iv) the most recent assessed value of taxable real property within the tax increment financing district;

(v) the estimated captured assessed value of the tax increment financing district at completion; and

(vi) the duration of the tax increment financing district's existence; ~~and~~

(6) ~~a statement~~ *statements* of the authority's ~~estimate~~ *alternate estimates* of the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. *For purposes of one statement, the authority shall assume that the estimated captured assessed value would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the authority shall assume that none of the estimated captured assessed value would be available to the taxing jurisdictions without creation of the district;*

(7) *identification and description of studies and analyses used to make the determination set forth in subdivision 3, clause (2); and*

(8) *identification of all parcels to be included in the district.*

Sec. 10. Minnesota Statutes 1987 Supplement, section 469.175, is amended by adding a subdivision to read:

*Subd. 1a. [INCLUSION OF COUNTY ROAD COSTS.] (a) The county board may require the authority to pay all or a portion of the cost of county road improvements out of increment revenues, if the following conditions occur:*

*(1) the proposed tax increment financing plan or an amendment to the plan contemplates construction of a development that will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs;*

*(2) the proposed tax increment financing district is a soils condition district; and*

*(3) the road improvements or other road costs, in the opinion of the county, would not reasonably be expected to be needed within the reasonably foreseeable future if the tax increment financing plan were not implemented.*



*(b) If the county elects to use increments to finance the road improvements, the county must notify the authority and municipality within 30 days after receipt of the information on the proposed tax increment district under subdivision 2. The notice must include the estimated cost of the road improvements and schedule for construction and payment of the cost. The authority must include the improvements in the tax increment financing plan. The improvements may be financed with the proceeds of tax increment bonds or the authority and the county may agree that the county will finance the improvements with county funds to be repaid in installments, with or without interest, out of increment revenues. If the cost of the road improvements and other project costs exceed the projected amount of the increment revenues, the county and authority shall negotiate an agreement, modifying the development plan or proposed road improvements that will permit financing of the costs before the tax increment financing plan may be approved.*

Sec. 11. Minnesota Statutes 1987 Supplement, section 469.175, subdivision 2, is amended to read:

Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] Before formation of a tax increment financing district, the authority shall provide an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet with the authority. The authority shall present to the members of the county boards of commissioners and the school boards its estimate of the fiscal and economic implications of the proposed tax increment financing district. *The information on the fiscal and economic implications of the plan must be provided to the county and school district boards at least 30 days before the public hearing required by subdivision 3. The 30-day requirement is waived if the county and school district submit written comments on the proposal and any modification of the proposal to the authority after receipt of the information.* The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3. ~~The county auditor shall not certify the original assessed value of a district pursuant to section 469.177, subdivision 1, until the county board of commissioners has presented its written comment on the proposal to the authority, or 30 days has passed from the date of the transmittal by the authority to the board of the information regarding the fiscal and economic implications, whichever occurs first.~~ Upon adoption of the tax increment financing plan, the authority shall file a copy of the plan with the commissioner of energy trade and economic development. The authority must also file with the commissioner a copy of the development plan for the project area.

Sec. 12. Minnesota Statutes 1987 Supplement, section 469.175, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] A county auditor shall not certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority

may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a mined underground space development district, a housing district, a soils condition district, or an economic development district; *if the proposed district is a redevelopment district, the reasons and supporting facts for the determination that the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) to (5), must be retained and made available to the public by the authority until the district has been terminated.*

(2) that the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

Sec. 13. Minnesota Statutes 1987 Supplement, section 469.175, subdivision 4, is amended to read:

Subd. 4. [MODIFICATION OF PLAN.] (a) A tax increment financing plan may be modified by an authority, provided that any reduction or enlargement of geographic area of the project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured assessed value to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing, and findings required for approval of the original plan; provided that if an authority changes the type of district from

housing, redevelopment, or economic development to another type of district, this change shall not be considered a modification but shall require the authority to follow the procedure set forth in sections 469.174 to 469.179 for adoption of a new plan, including certification of the assessed valuation of the district by the county auditor. *If a redevelopment district is enlarged, the reasons and supporting facts for the determination that the addition to the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) to (5), must be documented. The requirements of this paragraph do not apply if (1) the only modification is elimination of parcels from the project or district and (2)(A) the current assessed value of the parcels eliminated from the district equals or exceeds the assessed value of those parcels in the district's original assessed value or (B) the authority agrees that, notwithstanding section 469.177, subdivision 1, the original assessed value will be reduced by no more than the current assessed value of the parcels eliminated from the district. The authority must notify the county auditor of any modification that reduces or enlarges the geographic area of a district or a project area.*

(b) The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original assessed value by the county auditor or after August 1, 1984, for tax increment financing districts authorized prior to August 1, 1979, ~~except that development districts created pursuant to Minnesota Statutes 1978, chapter 472A, prior to August 1, 1979, may be reduced but shall not be enlarged after five years following the date of designation of the district.~~

Sec. 14. Minnesota Statutes 1987 Supplement, section 469.175, is amended by adding a subdivision to read:

*Subd. 7. [CREATION OF HAZARDOUS SUBSTANCE SUBDISTRICT; RESPONSE ACTIONS.] (a) A municipality or authority which is creating or has created a tax increment financing district may establish within the district a hazardous substance subdistrict upon the notice and after the discussion, public hearing, and findings required for approval of the original plan. The geographic area of the subdistrict is made up of any parcels in the district designated for inclusion by the municipality or authority that are designated hazardous substance sites, and any additional parcels in the district designated for inclusion that are contiguous except for the interposition of a right-of-way. Before or at the time of approval of the tax increment financing plan, the municipality must make the findings under paragraphs (b) to (d), and set forth in writing the reasons and supporting facts for each.*

(b) *Development or redevelopment of the site, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment and tax increment otherwise available, and therefore the hazardous substance district is deemed necessary.*

(c) *Other parcels that are not designated hazardous substance sites are expected to be developed together with a designated hazardous substance site.*

(d) *The subdistrict is not larger than, and the period of time during which increments are elected to be received is not longer than, that which is necessary in the opinion of the municipality to provide for the additional costs due to the designated hazardous substance site.*

(e) Upon request by a municipality or authority that has incurred expenses for removal or remedial actions to implement a development response action plan, the attorney general may:

(1) bring a civil action on behalf of the municipality or authority to recover the expenses, including administrative costs and litigation expenses, under section 115B.04 or other law; or

(2) assist the municipality or agency in bringing an action as described in clause (1), by providing legal and technical advice, intervening in the action, or other appropriate assistance.

The decision to participate in any action to recover expenses is at the discretion of the attorney general.

(f) If the attorney general brings an action as provided in paragraph (e), clause (1), the municipality or authority shall certify its reasonable and necessary expenses incurred to implement the development response action plan and shall cooperate with the attorney general as required to effectively pursue the action. The certification by the municipality or authority is prima facie evidence that the expenses are reasonable and necessary. The attorney general may deduct litigation expenses incurred by the attorney general from any amounts recovered in an action brought under paragraph (e), clause (1). The municipality or authority shall reimburse the attorney general for litigation expenses not recovered in an action under paragraph (e), clause (1), and for litigation expenses incurred to assist in bringing an action under paragraph (e), clause (1). All money recovered or paid to the attorney general for litigation expenses under this paragraph shall be paid to the general fund of the state for deposit to the account of the attorney general. For the purposes of this section, "litigation expenses" means attorney fees and costs of discovery and other preparation for litigation.

(g) The municipality or authority shall reimburse the pollution control agency for its administrative expenses incurred to review and approve a development action response plan and associated activities, and for expenses incurred for any services rendered to the attorney general to support the attorney general in actions brought or assistance provided under paragraph (e). All money paid to the pollution control agency under this paragraph shall be deposited in the environmental response, compensation and compliance fund.

(h) Actions taken by a municipality or authority consistent with a development response action plan are deemed to be authorized response actions for the purpose of section 115B.17, subdivision 12. A municipality or agency that takes actions consistent with a development response action plan qualifies for the defenses available under sections 115B.04, subdivision 11, and 115B.05, subdivision 9.

(i) All money recovered by a municipality or authority in an action brought under paragraph (e) in excess of the amounts paid to the attorney general and the pollution control agency must be treated as excess increments and be distributed as provided in section 469.176, subdivision 2, clause (4), to the extent the removal and remedial actions were initially financed with increment revenues.

Sec. 15. Minnesota Statutes 1987 Supplement, section 469.176, subdivision 1, is amended to read:

Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] (a) Subject to the limitations contained in paragraphs (b) to (f), any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as the bonds continue to be outstanding.

(b) The tax increment pledged to the payment of the bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to the maturity or redemption date.

(c) For bonds issued pursuant to section 469.178, subdivisions 2 and 3, the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full.

(d) No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor or after August 1, 1982, for tax increment financing districts authorized prior to August 1, 1979, unless within the three-year period (1) bonds have been issued pursuant to section 469.178, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to sections 469.152 to 469.165, prior to August 1, 1979, or (2) the authority has acquired property within the district, or (3) the authority has constructed or caused to be constructed public improvements within the district.

(e) No tax increment shall in any event be paid to the authority from a redevelopment district after 25 years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing district, after 25 years from the date of the receipt for a mined underground space development district, *after 12 years from approval of the tax increment financing plan for a soils condition district*, and after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after ~~30 years from August 1, 1979~~ *April 1, 2001, or the term of a nondefeased bond or obligation outstanding on April 1, 1990, secured by increments from the district or project area, whichever time is greater, provided that in no case will a tax increment be paid to an authority after August 1, 2009, from such a district. If a district's termination date is extended beyond April 1, 2001, because bonds were outstanding on April 1, 1990, with maturities extending beyond April 1, 2001, the following restrictions apply. No increment collected from the district may be expended after April 1, 2001, except to pay or defease (i) bonds issued before April 1, 1990, or (ii) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded.*

(f) Modification of a tax increment financing plan pursuant to section 469.175, subdivision 4, shall not extend the durational limitations of this subdivision.

*(g) If a parcel of a district is part of a designated hazardous substance site or a hazardous substance subdistrict, tax increment may be paid to the authority from the parcel for longer than the period otherwise provided by this subdivision. The extended period for collection of tax increment begins on the date of receipt of the first tax increment from the parcel that is more than any tax increment received from the parcel before the date of the certification under section 469.175, subdivision 7, paragraph (b), and received after the date of certification to the county auditor described in section 469.175, subdivision 7, paragraph (b). The extended period for collection of tax increment is the lesser of: (1) 25 years from the date of commencement of the extended period; or (2) the period necessary to recover the costs of removal actions or remedial actions specified in a development response action plan.*

Sec. 16. Minnesota Statutes 1987 Supplement, section 469.176, subdivision 4, is amended to read:

Subd. 4. [LIMITATION ON USE OF TAX INCREMENT; GENERAL RULE.] ~~(a)~~ All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (1) to pay the principal of and interest on bonds issued to finance a project; (2) by a rural development financing authority for the purposes stated in section 469.142, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.048 to 469.068, by an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 469.090 to 469.108, by a housing and redevelopment authority or economic development authority to finance or otherwise pay public redevelopment costs pursuant to sections 469.001 to 469.047, by a municipality or economic development authority to finance or otherwise pay the capital and administration costs of a development district pursuant to sections 469.124 to 469.134, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapter 462C, sections 469.152 to 469.165, or both, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve.

*Subd. 4a. [MINED UNDERGROUND SPACE DISTRICTS.] Revenue derived from tax increment from a mined underground space development district may be used only to pay for the costs of excavating and supporting the space, of providing public access to the mined underground space including roadways, and of installing utilities including fire sprinkler systems in the space.*

*(b) Subd. 4b. [SOILS CONDITION DISTRICTS.] Revenue derived from tax increment from a soils condition district under section 469.174, subdivision 19, may be used only to (1) acquire parcels on which the improvements described in clause (2) will occur; (2) pay for the cost of correcting the unusual terrain or soil deficiencies and the additional cost of installing public improvements directly caused by the deficiencies; and (3) pay for the administrative expenses of the authority allocable to the district. The*

*sale by the authority of a parcel acquired and improved as described in clauses (1) and (2) must be for a price that is no less than the cost of acquisition.*

*Subd. 4c. [ECONOMIC DEVELOPMENT DISTRICTS.] Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if 25 percent of the buildings and facilities (determined on the basis of square footage) are used for the purposes listed in section 144(a)(8) of the Internal Revenue Code of 1986 (determined without regard to the 25 percent restriction in subparagraph (A)). The restrictions under this paragraph apply only to districts located in development regions, as defined in section 462.384, with populations in excess of 1,000,000. Population must be determined under the provisions of section 477A.011.*

*Subd. 4d. [HOUSING DISTRICTS.] Revenue derived from tax increment from a housing district must be used solely to finance the cost of housing projects as defined in section 469.174, subdivision 11. The cost of public improvements directly related to the housing projects and the allocated administrative expenses of the authority may be included in the cost of a housing project.*

*Subd. 4e. [HAZARDOUS SUBSTANCE SUBDISTRICTS.] The additional tax increment received by the municipality from a hazardous substance subdistrict as a result of a reduction in original assessed value pursuant to section 469.174, subdivision 7, paragraph (b), or as a result of the extension of the period for collection of tax increment from a hazardous substance site or subdistrict provided for in section 469.176, subdivision 1, paragraph (g), may be used only to pay or reimburse the costs of: (1) removal actions or remedial actions with respect to hazardous substances or pollutants or contaminants or petroleum releases affecting or which may affect the designated hazardous substance site; (2) pollution testing, demolition, and soil compaction correction necessitated by the development response action plan for the designated hazardous substance site; and (3) related administrative and legal costs, including costs of review and approval of development response action plans by the pollution control agency and litigation expenses of the attorney general.*

*Subd. 4f. [INTEREST REDUCTION.] Revenues derived from tax increment may be used to finance the costs of an interest reduction program operated pursuant to section 469.012, subdivisions 7 to 10, or pursuant to other law granting interest reduction authority and power by reference to those subdivisions only under the following conditions: (1) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (2) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 469.178 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (3) tax increments may not be used to finance an interest reduction program for owner-occupied single-family dwellings.*

*(e) Subd. 4g. [GENERAL GOVERNMENT USE PROHIBITED.] These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment from any district, whether certified before or after August 1, 1979, shall be used for the acquisition, construction or*

renovation, operation, or maintenance of a municipally owned building to be used primarily and regularly for conducting the business of the a municipality, county, school district, or any other local unit of government or the state or federal government. This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park, or a facility used for social, recreational, or conference purposes and not primarily for conducting the business of the municipality.

*Subd. 4h. [COUNTY COSTS.] (a) Tax increments may be used to pay for the county's actual administrative expenses under sections 469.174 to 469.179. The county may require payment of those expenses by February 15 of the year after the year in which the expenses are incurred. The amount of these payments is not required to be set forth in the tax increment financing plan for the project. To obtain payment for actual administrative costs, the county auditor must submit to the authority a record of costs incurred by the county auditor related to administration of the authority's tax increment financing districts.*

*(b) Tax increments may be used to pay county road costs as provided in section 469.175, subdivision 1a.*

*Subd. 4i. [MULTI-COUNTY USE PROHIBITED.] If a tax increment district is located in a municipality, parts of which are situated in more than one county, the revenue derived from tax increments from parcels located in one county must be expended for the direct and primary benefit of a project located or conducted within that county, unless the county boards of each of the counties involved agree to waive this requirement.*

Sec. 17. Minnesota Statutes 1987 Supplement, section 469.176, subdivision 5, is amended to read:

*Subd. 5. [REQUIREMENT FOR AGREEMENTS.] No more than 25 percent, by acreage, of the property to be acquired within a project which contains a redevelopment district, or ten percent, by acreage, of the property to be acquired within a project which contains a housing or economic development district, as set forth in the tax increment financing plan, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued pursuant to section 469.178 unless prior to acquisition in excess of the percentages, the authority has concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the authority should the development or redevelopment not be completed. This subdivision does not apply to a parcel of a district that is a designated hazardous substance site established under section 469.174, subdivision 16, or part of a hazardous substance sub-district established under section 469.175, subdivision 7.*

Sec. 18. Minnesota Statutes 1987 Supplement, section 469.176, subdivision 6, is amended to read:

*Subd. 6. [ACTION REQUIRED.] If, after four years from the date of certification of the original assessed value of the tax increment financing district pursuant to section 469.177, no demolition, rehabilitation, or renovation of property or other site preparation, including improvement of a street adjacent to a parcel but not installation of utility service including sewer or water systems, has been commenced on a parcel located within a tax increment financing district by the authority or by the owner of the parcel in accordance with the tax increment financing plan, no additional*



tax increment may be taken from that parcel, and the original assessed value of that parcel shall be excluded from the original assessed value of the tax increment financing district. If the authority or the owner of the parcel subsequently commences demolition, rehabilitation, or renovation or other site preparation on that parcel including improvement of a street adjacent to that parcel, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the assessed value thereof as most recently certified by the commissioner of revenue and add it to the original assessed value of the tax increment financing district. *The county auditor must enforce the provisions of this subdivision. The authority must submit to the county auditor evidence that the required activity has taken place for each parcel in the district. The evidence for a parcel must be submitted by February 1 of the fifth year following the year in which the parcel was certified as included in the district.*

Sec. 19. Minnesota Statutes 1987 Supplement, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL ASSESSED VALUE.] Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4. In the case of a mined underground space development district the county auditor shall certify the original assessed value as zero, plus the assessed value, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04. *For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original assessed value of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.* The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the value assessed by the assessor at the time of the transfer. The amount to be added to the original assessed value of the district as a result of enlargements thereof shall be equal to the assessed value of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4. *For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the assessed value of a property increases because the property no longer qualifies under the Minnesota agricultural property tax law, section 273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in assessed value must*

*be added to the original assessed value.* Each year the auditor shall also add to the original assessed value of each economic development district an amount equal to the original assessed value for the preceding year multiplied by the average percentage increase in the assessed valuation of all property included in the economic development district during the five years prior to certification of the district. The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original assessed value of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured assessed value of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

Sec. 20. Minnesota Statutes 1987 Supplement, section 469.177, is amended by adding a subdivision to read:

*Subd. 1a. [ORIGINAL MILL RATE.] (a) At the time of the initial certification of the original assessed value for a tax increment financing district, the county auditor shall certify the original mill rate that applies to the district. The original mill rate is the sum of all the mill rates that apply to a property in the district for the taxes payable in the calendar year in which the initial certification of original assessed value is requested under subdivision 1. If the total mill rate applicable to properties in the tax increment financing district varies, the mill rate must be computed by determining the average total mill rate in the district, weighted on the basis of assessed value. The resulting mill rate is the original mill rate for the life of the district.*

*(b) In the case of districts certified during calendar year 1988, the original mill rate equals the amount calculated under paragraph (a) multiplied by 0.45.*

Sec. 21. Minnesota Statutes 1987 Supplement, section 469.177, subdivision 3, is amended to read:

**Subd. 3. [TAX INCREMENT, RELATIONSHIP TO CHAPTER 473F]**  
(a) Unless the governing body elects pursuant to clause (b) the following method of computation shall apply:

(1) The original assessed value and the current assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of *the lesser of (A) the local taxing district mill rates or (B) the original mill rate* to the retained captured assessed value of the authority is the tax increment of the authority.

(b) The governing body may, by resolution approving the tax increment financing plan pursuant to section 469.175, subdivision 3, elect the following method of computation:

(1) The original assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. The current assessed value shall exclude any fiscal disparity commercial-industrial assessed value increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section 473F08, subdivision 6. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of *the lesser of (A) the local taxing district mill rates or (B) the original mill rate* to the retained captured assessed value of the authority is the tax increment of the authority.

(3) An election by the governing body pursuant to ~~part~~ *paragraph (b)* shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to ~~clause~~ *paragraph (a) or (b)* shall remain the same for the duration of the district, *except that the governing body may elect to change its election from the method of computation in paragraph (a) to the method in paragraph (b).*

Sec. 22. Minnesota Statutes 1987 Supplement, section 469.177, subdivision 4, is amended to read:

Subd. 4. [PRIOR PLANNED IMPROVEMENTS.] The authority shall, after diligent search, accompany its request for certification to the county auditor pursuant to subdivision 1, or its notice of district enlargement pursuant to section 469.175, subdivision 4, with a listing of all properties within the tax increment financing district or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the municipality pursuant to section 469.175, subdivision 3. The county auditor shall increase the original assessed value of the district by the assessed valuation of ~~the~~

improvements each improvement for which the a building permit was issued, excluding the assessed valuation of improvements for which a building permit was issued during the three-month period immediately preceding said approval of the tax increment financing plan, as certified by the assessor.

Sec. 23. Minnesota Statutes 1987 Supplement, section 469.177, is amended by adding a subdivision to read:

*Subd. 9. [DISTRIBUTIONS OF EXCESS TAXES ON CAPTURED VALUE.] (a) If the amount of tax paid on captured value exceeds the amount of tax increment, the county auditor shall distribute the excess to the municipality, county, and school district as follows: each governmental unit's share of the excess equals*

*(1) the total amount of the excess for the tax increment financing district, multiplied by*

*(2) a fraction, the numerator of which is the current mill rate of the governmental unit less the governmental unit's mill rate for the year the original mill rate for the district was certified (in no case may this amount be less than zero) and the denominator of which is the sum of the numerators for the municipality, county, and school district.*

*If the entire increase in the mill rate is attributable to a taxing district, other than the municipality, county, or school district, then the excess must be distributed to the municipality, county, and school district in proportion to their respective mill rates.*

*(b) The amounts distributed shall be deducted in computing the levy limits of the taxing district for the succeeding taxable year.*

*(c) In the case of distributions to a school district, the county auditor shall report amounts distributed to the commissioner of education in the same manner as provided for excess increments under section 469.176, subdivision 2, and the distribution shall be treated as an excess increment for purposes of section 124.214, subdivision 3.*

Sec. 24. Minnesota Statutes 1987 Supplement, section 469.177, is amended by adding a subdivision to read:

*Subd. 10. [PAYMENT TO SCHOOL FOR REFERENDUM LEVY.] The provisions of this subdivision apply to tax increment financing districts and projects for which certification was requested before May 1, 1988, that are located in a school district in which the voters have approved new millage or an increase in millage after the tax increment financing district was certified (1) if there are no outstanding bonds on May 1, 1988, to which increment from the district is pledged, or (2) if the referendum is approved after May 1, 1988, and there are no bonds outstanding at the time the referendum is approved, that were issued before May 1, 1988, or (3) if the referendum increasing the mill rate was approved after the most recent issue of bonds to which increment from the district is pledged. If clause (1) or (2) applies, the authority must annually pay to the school district an amount of increment equal to the increment that is attributable to the increase in the mill rate under the referendum. If clause (3) applies, upon approval by a majority vote of the governing body of the municipality and the school board, the authority must pay to the school district an amount of increment equal to the increment that is attributable to the*

*increase in the mill rate under the referendum. The amounts of these increments may be expended and must be treated by the school district in the same manner as provided for the revenues derived from the referendum levy approved by the voters.*

Sec. 25. Minnesota Statutes 1987 Supplement, section 469.179, is amended to read:

**469.179 [EXISTING PROJECTS.]**

*Subdivision 1. [EXEMPTION.] The provisions of sections 469.174 to 469.178 shall not affect any project for which tax increment certification was requested pursuant to law prior to August 1, 1979, or any project carried on by an authority pursuant to section 469.033, subdivision 5, with respect to which the governing body has by resolution designated properties for inclusion in the district prior to August 1, 1979, except:*

(1) as otherwise expressly provided in sections 469.174 to 469.178; or

(2) as an authority elects to proceed with an existing district, under the provisions of sections 469.174 to 469.178; or

(3) ~~that any enlargements of the geographic area of an existing tax increment financing district subsequent to August 1, 1979, shall be accomplished in accordance with and shall subject the property added as a result of the enlargement to the terms and conditions of sections 469.174 to 469.178 as provided in subdivision 2; or~~

(4) ~~that beginning with taxes payable in 1980, section 469.177, subdivision 3, clause (b), shall apply to all development districts created pursuant to Minnesota Statutes 1978, chapter 472A, or any special law, prior to August 1, 1979.~~

*Subd. 2. [APPLICATION TO EXISTING DISTRICTS.] If the development or redevelopment activity within the project or district of a tax increment financing project certified prior to August 1, 1979, is extended beyond the scope of activity set forth in the district's redevelopment plan under Minnesota Statutes, chapter 462, or Minnesota Statutes, chapter 472A, if applicable, after May 1, 1988, the authority must with regard to the new activity conform to the provisions of sections 469.174 to 469.178 with the following exceptions.*

*(a) Section 469.175, subdivision 3, paragraphs (1) and (5), shall not apply. Furthermore, the provisions of section 473F02, subdivision 3, shall continue to apply to the entire district, if applicable.*

*(b) Section 469.177, subdivision 3, shall not apply.*

Sec. 26. [CITY OF VIRGINIA TAX INCREMENT FINANCING DISTRICT; PARCELS INCLUDED.]

*Redevelopment tax increment financing district No. 1 in enterprise zone development district No. 3 in the city of Virginia, is deemed for all purposes under Minnesota Statutes, sections 469.174 to 469.179 to include the following parcels of real property as of June 12, 1984:*

(1) Parcel No. 90-124-245 - Ely 79.2' of Lot 1 and all of Lot 2, Block 3, Olcott Addition;

(2) Parcel No. 90-125-247 - Lot 3, Block 3, Olcott Addition; and

(3) Parcel No. 90-125-270 - Lot 4, Block 3, Olcott Addition.

**Sec. 27. [ORIGINAL ASSESSED VALUE.]**

*The original assessed value of the parcels of real property described in sections 24 to 26 is deemed for all purposes under Minnesota Statutes, sections 469.174 to 469.179 to be the original assessed value of those parcels as of June 12, 1984.*

**Sec. 28. [CAPTURED ASSESSED VALUE.]**

*The captured assessed value of the parcels of real property described in sections 24 to 26 is deemed for all purposes under Minnesota Statutes, sections 469.174 to 469.179 to be the increased assessed value of those parcels computed in the manner prescribed by Minnesota Statutes, section 469.177, and in accordance with sections 26 to 28.*

**Sec. 29. [TRANSITION RULES.]**

*(a) The provisions of sections 3, 6, 10, and 14 do not apply to proposed tax increment financing districts for which the authority called for a public hearing in a resolution dated March 23, 1987, and for which a public hearing was held on April 28, 1987. The provisions of Minnesota Statutes 1987 Supplement, sections 469.174, subdivision 10, and 469.176, subdivision 4, apply to such districts.*

*(b) The provisions of sections 3, 6, 10, and 14 do not apply to candidate sites in the old highway 8 corridor tax increment project area, identified in the old highway 8 corridor plan as approved by an authority on October 14, 1986, if the requests for certification of the districts are filed with the county before January 1, 1998. The provisions of Minnesota Statutes 1987 Supplement, sections 469.174, subdivision 10, and 469.176, subdivision 4, apply to such districts.*

*(c) The provisions of section 14, subdivision 4c, do not apply to an economic development district located in a development district approved on November 9, 1987, provided the request for certification of the tax increment district is submitted to the county by September 30, 1988.*

**Sec. 30. [EFFECTIVE DATES.]**

*Sections 2, 5, 6, 7, 14, 16, subdivision 4e, 17, and the provisions of section 15 relating to the duration of hazardous substance sites and subdistricts are effective for hazardous substance sites and subdistricts designated and created after the day following final enactment. Except as otherwise specifically provided, sections 1, 3, 4, 8 to 12, 16, and 20 to 23, and the provisions of section 15 applying to soils condition districts are effective for districts and amendments adding geographic area to an existing district for which the request for certification was filed with the county auditor after May 1, 1988. Sections 13, 15, 16, subdivision 4g, 18, 24, and 25, and the provisions of section 21 allowing a change in the fiscal disparities election are effective May 1, 1988, except as otherwise specifically provided. Section 16, subdivision 4c, is effective for districts for which the request for certification is filed with the county before May 1, 1988, and to all increment collected after January 1, 1990. Sections 26 to 28 are effective upon approval by the city council of the city of Virginia and compliance with Minnesota Statutes, section 645.021. Section 29 is effective the day following final enactment.*

## ARTICLE 13

## BUDGET RESERVE

Section 1. Minnesota Statutes 1987 Supplement, section 16A.15, subdivision 6, is amended to read:

Subd. 6. [BUDGET AND CASH FLOW RESERVE ACCOUNT.] A budget and cash flow reserve account is created in the general fund in the state treasury. The commissioner of finance shall, as authorized from time to time by law, restrict part or all of the budgetary balance in the general fund for use as the budget and cash flow reserve account. The commissioner of finance ~~on July 1, 1987,~~ shall transfer to the budget and cash flow reserve account ~~the amount necessary~~ *such amounts as are available* to bring the total amount, including any existing balance in the account on June 30, ~~1987 1988, to \$250,000,000~~ *\$265,000,000*. The amounts restricted shall remain in the account until drawn down under subdivision 1 *or increased under section 16A.1541.*

Sec. 2. Minnesota Statutes 1987 Supplement, section 16A.1541, is amended to read:

## 16A.1541 [ADDITIONAL REVENUES; PRIORITY.]

If on the basis of a forecast of general fund revenues and expenditures the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money ~~in the following order of priority:~~

(1) ~~the amount necessary to reduce the property tax levy recognition percent under section 121.904, subdivision 4e, to 24 percent;~~

(2) ~~the remainder (i) one-half to the greater Minnesota fund, but not to exceed \$120,000,000 and (ii) one-half to the budget and cash flow reserve account until the total amount in the account equals \$550,000,000.~~

The amounts necessary to meet the requirements of ~~clauses (1) and (2)~~ *this section* are appropriated from the general fund.

## Sec. 3. [TRANSFER RETURNED.]

*The Greater Minnesota Corporation shall return to the state treasury \$80,500,000 of the money transferred to it under Minnesota Statutes 1987 Supplement, section 16A.1541. The return must be made to the commissioner of finance, who shall credit the receipt to the general fund. The return must be made as soon as is practical, while minimizing any investment losses that might result from early redemption.*

## Sec. 4. [APPROPRIATION REDUCTION.]

*The appropriation from the general fund under Minnesota Statutes 1987 Supplement, section 16A.1541 to reduce the property tax recognition percent is reduced to zero.*

## Sec. 5. [EFFECTIVE DATE.]

*Sections 1 to 4 are effective the day following final enactment.*

## ARTICLE 14

## SPECIAL SERVICE DISTRICT PROCEDURES

## Section 1. [428A.01] [SPECIAL SERVICE DISTRICT PROCEDURES; DEFINITIONS.]

*Subdivision 1. [APPLICABILITY.] As used in sections 1 to 10, the terms defined in this section have the meanings given them.*

*Subd. 2. [CITY.] "City" means the city in which the special service district is authorized to be established under a special law.*

*Subd. 3. [SPECIAL SERVICES.] "Special services" has the meaning given in the city's enabling legislation.*

*Special services do not include a service that is ordinarily provided throughout the city from general fund revenues of the city unless an increased level of the service is provided in the special service district.*

*Subd. 4. [SPECIAL SERVICE DISTRICT.] "Special service district" means a defined area within the city where special services are rendered and the costs of the special services are paid from revenues collected from service charges imposed within that area.*

*Subd. 5. [ASSESSED VALUE.] "Assessed value" means the assessed value most recently certified by the county auditor before the effective date of the ordinance or resolution adopted under section 2 or 3.*

*Subd. 6. [LAND AREA.] "Land area" means the land area in the district that is subject to property taxes.*

## Sec. 2. [428A.02] [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

*Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing a special service district. Only property that is classified under section 273.13 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or designated on a land use plan for commercial or industrial use and located in the special service district, may be subject to the charges imposed by the city on the special service district. Other types of property may be included within the boundaries of the special service district but are not subject to the levies or charges imposed by the city on the special service district. If 50 percent or more of the market value of a parcel of property is classified under section 273.13 as commercial, industrial, or vacant land zoned or designated on a land use plan for commercial or industrial use, or public utility for the current assessment year, then the entire market value of the property is subject to a service charge based on assessed value for purposes of sections 1 to 10. The ordinance shall describe with particularity the area within the city to be included in the district and the special services to be furnished in the district. The ordinance may not be adopted until after a public hearing has been held on the question. Notice of the hearing shall include the time and place of hearing, a map showing the boundaries of the proposed district, and a statement that all persons owning property in the proposed district that would be subject to a service charge will be given opportunity to be heard at the hearing.*

*Subd. 2. [NOTICE.] Notice of the hearing must be given by publication in at least two issues of the official newspaper of the city. The two publications must be two weeks apart and the hearing must be held at least*



three days after the last publication. Not less than ten days before the hearing, notice must also be mailed to the owner of each parcel within the area proposed to be included in the district. For the purpose of giving mailed notice, owners are those shown on the records of the county auditor. Other records may be used to supply the necessary information. For properties that are tax exempt or subject to taxation on a gross earnings basis in lieu of property tax and are not listed on the records of the county auditor, the owners must be ascertained by any practicable means and mailed notice given them. At the public hearing a person affected by the proposed district may testify on any issues relevant to the proposed district. The hearing may be adjourned from time to time and the ordinance establishing the district may be adopted at any time within six months after the date of the conclusion of the hearing by a vote of the majority of the governing body of the city.

*Subd. 3. [CHARGES; RELATIONSHIP TO SERVICES.]* The city may impose service charges under sections 1 to 10 that are reasonably related to the special services provided. Charges for service shall be as nearly as possible proportionate to the cost of furnishing the service, and may be fixed on the basis of the service directly rendered, or by reference to a reasonable classification of the types of premises to which service is furnished, or on any other equitable basis.

*Subd. 4. [BENEFIT; OBJECTION.]* Before the ordinance is adopted or at the hearing at which it is to be adopted, any affected landowner may file a written objection with the city clerk asserting that the landowner's property should not be included in the district or should not be subjected to a service charge and objecting to:

(1) the inclusion of the landowner's property in the district, for the reason that the property would not receive services that are not provided throughout the city to the same degree;

(2) the levy of a service charge on the landowner's property, for the reason that the property is exempted under this article or the special law under which the district was created; or

(3) the fact that neither the landowner's property nor its use is benefited by the proposed special service.

The governing body shall make a determination on the objection within 30 days of its filing. Pending its determination, the governing body may delay adoption of the ordinance or it may adopt the ordinance with a reservation that the landowner's property may be excluded from the district or district service charges when the determination is made.

*Subd. 5. [APPEAL TO DISTRICT COURT.]* Within 30 days after the determination of the objection, any person aggrieved, who is not precluded by failure to object before or at the hearing, or whose failure to object is due to a reasonable cause, may appeal to the district court by serving a notice upon the mayor or city clerk. The notice shall be filed with the court administrator of the district court within ten days after its service. The city clerk shall furnish the appellant a certified copy of the findings and determination of the governing body. The court may affirm the action objected to or, if the appellant's objections have merit, modify or cancel it. If the appellant does not prevail upon the appeal, the costs incurred shall be taxed to the appellant by the court and judgment entered for them.

*All objections shall be deemed waived unless presented on appeal.*

**Sec. 3. [428A.03] [SERVICE CHARGE AUTHORITY; NOTICE AND HEARING REQUIREMENTS.]**

*Subdivision 1. [HEARING.] Service charges may be imposed by the city within the special service district at a rate or amount sufficient to produce the revenues required to provide special services in the district. To determine the appropriate rate for a service charge based on assessed value, taxable property or value must be determined without regard to captured or original assessed value under section 469.177 or to the distribution or contribution value under section 473F.08. Service charges may not be imposed to finance a special service if the service is ordinarily provided by the city from its general fund revenues unless the service is provided in the district at an increased level. In that case, a service charge may be imposed only in the amount needed to pay for the increased level of service. A service charge may not be imposed on the receipts from the sale of intoxicating liquor, food, or lodging. Before the imposition of service charges in a district, for each calendar year, a hearing must be held under section 2 and notice must be given and must be mailed to any individual or business organization subject to a service charge. For purposes of this section, the notice shall also include:*

*(1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed service charge;*

*(2) the estimated cost of improvements to be paid for in whole or in part by service charges imposed under this section, the estimated cost of operating and maintaining the improvements during the first year and upon completion of the improvements, the proposed method and source of financing the improvements, and the annual cost of operating and maintaining the improvements;*

*(3) the proposed rate or amount of the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year in which the service charge is to be collected; and*

*(4) a statement that the petition requirements of section 8 have either been met or do not apply to the proposed service charge.*

*Within six months of the public hearing, the city may adopt a resolution imposing a service charge within the district not exceeding the amount or rate expressed in the notice issued under this section.*

**Subd. 2. [EXEMPTION OF CERTAIN PROPERTIES FROM TAXES AND SERVICE CHARGES.]** *Property exempt from taxation by section 272.02 is exempt from any service charges based on assessed value imposed under sections 1 to 10.*

**Subd. 3. [LEVY LIMIT.]** *Service charges imposed under sections 1 to 10 are not included in the calculation of levies or limits on levies imposed under law or charter.*

**Sec. 4. [428A.04] [ENLARGEMENT OF SPECIAL SERVICE DISTRICTS.]**

*Boundaries of a special service district may be enlarged only after hearing and notice as provided in sections 2 and 3. Notice must be served in the original district and in the area proposed to be added to the district.*

*Property added to the district is subject to all service charges imposed within the district after the property becomes a part of the district if it is property of the type that is subject to service charges in the district. On the question of enlargement, the petition requirement in section 8 and the veto power in section 9 apply only to owners, individuals, and business organizations in the area proposed to be added to the district.*

**Sec. 5. [428A.05] [COLLECTION OF SERVICE CHARGES.]**

*Service charges may be imposed on the basis of the assessed value of the property on which the service charge is imposed but must be spread only upon the assessed value of the taxable property located in the geographic area described in the ordinance. Service charges based on assessed value may be payable and collected at the same time and in the same manner as provided for payment and collection of ad valorem taxes. Other service charges imposed must be collected as provided by ordinance. Service charges based on assessed value collected under sections 1 to 10 are not included in computations under section 469.177, chapter 473F, or any other law that applies to general ad valorem levies.*

**Sec. 6. [428A.06] [BONDS.]**

*At any time after a contract for the construction of all or part of an improvement authorized under sections 1 to 10 has been entered into or the work has been ordered done by day labor, the governing body of the city may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing. The obligations are payable primarily out of the proceeds of the service charge based on assessed value imposed under section 3, or from any other special assessments or nontax revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The governing body may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the city to assure payment of the principal and interest if the proceeds of the service charge in the district are insufficient to pay the principal and interest. The obligations must be issued in accordance with chapter 475, except that an election is not required, and the amount of the obligations need not be included in determining the net debt of the city under the provisions of any law or charter limiting debt.*

**Sec. 7. [428A.07] [ADVISORY BOARD.]**

*The governing body of the city may create and appoint an advisory board for each special service district in the city to advise the governing body in connection with the construction, maintenance, and operation of improvements, and the furnishing of special services in a district. The advisory board shall make recommendations to the governing body on the requests and complaints of owners, occupants, and users of property within the district and members of the public. Before the adoption of any proposal by the governing body to provide services or impose service charges within the district, the advisory board of the district shall have an opportunity to review and comment upon the proposal.*

**Sec. 8. [428A.08] [PETITION REQUIRED.]**

*No action may be taken under section 2 unless owners of 25 percent or more of the land area of property that would be subject to service charges*

*in the proposed special service district and owners of 25 percent or more of the assessed value of property that would be subject to service charges in the proposed special service district file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken under section 3 to impose a service charge based on assessed value unless owners of 25 percent or more of the land area subject to a proposed service charge and owners of 25 percent or more of the assessed value subject to a proposed service charge file a petition requesting a public hearing on the proposed action with the city clerk. No action may be taken under section 3 to impose any other type of service charge unless 25 percent or more of the individual or business organizations subject to the proposed service charge file a petition requesting a public hearing on the proposed action with the city clerk. If the boundaries of a proposed district are changed or the land area or assessed value subject to a service charge or the individuals or business organizations subject to a service charge are changed after the public hearing, a petition meeting the requirements of this section must be filed with the city clerk before the ordinance establishing the district or resolution imposing the service charge may become effective.*

Sec. 9. [428A.09] [VETO POWER OF OWNERS.]

*Subdivision 1. [NOTICE OF RIGHT TO FILE OBJECTIONS.] Except as provided in section 10, the effective date of any ordinance or resolution adopted under sections 2 and 3 must be at least 45 days after it is adopted. Within five days after adoption of the ordinance or resolution, a summary of the ordinance or resolution must be mailed to the owner of each parcel included in the special service district and any individual or business organization subject to a service charge in the same manner that notice is mailed under section 2. The mailing must include a notice that owners subject to a service charge based on assessed value and individuals and business organizations subject to a service charge imposed on another basis have a right to veto the ordinance or resolution by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution and that a copy of the ordinance or resolution is on file with the city clerk for public inspection.*

*Subd. 2. [REQUIREMENTS FOR VETO.] If owners of 35 percent or more of the land area in the district subject to the service charge based on assessed value or owners of 35 percent or more of the assessed value in the district subject to the service charge based on assessed value file an objection to the ordinance adopted by the city under section 2 with the city clerk before the effective date of the ordinance, the ordinance does not become effective. If owners of 35 percent or more of the land area subject to the service charge based on assessed value or owners of 35 percent or more of the assessed value subject to the service charge based on assessed value file an objection to the resolution adopted imposing a service charge based on assessed value under section 3 with the city clerk before the effective date of the resolution, the resolution does not become effective. If 35 percent or more of individuals and business organizations subject to a service charge file an objection to the resolution adopted imposing a service charge on a basis other than assessed value under section 3 with the city clerk before the effective date of the resolution, the resolution does not become effective. In the event of a veto, no district shall be established during the current calendar year and until a petition meeting the qualifications set forth in this subdivision for a veto has been*

filed.

**Sec. 10. [428A.10] [EXCLUSION FROM PETITION REQUIREMENTS AND VETO POWER.]**

*The petition requirements of section 8 and the right of owners and those subject to a service charge to veto a resolution in section 9 do not apply to second or subsequent years' applications of a service charge that is authorized to be in effect for more than one year under a resolution that has met the petition requirements of section 8 and which has not been vetoed under section 9 for the first year's application. A resolution imposing a service charge for more than one year must not be adopted unless the notice of public hearing required by section 3 and the notice mailed with the adopted resolution under section 9 include the following information:*

*(1) in the case of improvements, the maximum service charge to be imposed in any year and the maximum number of years the service charges imposed to pay for the improvement; and*

*(2) in the case of operating and maintenance services, the maximum service charge to be imposed in any year and the maximum number of years, or a statement that the service charge will be imposed for an indefinite number of years, the service charges will be imposed to pay for operation and maintenance services.*

*The resolution may provide that the maximum service charge to be imposed in any year will increase or decrease from the maximum amount authorized in the preceding year based on an indicator of increased cost or a percentage amount established by the resolution.*

**ARTICLE 15**

**ROBBINSDALE SPECIAL SERVICE DISTRICT**

**Section 1. [CITY OF ROBBINSDALE SPECIAL SERVICE DISTRICT; DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] For purposes of sections 1 and 2, the terms defined in this section have the meanings given them.*

*Subd. 2. [CITY.] "City" means the city of Robbinsdale.*

*Subd. 3. [SPECIAL SERVICES.] "Special services" means all services rendered or contracted for by the city, including, but not limited to:*

*(1) the repair, maintenance, operation, and construction of any improvements authorized by section 429.021;*

*(2) parking services rendered or contracted for by the city; and*

*(3) any other service provided to the public by the city that is authorized by law or charter.*

**Sec. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]**

*Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing a special service district. The provisions of article 14 govern the establishment and operation of special service districts in the city.*

**Sec. 3. [LOCAL APPROVAL.]**

*This article takes effect the day after the governing body of the city of*

*Robbinsdale complies with Minnesota Statutes, section 645.021, subdivision 3.*

## ARTICLE 16

### MINNEAPOLIS NEIGHBORHOODS SPECIAL SERVICE DISTRICTS

#### Section 1. [DEFINITIONS.]

*Subdivision 1. [TERMS DEFINED.] For the purposes of sections 1 to 6, the terms defined in this section have the meanings given them.*

*Subd. 2. [CITY.] "City" means the city of Minneapolis.*

*Subd. 3. [SPECIAL SERVICES.] "Special services" means the following services rendered or contracted for by the city:*

- (1) snow and ice removal;*
- (2) sweeping and cleaning sidewalks, curbs, gutters, streets, and alleys;*
- (3) litter, poster, and handbill removal;*
- (4) construction, repair, operation, and maintenance of sidewalks, curbs, gutters, bus shelters, lighting, benches, chairs, tables, telephone booths, traffic signs, fire hydrants, newsstands, kiosks, trash receptacles, utility connections, marquees, awnings, canopies, display cases, information booths, and banners;*
- (5) landscaping, planting, repair, maintenance, and care of trees, shrubs, bushes, flowers, grass, and other decorative materials;*
- (6) security personnel, equipment, and systems;*
- (7) approval and supervision of special activities;*
- (8) insurance; and*
- (9) administration, coordination, studies, and preparation of designs.*

*Special service district funds may be used to pay operating costs of a neighborhood business association composed of a majority of owners or operators of businesses located within the district.*

#### Sec. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

*Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing a special service district in any area zoned for commercial, business, or industrial use outside of the area bounded by the centerlines of the main channel of the Mississippi river, 10th Avenue South, Washington Avenue South, Chicago Avenue South, South 3rd Street, 11th Avenue South, South 6th Street, 5th Avenue South, South 12th Street, 4th Avenue South, East 16th Street, 1st Avenue South, Grant Street, Willow Street extended, Harmon Place, Interstate Highway 94, Highway 12, North 12th Street, and 3rd Avenue North; and, south of 28th Street, west of Fremont Avenue South, north of 31st Street, and east of Humboldt Avenue South; and outside any other existing special service district. The provisions of article 14 govern the establishment and operation of special service districts in the city under sections 1 to 6, except to the extent specified otherwise in sections 1 to 6.*

*Subd. 2. [USE OF CITY EMPLOYEES.] If the city determines that any of the special services to be provided are under the jurisdiction of a city public employee bargaining unit, the city shall negotiate with that unit to*

*determine whether that service shall be provided by the city or contracted for with another service provider.*

**Sec. 3. [SERVICE CHARGE ABATEMENT.]**

*An individual or business organization subject to a service charge imposed under sections 1 to 6 may apply to the city for a service charge abatement for that calendar year on the basis of economic hardship. The city may grant the abatement of the service charge for the calendar year if the city determines that an economic hardship exists.*

**Sec. 4. [BONDS.]**

*The provisions of article 14, section 6, govern the issuance of bonds for the special service district, except that the obligations shall be payable primarily out of the proceeds of the service charge imposed under article 14, section 3. The governing body may, by resolution adopted before the sale of obligations, pledge the full faith, credit, and taxing power of the city to assure payment of the principal and interest if the proceeds of the service charge based on assessed value in the special service district are insufficient to pay the principal and interest.*

**Sec. 5. [EXPIRATION.]**

*A special service district established under this article shall expire four years after the date of its establishment unless renewed by following the procedure for establishing a district provided by article 14, section 2. After the expiration or termination of a district, service charges may continue to be imposed in the district to pay the costs of an improvement specified in section 1, subdivision 3, clause (4).*

**Sec. 6. [ADVISORY BOARD.]**

*Notwithstanding article 14, section 7, the city council must create and appoint an advisory board for the special service district to operate as provided in that section. All members of the advisory board must be property owners, tenants, or residents of the district.*

**Sec. 7. [LOCAL APPROVAL.]**

*This article takes effect the day after the governing body of the city of Minneapolis complies with Minnesota Statutes, section 645.021, subdivision 3.*

**ARTICLE 17**

**MINNEAPOLIS DOWNTOWN SPECIAL SERVICE DISTRICTS**

**Section 1. [DEFINITIONS.]**

*Subdivision 1. [TERMS DEFINED.] For purposes of sections 1 to 7, the terms defined in this section have the meanings given them.*

*Subd. 2. [CITY.] "City" means the city of Minneapolis.*

*Subd. 3. [PEDESTRIAN MALL.] "Pedestrian mall" means an improvement designed and used primarily for the movement, safety, convenience, and enjoyment of pedestrians, whether or not a part of a street is set apart for a roadway for emergency vehicles, transit vehicles, or private vehicles at some or all times. A pedestrian mall includes related sidewalks, moving sidewalks, curbs, gutters, streets, parks, playgrounds, plazas, recreational facilities, performance areas, bus shelters, transit facilities and vehicles, sound and video systems, overhead and underground radiant heating devices,*

lighting, benches, chairs, tables, sculpture, telephone booths, traffic signs, fire hydrants, newsstands, kiosks, trash receptacles, utility connections, marquees, awnings, canopies, walls, bollards, chains, paintings, murals, alleys, display cases, fountains, sprinkler systems, restrooms, information booths, aquariums, aviaries, pedestrian tunnels, banners, pedestrian bridges, pedestrian ramps, pedestrian overpasses, pedestrian underpasses, drainage, sewers, and water mains. A pedestrian mall does not include a plaza adjacent to a convention center.

Subd. 4. [SPECIAL SERVICES.] "Special services" means the following services rendered or contracted for by the city:

- (a) snow and ice removal;
- (b) sweeping and cleaning of sidewalks, curbs, gutters, streets, and alleys;
- (c) litter, poster, and handbill removal;
- (d) construction, repair, operation, and maintenance of pedestrian malls;
- (e) repair and maintenance of capital improvements constructed with funds other than special service district proceeds;
- (f) landscaping, planting, repair, maintenance, and care of trees, shrubs, bushes, flowers, grass, and other decorative materials;
- (g) security personnel, equipment, and systems and coordination of private security, including lighting;
- (h) operation of public transit;
- (i) information and signs relating to parking and vehicle and pedestrian movement at street and skyway levels;
- (j) approval, supervision, and coordination of special activities; and
- (k) administration, coordination, studies, and preparation of designs.

## Sec. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing special service districts in that part of the city bounded by the centerlines of the main channel of the Mississippi river, 10th Avenue South, Washington Avenue South, Chicago Avenue South, South 3rd Street, 11th Avenue South, South 6th Street, 5th Avenue South, South 12th Street, 4th Avenue South, East 16th Street, 1st Avenue South, Grant Street, Willow Street extended, Harmon Place, Interstate Highway 94, Highway 12, North 12th Street and 3rd Avenue North. Only property that is used for commercial, business, or industrial purposes or classified as public utility or vacant land and located in the special service district may be subject to the charges imposed by the city on the special service district. Property used for residential purposes, including condominiums, apartments, and cooperatives, or used by a church or a charitable organization organized under Minnesota Statutes, sections 315.44 and 315.49, or owned or leased in its entirety by a charitable organization described in section 501(c)(3) of the Internal Revenue Code, as amended through December 31, 1987, shall not be subject to any service charges under sections 1 to 6. Property owned by a unit of government and used to raise revenue, except public hospitals, libraries, and Orchestra Hall, shall be subject to service charges other than service charges based on assessed value. In addition, property that is exempt from taxation under Minnesota



*Statutes, section 272.02, is exempt from service charges based on assessed value imposed under sections 1 to 6, but is subject to other types of service charges under sections 1 to 6 unless otherwise exempted under this subdivision. The owner of any property that is exempted from any or all service charges under this subdivision may notify the governing body of its intent to receive the benefits provided to property within the special service district, and thereby elect to be subject to the service charges imposed for those services. Property may be served within the boundaries of the special service district whether or not the property is subject to the charges imposed by the city on the special service district. The ordinance must specifically describe the area within the city to be included in the district and the special services to be furnished in the district. The ordinance must state the reasons for establishment of a district. The ordinance may not be adopted until after a public hearing has been held on the question. The provisions of article 14 govern the establishment and operation of special service districts in the city under sections 1 to 7, except to the extent specified otherwise under sections 1 to 7.*

*Subd. 2. [CONTRACTORS.] Notwithstanding any other provision of law or charter to the contrary, the city may provide or contract for services in the district. All hiring by contractors must be done in accordance with the Federal Civil Rights Act of 1964, United States Code, title 21, sections 2000e to 2000e-17; Minnesota Statutes, section 363.03; and the Minneapolis Code of Ordinances, chapters 139 and 141.*

*Subd. 3. [CITY EMPLOYEES.] Job activities for special services that are under the jurisdiction of any city public employee bargaining unit must be performed by a member of the bargaining unit.*

*Subd. 4. [LEVEL OF SERVICE.] The governing body of the city shall not transfer the financial burden of citywide services to the district nor discriminate against the district in reductions and increases in citywide services because of the existence of the district. Prior to establishment of a district, the city and the downtown management board, provided in section 6, shall meet to review the level of services in the downtown area in order to assure that downtown is equitably served through the city's normal operating budget. They shall meet each succeeding year prior to the adoption of a budget for the district and prior to imposition of a service charge in the district under article 14, section 3.*

### **Sec. 3. [LIMITATIONS.]**

*Subdivision 1. [SERVICES EXPENDITURES CAP.] Service charges imposed in the special service district in any year for special services specified in section 1, subdivision 4, with the exception of construction under paragraph (d), must not exceed an amount equal to the funds raised by a levy of three mills on current assessed value of property subject to a service charge in the district under property tax classifications in effect on July 1, 1987.*

*Subd. 2. [CAPITAL EXPENDITURES CAP.] Service charges imposed in any year in a special service district established under sections 1 to 6 for construction of an improvement specified in section 1, subdivision 4, paragraph (d), must not exceed 50 percent of the total costs of the improvement, including interest, payable in that year; no more than 50 percent of the total costs of the improvement may be specially assessed under Minnesota Statutes, chapter 429 or 430.*

#### Sec. 4. [VETO POWERS.]

*Subdivision 1. [GENERALLY.] In addition to the provisions of article 14, section 9, relating to veto of the establishment of a district, the provisions of this section apply to special service districts established under sections 1 to 6.*

*Subd. 2. [VETO OF PEDESTRIAN MALLS.] The effective date of any imposition of service charge for construction of an improvement specified in section 1, subdivision 4, paragraph (d), under article 14, section 3, must be at least 45 days after it is adopted. Within five days after adoption, a summary of the city council action must be mailed to the owner of each parcel included in the special service district and any individual or business organization subject to a service charge in the same manner that notice is mailed under article 14, section 2. The mailing must include a notice that owners subject to a service charge based on assessed value and individuals and business organizations subject to a service charge have a right to veto the action by filing the required number of objections with the city clerk before the effective date of the imposition and that a copy of the action is on file with the city clerk for public inspection. If owners of at least 35 percent of the land area subject to a service charge based on assessed value or owners of at least 35 percent of the assessed value subject to the service charge based on assessed value file an objection to the service charge with the city clerk before the effective date, the service charge based on assessed value does not become effective. If individuals and business organizations subject to at least 35 percent of a service charge imposed on a basis other than assessed value file an objection to imposition of the service charge with the city clerk before the effective date, the service charge does not become effective. In the event of a veto, no service charge may be imposed in the district for construction of a pedestrian mall during the current calendar year and until a petition meeting the qualifications set forth in this subdivision for a veto has been filed. Service charges may continue to be levied and imposed in the district, regardless of a veto under this subdivision, to pay the costs of construction of an improvement specified in section 1, subdivision 4, paragraph (d), for which debt has been incurred and a service charge imposed during a prior year.*

*Subd. 3. [VETO OF SERVICES.] Each year after the fourth year after establishment of a district, the veto provisions of this subdivision apply, except that a veto is not effective until the year following the year of the veto. Four years after establishment of a district, the effective date of any imposition of service charge under article 14, section 3, for services specified in section 1, subdivision 4, with the exception of construction under paragraph (d), must be at least 45 days after it is adopted. Within five days after adoption, a summary of the city council action must be mailed to the owner of each parcel included in the special service district and any individual or business organization subject to a service charge, in the same manner that notice is mailed under article 14, section 2. The mailing must include a notice that owners subject to a service charge based on assessed value and individuals and business organizations subject to a service charge have a right to veto the action by filing the required number of objections with the city clerk before the effective date of the imposition, and that a copy of the action is on file with the city clerk for public inspection. If owners of at least 35 percent of the land area subject to a service charge based on assessed value or the owners of at least 35 percent of the assessed value subject to the service charge based on assessed value*

file an objection to the service charge for services under section 3 with the city clerk before the effective date, the service charge based on assessed value does not become effective. If individuals and business organizations subject to at least 35 percent of a service charge imposed on a basis other than assessed value file an objection to imposition of the service charge under section 3 with the city clerk before the effective date, the service charge does not become effective. In the event of a veto, no service charge may be imposed in the district for services during the current calendar year and until a petition meeting the qualifications set forth in this subdivision for a veto has been filed, and no service charge may be collected during a year for which a service charge has been vetoed. Service charges may continue to be imposed in the district, regardless of a veto under this subdivision, to pay the costs of services specified in section 1, subdivision 4, with the exception of construction under clause (d), for which debt has been incurred prior to the filing of a veto.

#### Sec. 5. [DEBT OBLIGATIONS.]

*Subdivision 1. [GENERALLY.]* The provisions of this section apply to service districts created under sections 1 to 6 in lieu of the provisions of article 14, section 6.

*Subd. 2. [CERTIFICATES OF INDEBTEDNESS.]* Certificates of indebtedness may be issued for purposes of any work or service authorized under sections 1 to 6. The certificates shall be payable in not more than five years and shall be issued on the terms and in the manner determined by the issuer. The obligations are payable out of the proceeds of the tax or charge levied under article 14, section 3, in the same manner as bonds.

*Subd. 3. [BONDS.]* Obligations may be issued in the amount deemed necessary to defray in whole or in part the expense incurred and estimated to be incurred in making a pedestrian mall improvement authorized under sections 1 to 6, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing. The obligations are payable primarily out of the proceeds of the charge levied under article 14, section 3, or from any other special assessments or nontax revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The full faith, credit, and taxing power of the city may, by resolution adopted prior to the sale of obligations, be pledged to assure payment of the principal and interest if the proceeds of the service charge in the district and other pledged special assessments or revenues are insufficient to pay the principal and interest.

*Subd. 4. [PROCEDURES.]* Debt obligations must be issued in accordance with Minnesota Statutes, chapter 475, and the city charter, except that an election is not required under any circumstances, and the amount of the obligations need not be included in determining the net debt of the city.

#### Sec. 6. [DOWNTOWN MANAGEMENT BOARD.]

In lieu of the advisory board authorized under article 14, section 7, the city council shall create and provide for appointment of a downtown management board for the special service district to advise the governing body in connection with the furnishing of special services in a district. The downtown management board shall make recommendations to the governing body on the requests and complaints of owners, occupants, and users

of property within the district and members of the public. Before the adoption of any proposal by the governing body to provide services or impose service charges within the district, the downtown management board of the district shall review and comment upon the proposal. The board may incorporate as a nonprofit corporation under Minnesota Statutes, chapter 317. The board shall have the power to enter into contracts. A majority of members of the board must be property owners or tenants in the district and subject to a service charge. At least one member must be an owner of commercial property.

Sec. 7. [CITY OPTION.]

The city may elect to exercise the powers provided by sections 1 to 6 or the powers provided by general or special law relating to the same subject.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Minneapolis.

ARTICLE 18

WHITE BEAR LAKE SPECIAL SERVICE DISTRICTS

Section 1. [DEFINITIONS.]

Subdivision 1. For the purposes of sections 1 and 2, the terms defined in this section have the meanings given them.

Subd. 2. "City" means the city of White Bear Lake.

Subd. 3. "Special services" mean:

(1) the promotion and management of a special service district as a trade or shopping area;

(2) parking services rendered or contracted for by the city; and

(3) the repair, maintenance, operation and replacement of improvements, within the boundaries of a special service district established under section 2.

Sec. 2. [ESTABLISHMENT OF SPECIAL SERVICE DISTRICT.]

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt ordinances establishing special service districts in the following areas:

All that land zoned as "General Business (B-4)" or "Central Business (B-5)" within the following described area: Beginning at the northeast corner of the intersection of Minnesota State Highway 96E and U.S. Highway 61, thence easterly along the north right-of-way line of Minnesota State Highway 96E and Stewart Avenue, thence southerly along the east right-of-way line of Stewart Avenue a distance of 3,600 feet to the northeast intersection of Stewart Avenue with Lake Avenue, thence southwesterly along Lake Avenue a distance of 3,400 feet to the northwest corner of the intersection of Lake Avenue with U.S. Highway 61, thence northerly a distance of 2,600 feet along the east right-of-way line of Bald Eagle Avenue to a point of intersection with the north right-of-way line of 5th Street, thence easterly along the north right-of-way line of 5th Street a distance of 1,280 feet to a point of intersection with the west right-of-way line of

*Division Street, thence northerly along the west right-of-way line of Division Street a distance of 2,700 feet to a point of intersection with the north right-of-way line of 12th Street, thence easterly 1,200 feet along a line extended on the north right-of-way line of 12th Street to the intersection with the west right-of-way line of U.S. Highway 61, thence southeasterly 160 feet along the west right-of-way line of U.S. Highway 61 to the point of beginning.*

*The provisions of article 14 govern the establishment and operation of special service districts in the city, except to the extent otherwise specified in sections 1 and 2.*

Sec. 3. [LOCAL APPROVAL.]

*This article is effective the day after the governing body of the city of White Bear Lake complies with Minnesota Statutes, section 645.021, subdivision 3.*

ARTICLE 19

MISCELLANEOUS

Section 1. Minnesota Statutes 1987 Supplement, section 69.54, is amended to read:

69.54 [SURCHARGE ON PREMIUMS TO RESTORE DEFICIENCY IN SPECIAL FUND.]

The commissioner shall order and direct a surcharge to be collected of two percent of the fire, lightning, and sprinkler leakage gross premiums, less return premiums, on all direct business received by any licensed foreign or domestic fire insurance company on property in this city of the first class, or by its agents for it, in cash or otherwise. This surcharge shall be due and payable from these companies to the state treasurer on March ~~15~~ 31, May ~~15~~ 31, and November ~~15~~ 30 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. 2. Minnesota Statutes 1986, section 183.411, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For the purpose of this section "stationary show boiler" means a boiler that is used only for display and demonstration purposes. *In recognition of the historical significance of show boilers in maintaining a working reminder of Minnesota's agricultural and lumber industries, show boilers and engines are considered to be historical artifacts.*

Sec. 3. Minnesota Statutes 1986, section 183.411, subdivision 3, is amended to read:

Subd. 3. [LICENSES.] A license to operate steam farm traction engines, portable and stationary show engines and portable and stationary show boilers shall be issued to an applicant who:

(a) is 18 years of age or older;

(b) has two licensed second class, grade A engineers or steam traction engineers, or any combination thereof, cosign the application; attesting to the applicant's competence in operating said devices;

- (c) passes a written test for competence in operating said devices; ~~and~~  
 (d) *has at least 25 hours of actual operating experience on said devices;*  
 and  
 (e) pays the required fee.

A license shall be valid for the lifetime of the licensee. A one time fee set by the commissioner pursuant to section 16A.128, shall be charged for the license.

Sec. 4. Minnesota Statutes 1986, section 183.411, is amended by adding a subdivision to read:

*Subd. 5. [LICENSED OPERATOR; PRESENCE REQUIRED.] An operator licensed under this section must be present when a traction engine, portable or stationary show engine, or portable or stationary show boiler is in operation and a member of the public is present.*

Sec. 5. Minnesota Statutes 1986, section 183.466, is amended to read:  
 183.466 [STANDARDS OF REPAIRS.]

The ~~recommended~~ rules for repair of boilers and pressure vessels for use in this state shall be those established by the national board of boiler and pressure vessel inspectors inspection code and the rules of the division of boiler inspection adopted by the department of labor and industry.

Sec. 6. Minnesota Statutes 1986, section 183.51, subdivision 4, is amended to read:

*Subd. 4. [CHIEF ENGINEER, GRADE A.] A person seeking licensure as a chief engineer, Grade A, shall be at least 18 years of age and have ~~habits and~~ experience which ~~justify the belief~~ *verifies* that the person is competent to take charge of and be responsible for the safe operation and maintenance of all classes of boilers, steam engines, ~~or~~ *and* turbines and their appurtenances; and, before receiving a license, the applicant shall take and subscribe an oath attesting to at least five years actual experience in operating such boilers, *including at least two years experience in operating such engines or turbines.**

Sec. 7. Minnesota Statutes 1986, section 183.51, subdivision 7, is amended to read:

*Subd. 7. [FIRST-CLASS ENGINEER, GRADE A.] A person seeking licensure as a first-class engineer, Grade A, shall be at least 18 years of age and have ~~habits and~~ experience which ~~justify the belief~~ *verifies* that the person is competent to take charge of and be responsible for the safe operation and maintenance of all classes of boilers, engines, ~~or~~ *and* turbines and their appurtenances of not more than 300 horsepower or to operate as a shift engineer in a plant of unlimited horsepower. Before receiving a license, the applicant shall take and subscribe an oath attesting to at least three years actual experience in operating such boilers, *including at least two years experience in operating such engines, or turbines.**

Sec. 8. Minnesota Statutes 1986, section 183.51, subdivision 10, is amended to read:

*Subd. 10. [SECOND-CLASS ENGINEER, GRADE A.] A person seeking licensure as a second-class engineer, Grade A, shall be at least 18 years of age and have ~~habits and~~ experience which ~~justify the belief~~ *verifies* that the person is competent to take charge of and be responsible for the safe*

operation and maintenance of all classes of boilers, engines, ~~or~~ and turbines and their appurtenances of not more than 100 horsepower or to operate as a shift engineer in a plant of not more than 300 horsepower, or to assist the shift engineer, under direct supervision, in a plant of unlimited horsepower. Before receiving a license the applicant shall take and subscribe an oath attesting to at least one year of actual experience in operating such boilers, *including at least one year of experience in operating such engines, or turbines.*

Sec. 9. Minnesota Statutes 1987 Supplement, section 256B.431, subdivision 2b, as amended by H.F. No. 2126, if enacted, is amended to read:

Subd. 2b. [OPERATING COSTS, AFTER JULY 1, 1985.] (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing home's cost report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, size of the nursing home, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing home. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing homes in any county contiguous to the Minneapolis-St. Paul seven-county metropolitan area are included in the same geographic group. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. For rate years beginning on or after July 1, 1987, or until the new base period is established, facilities located in geographic group I as described in Minnesota Rules, part 9549.0052 (Emergency), on January 1, 1987, may choose to have the commissioner apply either the care related limits or the other operating cost limits calculated for facilities located in geographic group II, or both, if either of the limits calculated for the group II facilities is higher. The efficiency incentive for geographic group I nursing homes must be calculated based on geographic group I limits. The phase-in must be established utilizing the chosen limits. For purposes of these exceptions to the geographic grouping requirements, the definitions in Minnesota Rules, parts 9549.0050 to 9549.0059 (Emergency), and 9549.0010 to 9549.0080, apply. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (c). In determining allowable historical operating cost per diems for purposes of setting limits

and nursing home payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing home is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories. For the rate year beginning on July 1, 1985, the commissioner shall:

(1) allow nursing homes that have an average length of stay of 180 days or less in their skilled nursing level of care, 125 percent of the care related limit and 105 percent of the other operating cost limit established by rule; and

(2) exempt nursing homes licensed on July 1, 1983, by the commissioner to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3600, from the care related limits and allow 105 percent of the other operating cost limit established by rule.

For the purpose of calculating the other operating cost efficiency incentive for nursing homes referred to in clause (1) or (2), the commissioner shall use the other operating cost limit established by rule before application of the 105 percent.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing home shall receive an operating cost payment rate equal to the sum of the nursing home's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing home's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing home's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability or payments in lieu of real estate tax of each nursing home as an operating cost of that nursing home. ~~Except as provided in Minnesota Rules, parts 9549.0010 to 9549.0080, the commissioner shall allow an amount for payments in lieu of real estate tax assessed by a municipality, city, township, or county that does not exceed an amount equivalent to a similar assessment for fire, police, or sanitation services assessed to all other nonprofit or governmental entities located in the municipality, city, township, or county in which a nursing home to be assessed is located. Allowable costs under this subdivision for payments made by a nonprofit nursing home that are in lieu of real estate taxes shall not exceed the amount which the nursing home would have paid to a city or township and county for~~



*fire, police, sanitation services, and road maintenance costs had real estate taxes been levied on that property for those purposes.* For rate years beginning on or after July 1, 1987, the reported actual real estate tax liability or payments in lieu of real estate tax of nursing homes shall be adjusted to include an amount equal to one-half of the dollar change in real estate taxes from the prior year. The commissioner shall include a reported actual special assessment, and reported actual license fees required by the Minnesota department of health, for each nursing home as an operating cost of that nursing home. Total adjusted real estate tax liability, payments in lieu of real estate tax, actual special assessments paid, and license fees paid as required by the Minnesota department of health, for each nursing home (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the 60th percentile or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e).

(h) For rate years beginning on or after July 1, 1987, the commissioner shall adjust the rates of a nursing home that meets the criteria for the special dietary needs of its residents as specified in section 144A.071, subdivision 3, clause (c), and the requirements in section 31.651. The adjustment for raw food cost shall be the difference between the nursing home's allowable historical raw food cost per diem and 115 percent of the median historical allowable raw food cost per diem of the corresponding geographic group.

The rate adjustment shall be reduced by the applicable phase-in percentage as provided under subdivision 2h.

#### Sec. 10. [270.068] [TAX INFORMATION SAMPLE DATA.]

*Subdivision 1. [PREPARATION OF SAMPLES.] The commissioner of revenue shall prepare microdata samples of income tax returns and other information useful for purposes of (1) estimating state revenues, (2) simulating the effect of changes or proposed changes in state and federal tax law on the amount of state revenues, and (3) analyzing the incidence of present or proposed taxes.*

*Subd. 2. [COORDINATING COMMITTEE.] A coordinating committee is established to oversee and coordinate preparation of the microdata samples. The committee consists of (1) the director of the research division of the department of revenue who shall serve as chair of the committee, (2) the state economist, (3) the chair of the committee on taxes of the house of representatives or the chair's designee, and (4) the chair of the committee on taxes and tax laws of the senate or the chair's designee. The committee shall consider the analysis needs and use of the microdata samples by the finance and revenue departments and the legislature in designing and preparing the samples, including the type of data to be included, the structure of the samples, size of the samples, and other relevant factors.*

*Subd. 3. [CONTENTS OF SAMPLES.] The samples must consist of information derived from a random sample of federal and Minnesota individual income tax returns. The samples prepared in odd numbered years must be augmented by additional information from other sources as the coordinating committee determines is feasible and appropriate. The coordinating committee shall consider inclusion of (1) information derived from property tax refund returns, (2) the estimated market value of the taxpayer's home from the homestead declaration, and (3) information from other sources, such as the surveys conducted by the United States departments*

*of commerce and labor.*

*Subd. 4. [CONSULTATION ON ANALYSIS MODELS.] The coordinating committee shall facilitate regular consultation among the department of revenue, the department of finance, and house and senate staffs in development and maintenance of their respective computer models used to analyze the microdata samples. The committee shall encourage efforts to attain more commonality in the models, greater sharing of program development efforts and programming tasks, and more consistency in the resulting analyses.*

Sec. 11. Minnesota Statutes 1986, section 270.70, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY OF COMMISSIONER.] If any tax payable to the commissioner of revenue or to the department of revenue is not paid when due, such tax may be collected by the commissioner of revenue within five years after the date of assessment of the tax, or if the tax judgment has been filed, within the statutory period of enforcement of a valid tax judgment, by a levy upon all property and rights to property, *including any property in the possession of law enforcement officials*, of the person liable for the payment or collection of such tax (except that which is exempt from execution pursuant to section 550.37) or property on which there is a lien provided in section 270.69. For this purpose, the term "tax" shall include any penalty, interest and costs properly payable. The term "levy" includes the power of distraint and seizure by any means.

Sec. 12. Minnesota Statutes 1986, section 271.01, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION.] The tax court shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the tax court shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the tax laws of the state, as defined in this subdivision, in those cases that have been appealed to the tax court and in any case that has been transferred by the district court to the tax court. The tax court shall have no jurisdiction in any case that does not arise under the tax laws of the state or in any criminal case or in any case determining or granting title to real property or in any case that is under the jurisdiction of the probate court. The small claims division of the tax court shall have no jurisdiction in any case dealing with property valuation or assessment for property tax purposes until the taxpayer has appealed the valuation or assessment to the town or city board of equalization and to the county board of equalization, except for those taxpayers whose original assessments are determined by the commissioner of revenue. The tax court shall have no jurisdiction in any case involving an order of the state board of equalization unless a taxpayer contests the valuation of property. Only the taxes, aids and related matters contained in chapters 60A, 69, 124, 270, 272, 273, 274, 275, 276, 277, 278, 279, 285, 287, 288, 290, 290A, 291, 292, 293, 294, 295, 296, 297, 297A, 297B, 297C, 297D, 298, 299, 299F, 473, 473F, and 477A shall be considered tax laws of this state subject to the jurisdiction of the tax court. This subdivision shall not be construed to prevent an appeal, as provided by law, to an administrative agency, board of equalization, or to the commissioner of revenue. Wherever used in this chapter, the term commissioner shall mean the commissioner of revenue, unless otherwise specified.

Sec. 13. Minnesota Statutes 1986, section 287.21, is amended by adding a subdivision to read:

*Subd. 4. [TAX-FORFEITED LAND.] Before a state deed for tax-forfeited land may be issued, the deed tax must be paid by purchasers of tax-forfeited land, persons who redeem tax-forfeited land, or local units of government that apply for use or purchase of tax-forfeited land.*

Sec. 14. Minnesota Statutes 1987 Supplement, section 295.32, is amended to read:

295.32 [GROSS EARNINGS TAX; ANNUAL RETURN.]

Every telegraph company as defined in section 295.01, subdivision 9, shall file a return with the commissioner of revenue, in such form as the commissioner shall prescribe, containing a true and just report of its gross earnings derived from business within the state during the preceding calendar year, and make payment of the tax based upon the following percentages of such gross earnings:

for calendar years beginning before December 31, 1989, 6 percent,

for calendar year 1990, ~~4.5~~ 4 percent,

for calendar year 1991, ~~3~~ 2 percent,

~~for calendar year 1992, 1.5 percent,~~ and

for calendar years beginning after December 31, ~~1992~~ 1991, exempt.

Such return and payment of the tax due therewith shall be submitted on or before March first of each year, and shall be in lieu of all ad valorem taxes upon the property of such company within the state for the year during which such gross earnings accrued. The provisions of chapter 294 and acts amendatory thereto, shall be applicable to such telegraph companies and to the returns and to the taxes submitted therewith by them.

Sec. 15. Minnesota Statutes 1986, section 297D.08, is amended to read:

297D.08 [TAX RATE.]

A tax is imposed on marijuana and controlled substances as defined in section 297D.01 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~~ ten dosage units of a controlled substance that is not sold by weight, or portion thereof, ~~\$2,000~~ \$400.

Sec. 16. Minnesota Statutes 1987 Supplement, section 298.22, subdivision 1, is amended to read:

Subdivision 1. (1) The office of commissioner of iron range resources and rehabilitation is created. The commissioner shall be appointed by the governor under the provisions of section 15.06.

(2) The commissioner may hold such other positions or appointments as are not incompatible with duties as commissioner of iron range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of such assistance as may be necessary, shall be paid out of the amounts appropriated by

section 298.28. The compensation of the commissioner shall be set by the legislative coordinating commission and may not exceed the maximum salary set for the commissioner of administration under section 15A.081, subdivision 1.

(3) When the commissioner shall determine that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use thereof in the future and the decrease in employment resulting therefrom, now or hereafter, the commissioner may use such amounts of the appropriation made to the commissioner of revenue in section 298.28 as are determined to be necessary and proper in the development of the remaining resources of said county and in the vocational training and rehabilitation of its residents, *except that the amount needed to cover cost overruns awarded to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in effect after July 1, 1985, is appropriated from the general fund.* For the purposes of this section, "development of remaining resources" includes, but is not limited to, the promotion of tourism.

Sec. 17. Minnesota Statutes 1987 Supplement, section 298.2213, subdivision 3, is amended to read:

Subd. 3. [USE OF MONEY.] The money appropriated under this section may be used to provide loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan must be no less than the lesser of eight percent or the rate of interest ~~set by the Minnesota development board for comparable small business development loans at that time that is three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved.~~

Money appropriated in this section must be expended only in or for the benefit of the tax relief area defined in section 273.134, and as otherwise provided in this section.

Sec. 18. Minnesota Statutes 1986, section 298.223, is amended to read:  
298.223 [TACONITE AREA ENVIRONMENTAL PROTECTION FUND.]

*Subdivision 1. [CREATION; PURPOSES.] A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota located within a tax relief area defined in section 273.134 that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:*

(a) to initiate investigations into matters the iron range resources and rehabilitation board determines are in need of study and which will determine the environmental problems requiring remedial action;

(b) reclamation, restoration or reforestation of minelands not otherwise provided for by state law;

(c) local economic development projects including construction of sewer and water systems, and other public works located within a tax relief area

defined in section 273.134;

(d) monitoring of mineral industry related health problems among mining employees.

*Subd. 2. [ADMINISTRATION.]* The taconite environmental protection fund shall be administered by the commissioner of the iron range resources and rehabilitation board. The commissioner shall by September 1 of each year prepare a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon recommendation of the iron range resources and rehabilitation board, this list shall be submitted to the legislative advisory commission for its review. This list with the recommendation of the legislative advisory commission shall then be transmitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each individual project. Funds for a project may be expended only upon approval of the project by the governor.

*The commissioner may submit supplemental projects for approval at any time. Supplemental projects approved by the board must be submitted to the members of the legislative advisory commission for their review and recommendations of further review. If a recommendation is not provided within ten days, no further review by the legislative advisory commission is required, and the governor shall approve or disapprove each project or return it for further consideration. If the recommendation by any member is for further review the governor shall submit the request to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.*

*Subd. 3. [APPROPRIATION.]* There is hereby annually appropriated to the commissioner of iron range resources and rehabilitation such funds as are necessary to carry out the projects approved and such funds as are necessary for administration of this section. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the amount annually expended from the fund.

Funds for the purposes of this section are provided by section 298.28, subdivision 11 relating to the taconite environmental protection fund.

Sec. 19. Minnesota Statutes 1986, section 298.28, subdivision 3, is amended to read:

*Subd. 3. [CITIES; TOWNS.]* (a) 12.5 cents per taxable ton, less any amount distributed under subdivision 8, and paragraph (b) of this subdivision, must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case

of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), *provided that the amount distributed shall not exceed \$55 per capita in the case of a township or \$75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census.* The county auditor shall extend the township's or city's levy against the sum of the township's or city's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value in the case of a township and between 50 percent of its January 2, 1980, assessed value and its current assessed value in the case of a city. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply.

Sec. 20. Minnesota Statutes 1986, section 373.40, subdivision 4, as added by H.F. No. 1796, if enacted, is amended to read:

Subd. 4. [LIMITATIONS ON AMOUNT.] A county, other than Hennepin or Ramsey, may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed one mill multiplied by the taxable assessed value of property in the county. *Ramsey county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section (including the bonds to be issued) will equal or exceed 1.2 mills multiplied by the taxable assessed value of property in the county.* Hennepin county may not issue bonds under this section if the maximum amount of principal and interest to become due in any year on all the outstanding bonds issued pursuant to this section together with the bonds proposed to be issued, will equal or exceed one-half mill multiplied by the taxable assessed value of the property in the county. Calculation of the limit must be made using the taxable assessed value for the taxes payable year in which the obligations are issued and sold. This section does not limit the authority to issue bonds under any other special or general law.

Sec. 21. Minnesota Statutes 1986, section 387.212, is amended to read:  
387.212 [CONTINGENT FUND.]

The board of county commissioners in any county may create a sheriff's contingent fund and may credit thereto not more than ~~\$3,000~~ \$10,000. The money in such fund may be used for the advancement and reimbursement of expenses of the sheriff and the sheriff's office. Such moneys shall be disbursed by the county treasurer in accordance with rules and regulations prescribed by the board. Any balance remaining at the end of the year shall be transferred to the revenue fund.

Sec. 22. [424A.10] [STATE SUPPLEMENTAL BENEFIT; VOLUNTEER FIREFIGHTERS.]

*Subdivision 1. [DEFINITION.] For purposes of this section, "qualified recipient" means an individual who receives an involuntary lump sum distribution of pension or retirement benefits from a firefighters' relief association for service performed as a volunteer firefighter.*

*Subd. 2. [PAYMENT OF SUPPLEMENTAL BENEFIT.] Upon the payment by a firefighters' relief association of an involuntary lump sum distribution to a qualified recipient, the association must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association may pay the supplemental benefit out of its special fund. The amount of this benefit equals ten percent of the regular involuntary lump sum distribution that is paid on the basis of service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000.*

*Subd. 3. [STATE REIMBURSEMENT.] By February 15 of each year, the relief association shall apply to the commissioner of revenue for state reimbursement of the amount of supplemental benefits paid under subdivision 2 during the preceding calendar year. By March 15 the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid to qualified recipients. The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement. The reimbursement payment must be deposited in the special fund of the relief association.*

*Subd. 4. [IN LIEU OF INCOME TAX EXCLUSION.] The supplemental benefit provided by this section is in lieu of the state income tax exclusion for involuntary lump sum distributions of retirement benefits paid to volunteer firefighters. If the law is modified to exclude or exempt volunteer firefighters' lump sum distributions from state income taxation, the supplemental benefits under this section may no longer be paid beginning with the first calendar year in which the exclusion or exemption is effective. This subdivision does not apply to exemption of all or part of a lump sum distribution under section 290.032 or 290.0802.*

Sec. 23. Minnesota Statutes 1987 Supplement, section 469.170, is amended by adding a subdivision to read:

*Subd. 5d. [AMENDMENT OF PLANS.] A written multiyear enterprise zone tax credit distribution plan submitted under subdivision 5a, 5b, or 5c, may be amended, provided that an initial amendment may be made no sooner than two years from the date of submission of the original plan, and subsequent amendments may be made no sooner than two years after the most recent prior amendment.*

Sec. 24. Minnesota Statutes 1986, section 473.843, subdivision 2, is amended to read:

*Subd. 2. [DISPOSITION OF PROCEEDS.] After reimbursement to the department of revenue for costs incurred in administering this section, the proceeds of the fees imposed under this section, including interest and penalties, must be deposited as follows:*

(a) one-half of the proceeds must be deposited in the landfill abatement fund established in section 473.844; and

(b) one-half of the proceeds must be deposited in the metropolitan landfill contingency action fund established in section 473.845.

Sec. 25. Minnesota Statutes 1986, section 507.235, subdivision 1, is amended to read:

*Subdivision 1. [FILING REQUIRED.] All contracts for deed executed on or after January 1, 1984, shall be recorded within six months in the office of the county recorder or registrar of titles in the county in which*

the land is situated. *This filing period may be extended if failure to pay the property tax due in the current year on a parcel as required in section 272.121 has prevented filing and recording of the contract. In the case of a parcel that was divided and classified under section 273.13 as class 1a or 1b, the period may be extended to October 31 of the year in which the sale occurred, and in the case of a parcel that was divided and classified under section 273.13 as class 2a, the period may be extended to November 30 of the year in which the sale occurred.*

Sec. 26. Minnesota Statutes 1987 Supplement, section 508.25, is amended to read:

508.25 [RIGHTS OF PERSON HOLDING CERTIFICATE OF TITLE.]

Every person receiving a certificate of title pursuant to a decree of registration and every subsequent purchaser of registered land who receives a certificate of title in good faith and for a valuable consideration shall hold it free from all encumbrances and adverse claims, excepting only the estates, mortgages, liens, charges, and interests as may be noted in the last certificate of title in the office of the registrar, and also excepting any of the following rights or encumbrances subsisting against it, if any:

- (1) Liens, claims, or rights arising or existing under the laws or the constitution of the United States, which this state cannot require to appear of record;
- (2) The lien of any real property tax or special assessment for which the land has not been sold at the date of the certificate of title;
- (3) Any lease for a period not exceeding three years when there is actual occupation of the premises thereunder;
- (4) All rights in public highways upon the land;
- (5) The right of appeal, or right to appear and contest the application, as is allowed by this chapter;
- (6) The rights of any person in possession under deed or contract for deed from the owner of the certificate of title;
- (7) Any outstanding mechanics lien rights which may exist under sections 514.01 to 514.17.
- ~~(8) No existing or future liens or judgments, notwithstanding section 508.63,~~ arising under the laws of this state for the nonpayment of any amounts due under chapter 268 or any tax administered by the commissioner of revenue *may encumber title to lands registered under chapter 508 unless filed under the terms of chapter 508.*

Sec. 27. Laws 1988, chapter 516, section 3, is amended to read:

Sec. 3. [AREA OF OPERATION.]

The area of operation of the joint authority *and the project for purposes of Minnesota Statutes, section 469.174, subdivision 8* shall include all of Cook county. The Grand Marais city council must approve any project ~~as defined in Minnesota Statutes, section 469.174, subdivision 8,~~ and any economic development district as defined in Minnesota Statutes, section 469.101, if the project or economic development district includes real property within the boundaries of Grand Marais or includes real property owned by Grand Marais.



Sec. 28. H.F. No. 1796, section 6, if enacted, is amended to read:

Sec. 6. [EFFECTIVE DATE.]

Section 5 is effective upon compliance by the Hennepin county board with Minnesota Statutes, section 645.021. *The rest of this act is effective June 1, 1988.*

Sec. 29. [REFUNDING BONDS.]

*The city of Little Falls in Morrison county, by resolution of its city council, may issue and sell general obligation refunding bonds of the city in a principal amount not exceeding \$3,300,000, the proceeds of which are to be used to refund the city's general obligation tax increment bonds of 1985. The refunding bonds shall be issued and sold in accordance with Minnesota Statutes, chapter 475, except that:*

*(1) the refunding bonds shall be treated as obligations described in Minnesota Statutes, section 475.58, subdivision 1, paragraph (3);*

*(2) Minnesota Statutes, section 475.67, subdivision 12, shall not apply;*

*(3) the amount of bonds issued shall not be included in computing any debt limitation applicable to the city; and*

*(4) the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city.*

Sec. 30. [APPLICATION OF PROCEEDS OF REFUNDED BONDS.]

*The city of Little Falls in Morrison county, by resolution of its city council, may appropriate any of the unexpended proceeds of its general obligation tax increment bonds of 1985, except proceeds held in the debt service fund for the bonds, to any other municipal purpose for which the city could issue its bonds, including the purposes set forth in Minnesota Statutes, section 475.52, subdivision 1 or 2, 429.021, or 444.075. To the extent that the proceeds are appropriated for an improvement for which special assessments are levied or tax increments are collectible, the city shall appropriate the receipts from the special assessments or tax increments, subject to any prior pledge of them to secure other obligations of the city, to the payment of the general obligation tax increment bonds of 1985, or to the payment of any refunding bonds issued pursuant to section 29.*

Sec. 31. [CITY OF HERMANTOWN; PROPERTY TAXES ON LAND HELD FOR ECONOMIC DEVELOPMENT.]

*Notwithstanding the time limitation contained in Minnesota Statutes 1986, section 272.02, subdivision 5, the holding of property that has been held for seven years as of August 1, 1987, by the city of Hermantown for later resale for economic development purposes is a public purpose under Minnesota Statutes, section 272.02, subdivision 1, clause (7), for a period not to exceed 10 years. This section does not apply if buildings or other improvements are constructed after acquisition of the property, and if more than one-half of the floor space of the buildings or improvements that is available for lease to or use by a private individual, corporation, or other entity is leased to or otherwise used by a private individual, corporation, or other entity. This section does not create an exemption from Minnesota*

*Statutes, section 272.01, subdivision 2; 272.68; 273.19; or 469.040, subdivision 3; or other provision of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person.*

**Sec. 32. [RAMSEY COUNTY; AUTHORIZATION FOR BONDS.]**

*Ramsey county may issue general obligation bonds in one or more series in an amount not to exceed \$2,000,000, in the aggregate, to finance the restoration of the concourse of the St. Paul union depot as a facility for the exhibition of works of art, the proceeds of which may not be used for that purpose until \$500,000 in operational funding has been committed by nonpublic sources. The bonds shall be issued pursuant to Minnesota Statutes, chapter 475, except that the bonds shall not be subject to its election requirements or debt limits. They shall not be subject to any other debt or tax levy limitations applicable to the county and shall not be considered in calculating amounts subject to any other debt or tax levy limitations. Levies by the county for debt servicing payment for the retirement of the bonds shall be exempt from and disregarded in the calculation of all tax levy limitations applicable to the county.*

**Sec. 33. [CITY OF SHAFER BOND ISSUE.]**

*The city of Shafer may issue general obligation bonds of the city in an aggregate principal amount not to exceed \$40,000 to finance the acquisition and betterment of a municipal building. The bonds shall be issued and sold in accordance with the provisions of Minnesota Statutes, chapter 475, including the provision requiring the approval of a majority of the electors voting on the question of issuing the bonds. Notwithstanding any other statutory or charter provision, the principal amount of bonds issued shall not be included in computing any debt limit applicable to the city, nor shall the taxes required to be levied to pay the principal of and interest on the bonds be subject to any levy limitation or be included in computing any levy limitation applicable to the city.*

**Sec. 34. [STEARNS COUNTY; PROPERTY TAX REFUND.]**

*Stearns county shall refund to Lake Koronis Assembly Grounds the property taxes assessed in 1985, paid in 1986, for the parcels identified as 26-16447-03, 26-15788-00, 26-15790-00, 26-15788-04, 26-16447-02, 26-16447-04, 26-16447-16, 26-16447-06, and 26-16447-07.*

*Stearns county shall refund to Lake Koronis Assembly Grounds the amount of \$4,786 according to the following schedule:*

*one-third by August 1, 1988;*

*one-third by July 1, 1989; and*

*one-third by July 1, 1990.*

*The refund shall be paid from the property taxes and charged against the receipts held by the county for the taxing jurisdictions in the same proportion as the taxes paid on this property in 1986. No interest shall be paid on the amounts refunded.*

**Sec. 35. [HARDSHIP LOANS.]**

*Notwithstanding the limitations on the metropolitan council's authority to make hardship loans in Minnesota Statutes, section 473.167, subdivision 2a, paragraph (b), the council may make hardship loans until December*

31, 1988, to Washington county to purchase homestead property from and provide relocation assistance to property owners affected by hardship acquisitions incurred because of adoption of the Washington county Big Marine Park master plan. Except as provided in this section, the hardship loans must be made in accordance with Minnesota Statutes, section 473.167, subdivisions 2 and 2a.

Sec. 36. [APPROPRIATION.]

(a) \$49,000 is appropriated for fiscal year 1989 from the general fund to the commissioner of revenue for purposes of preparing income tax samples under section 10.

(b) \$263,000 is appropriated for fiscal year 1988 from the general fund to the commissioner of revenue for purposes of administering restoration of property tax refunds under article 4, section 12. Amounts not expended in fiscal year 1988 are available in fiscal year 1989.

(c) \$45,000 is appropriated for fiscal year 1989 from the general fund to the commissioner of revenue for purposes of administering property tax refund targeting under article 4, section 7.

(d) \$165,000 is appropriated for fiscal year 1989 from the general fund to the commissioner of revenue for purposes of administering the property tax reform provisions of article 5.

(e) \$600,000 is appropriated for fiscal year 1989 from the general fund to the commissioner of revenue to make reimbursement payments to fire-fighters' relief associations under section 22.

Sec. 37. [REPEALER.]

(a) Minnesota Statutes 1987 Supplement, sections 296.02, subdivisions 2a and 2b, as amended by H.F. No. 1749, if enacted, and 296.025, subdivisions 2a and 2b, as amended by H.F. No. 1749, if enacted, are repealed.

(b) Laws 1987, chapter 268, article 3, section 11 is repealed.

Sec. 38. [EFFECTIVE DATE.]

Sections 1, 15, and 19 are effective July 1, 1988. Section 13 is effective for all instruments recorded after May 31, 1987. Sections 11, 12, 14, 16, 17, 18, 21, 23, 24, 25, 36, and 37, paragraph (b), are effective the day following final enactment. Sections 20 and 28 are effective June 1, 1988. Section 26 is effective retroactive to August 1, 1987. Section 22 is effective for lump sums paid after December 31, 1986. Section 27 is effective at the same time Laws 1988, chapter 516, is effective.

Pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a), sections 29, 30, and 33 are effective without local approval on the day following final enactment.

Section 31 is effective the day after compliance with Minnesota Statutes, section 645.021 by the city council of Hermantown and terminates effective with taxes levied in 1989, payable 1990. Section 32 is effective the day after filing of certificates of local approval by the governing body of the city of St. Paul and the Ramsey county board in compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 37, paragraph (a) is effective retroactive to July 1, 1987.

Section 27 is effective the day after compliance by the governing bodies of Cook county and the city of Grand Marais with Minnesota Statutes,

*section 645.021, subdivision 3.*

*Section 35 is effective in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."*

Delete the title and insert:

"A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; changing the computation, administration, and payment of aids, credits, and refunds; limiting taxing powers; transferring and imposing governmental powers and duties; making technical corrections and clarifications; providing bonding authority to Hennepin county, Ramsey county, the city of Little Falls, and the city of Shafer; authorizing establishment of special service districts in the cities of Robbinsdale, Minneapolis, and White Bear Lake; imposing penalties; appropriating money and reducing appropriations; amending Minnesota Statutes 1986, sections 62E.13, by adding a subdivision; 69.031, subdivision 3; 183.411, subdivisions 1, 3, and by adding a subdivision; 183.466; 183.51, subdivisions 4, 7, and 10; 237.075, subdivision 8; 256.72; 256.81; 256.82, subdivision 1; 256.863; 256.871, subdivision 6; 256.935, subdivision 1; 256.991; 256B.041, subdivisions 5 and 7; 256B.05, subdivision 1; 256B.19, subdivision 2; 256D.03, subdivision 6; 256D.04; 256D.36, subdivision 1; 270.075, subdivision 2; 270.41; 270.70, subdivision 1; 271.01, subdivision 5; 273.01; 273.05, subdivision 1; 273.061, subdivision 2; 273.112, subdivisions 3 and 6; 273.121; 273.124, subdivisions 1 and 6; 273.13, by adding a subdivision; 273.1315; 273.40; 275.07, by adding a subdivision; 275.08, by adding subdivisions; 275.51, subdivision 3f, and by adding a subdivision; 277.05; 277.06; 279.01, subdivision 3; 287.21, by adding a subdivision; 290.01, by adding subdivisions; 290.06, by adding a subdivision; 290.067, subdivision 1; 290.39, by adding a subdivision; 290.50, subdivision 3; 290.92, subdivision 21; 290.931, subdivision 1; 290.934, subdivisions 1, 3, and by adding a subdivision; 290A.03, subdivision 7; 290A.04, by adding a subdivision; 297.01, by adding a subdivision; 297.03, subdivision 12, and by adding a subdivision; 297.041, subdivision 1; 297.06, subdivisions 1, 2, 3, and by adding a subdivision; 297.08, subdivision 1; 297.12, subdivision 1; 297.35, by adding a subdivision; 297A.15, subdivisions 1 and 5; 297A.16; 297A.17; 297A.21; 297A.25, subdivision 5, and by adding subdivisions; 297A.256; 297A.35, subdivision 1; 297C.02, subdivisions 3 and 4; 297C.03, by adding a subdivision; 297C.07; 297D.08; 298.223; 298.28, subdivisions 3 and 6; 299.01, subdivision 1; 303.03; 329.11; 349.12, subdivision 18, and by adding subdivisions; 349.2121, subdivisions 1, 2, 5, and by adding a subdivision; 349.22, subdivision 1, and by adding subdivisions; 373.40, subdivision 4; 375.192, subdivision 1; 387.212; 393.07, subdivision 2; 473.843, subdivision 2; 473F02, by adding a subdivision; 473F07, subdivisions 4 and 5; 473F08, subdivisions 1, 3, 3a, 5, and 10; 473F10; 477A.011, by adding subdivisions; 477A.015; and 507.235, subdivision 1; Minnesota Statutes 1987 Supplement, sections 16A.15, subdivision 6; 16A.1541; 60A.15, subdivision 1; 60E.04, subdivision 4; 69.021, subdivision 5; 69.54; 124.155, subdivision 2; 124.2131, subdivision 3; 124.2139; 124A.02, subdivisions 3a and 11; 256.01, subdivision 2; 256B.091, subdivision 8; 256B.15; 256B.19, subdivision 1; 256B.431, subdivision 2b; 256D.03, subdivision 2; 256G.01, subdivision 3; 256G.02, subdivision 4; 256G.04, subdivision 1; 256G.05; 256G.07; 256G.10; 256G.11; 270.485; 272.01, subdivision 2; 272.02, subdivision 1; 272.115, subdivision 4; 272.121; 273.061, subdivision 1; 273.1102, by

adding a subdivision; 273.1195; 273.123, subdivisions 4 and 5; 273.124, subdivisions 8, 11, and 13; 273.13, subdivisions 15a, 22, 23, 24, 25, and 31; 273.135, subdivision 2; 273.1391, subdivision 2; 273.1392; 273.1393; 273.165, subdivision 2; 273.37, subdivision 2; 274.01, subdivision 1; 275.07, subdivision 1; 275.50, subdivisions 2 and 5; 275.51, subdivisions 3h and 3i; 276.04; 276.06; 279.01, subdivision 1; 290.01, subdivisions 3a, 4, 5, 7, 19, 19a, 19b, 19c, 19d, 19e, 20, and 29; 290.015, subdivisions 1, 2, 3, and 4; 290.032, subdivision 2; 290.06, subdivisions 1, 2c, and 21; 290.081; 290.092, subdivisions 3, 4, 5, and by adding a subdivision; 290.095, subdivisions 1, 2, 3, and by adding a subdivision; 290.10; 290.17, subdivisions 2 and 4; 290.191, subdivisions 1, 4, 5, 6, and 11; 290.21, subdivisions 3 and 4; 290.34, subdivision 2; 290.35, subdivision 2; 290.37, subdivision 1; 290.371, subdivisions 1, 3, 4, and 5; 290.38; 290.41, subdivision 2; 290.491; 290.92, subdivisions 7 and 15; 290.934, subdivision 2; 290.9725; 290A.03, subdivisions 3, 13, 14, and 15; 290A.04, subdivisions 2 and 2b; 290A.06; 295.32; 295.34, subdivision 1; 297.01, subdivisions 7 and 14; 297.03, subdivision 6; 297.11, subdivision 5; 297A.01, subdivision 3; 297A.212; 297A.25, subdivisions 3 and 11; 297B.03; 297C.04; 298.01, subdivisions 3 and 4; 298.22, subdivision 1; 298.2213, subdivision 3; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4a and 10; 349.2122; 349.2123; 393.07, subdivision 10; 469.170, by adding a subdivision; 469.174, subdivisions 2, 7, 10, 11, and by adding subdivisions; 469.175, subdivisions 1, 2, 3, 4, and by adding subdivisions; 469.176, subdivisions 1, 4, 5, and 6; 469.177, subdivisions 1, 3, 4, and by adding subdivisions; 469.179; 473.446, subdivision 1; 473F02, subdivision 4; 473F05; 473F06; 473F07, subdivision 1; 473F08, subdivisions 2, 4, and 6; 475.53, subdivision 4; 475.61, subdivision 3; 477A.013, subdivisions 1, 2, and by adding subdivisions; and 508.25; Laws 1987, chapter 268, articles 3, section 12; 6, sections 53 and 54; Laws 1988, chapter 516, section 3; proposing coding for new law in Minnesota Statutes, chapters 256, 270, 273, 275, 290, 290A, 297, 297C, 298, 349, 375, and 424A; proposing coding for new law as Minnesota Statutes, chapter 428A; repealing Minnesota Statutes 1986, sections 13.58; 124.2131, subdivision 4; 124.2137; 124.2139; 124A.031, subdivision 4; 256.965; 272.64; 273.112, subdivision 9; 273.115; 273.116; 273.13, subdivisions 7a, 26, 27, 28, 29, and 30; 273.1311; 273.1315; 273.135, subdivision 5; 273.1391, subdivision 4; 275.035; 275.49; 275.50, subdivisions 3, 7, and 8; 290.07, subdivisions 3 and 6; 290.11; 290.12, as amended; 290.131, as amended; 290.132, as amended; 290.133, as amended; 290.134, as amended; 290.135, as amended; 290.136, as amended; 290.138, as amended; 290.934, subdivision 4; 297A.15, subdivision 2; 297C.03, subdivision 5; 298.401; 299.013; 477A.011, subdivisions 4, 5, 6, 7a, 10, 11, 12, 13, and 14; Minnesota Statutes 1987 Supplement, sections 256D.22; 273.1102, subdivision 2; 273.1195; 273.13, subdivisions 9 and 15a; 273.1394; 273.1395; 273.1396; 273.1397; 275.081; 275.082; 275.125, subdivision 22; 290.06, subdivision 20; 290.077, subdivision 1; 290.14; 290.21, subdivision 8; 290.371, subdivision 2; 290A.04, subdivision 2a; 296.02, subdivisions 2a and 2b; 296.025, subdivisions 2a and 2b; and 477A.011, subdivision 7; Laws 1987, chapter 268, articles 3, section 11; and 6, section 19."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Gordon O. Voss, Robert Vanasek, Ann Wynia, Paul Anders Ogren, Dee Long

Senate Conferees: (Signed) Douglas J. Johnson, John E. Brandl, Steven

G. Novak, Lawrence J. Pogemiller, John Bernhagen

Mr. Johnson, D.J. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2590 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2590 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 58 and nays 7, as follows:

Those who voted in the affirmative were:

Adkins	Dahl	Johnson, D.E.	Merriam	Reichgott
Anderson	Davis	Johnson, D.J.	Metzen	Renneke
Beckman	DeCramer	Jude	Moe, D.M.	Schmitz
Benson	Dicklich	Knaak	Moe, R.D.	Solon
Berg	Diessner	Laidig	Morse	Spear
Berglin	Frank	Langseth	Novak	Stumpf
Bernhagen	Frederick	Lantry	Pehler	Taylor
Bertram	Frederickson, D.J.	Larson	Peterson, D.C.	Vickerman
Brandl	Frederickson, D.R.	Lessard	Peterson, R.W.	Waldorf
Brataas	Freeman	Luther	Piper	Wegscheid
Chmielewski	Gustafson	Marty	Pogemiller	
Cohen	Hughes	Mehrkens	Purfeerst	

Those who voted in the negative were:

Belanger	Knutson	Olson	Ramstad	Storm
Decker	McQuaid			

So the bill, as amended by the Conference Committee, was repassed 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.

## 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. 1304: Messrs. Morse, Langseth, Novak, Freeman and Gustafson.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. moved that Senate Resolution No. 150 be taken from the table. The motion prevailed.

Senate Resolution No. 150: A Senate resolution relating to conduct of Senate business during the interim between Sessions.

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

The powers, duties, and procedures set forth in this resolution apply during the interim between the adjournment sine die of the 75th Legislature, 1988 Session, and the convening of the 76th Legislature, 1989 Session.

The Committee on Rules and Administration may, from time to time, assign to the various committees and subcommittees of the Senate, in the interim, matters brought to its attention by any member of the Senate for study and investigation. The standing committees and subcommittees may study and investigate all subjects that come within their usual jurisdiction, as provided by Minnesota Statutes, Section 3.921. A committee shall carry on its work by subcommittee or by committee action as the committee from time to time determines. Any study undertaken by any of the standing committees, or any subcommittee thereof, shall be coordinated to the greatest extent possible with other standing committees or subcommittees of the Senate and House of Representatives, and may, if the committee or subcommittee so determines, be carried on jointly with another committee or subcommittee of the Senate or House of Representatives.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in committees, commissions, and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise. The Subcommittee on Committees may appoint members of the Senate to assist in the work of any committee.

The Committee on Rules and Administration shall establish positions, set compensation and benefits, appoint employees, and authorize expense reimbursement as it deems proper to carry out the work of the Senate.

The Committee on Rules and Administration may authorize members of the Senate and personnel employed by the Senate to travel and to attend courses of instruction or conferences for the purpose of improving and making more efficient Senate operation and may reimburse these persons for the costs thereof out of monies appropriated to the Senate for the standing committees.

All members of activated standing committees or subcommittees of the Senate, and staff, shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties during the interim in the manner provided by law. Payment shall be made by the Secretary of the Senate out of monies appropriated to the Senate for the standing committees. The Committee on Rules and Administration shall determine the amount and manner of reimbursement for living and other expenses of each member of the Senate incurred in the performance of his duties when the Legislature is not in regular session.

The Secretary of the Senate shall continue to perform his duties during the interim. During the interim, but not including time which may be spent in any special session, the Secretary of the Senate shall be paid for services rendered the Senate at the rate established for that position for the 1988 regular session, unless otherwise directed by the Committee on Rules and Administration, plus travel and subsistence expense incurred incidental to his Senate duties, including salary and travel expense incurred in attending meetings of the American Society of Legislative Clerks and Secretaries and the National Conference of State Legislatures.

Should a vacancy occur in the position of Secretary of the Senate, by

resignation or other causes, the Committee on Rules and Administration shall appoint an acting Secretary of the Senate who shall serve in such capacity during the remainder of the interim under the provisions herein specified.

The Secretary of the Senate is authorized to employ after the close of the session, the employees necessary to finish the business of the Senate at the salaries paid under the rules of the Senate for the 1988 regular session. He is authorized to employ the necessary employees to prepare for the 1989 session at the salaries in effect at that time.

The Secretary of the Senate shall classify as "permanent" for purposes of Minnesota Statutes, Sections 3.095 and 43A.24, those Senate employees heretofore or hereafter certified as "permanent" by the Committee on Rules and Administration.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies, and may reimburse each member for long distance telephone calls and answering services upon proper verification of the expenses incurred, and for other expenses authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 75th Legislature. He may include in the Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after adjournment sine die.

The Secretary of the Senate may pay election and litigation costs as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for the printing of the daily Senate journals, bills, general orders, special orders, calendars, resolutions, printing and binding of the permanent Senate Journal, shall secure bids and enter into contracts for remodeling, improvement and furnishing of Senate office space, conference rooms and the Senate Chamber and shall purchase all supplies, equipment and other goods and services necessary to carry out the work of the Senate. Any contracts in excess of \$5,000 shall be signed by the Chair of the Committee on Rules and Administration and another member designated by the Committee on Rules and Administration.

The Secretary of the Senate shall draw warrants from the legislative expense fund in payment of the accounts herein referred to.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

The Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate shall be reserved for use by the Senate and its standing committees only and shall not be released or used for any other purpose except upon authorization of the Secretary of the Senate with the approval of the Committee on Rules



and Administration, or the Chair thereof.

The custodian of the Capitol shall continue to provide parking space through the Secretary of the Senate for members and staff of the Minnesota State Senate on Aurora Avenue and other areas as may be required during the interim. The Secretary of the Senate may deduct from the check of any legislator or legislative employee a sum adequate to cover the exercise of the parking privilege herein defined in conformity with the practice of the department of Administration.

The question was taken on the adoption 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	Davis	Jude	Moe, D.M.	Renneke
Anderson	Decker	Knaak	Moe, R.D.	Schmitz
Beckman	DeCramer	Knutson	Morse	Solon
Belanger	Dicklich	Kroening	Novak	Spear
Benson	Diessner	Langseth	Olson	Storm
Berg	Frank	Lantry	Pehler	Stumpf
Berglin	Frederick	Larson	Peterson, D.C.	Taylor
Bernhagen	Frederickson, D.J.	Luther	Peterson, R.W.	Vickerman
Bertram	Frederickson, D.R.	Marty	Piper	Waldorf
Brandl	Freeman	McQuaid	Pogemiller	Wegscheid
Brataas	Hughes	Mehrkens	Purfeerst	
Cohen	Johnson, D.E.	Merriam	Ramstad	
Dahl	Johnson, D.J.	Metzen	Reichgott	

The motion prevailed. So the resolution was adopted.

## MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Moe, R.D. introduced—

Senate Resolution No. 156: A Senate resolution relating to notifying the House of Representatives the Senate is about to adjourn sine die.

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

That the Secretary of the Senate shall notify the House of Representatives the Senate is about to adjourn sine die.

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 Resolution No. 157: A Senate resolution relating to notifying the Governor the Senate is about to adjourn sine die.

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

That the Secretary of the Senate shall notify The Honorable Rudy Perpich, Governor of the State of Minnesota, the Senate is ready to adjourn sine die.

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

Mr. Moe, R.D. moved that Senate Resolution No. 154 be taken from the table. The motion prevailed.

Senate Resolution No. 154: A Senate resolution commemorating the lives

and work of deceased Senators:

The Honorable Bjarne E. Grottum  
 The Honorable Norman W. Hanson  
 The Honorable Ralph W. Johnson  
 The Honorable John H. McKee  
 The Honorable Benjamin B. Patterson  
 The Honorable Paul A. Thuet, Jr.

WHEREAS, those in public office need an uncommon dedication to meet the demands upon their time, resources, and talents; and

WHEREAS, in the history of the Minnesota Senate, there have been countless Senators who have left a heritage of noble deeds, thoughts, and acts; and

WHEREAS, in their endeavors to legislate for the common good of the people of this state, they strove to represent fairly the rights of the people; and

WHEREAS, their spirits continually challenge, enlighten, and encourage those who remain to exercise the work of government; and

WHEREAS, Senators of today take courage and inspiration from those noble servants of another time who saw it better to serve than to be served, and to work honestly and diligently for the common good; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota that it recognizes the tremendous contributions of the following deceased Senators: The Honorable Bjarne E. Grottum, The Honorable Norman W. Hanson, The Honorable Ralph W. Johnson, The Honorable John H. McKee, The Honorable Benjamin B. Patterson, and The Honorable Paul A. Thuet, Jr. Their dedication to the public good is a source of inspiration to, and is worthy of emulation by, their present-day colleagues.

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 that of the Chairman of the Senate Rules and Administration Committee and present them to appropriate relatives of those commemorated by this resolution.

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

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1618, 2221 and 2321.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 2292: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in Pine county.

There has been appointed as such committee on the part of the House: Carlson, D.; Jennings and Solberg.

Senate File No. 2292 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

## MOTIONS AND RESOLUTIONS - CONTINUED

### RECONSIDERATION

Mr. Moe, R.D. moved that the vote whereby H.F. No. 2590 was passed by the Senate on April 25, 1988, be now reconsidered. The motion prevailed.

H.F. No. 2590: A bill for an act relating to the financing of government in Minnesota; changing tax rates and bases; modifying the administration, collection, and enforcement of taxes; imposing taxes; changing the computation, administration, and payment of aids, credits, and refunds; limiting taxing powers; transferring and imposing governmental powers and duties; making technical corrections and clarifications; providing bonding authority to Hennepin county, Ramsey county, the city of Little Falls, and the city of Shafer; authorizing establishment of special service districts in the cities of Robbinsdale, Minneapolis, and White Bear Lake; imposing penalties; appropriating money and reducing appropriations; amending Minnesota Statutes 1986, sections 62E.13, by adding a subdivision; 69.031, subdivision 3; 183.411, subdivisions 1, 3, and by adding a subdivision; 183.466; 183.51, subdivisions 4, 7, and 10; 237.075, subdivision 8; 256.72; 256.81; 256.82, subdivision 1; 256.863; 256.871, subdivision 6; 256.935, subdivision 1; 256.991; 256B.041, subdivisions 5 and 7; 256B.05, subdivision 1; 256B.19, subdivision 2; 256D.03, subdivision 6; 256D.04; 256D.36, subdivision 1; 270.075, subdivision 2; 270.41; 270.70, subdivision 1; 271.01, subdivision 5; 273.01; 273.05, subdivision 1; 273.061, subdivision 2; 273.112, subdivisions 3 and 6; 273.121; 273.124, subdivisions 1 and 6; 273.13, by adding a subdivision; 273.1315; 273.40; 275.07, by adding a subdivision; 275.08, by adding subdivisions; 275.51, subdivision 3f, and by adding a subdivision; 277.05; 277.06; 279.01, subdivision 3; 287.21, by adding a subdivision; 290.01, by adding subdivisions; 290.06, by adding a subdivision; 290.067, subdivision 1; 290.39, by adding a subdivision; 290.50, subdivision 3; 290.92, subdivision 21; 290.931, subdivision 1; 290.934, subdivisions 1, 3, and by adding a subdivision; 290A.03, subdivision 7; 290A.04, by adding a subdivision; 297.01, by adding a subdivision; 297.03, subdivision 12, and by adding a subdivision; 297.041, subdivision 1; 297.06, subdivisions 1, 2, 3, and by adding a subdivision;

297.08, subdivision 1; 297.12, subdivision 1; 297.35, by adding a subdivision; 297A.15, subdivisions 1 and 5; 297A.16; 297A.17; 297A.21; 297A.25, subdivision 5, and by adding subdivisions; 297A.256; 297A.35, subdivision 1; 297C.02, subdivisions 3 and 4; 297C.03, by adding a subdivision; 297C.07; 297D.08; 298.223; 298.28, subdivisions 3 and 6; 299.01, subdivision 1; 303.03; 329.11; 349.12, subdivision 18, and by adding subdivisions; 349.2121, subdivisions 1, 2, 5, and by adding a subdivision; 349.22, subdivision 1, and by adding subdivisions; 373.40, subdivision 4; 375.192, subdivision 1; 387.212; 393.07, subdivision 2; 473.843, subdivision 2; 473F02, by adding a subdivision; 473F07, subdivisions 4 and 5; 473F08, subdivisions 1, 3, 3a, 5, and 10; 473F10; 477A.011, by adding subdivisions; 477A.015; and 507.235, subdivision 1; Minnesota Statutes 1987 Supplement, sections 16A.15, subdivision 6; 16A.1541; 60A.15, subdivision 1; 60E.04, subdivision 4; 69.021, subdivision 5; 69.54; 124.155, subdivision 2; 124.2131, subdivision 3; 124.2139; 124A.02, subdivisions 3a and 11; 256.01, subdivision 2; 256B.091, subdivision 8; 256B.15; 256B.19, subdivision 1; 256B.431, subdivision 2b; 256D.03, subdivision 2; 256G.01, subdivision 3; 256G.02, subdivision 4; 256G.04, subdivision 1; 256G.05; 256G.07; 256G.10; 256G.11; 270.485; 272.01, subdivision 2; 272.02, subdivision 1; 272.115, subdivision 4; 272.121; 273.061, subdivision 1; 273.1102, by adding a subdivision; 273.1195; 273.123, subdivisions 4 and 5; 273.124, subdivisions 8, 11, and 13; 273.13, subdivisions 15a, 22, 23, 24, 25, and 31; 273.135, subdivision 2; 273.1391, subdivision 2; 273.1392; 273.1393; 273.165, subdivision 2; 273.37, subdivision 2; 274.01, subdivision 1; 275.07, subdivision 1; 275.50, subdivisions 2 and 5; 275.51, subdivisions 3h and 3i; 276.04; 276.06; 279.01, subdivision 1; 290.01, subdivisions 3a, 4, 5, 7, 19, 19a, 19b, 19c, 19d, 19e, 20, and 29; 290.015, subdivisions 1, 2, 3, and 4; 290.032, subdivision 2; 290.06, subdivisions 1, 2c, and 21; 290.081; 290.092, subdivisions 3, 4, 5, and by adding a subdivision; 290.095, subdivisions 1, 2, 3, and by adding a subdivision; 290.10; 290.17, subdivisions 2 and 4; 290.191, subdivisions 1, 4, 5, 6, and 11; 290.21, subdivisions 3 and 4; 290.34, subdivision 2; 290.35, subdivision 2; 290.37, subdivision 1; 290.371, subdivisions 1, 3, 4, and 5; 290.38; 290.41, subdivision 2; 290.491; 290.92, subdivisions 7 and 15; 290.934, subdivision 2; 290.9725; 290A.03, subdivisions 3, 13, 14, and 15; 290A.04, subdivisions 2 and 2b; 290A.06; 295.32; 295.34, subdivision 1; 297.01, subdivisions 7 and 14; 297.03, subdivision 6; 297.11, subdivision 5; 297A.01, subdivision 3; 297A.212; 297A.25, subdivisions 3 and 11; 297B.03; 297C.04; 298.01, subdivisions 3 and 4; 298.22, subdivision 1; 298.2213, subdivision 3; 349.212, subdivisions 1 and 4; 349.2121, subdivisions 4a and 10; 349.2122; 349.2123; 393.07, subdivision 10; 469.170, by adding a subdivision; 469.174, subdivisions 2, 7, 10, 11, and by adding subdivisions; 469.175, subdivisions 1, 2, 3, 4, and by adding subdivisions; 469.176, subdivisions 1, 4, 5, and 6; 469.177, subdivisions 1, 3, 4, and by adding subdivisions; 469.179; 473.446, subdivision 1; 473F02, subdivision 4; 473F05; 473F06; 473F07, subdivision 1; 473F08, subdivisions 2, 4, and 6; 475.53, subdivision 4; 475.61, subdivision 3; 477A.013, subdivisions 1, 2, and by adding subdivisions; and 508.25; Laws 1987, chapter 268, articles 3, section 12; 6, sections 53 and 54; Laws 1988, chapter 516, section 3; proposing coding for new law in Minnesota Statutes, chapters 256, 270, 273, 275, 290, 290A, 297, 297C, 298, 349, 375, and 424A; proposing coding for new law as Minnesota Statutes, chapter 428A; repealing Minnesota Statutes 1986, sections 13.58; 124.2131, subdivision 4; 124.2137; 124.2139; 124A.031, subdivision 4; 256.965; 272.64; 273.112, subdivision 9; 273.115; 273.116; 273.13, subdivisions

7a, 26, 27, 28, 29, and 30; 273.1311; 273.1315; 273.135, subdivision 5; 273.1391, subdivision 4; 275.035; 275.49; 275.50, subdivisions 3, 7, and 8; 290.07, subdivisions 3 and 6; 290.11; 290.12, as amended; 290.131, as amended; 290.132, as amended; 290.133, as amended; 290.134, as amended; 290.135, as amended; 290.136, as amended; 290.138, as amended; 290.934, subdivision 4; 297A.15, subdivision 2; 297C.03, subdivision 5; 298.401; 299.013; 477A.011, subdivisions 4, 5, 6, 7a, 10, 11, 12, 13, and 14; Minnesota Statutes 1987 Supplement, sections 256D.22; 273.1102, subdivision 2; 273.1195; 273.13, subdivisions 9 and 15a; 273.1394; 273.1395; 273.1396; 273.1397; 275.081; 275.082; 275.125, subdivision 22; 290.06, subdivision 20; 290.077, subdivision 1; 290.14; 290.21, subdivision 8; 290.371, subdivision 2; 290A.04, subdivision 2a; 296.02, subdivisions 2a and 2b; 296.025, subdivisions 2a and 2b; and 477A.011, subdivision 7; Laws 1987, chapter 268, articles 3, section 11; and 6, section 19.

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 6, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Johnson, D.E.	Mehrkens	Ramstad
Anderson	Decker	Johnson, D.J.	Metzen	Reichgott
Beckman	DeCramer	Jude	Moe, D.M.	Renneke
Benson	Dicklich	Knaak	Moe, R.D.	Schmitz
Berg	Diessner	Kroening	Morse	Spear
Berglin	Frank	Laidig	Novak	Stumpf
Bernhagen	Frederick	Langseth	Pehler	Taylor
Bertram	Frederickson, D.J.	Lantry	Peterson, D.C.	Vickerman
Brandl	Frederickson, D.R.	Larson	Peterson, R.W.	Waldorf
Brataas	Freeman	Lessard	Piper	Wegscheid
Chmielewski	Gustafson	Luther	Pogemiller	
Cohen	Hughes	Marty	Purfeerst	

Those who voted in the negative were:

Belanger	McQuaid	Merriam	Olson	Storm
Knutson				

So the bill passed and its title was agreed to.

## MOTIONS AND RESOLUTIONS - CONTINUED

### RECONSIDERATION

Mr. Chmielewski moved that the Senate reconsider and recede from its position to not concur in the House amendments to S.F. No. 2292 on April 25, 1988. The motion prevailed.

S.F. No. 2292: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited lands that border public water in Pine county.

### CONCURRENCE AND REPASSAGE

Mr. Chmielewski moved that the Senate concur in the amendments by the House to S.F. No. 2292 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2292 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 63 and nays 1, as follows:

Those who voted in the affirmative were:

Adkins	Davis	Jude	Merriam	Ramstad
Anderson	Decker	Knaak	Metzen	Reichgott
Beckman	DeCramer	Knutson	Moe, D.M.	Renneke
Belanger	Dicklich	Kroening	Moe, R.D.	Schmitz
Benson	Diessner	Laidig	Morse	Spear
Berg	Frank	Langseth	Novak	Storm
Berglin	Frederick	Lantry	Olson	Stumpf
Bernhagen	Frederickson, D.J.	Larson	Pehler	Taylor
Bertram	Frederickson, D.R.	Lessard	Peterson, D.C.	Vickerman
Brandl	Freeman	Luther	Peterson, R.W.	Waldorf
Brataas	Gustafson	Marty	Piper	Wegscheid
Chmielewski	Hughes	McQuaid	Pogemiller	
Cohen	Johnson, D.E.	Mehrkens	Purfeerst	

Mr. Johnson, D.J. voted in the negative.

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

### MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 1645: 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; making miscellaneous corrections to statutes and other laws; amending Minnesota Statutes 1986, sections 10A.01, subdivisions 5 and 18; 13.46, subdivision 2; 116.44, subdivision 1; 121.931, subdivision 5; 126.70, subdivision 2; 127.35; 129B.40, subdivision 1; 145.921; 157.03; 176.081, subdivision 1; 176.101, subdivision 3e; 176.421, subdivision 7; 205.065, subdivision 1; 205.18, subdivision 2; 245.77; 256.991; 268.04, subdivision 32; 273.124, subdivision 6; 290.05, subdivision 3; 290.50, subdivision 3; 290.92, subdivision 23; 308.11; 383B.229; 473.605, subdivision 2; 473.845, subdivision 1; 485.018, subdivision 2; 515A.3-115; 548.09, subdivision 2; 611A.53, subdivision 1; Minnesota Statutes 1987 Supplement, sections 16A.26; 16A.661, subdivision 3; 105.81; 120.05, subdivision 2; 124.646, subdivision 1; 129B.39; 136D.71; 144.122; 145A.07, subdivision 1; 176.131, subdivision 1; 214.01, subdivision 2; 256.01, subdivision 2; 256B.69, subdivision 16; 256D.03, subdivision 4; 256G.02, subdivision 4; 256G.06; 257.354, subdivision 4; 268.91, subdivision 3e; 297.07, subdivision 3; 297.35, subdivision 3; 298.2211, subdivision 1; 352.01, subdivision 2b; 353.01, subdivision 2a; 383B.77; 469.121, subdivision 1; 469.129, subdivision 1; 469.170, subdivisions 1, 3, 7, and 8; 471.562, subdivision 4; 471.563; 474A.02, subdivision 18; 525.94, subdivision 3; 582.041, subdivision 2; reenacting Minnesota Statutes 1987

Supplement, section 80A.14, subdivision 18; repealing Minnesota Statutes 1986, sections 226.01; 226.02; 226.03; 226.04; 226.05; 226.06; 260.125, subdivision 6; 326.01, subdivision 21; 362A.08; repealing Laws 1965, chapter 267, section 1; Laws 1971, chapter 830, section 7; Laws 1976, chapters 134, sections 2 and 30; 163, section 10; Laws 1977, chapter 35, section 8; Laws 1978, chapters 496, section 1; 706, section 31; Laws 1979, chapters 48, section 2; 184, section 3; Laws 1981, chapter 271, section 1; Laws 1982, chapter 514, section 15; Laws 1983, chapters 242, section 1; 247, sections 38 and 130; 289, section 4; 290, sections 2 and 3; 299, section 26; 303, sections 21 and 22; Laws 1985, First Special Session chapter 9, article 2, sections 81, 82, and 88; Laws 1986, chapters 312, section 1; 400, section 43; 452, section 17; Laws 1986, First Special Session chapter 3, article 1, sections 74 and 79; and Laws 1987, chapters 268, article 5, section 5; 384, article 2, section 25; 385, section 7; 403, article 5, section 1; 404, section 138.

Senate File No. 1645 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 25, 1988

### **CONCURRENCE AND REPASSAGE**

Mr. Marty moved that the Senate concur in the amendments by the House to S.F. No. 1645 and that the bill be placed on its repassage as amended. The motion did not prevail.

### **MESSAGES FROM THE HOUSE - CONTINUED**

Mr. President:

I have the honor to inform the Senate that the House of Representatives of the State of Minnesota is about to adjourn the 75th Session sine die.

Edward A. Burdick, Chief Clerk, House of Representatives

April 25, 1988

### **MEMBERS EXCUSED**

Mr. Samuelson was excused from the Session of today. Mr. Dahl was excused from the Session of today at 2:15 a.m. Mr. Cohen was excused from the Session of today from 8:00 p.m. to 1:30 a.m.

### **ADJOURNMENT**

Mr. Moe, R.D. moved that the Senate do now adjourn sine die. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

**COMMUNICATIONS RECEIVED SUBSEQUENT TO  
ADJOURNMENT**

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

April 25, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	1749	603	April 23	April 23
	10	604	April 24	April 24
	257	605	April 24	April 24
	1656	606	April 24	April 24
	1681	607	April 24	April 24
	1795	608	April 24	April 24
	1925	609	April 24	April 24
	2041	610	April 24	April 24
	2049	611	April 24	April 24
	2127	612	April 24	April 24
	2291	613	April 24	April 24
	2434	614	April 24	April 24
	2568	615	April 24	April 24
203		616	April 24	April 24
1268		617	April 24	April 24
1540		618	April 24	April 24
1652		619	April 24	April 24
1719		620	April 24	April 24
1809		621	April 24	April 24
1955		622	April 24	April 24
2055		623	April 24	April 24
2111		624	April 24	April 24
2119		625	April 24	April 24
2137		626	April 24	April 24
2150		627	April 24	April 24
2214		628	April 24	April 24
2226		629	April 24	April 24
2266		630	April 24	April 24
2323		631	April 24	April 24

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 25, 1988

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. 2465.

Sincerely,  
Rudy Perpich, Governor

April 26, 1988

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. 63, 121, 232, 321, 412, 994, 1228, 1462, 1643, 1646, 1686, 1711, 1721, 1769, 1783, 1871, 1885, 1900, 1937, 1956, 2003, 2009, 2071, 2122, 2131, 2255, 2275, 2473 and 2491.

Sincerely,  
Rudy Perpich, Governor

April 27, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	2388	632	April 25	April 25
2465		633	April 25	April 25
	85	634	April 26	April 26
	1277	635	April 26	April 26
	1526	636	April 26	April 26
	1748	637	April 26	April 26
	1754	638	April 26	April 26
	1851	639	April 26	April 26
	1943	640	April 26	April 26
	2038	641	April 26	April 26
	2269	642	April 26	April 26
	2340	643	April 26	April 26
	2468	644	April 26	April 26
	2481	645	April 26	April 26
	2536	646	April 26	April 26
63		647	April 26	April 26
121		648	April 26	April 26
232		649	April 26	April 26
321		650	April 26	April 26

412	651	April 26	April 26
994	652	April 26	April 26
1228	653	April 26	April 26
1462	654	April 26	April 26
1643	655	April 26	April 26
1646	656	April 26	April 26
1686	657	April 26	April 26
1711	658	April 26	April 26
1721	659	April 26	April 26
1769	660	April 26	April 26
1783	661	April 26	April 26
1871	662	April 26	April 26
1885	663	April 26	April 26
1900	664	April 26	April 26
1937	665	April 26	April 26
1956	666	April 26	April 26
2003	667	April 26	April 26
2009	668	April 26	April 26
2071	669	April 26	April 26
2122	670	April 26	April 26
2131	671	April 26	April 26
2255	672	April 26	April 26
2275	673	April 26	April 26
2473	674	April 26	April 26
2491	675	April 26	April 26

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 27, 1988

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. 392, 1788, 2289, 2546 and 2565.

Sincerely,  
Rudy Perpich, Governor

April 28, 1988

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. 449, 1590, 1595, 1742, 1830, 1963 and 2569.

Sincerely,  
Rudy Perpich, Governor

April 28, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	1486	676	April 27	April 27
	1817	677	April 27	April 27
	1865	678	April 27	April 27
	2155	679	April 27	April 27
	2596	680	April 27	April 27
392		681	April 27	April 27
1788		682	April 27	April 27
2289		683	April 27	April 27
2565		684	April 27	April 27
	2031	685	April 28	April 28
2546		Res. No. 16	April 27	April 27

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 28, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	2344	686	April 28	April 28
	453	687	April 28	April 28
	1000	688	April 28	April 28
	2126	689	April 28	April 28
	2182	690	April 28	April 28
	2228	691	April 28	April 28
	2253	692	April 28	April 28
	2341	693	April 28	April 28
	2396	694	April 28	April 28
	2526	695	April 28	April 28
	2537	696	April 28	April 28
449		697	April 28	April 28

1590	698	April 28	April 28
1595	699	April 28	April 28
1742	700	April 28	April 28
1830	701	April 28	April 28
1963	702	April 28	April 28
2569	703	April 28	April 28

Sincerely,  
Joan Anderson Growe  
Secretary of State

April 29, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

I am returning without my signature, S.F. No. 1932, a bill relating to exemption of certain gasoline tanks from hazardous materials regulations. This bill would have created safety hazards.

The bill would have exempted private transporters of up to 350 gallons of gasoline, diesel fuel, or aviation fuel from complying with federal safety standards enforced by the state. Exemptions from standards governing thickness of the tanks, emergency venting, and overturn protection could have endangered the driver, fire fighters, other emergency personnel and the traveling public.

Transportation safety standards need to be uniformly enforced to ensure the protection of our citizens. Therefore, I am vetoing this bill and returning it to you.

Sincerely,  
Rudy Perpich, Governor

May 4, 1988

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. 1618, 1744, 1821, 1987, 2079, 2221 and 2452.

Sincerely,  
Rudy Perpich, Governor

May 4, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

I have the honor of informing you that I have received and deposited in the Office of the Secretary of State, S.F. No. 2321.

Sincerely,  
Rudy Perpich, Governor

May 5, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1988 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 1988	Date Filed 1988
	464	704	May 4	May 4
	1941	705	May 4	May 4
	1981	706	May 4	May 4
	2008	707	May 4	May 4
	2407	708	May 4	May 4
	2477	709	May 4	May 4
1618		710	May 4	May 4
1744		711	May 4	May 4
1821		712	May 4	May 4
1987		713	May 4	May 4
2079		714	May 4	May 4
2221		715	May 4	May 4
2321		716	May 4	May 4
2452		717	May 4	May 4

Sincerely,  
Joan Anderson Growe  
Secretary of State

May 7, 1988

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. 2292.

Sincerely,  
Rudy Perpich, Governor

May 9, 1988

The Honorable Robert E. Vanasek  
Speaker of the House of Representatives

The Honorable Jerome M. Hughes  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the

1988 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 1988	Date Filed 1988
	2245	718	May 6	May 6
	2590	719	May 7	May 7
2292		720	May 7	May 7

Sincerely,  
Joan Anderson Growe  
Secretary of State

September 7, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

On July 14, 1988, the Subcommittee on Committees met and by appropriate action made the following appointments:

Pursuant to Laws 1988

Chapter 718, Article 6, Section 23: Task Force on Education Organization - Messrs. Peterson, R.W.; Larson and Pehler

Chapter 603, Section 6: Transportation Study Board - Messrs. Langseth, Mehrkens, Purfeerst and Mrs. Lantry

Respectfully,  
Roger D. Moe  
Chair  
Subcommittee on Committees

September 7, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

Pursuant to Laws 1988, Chapter 562, I have made the following appointments:

Task Force on Energy Policy for Low Income Minnesotans - Messrs. Dicklich, Decker, Marty, Storm and Ms. Piper

Respectfully,  
Roger D. Moe  
Senate Majority Leader

September 7, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

Pursuant to Minnesota Statutes 15A.082, I have made the following appointments:

Compensation Council - Messrs. Luther and Spear

Respectfully,  
Roger D. Moe  
Senate Majority Leader

September 13, 1988

The Honorable Jerome M. Hughes  
President of the Senate

Dear Sir:

Pursuant to Minnesota Statutes 15A.082, I have made the following appointment:

Compensation Council - Mr. Johnson, D.E.

Respectfully,  
Duane Benson  
Senate Minority Leader